

Appendix 7

Accounts disclaimer

The disclaimer on the following page is to be included at the front of each set of pdf accounts submitted to Lloyd's.

Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification. The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

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RiverStone
International

Syndicate 3500

2023 Annual Report



Syndicate 3500
Annual Report
For the year ended 31st December 2023

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Syndicate 3500

Directors and Administration

For the year ended 31st December 2023

Managing Agent

RiverStone Managing Agency Limited
Park Gate
161 – 163 Preston Road
Brighton
East Sussex
United Kingdom
BN1 6AU

Directors of Managing Agent

T. A. Riddell – Independent Non-Executive Director (resigned 15th November 2023)
K. Shah – Independent Non-Executive Director
N. Smith – Independent Non-Executive Director
H. Thomas – Independent Non-Executive Director (appointed 29th April 2023)
J. Vazquez – Independent Non-Executive Director (appointed 29th April 2023)
T. Ambridge – Non-Executive Director
M. J. Bannister
A. R. Creed
L. R. Tanzer
C. K. Pritchard
P. Prebensen
N. S. Taylor

Independent Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Website

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

Syndicate 3500

Managing Agent's Report

For the year ended 31st December 2023

The Directors of RiverStone Managing Agency Limited ("RiverStone Managing Agency") present their report for Syndicate 3500 for the year ended 31st December 2023 ("the Financial Year").

Principal Activity

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

Effective 1st January 2023, Syndicate 3500 entered into the following transactions:

- the reinsurance to close of the 2018 and prior underwriting year of account liabilities of Syndicate 2001. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$1,385.5 million and \$1,051.7 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1200. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$430.5 million and \$332.0 million, respectively, this replaces a previously recorded loss portfolio transfer with gross and net liabilities of \$201.9 million as at 1st January 2023;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1910. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$242.9 million and \$169.0 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1991. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$368.1 million and \$252.1 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 6125. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$18.5 million and \$0.0 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 5151. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$583.4 million and \$294.8 million, respectively;
- the reinsurance to close of the 2020 underwriting years of account liabilities of Syndicate 2468. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$13.7 million and \$0 million, respectively; and
- the loss portfolio transfer reinsurance of certain discontinued lines of business originally written in the 2019 - 2021 underwriting years of Syndicate 2001. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$183.2 million.

RiverStone Managing Agency and its immediate parent company RiverStone Holdings Limited ("RiverStone Holdings") are wholly owned subsidiaries of RiverStone International Holdings Limited. The majority of the shares in RiverStone International are held by CVC Capital Partners Strategic Opportunities II LP.

RiverStone Managing Agency is the managing agent for Syndicate 3500 and its overall strategic objective in administering the run-off of the portfolios under its management remains the payment of all valid claims in a timely manner and the expedient collection of all amounts due from all reinsurers. Additionally, RiverStone Managing Agency actively pursues opportunities to acquire further run-off portfolios for Syndicate 3500 through reinsurance to close or retroactive reinsurance transactions.

Syndicate 3500

Managing Agent's Report

For the year ended 31st December 2023

RiverStone Managing Agency delegates most of its day-to-day management functions under a service agreement with RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary of RiverStone Holdings. Provision of services under this agreement is monitored by regular reporting to the board of directors of RiverStone Managing Agency ("the Board"), which includes analysis of performance against key performance indicators.

The sole corporate member for Syndicate 3500 is RiverStone Corporate Capital Limited ("RiverStone Corporate Capital"). In addition to capital held at RiverStone Corporate Capital, additional capital support for Syndicate 3500 is currently provided by RiverStone Insurance (UK) Limited, and by way of third party letters of credit and reinsurance.

Business Review

Results and Performance

The measures set out below reflect the Syndicate's key performance indicators.

The profit for the 2023 financial year, on an annual accounting basis, is \$305.1 million (2022: profit of \$58.8 million). The balance on the technical account for general business for the year was a profit of \$137.8 million (2022: profit of \$107.6 million). This comprises net earned premiums of \$2,444.8 million, partially offset by net incurred claims of \$2,272.6 million and net operating expenses of \$45.2 million. Net earned premiums and net incurred claims include the reinsurance to close and loss portfolio transfer reinsurance transactions set out above.

The profit for the financial year of \$305.1 million (2022: \$58.8 million) comprises net investment gains of \$165.2 million (2022: loss of \$59.7 million), foreign exchange gains of \$2.1 million (2022: gain of \$10.8 million), and the gain on the technical account for general business.

Member's balances increased to a surplus of \$364.8 million at 31st December 2023 (2022: \$59.7 million) due to the 2023 total comprehensive profit.

Total outstanding claims, gross of reinsurance, were \$4.4 billion as at 31st December 2023 (2022: \$3.0 billion). Total cash, deposits and investments were \$3.5 billion at 31st December 2023 (2022: \$2.4 billion). Movements in outstanding claims and cash balances predominantly arise as a result of transactions entered into during 2023 less core claims settlement activity during the Financial Year.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Key policies are subject to annual review and approval by the Board, executive committees, risk management and internal audit. Compliance with regulatory, legal and ethical standards is a high priority for Syndicate 3500 and RiverStone Managing Agency. The compliance, legal and finance departments of RiverStone Management take on an important oversight role in this regard. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that controls operate effectively; it is assisted in discharging these responsibilities by the RiverStone Holdings UK Risk Committee.

The risks that Syndicate 3500 is exposed to and their impact on economic capital have been assessed. This process is risk based and uses Solvency II principles to manage capital requirements and to ensure that there is sufficient financial strength and capital adequacy to support the obligations to policyholders, regulators and other stakeholders.

The principal risks faced by Syndicate 3500 arise from fluctuations in the severity of claims compared with expectations, late reporting of claims, inadequate reserving, claims inflation and inadequate reinsurance

Syndicate 3500

Managing Agent's Report

For the year ended 31st December 2023

protection (including the credit worthiness of major reinsurers). Syndicate 3500's assets and liabilities are also exposed to market risk, including the impact of changes to interest rates, equity price fluctuations and adverse changes in exchange rates.

Strategy and Future Developments

The Board's strategy for Syndicate 3500 is the efficient and economic management of all existing liabilities. The Board intends to continue to actively pursue run-off acquisition opportunities for Syndicate 3500 through reinsurance to close or retroactive reinsurance transactions.

Sustainability at RiverStone

RiverStone Managing Agency has a responsibility to drive sustainable transformation for employees, communities, investors and the planet. RiverStone Managing Agency is making progress to embed sustainability across all of its business activities. Building on a materiality assessment from 2022, which identified 14 ESG topics material to the business, the ESG strategy has been agreed and a set of KPIs to measure success, demonstrate value and drive decision making are now in place.

RiverStone Managing Agency is now committed to begin addressing and reporting on the topics, both where the business is impacted by external factors and also where it can have a direct impact through operations and indirectly through the supply chain. RiverStone Managing Agency recognise 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.

Performance Measurements

RiverStone Managing Agency has made continued progress throughout the year in relation to key elements of its strategy, through both the continued proactive management of the existing liabilities and the acquisition of further run-off portfolios by its managed syndicate.

The Board considers the following metrics in assessing the performance of the Syndicate and is satisfied with the overall ongoing operation of the Syndicate:

	2023	2022
	\$'000	\$'000
Written and earned premiums net of reinsurance	2,444,811	1,398,251
Claims incurred, net of reinsurance	(2,272,556)	(1,269,252)
Net operating expenses	(45,200)	(25,448)
Net investment return	165,141	(59,671)

Reporting Basis

The Directors of the managing agent, RiverStone Managing Agency, present their report and the audited financial statements for the year ended 31st December 2023.

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

These Syndicate Annual financial statements are prepared using the annual basis of accounting as required by Statutory Instrument 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

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Managing Agent's Report

For the year ended 31st December 2023

Directors

The Directors of RiverStone Managing Agency holding office during the period from 1st January 2022 to the date of this report were as follows:

T. A. Riddell – Independent Non-Executive Director (resigned 15th November 2023)
K. Shah – Independent Non-Executive Director
N. Smith – Independent Non-Executive Director
H. Thomas – Independent Non-Executive Director (appointed 29th April 2023)
J. Vazquez – Independent Non-Executive Director (appointed 29th April 2023)
T. Ambridge – Non-Executive Director
M. J. Bannister
A. R. Creed
L. R. Tanzer
C. K. Pritchard
P. Prebensen
N. S. Taylor

Annual General Meeting

The Directors do not propose to hold an annual general meeting for Syndicate 3500. A meeting will be convened should the sole direct corporate member of Syndicate 3500 request one.

Independent Auditor

Deloitte LLP (“Deloitte”) have indicated their willingness to continue in office.

Investment Policy and Management

All assets continue to be invested in a manner to maximize return within agreed investment policies established by RiverStone Managing Agency. These investments are managed within the risk constraints and credit guidelines agreed by the Board. The investment policy and performance of funds are reviewed regularly by the Board. Syndicate 3500 has not been involved in the lending of investments to the securities market.

Financial Instruments

As described in Note 5 to the financial statements, Syndicate 3500 is exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and policyholder liabilities. In particular, a key financial risk is that the proceeds from financial and reinsurance assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity risk and currency risk), credit risk and liquidity risk. Syndicate 3500 manages this risk within its overall risk management framework.

Statement of Managing Agent's Responsibilities

The 2008 Regulations require RiverStone Managing Agency to prepare Syndicate Annual Accounts at 31st December each year which give a true and fair view of the state of affairs of Syndicate 3500 and of its profit or loss for that year.

In preparing those Syndicate Annual Accounts, RiverStone Managing Agency is required to:

- select suitable accounting policies, and then apply them consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;

Syndicate 3500

Managing Agent's Report

For the year ended 31st December 2023

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Accounts; and
- prepare the Syndicate Annual Accounts on a going concern basis, unless it is inappropriate to do so.

RiverStone Managing Agency confirms that it has complied with the above requirements in preparing the financial statements.

RiverStone Managing Agency is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Syndicate 3500 and enable it to ensure that the Syndicate Annual Accounts comply with the 2008 Regulations.

It is also responsible for safeguarding the assets of Syndicate 3500 and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

It is also responsible for the maintenance and integrity of the business' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each person who is a director of RiverStone Managing Agency at the date this Managing Agent's Report is approved:

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

Approved by Order of the Board

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

L. R. Tanzer
Chief Executive Officer
26th February 2024

Syndicate 3500

Independent Auditor's Report to the Member of Syndicate 3500 For the year ended 31st December 2023

Independent auditor's report to the members of Syndicate 3500

Report on the audit of the syndicate annual financial statements

Opinion

In our opinion the syndicate annual financial statements of Syndicate 3500 (the 'syndicate'):

- give a true and fair view of the state of the syndicate's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

We have audited the syndicate annual financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in member's balances;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 26.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Syndicate 3500

Independent Auditor's Report to the Member of Syndicate 3500 For the year ended 31st December 2023

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the syndicate annual 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of managing agent

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

In preparing the syndicate annual financial statements, the managing agent is responsible for assessing the syndicate's ability to continue in operation, disclosing, as applicable, matters related to the syndicate's ability to continue in operation and to use the going concern basis of accounting unless the managing agent intends to cease the syndicate's operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the syndicate annual financial statements

Our objectives are to obtain reasonable assurance about whether the syndicate annual 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 syndicate annual financial statements.

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

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

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

We considered the nature of the syndicate and its control environment and reviewed the syndicate's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

Syndicate 3500

Independent Auditor's Report to the Member of Syndicate 3500 For the year ended 31st December 2023

We also enquired of management and internal audit and internal general counsel about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included . the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the syndicate's ability to operate or to avoid a material penalty. These included regulatory solvency requirements.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our procedures performed to address it are described below:

- Valuation of technical provisions includes assumptions and methodology requiring significant management judgement and involves complex calculations, and therefore there is potential for management bias. In response to these risks, we involved our actuarial specialists to develop independent estimates of the technical provisions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

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

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

Syndicate 3500

Independent Auditor's Report to the Member of Syndicate 3500

For the year ended 31st December 2023

In the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, we have not identified any material misstatements in the managing agent's report.

Matters on which we are required to report by exception

Under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate'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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Ely FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 February 2024

Syndicate 3500
Profit and Loss Account
For the year ended 31st December 2023

	Note	2023 \$'000	2022 \$'000
Technical Account – General Business			
Gross premiums written	6	2,426,384	1,365,092
Outward reinsurance premiums		(20,822)	(673)
Net premiums written		2,405,562	1,364,419
Change in provision for unearned premium			
Gross amount		32,837	36,164
Reinsurers' share		6,412	(2,332)
Change in net provision for unearned premium		39,249	33,832
Earned premiums, net of reinsurance		2,444,811	1,398,251
Other technical income		10,754	4,129
Gross claims paid	7	(1,601,972)	(1,088,313)
Reinsurers' share	7	401,052	267,007
Net claims paid		(1,200,920)	(821,306)
Change in the gross provision for claims		(1,561,557)	(514,031)
Reinsurers' share		489,921	66,085
Change in the net provision for claims		(1,071,636)	(447,946)
Claims incurred, net of reinsurance		(2,272,556)	(1,269,252)
Net operating expenses	6,8	(45,200)	(25,448)
Total technical credit, net of reinsurance		137,809	107,640
Balance on the technical account for general business		137,809	107,640
Non-Technical Account			
Investment income	10	123,523	35,821
Unrealised gains on investments		60,171	-
Unrealised (losses) on investments		(19,159)	(87,326)
Realised gains on investments		6,290	-
Realised (losses) on investments		(3,873)	(6,809)
Investment expenses and charges	11	(1,811)	(1,357)
Foreign Exchange gain	12	2,141	10,846
Profit for the financial year		\$ 305,091	\$ 58,815

The results above are all derived from continuing operations.

Syndicate 3500
Balance Sheet
As at 31st December 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Investments			
Other financial investments	13	2,974,270	2,048,990
Reinsurers' share of technical provisions			
Claims outstanding	7	1,087,835	561,535
Provision for unearned premium	7	17,008	10,404
		1,104,843	571,939
Debtors			
Debtors arising out of direct insurance operations	14	199,070	127,682
Debtors arising out of reinsurance operations	15	464,085	247,660
Other debtors	16	16,012	13,142
		679,167	388,484
Other assets			
Cash at bank and in hand		166,570	175,257
Overseas deposits		315,431	127,301
		482,001	302,558
Prepayments and accrued income			
Accrued interest		24,910	12,116
Deferred acquisition costs		6,818	9,217
		31,728	21,333
Total assets		\$ 5,272,009	\$ 3,333,304
Capital, Reserves and Liabilities			
Capital and reserves			
Member's balance		364,759	59,668
Technical provisions			
Unexpired risk reserve	7	18,060	-
Claims outstanding	7	4,401,513	2,962,436
Provision for unearned premium	7	88,487	117,635
		4,508,060	3,080,071
Creditors			
Creditors arising out of direct insurance operations	17	112,915	56,487
Creditors arising out of reinsurance operations	18	255,922	129,644
Other creditors including taxation and social security	19	30,353	7,434
		399,190	193,665
Total capital, reserves and liabilities		\$ 5,272,009	\$ 3,333,304

The financial statements on pages 13 to 39 were approved by the Board of RiverStone Managing Agency Limited on 21st February 2024 and signed on its behalf by the Directors on 26th February 2024:

L. R. Tanzer
Chief Executive Officer

A. R. Creed
Chief Financial Officer

Syndicate 3500
Statement of Changes in Member's Balance
For the year ended 31st December 2023

	Member's Balance \$'000
Balance at 1st January 2023	59,668
Profit for the financial year	<u>305,091</u>
Balance at 31st December 2023	\$ <u>364,759</u>

	Member's Balance \$'000
Balance at 1st January 2022	37,079
Profit for the financial year	58,815
Distribution to member	<u>(36,226)</u>
Balance at 31st December 2022	\$ <u>59,668</u>

Syndicate 3500
Statement of Cash Flows
For the year ended 31st December 2023

	Note	2023 \$'000	2022 \$'000
Reconciliation of profit for the year to net cash inflow / (outflow) from operating activities			
Profit for the financial year		305,091	58,815
Increase in gross technical provisions		1,427,989	626,118
(Increase) in reinsurers' share of gross technical provisions		(532,904)	(66,498)
(Increase) / decrease in debtors		(288,284)	126,285
Increase in creditors		205,625	73,671
Movement in other assets/liabilities		(28,900)	(10,920)
Investment return		(165,141)	59,672
RITC investment and overseas deposit transfers		(868,926)	(266,599)
Other		(47,777)	(29,392)
Net cash inflow from operating activities		6,773	571,152
Purchase of equity and debt instruments		(2,077,916)	(2,410,540)
Sale of equity and debt instruments		1,957,975	1,873,917
Investment income received		108,905	27,391
Net cash (outflow) from investing activities		(11,036)	(509,232)
Distribution (profit)		-	(36,226)
Net (decrease) increase in cash and cash equivalents		(4,263)	25,694
Cash and cash equivalents at beginning of year		175,414	156,899
Foreign exchange on cash and cash equivalents		(2,701)	(7,179)
Cash and cash equivalents at end of year		\$ 168,450	\$ 175,414
Cash and cash equivalents consist of:			
Cash at bank and in hand	21	166,750	175,257
Short term deposits with credit institutions		1,880	157
Cash and cash equivalents		\$ 168,450	\$ 175,414

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

1. General Information

Syndicate 3500 is engaged in the runoff of the assets and liabilities associated with previously written insurance and reinsurance business in the Lloyd's of London general insurance market. Additionally, Syndicate 3500 seeks to acquire new portfolios of run-off business.

Syndicate 3500 is managed by RiverStone Managing Agency Limited ("the Managing Agent"), whose registered office address is Park Gate, 161-163 Preston Road, Brighton, East Sussex, England, United Kingdom, BN1 6AU.

2. Statement of Compliance

The financial statements of Syndicate 3500 have been prepared in accordance with Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and Financial Reporting Standard 103, "Insurance Contracts" ("FRS103").

3. Summary of Significant Accounting Policies

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

(a) Basis of Preparation

The preparation of financial statements in conformity with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of Syndicate 3500. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed further below.

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

(b) Going Concern

Having addressed the principal risks, the directors of the Managing Agent consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. The ability of Syndicate 3500 to meet its obligations as they fall due is underpinned by the support provided by Lloyd's solvency process and its chain of security for any members who are unable to meet their underwriting liabilities. This chain of security includes Funds at Lloyd's, which are further explained in Note 24.

(c) Insurance Contracts

i) Premiums Written

Premiums written comprise the reinsurance to close premium and the loss portfolio transfer reinsurance premiums on contracts incepted during the financial year. The reinsurance to close premium is grossed up for any reinsurer's share of unearned premium and deferred acquisition costs acquired under any reinsurance to close transaction.

Premiums written also relate to adjustments made in the year to estimates of premiums written in prior years. Premiums are shown gross of commission payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, including amounts due to Syndicate 3500 not yet notified.

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

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

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

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

ii) Claims Incurred and Reinsurers' Share

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

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

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

Whilst the board of directors of the Managing Agent ("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 Syndicate 3500, Syndicate 3500's payment of the loss and the receipt of reinsurance recoveries. These uncertainties are inherent in much of the business previously underwritten and assumed by Syndicate 3500. The estimates made are based upon current facts available to Syndicate 3500 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.

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

(d) Syndicate Operating Expenses

All costs relating to the administration and handling of claims are shown as part of gross claims paid. All other administrative costs of Syndicate 3500, including acquisition costs and any member's expenses, are shown as net operating expenses.

(e) Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses accrue to members according to their membership of a year of account. Normally profits and losses are settled between Syndicate 3500 and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. Syndicate 3500 may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

(f) Translation of Foreign Currencies

The financial statements are presented in US Dollars and, unless otherwise stated, are rounded to thousands. Items included in Syndicate 3500's financial statements are measured using the currency of the primary economic environment in which it operates. Syndicate 3500's functional currency is US Dollars.

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

(g) Tax

No amount has been provided in these financial statements for tax on trading income. Under Schedule 19 of the Finance Act 1993, managing agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by Syndicate 3500 during the year have been included in the balance sheet under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

(h) Investment Return

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

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, together with the reversal of unrealised

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

gains and losses recognised in earlier accounting periods in respect of investment disposals in the current year.

(i) Other Financial Investments

Syndicate 3500 has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of the financial statements.

Syndicate 3500 classifies all of its investments as financial assets at fair value through profit and loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

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

Financial assets designated as at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to Syndicate 3500's key management personnel. Syndicate 3500's investment strategy is to invest in predominantly investment grade fixed income securities, closely matching interest rate and currency liability exposures.

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

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

Syndicate 3500 discloses its investments in accordance with a fair value hierarchy with the following levels:

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

(j) Related Party Transactions

Syndicate 3500 discloses transactions with related parties. 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.

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Notes to the Financial Statements

For the year ended 31st December 2023

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.

Syndicate 3500 makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimation of the ultimate gross and ceded liability arising from claims made under insurance contracts is Syndicate 3500's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that Syndicate 3500 will ultimately pay for such claims. Some of these claims are not expected to be settled for several years and there is uncertainty as to the amounts at which they will be settled. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and case law.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements, the legal interpretation of insurance policies and the level of claims inflation. 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.

The Board continues to review the key drivers of claim settlement costs and frequency, and the methods used, and the estimates made, are reviewed regularly. Assumptions, sensitivities and claims development triangles are further detailed in note 5. No other material critical judgements or sources of material estimation uncertainty have been identified.

5. Management of Insurance and Financial Risk

Financial Risk Management Objectives

Syndicate 3500 is exposed to insurance risk through the insurance contracts that it has written and to financial risk through its financial assets, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk and currency risk), credit risk and liquidity risk.

Syndicate 3500 has established an overall risk management policy which focuses on the main risks to which it is exposed, paying particular attention to key risks which impact on the overall operation of the business. A risk register is maintained which is updated at least quarterly. All risks on the register are reviewed with key management personnel and the Board reviews the key risks on a quarterly basis.

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Notes to the Financial Statements

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(a) Insurance Risk

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

The principal risk that Syndicate 3500 faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. The actual number and amount of claims and benefits arising from insurance contracts will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be materially affected by a change in any subset of the portfolio. Syndicate 3500 has a diversified portfolio of insurance risks, which predominantly relate to business previously written.

Syndicate 3500 mitigates insurance risk through the use of reinsurance, both in the form of third party reinsurance associated with the business originally written and reinsurance with affiliated reinsurers.

i) Process for Assessment of Technical Provisions

Syndicate 3500 adopts a consistent process to the calculation of an appropriate provision for the exposures arising from the business it has written. A full reserving analysis is conducted at least annually and the technical provisions recorded on the balance sheet are in line with the Board's view of the best estimate value of the underlying liabilities.

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

Syndicate 3500 uses assumptions based on a mixture of internal and market data to measure its claims liabilities. This information is used to project the ultimate number and value of claims, by major class of business, using recognised statistical estimation techniques.

Assumptions are reviewed and tested regularly in the light of actual claims development and general market movements and trends. In accordance with the Lloyd's Valuation of Liabilities Rules an independent actuary is appointed annually to provide an opinion that the technical provisions comply with the Lloyd's Valuation of Liabilities Rules and each year of account is no less than the expected future cost of the corresponding claims and claim handling expenses for which the Syndicate is liable. Additionally the Actuarial processes are subject to independent internal audit and risk reviews on a rotational basis.

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

The sources of estimation uncertainty in establishing the ultimate liability arising from claims made under insurance contracts is discussed in Note 4.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. Syndicate 3500 takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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

iii) Key Assumptions and Sensitivities

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

iv) Claims Development Tables

The following table presents the comparison of actual claims incurred to previous estimates for the last 10 years.

Claims Outstanding (Gross)

Underwriting Year	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	Tota \$'000
Estimate of cumulative gross claims											
At the end of the first year	1,433,773	1,328,775	1,745,480	3,433,332	3,020,278	657,975	444,836	1,047,169	65,516	188,636	13,365,771
- One year later	2,676,598	3,048,898	3,952,353	5,614,312	5,120,088	1,447,747	901,946	946,566	61,116		23,769,625
- Two years later	2,939,626	3,322,993	4,413,043	6,142,022	5,544,774	1,627,143	929,397	971,663			25,890,662
- Three years later	2,984,601	3,411,643	4,504,044	6,188,355	5,857,980	1,627,934	908,272				25,482,825
- Four years later	3,028,564	3,394,392	4,558,357	6,260,927	5,915,022	1,652,759					24,810,021
- Five years later	3,012,895	3,434,073	4,655,656	6,136,837	5,801,775						23,041,235
- Six years later	3,052,447	3,398,747	4,565,012	6,170,783							17,186,985
- Seven years later	3,025,798	3,349,097	4,555,953								10,930,848
- Eight years later	3,013,088	3,367,563									6,380,651
- Nine years later	3,006,519										3,006,519
Current estimate of cumulative claims	3,006,519	3,367,563	4,555,953	6,170,783	5,801,775	1,652,759	908,272	971,663	61,116	188,636	26,685,035
Cumulative payments to date	2,878,328	3,121,552	4,105,124	5,474,838	4,822,048	1,131,696	520,149	375,137	13,390	31,651	22,473,912
Liability recognised in the balance sheet	128,191	246,011	450,829	695,945	979,727	521,063	388,123	596,526	47,726	156,985	4,211,123
Reserve in respect of prior years											208,446
Total reserve included in the balance sheet											\$ 4,419,573

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**Claims Outstanding
(Net)**

Underwriting Year	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	Total \$'000
Estimate of cumulative gross claims											
At the end of the first year	1,094,332	1,068,897	1,327,587	1,664,246	1,760,453	437,802	299,728	1,047,169	65,516	188,636	8,954,366
- One year later	2,086,404	2,416,570	2,923,515	3,147,703	3,185,503	980,822	510,429	946,566	61,116		16,258,628
- Two years later	2,264,300	2,532,923	3,252,211	3,492,382	3,466,161	1,037,250	646,443	971,663			17,663,333
- Three years later	2,369,063	2,686,835	3,330,571	3,546,573	3,666,810	1,148,427	693,203				17,441,481
- Four years later	2,356,220	2,647,848	3,355,818	3,594,046	3,645,366	1,151,123					16,750,421
- Five years later	2,359,409	2,701,723	3,466,928	3,598,034	3,614,772						15,740,866
- Six years later	2,386,742	2,669,897	3,468,978	3,604,251							12,129,867
- Seven years later	2,386,951	2,676,559	3,450,327								8,513,836
- Eight years later	2,440,723	2,687,694									5,128,417
- Nine years later	2,435,040										2,435,040
Current estimate of cumulative claims	2,435,040	2,687,694	3,450,327	3,604,251	3,614,772	1,151,123	693,203	971,663	61,116	188,636	18,857,824
Cumulative payments to date	2,338,972	2,508,601	3,131,296	3,096,669	2,940,748	795,684	417,271	375,137	13,390	31,651	15,649,421
Liability recognised in the balance sheet	96,068	179,093	319,030	507,582	674,024	355,438	275,932	596,526	47,726	156,985	3,208,404
Reserve in respect of prior years											123,334
Total reserve included in the balance sheet											\$ 3,331,738

Insurance Risk Concentrations

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

	2023		2022	
	Gross \$'000	Net \$'000	Gross \$'000	Net \$'000
Annuities	95,211	95,211	79,685	79,685
Casualty reinsurance	303,190	244,128	225,931	190,090
Credit and suretyship	67,872	36,978	82,103	50,420
Fire and other damage to property	377,533	214,567	318,698	229,054
General liability	2,408,220	1,920,305	1,450,358	1,219,429
Health insurance	38,766	32,393	46,292	37,413
Income protection	52,792	39,585	47,977	37,862
Legal Expenses	1,642	20	170	155
Marine, aviation and transport	474,214	316,114	254,607	201,881
Miscellaneous financial loss	11,624	5,515	9,020	8,919
Motor vehicle liability	158,736	170,267	146,099	142,463
Other motor	45,392	44,358	78,419	57,055
Property reinsurance	105,564	9,277	49,192	22,830
Worker's compensation	212,303	141,044	123,591	78,200
Claims expense reserve	66,514	61,976	50,294	45,445
Total technical provisions	\$ 4,419,573	\$ 3,331,738	\$ 2,962,436	\$ 2,400,901

Syndicate 3500

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For the year ended 31st December 2023

(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. Syndicate 3500 works closely with its investment manager 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 Syndicate 3500's investments held at 31st December 2023 is an approximate \$60,847,344 loss (2022: loss \$35,143,000 to the profit and loss account. Similarly, a 100 basis point decrease in interest rates would give rise to an approximate \$66,253,580 gain (2022: gain \$38,223,000 to the profit and loss account).

ii) Equity Price Risk

Syndicate 3500 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 listed investments only. Listed investments are those that are traded on recognised stock exchanges.

Syndicate 3500 has a defined investment policy which sets limits on its exposure to equities, both in aggregate terms and by counterparty. This policy of diversification is used to manage Syndicate 3500's price risk arising from its investments in equity securities.

Listed equity securities held at 31st December 2023 represent 100.0% of total equity investments. If equity market indices had increased/decreased by 5%, with all other variables held constant, and all Syndicate 3500's equity investments moved according to the historical correlation with the index, there would be a gain/loss of \$nil (2022: \$nil) to the profit and loss account.

iii) Currency Risk

Syndicate 3500 manages its foreign exchange risk against its functional currency, which is US Dollars. Syndicate 3500 has a proportion of its assets and liabilities denominated in currencies other than US Dollars, the most significant being Pound Sterling, Euro, Canadian Dollar and Australian Dollar. Syndicate 3500 seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency, and by the utilisation of forward currency contracts.

At 31st December 2023, if Pound Sterling had weakened by 10% more in 2023 against the US Dollar with all other variables held constant, profit for the year would have been \$1.9 million higher (2022: \$3.5 million lower), mainly as a result of net foreign exchange gains on the translation of US Dollar denominated financial assets, and US Dollar denominated liabilities.

At 31st December 2023, if the Euro had weakened by 10% more in 2023 against the US Dollar with all other variables held constant, profit for the year would have been \$400,000 higher (2022: \$0.7 million lower), mainly as a result of net foreign exchange gains on the translation of Euro denominated financial assets, and Euro denominated liabilities.

At 31st December 2023, if the Canadian Dollar had weakened by 10% more in 2023 against the US Dollar with all other variables held constant, profit for the year would have been \$5.3 million lower

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(2022: \$0.4 million higher), mainly as a result of net foreign exchange gains on the translation of Canadian Dollar denominated financial assets, and Canadian Dollar denominated liabilities.

At 31st December 2023, if the Australian Dollar had weakened by 10% more in 2023 against the US Dollar with all other variables held constant, profit for the year would have been \$1.5 million lower (2022: \$30,000 lower), mainly as a result of net foreign exchange gains on the translation of Australian Dollar denominated financial assets, and Australian Dollar denominated liabilities.

(c) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where Syndicate 3500 is exposed to credit risk are:

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

As Syndicate 3500 is in runoff its exposures to other reinsurers and insurance intermediaries are primarily determined by contracts previously written. Syndicate 3500 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 Syndicate 3500's policy to provide for reinsurer bad debts in situations where it does not expect to collect the full amount outstanding due to the financial position of the reinsurer or due to disputes over coverage. In certain circumstances, collateral is held in the form of either deposits or letters of credit from reinsurers.

Syndicate 3500 reduces its exposure to credit risk in relation to investments by entering into transactions with counterparties that are reputable and by settling trades through recognised exchanges. The assets bearing credit risk are summarized below, together with an analysis by credit rating (AM Best or equivalent):

	2023	2022
	\$'000	\$'000
Derivative financial instruments	3,061	56
Central fund loans	27,765	2,822
Debt securities	2,681,588	1,506,946
Deposits with credit institutions	261,856	526,945
Assets arising from reinsurance contracts held	1,460,947	776,562
Premium receivable	90,973	32,632
Cash at bank and in hand	166,570	175,257
Overseas deposits	315,431	127,301
Total assets bearing credit risk	\$ 5,008,191	\$ 3,148,521

Syndicate 3500
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	2023 \$'000	2022 \$'000
AAA	708,086	306,772
AA, AA+, AA-	1,107,573	763,330
A, A-, A+	2,297,455	1,560,437
B++ and below or not rated	<u>895,077</u>	<u>517,982</u>
Total assets bearing credit risk	\$ 5,008,191	\$ 3,148,521

Included in "B++ and below or not rated" assets are \$537,000 (2022: \$328,000) of assets rated BBB or above.

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

	2023 \$'000	2022 \$'000
Performing	1,379,378	736,981
Past due	199,208	78,242
Impaired	-	-
Provision for irrecoverable amounts	<u>(26,666)</u>	<u>(6,029)</u>
	\$ 1,551,920	\$ 809,194

(d) Liquidity Risk

The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using a combination of operational cash flow forecasting and actuarial techniques. The Board sets limits on the minimum levels of liquid assets that should be available to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of Syndicate 3500's financial liabilities and outstanding claims. All liabilities are presented using their expected cash flows.

	No Contractual Maturity Date \$'000	< 6 months or on demand \$'000	Between 6 months and 1 year \$'000	Between 1 year and 2 years \$'000	Between 2 years and 5 years \$'000	> 5 Years \$'000	Carrying Value \$'000
At 31st December 2023							
Creditors	-	51,895	51,895	75,846	127,741	91,814	399,191
Claims outstanding	<u>-</u>	<u>574,544</u>	<u>574,544</u>	<u>839,719</u>	<u>1,414,263</u>	<u>1,016,502</u>	<u>4,419,572</u>
Financial liabilities and outstanding claims	\$ -	\$ 626,439	\$ 626,439	\$ 915,565	\$ 1,542,004	\$ 1,108,316	\$ 4,818,763
At 31st December 2022							
Creditors	-	144,755	7,160	10,539	17,147	14,105	193,706
Claims outstanding	<u>-</u>	<u>378,001</u>	<u>377,999</u>	<u>556,447</u>	<u>905,306</u>	<u>744,683</u>	<u>2,962,436</u>
Financial liabilities and outstanding claims	\$ -	\$ 522,756	\$ 385,159	\$ 566,986	\$ 922,453	\$ 758,788	\$ 3,156,142

Syndicate 3500

Notes to the Financial Statements

For the year ended 31st December 2023

(e) Capital Management

Syndicate 3500 maintains an efficient capital structure comprising only its member's balance, consistent with its risk profile and the regulatory and market requirements of its business. Syndicate 3500's objectives in managing its capital are:

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

Syndicate 3500 is regulated by the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. Syndicate 3500 manages capital in accordance with these rules and performs the necessary tests to ensure continuous and full compliance with such regulations. Syndicate 3500 has complied with all of its capital requirements throughout the year.

The minimum capital required to support Syndicate 3500 is required to be provided by the corporate member, either by assets held in trust by Lloyd's specifically for that member ("Funds at Lloyd's"), held within, and managed within, a syndicate ("Funds in Syndicate") or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the member's balance reported on the Balance Sheet, represent resources available to meet member and Lloyd's capital requirements.

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

6. Segmental Analysis

	Gross premiums written 2023 \$'000	Gross premiums earned 2023 \$'000	Gross claims incurred 2023 \$'000	Gross operating expenses 2023 \$'000	Re- insurance balance 2023 \$'000
Direct Insurance					
Accident and health	122,026	122,356	(161,897)	(1,710)	41,913
Motor	16,383	24,609	(9,243)	(337)	122
Marine, aviation and transport	188,992	189,704	(193,149)	(2,577)	8,878
Credit and surety	24,895	24,201	(113,184)	(333)	104,173
Fire and other damage to property	225,676	235,240	(324,291)	(3,210)	113,166
Third party liability	973,077	987,913	(1,216,025)	(13,872)	234,292
	<u>1,551,049</u>	<u>1,584,023</u>	<u>(2,017,789)</u>	<u>(22,039)</u>	<u>502,544</u>
Reinsurance acceptances	<u>875,334</u>	<u>875,198</u>	<u>(1,145,740)</u>	<u>(12,407)</u>	<u>374,018</u>
Total	\$ 2,426,384	\$ 2,459,221	\$ (3,163,529)	\$ (34,446)	\$ 876,562
	Gross premiums written 2022 \$'000	Gross premiums earned 2022 \$'000	Gross claims incurred 2022 \$'000	Gross operating expenses 2022 \$'000	Re- insurance balance 2022 \$'000
Direct Insurance					
Accident and health	58,061	59,975	(83,490)	(1,032)	29,403
Motor	109,127	114,425	(126,841)	(1,934)	38,931
Marine, aviation and transport	146,667	147,955	(150,798)	(2,604)	9,867
Credit and surety	40,020	41,244	(68,601)	(685)	20,252
Fire and other damage to property	303,061	308,490	(379,480)	(5,392)	105,857
Third party liability	563,872	582,248	(641,604)	(10,405)	106,222
	<u>1,220,808</u>	<u>1,254,337</u>	<u>(1,450,814)</u>	<u>(22,052)</u>	<u>310,532</u>
Reinsurance acceptances	<u>144,284</u>	<u>146,919</u>	<u>(151,530)</u>	<u>693</u>	<u>19,555</u>
Total	\$ 1,365,092	\$ 1,401,256	\$ (1,602,344)	\$ (21,359)	\$ 330,087

Gross operating expenses includes other technical income.

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

Effective 1st January 2023, Syndicate 3500 entered into the following transactions:

- the reinsurance to close of the 2018 and prior underwriting year of account liabilities of Syndicate 2001. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$1,385.5 million and \$1,051.7 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1200. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$430.4 million and \$332.0 million, respectively, this replaces a previously recorded loss portfolio transfer with gross and net liabilities of \$201.9 million as at 1st January 2023;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1910. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$242.9 million and \$169.0 million, respectively;

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 1991. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$368.1 million and \$252.1 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 6125. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$18.5 million and \$0.0 million, respectively;
- the reinsurance to close of the 2020 and prior underwriting years of account liabilities of Syndicate 5151. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$583.3 million and \$294.8.6 million, respectively;
- the reinsurance to close of the 2020 underwriting years of account liabilities of Syndicate 2468. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$13.7 million and \$0 million, respectively; and
- the loss portfolio transfer reinsurance of certain discontinued lines of business originally written in the 2019 - 2021 underwriting years of Syndicate 2001. This transaction resulted in the transfer to Syndicate 3500 of gross and net technical provisions of \$183.2 million.

7. Technical Provisions

The change in the provisions for claims outstanding are as follows:

	2023			2022		
	Gross \$'000	Reinsurers' Share \$'000	Net \$'000	Gross \$'000	Reinsurers' Share \$'000	Net \$'000
Claims outstanding at 1 st January	2,962,436	561,535	2,400,901	2,615,345	557,736	2,057,609
Reinsurance of new liabilities	3,225,818	942,931	2,282,886	1,728,476	310,110	1,418,366
Change in estimates of technical provisions, including foreign exchange	(184,769)	(15,579)	(169,189)	(293,072)	(39,304)	(253,768)
Paid claims	(1,601,972)	(401,052)	(1,200,920)	(1,088,313)	(267,007)	(821,306)
Claims outstanding at 31st December	\$ 4,401,513	\$ 1,087,835	\$ 3,313,678	\$ 2,962,436	\$ 561,535	\$ 2,400,901

Included within reinsurers' share of technical provisions – claims outstanding are amounts recoverable from related companies of \$125,003,000 (2022: \$171,513,000)

	2023			2022		
	Gross \$'000	Reinsurers' Share \$'000	Net \$'000	Gross \$'000	Reinsurers' Share \$'000	Net \$'000
Unexpired risk provision at 1 st January	-	-	-	-	-	-
Change in estimates of unexpired risk provisions, including foreign exchange	18,060	-	18,060	-	-	-
Unexpired risk provision at 31st December	\$ 18,060	\$ -	\$ 18,060	\$ -	\$ -	\$ -

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

	2023			2022		
	Gross \$'000	Reinsurers' Share \$'000	Net \$'000	Gross \$'000	Reinsurers' Share \$'000	Net \$'000
Unearned Premium at 1 st January	117,635	10,404	107,231	164,748	13,177	151,571
Reinsurance of new liabilities	41,728	14,534	27,194	-	-	-
Earned Premiums	(74,565)	(8,122)	(66,443)	(36,164)	(2,332)	(33,832)
Foreign Exchange	3,689	192	3,497	(10,949)	(441)	(10,508)
Unearned Premium at 31stDecember	\$ 88,487	\$ 17,008	\$ 71,479	\$ 117,635	\$ 10,404	\$ 107,231

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

8. Net Operating Expenses

Syndicate operating expenses included within net operating expenses comprise:

	2023 \$'000	2022 \$'000
Administrative expenses	51,402	22,856
Gross profit commission payable	-	1,640
Deferred acquisition costs	2,025	4,388
Less: recovered under reinsurance protection agreements	(8,227)	(3,396)
	\$ 45,200	\$ 25,488

The management and administration of RiverStone Managing Agency is carried out by RiverStone Management Limited ("RiverStone Management"), a fellow subsidiary, which also provides these services to other group companies. RiverStone Management recharges costs associated with this management and administration to RiverStone Managing Agency, which in turn recharges them to Syndicate 3500. Certain costs are recovered by Syndicate 3500 under the reinsurance protection agreements it has entered into with affiliated reinsurers.

Operating costs charged to Syndicate 3500 by RiverStone Managing Agency during the year were \$64,171,000 (2022: \$39,246,000).

The Directors, Run-off Manager and other key management personnel of Syndicate 3500 receive no emoluments from RiverStone Managing Agency. The contracts of employment of the U.K. executive Directors and employees are with RiverStone Management which makes charges for the services described above. Emoluments paid by RiverStone Management to the key management personnel of Syndicate 3500 in respect of their services in relation to Syndicate 3500 are summarised below. These amounts represent emoluments based on an apportionment of time.

	2023 \$'000	2022 \$'000
Total emoluments: Directors, run off manager and key management personnel	\$ 2,439	\$ 2,081
Run-off Manager	\$ 426	\$ 345

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

Further information in respect of the directors of RiverStone Managing Agency is provided in that company's financial statements.

9. Auditor's Remuneration

Fees payable for the audit of the annual accounts of RiverStone Managing Agency are \$17,260 (2022: \$16,143). Fees payable for audit-related assurance services provided to the managing agent are \$nil (2022: \$nil). There were no other fees payable for the provision of other non-audit services. Fees related to the Syndicate are as follows:

	2023 \$'000	2022 \$'000
Audit of these financial statements	508	269
Audit related assurance services	250	132
Non-audit related assurance services	<u>730</u>	<u>487</u>
	\$ <u>1,488</u>	\$ <u>888</u>

10. Investment Income

	2023 \$'000	2022 \$'000
Income from financial assets at fair value through profit and loss	\$ <u>123,523</u>	\$ <u>35,821</u>

11. Investment Expenses and Charges

	2023 \$'000	2022 \$'000
Investment expenses	\$ <u>(1,811)</u>	\$ <u>(1,357)</u>

12. Gain for the year

	2023 \$'000	2022 \$'000
The profit for the year is stated after charging:		
Foreign exchange gain	\$ <u>2,141</u>	\$ <u>10,846</u>

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

13. 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
Financial Assets – at fair value through profit and loss				
Shares and other variable-yield securities and units in unit trusts - designated at fair value through profit and loss on initial recognition	27,765	15,043	27,765	10,072
Debt securities and other fixed interest securities designated at fair value through profit and loss on initial recognition	2,681,588	1,506,946	2,699,787	1,587,243
Derivative financial instruments - at fair value through profit and loss, held for trading	3,061	56	-	-
Deposits with credit institutions	261,856	526,945	261,856	526,945
	<u>\$ 2,974,270</u>	<u>\$ 2,048,990</u>	<u>\$ 2,989,408</u>	<u>\$ 2,124,316</u>

Share and other variable-yield securities include the loan to the central fund.

Financial Liabilities

Derivative financial instruments - at fair value through profit and loss, held for trading	<u>\$ 3,326</u>	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ -</u>
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(b) Listed Investments

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

	2023 \$'000	2022 \$'000
At fair value through profit and loss		
Shares and other variable yield securities and units in unit trusts	-	12,221
Debt securities and other fixed interest securities	<u>2,681,588</u>	<u>1,479,769</u>
Total listed investments	<u>\$ 2,681,588</u>	<u>\$ 1,491,990</u>

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

Derivative Financial Instruments at Fair Value through Profit and Loss

	Market Value 2023 \$'000	Market Value 2022 \$'000
Derivative financial instruments assets		
Foreign currency forward contracts	\$ <u>3,061</u>	\$ <u>56</u>
Derivative financial instruments liabilities		
Foreign currency forward contracts	\$ <u>3,326</u>	\$ <u>2,157</u>

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

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

	Market Value		Contract/Notional Amount	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Foreign currency forward contracts	\$ <u>(265)</u>	\$ <u>(2,101)</u>	\$ <u>289,878</u>	\$ <u>332,149</u>

(c) 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
Shares and other variable yield securities and units in unit trusts	-	-	27,765	27,765
Debt securities and other fixed interest securities	2,681,588	-	-	2,681,588
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	3,061	3,061
Deposits with credit institutions	261,856	-	-	261,856
	\$ <u>2,943,444</u>	\$ <u>-</u>	\$ <u>30,826</u>	\$ <u>2,974,270</u>

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

	Level 1 2022 \$'000	Level 2 2022 \$'000	Level 3 2022 \$'000	Total 2022 \$'000
Shares and other variable yield securities and units in unit trusts	12,221	-	2,822	15,043
Debt securities and other fixed interest securities	1,479,770	27,176	-	1,506,946
Derivative financial instruments at fair value through profit or loss, held for trading	-	-	56	56
Deposits with credit institutions	526,945	-	-	526,945
	<u>\$ 2,018,936</u>	<u>\$ 27,176</u>	<u>\$ 2,878</u>	<u>\$ 2,048,990</u>

(d) Level 3 Pricing

Level 3 valuation techniques are used by Syndicate 3500 in respect of Lloyd's central fund loan and foreign exchange forward contracts, observable inputs include the historical cost of the loan, strike price of the forwards and the prevailing market foreign exchange rates.

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

	At Fair Value Through Profit and Loss			
	Debt Securities 2023 \$'000	Equity Shares 2023 \$'000	Derivatives 2023 \$'000	Total 2023 \$'000
At 1 st January	-	2,822	56	56
Total losses recognised in the profit and loss account	-	-	3,005	3,005
Sales	-	-	-	-
Additions	-	24,943	-	24,943
Total	<u>\$ -</u>	<u>\$ 27,765</u>	<u>\$ 3,061</u>	<u>\$ 30,826</u>

	At Fair Value Through Profit and Loss			
	Debt Securities 2022 \$'000	Equity Shares 2022 \$'000	Derivatives 2022 \$'000	Total 2022 \$'000
At 1 st January	-	-	987	987
Total losses recognised in the profit and loss account	-	-	(931)	(931)
Sales	-	-	-	-
Additions	-	2,822	-	2,822
Total	<u>\$ -</u>	<u>\$ 2,822</u>	<u>\$ 56</u>	<u>\$ 2,878</u>

Total losses of \$0.9 million (2021: gains of \$0.3 million) on Level 3 financial investments held during the year, all of which are presented in the net investment return in the profit and loss account.

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

(f) Collateralised Cash and Investments

Syndicate 3500 maintains a collateralised letter of credit facility, Lloyd's trust funds and overseas deposits in respect of its contractual obligations under which Syndicate 3500 is obliged to collateralise its liabilities. The total amount of collateral provided at 31st December 2023 was \$1,935 million (2022: \$1,002 million).

14. Debtors Arising Out of Direct Insurance Operations

	2023	2022
	\$'000	\$'000
Amount owed from intermediaries	\$ <u>199,070</u>	\$ <u>127,682</u>

15. Debtors Arising Out of Reinsurance Operations

	2023	2022
	\$'000	\$'000
Amount owed from intermediaries	333,626	203,610
Premium due from cedants	39,486	11,418
Premium receivable	<u>90,973</u>	<u>32,632</u>
	\$ <u>464,085</u>	\$ <u>247,660</u>

16. Other Debtors

	2023	2022
	\$'000	\$'000
Insurance premium taxes	3,338	7,176
Receivable for securities sold	12,610	3,000
Other debtors	<u>64</u>	<u>2,966</u>
	\$ <u>16,012</u>	\$ <u>13,142</u>

17. Creditors Arising out of Direct Insurance Operations

	2023	2022
	\$'000	\$'000
Amounts owed to intermediaries	\$ <u>112,915</u>	\$ <u>56,487</u>

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

18. Creditors Arising out of Reinsurance Operations

	2023	2022
	\$'000	\$'000
Amounts owed to group undertakings	12,204	23,416
Amounts owed to intermediaries	176,905	73,424
Premium payable	<u>66,813</u>	<u>32,804</u>
	\$ 255,922	\$ 129,644

19. Other Creditors Including Taxation and Social Security

	2023	2022
	\$'000	\$'000
Payable for securities sold	26,985	2,430
Other creditors	42	2,847
Derivative liabilities	<u>3,326</u>	<u>2,157</u>
	\$ 30,353	\$ 7,434

20. Movement in Opening and Closing Portfolio Investments Net of Financing

	2023	2022
	\$'000	\$'000
Net cash inflow for the year	(11,388)	25,538
Increase in overseas deposits	184,402	4,299
Net portfolio investment	<u>890,950</u>	<u>793,975</u>
Movement arising from cash flows	1,063,964	823,812
Changes in market value and exchange rates	<u>40,759</u>	<u>(108,668)</u>
Total movement in portfolio investments, net of financing	1,104,723	715,144
Balance brought forward at 1 st January, net of financing	<u>2,351,548</u>	<u>1,636,404</u>
Balance carried forward at 31st December, net of financing	\$ 3,456,271	\$ 2,351,548

Syndicate 3500
Notes to the Financial Statements
For the year ended 31st December 2023

21. Movement in Cash, Portfolio Investments and Financing

	At 1 st January 2023 \$'000	Cash Flow \$'000	Changes to Market Value and Currencies \$'000	At 31 st December 2023 \$'000
Cash at bank and in hand	175,257	(11,388)	2,701	166,570
Overseas deposits	127,301	184,402	3,728	315,431
	302,558	173,014	6,429	482,001
Portfolio investments:				
Shares and other variable yield securities	15,043	12,722	-	27,765
Debt and other fixed income	1,506,946	1,135,664	38,978	2,681,588
Derivative financial instruments	56	21,278	(18,273)	3,061
Deposits with credit institutions	526,945	(278,714)	13,625	261,856
Total portfolio investments	2,048,990	890,950	34,330	2,974,270
Total cash, portfolio investments and financing	\$ 2,351,548	\$ 1,063,964	\$ 40,759	\$ 3,456,271

22. Net Cash Inflow on Portfolio Investments

	2023 \$'000	2022 \$'000
Shares and other variable yield securities	12,722	3,128
Debt and other fixed income securities	1,135,664	671,727
Derivative financial instruments	(21,278)	(931)
Deposits with credit institutions	(278,714)	120,051
Net cash inflow on portfolio investments	\$ 890,950	\$ 793,975

23. Commitments and Contingent Liabilities

As at 31st December 2023, there were no outstanding commitments or contingent liabilities (2022: nil).

24. Funds at Lloyd's

Every member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's ("FAL"). These funds are required primarily in case syndicate assets prove insufficient to meet members' underwriting liabilities. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member, therefore there are no specific funds available to a Syndicate which can be precisely identified as its capital. Consequently, no amount has been shown in these financial statements by way of capital reserves. In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

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Notes to the Financial Statements
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25. Related Parties

The managing agent of the syndicate, RiverStone Managing Agency, and the corporate member that provides capital to the syndicate, RiverStone Corporate Capital Limited, are wholly owned subsidiaries of RiverStone Holdings Limited which is registered in England and Wales. The ultimate holding company is RiverStone International Holdings Limited (“RiverStone International”) which is registered in Jersey. The majority of the shares in RiverStone International are held by CVC Capital Partners Strategic Opportunities II LP.

The nature of the transactions with the related parties below were primarily the provision of services and insurance transactions. All transactions are entered into on an arm’s length basis.

The following amounts reflected in the profit and loss were transacted with related parties:

	2023	2022
	\$’000	\$’000
RiverStone Managing Agency Limited	(64,171)	(39,246)
Other RiverStone Managing Agency managed Syndicates	-	(4,008)
RiverStone International subsidiaries (Insurance)	<u>(618)</u>	<u>(1,638)</u>
Total	\$ (64,789)	\$ (44,892)

The following balance sheet amounts were outstanding at the year-end:

	2023	2022
	£’000	£’000
RiverStone Managing Agency Limited	(18,157)	(3,634)
Other RiverStone Managing Agency managed Syndicates	-	21,322
RiverStone International subsidiaries (Insurance)	(20,038)	(17,407)
RiverStone International subsidiaries (Other)	<u>9</u>	<u>2,679</u>
Total	\$ (38,186)	\$ 2,960

26. Subsequent Events

There are no subsequent events to report at the balance sheet date.