RiverStone International Ireland dac

(formerly Catalina Insurance Ireland dac)

Directors' report and financial statements

Year ended 31 December 2023

Registered number: 225221

Unit 44, Block 5
Northwood Court
Northwood Crescent
Northwood, Santry
Dublin, D09 EW63

Contents

Directors and other information

Board of Directors

Allan Archer		
Andrew Creed	(British)	Appointed 2 February 2024
Anthony Mason	(British)	(Independent)
Brian Myles		
Luke Tanzer	(British)	Appointed 2 February 2024
Niamh O'Regan		(Independent)

Solicitors

William Fry
Fitzwilton House
Wilton Place
Dublin 2

Secretary and Registered Office

Jane Bohan
Unit 44 Block 5
Northwood Court
Northwood Crescent
Northwood
Santry
Dublin 9

Principal Bankers

HSBC Bank plc
1 Grand Canal Square
Grand Canal Harbour
Dublin 2

Brown Brothers Harriman & Co.
185 Hudson Street, Suite 1150
Jersey City
NJ 07311-4003

Bank Mendes Gans N.V.
P.O. Box 198, 1000 AD Amsterdam
The Netherlands

Registered Number: 225221
Country of incorporation: Ireland

Auditor

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2

Head of Actuarial Function

Ian Shires, FIA – appointed 2 February 2024
(previously Emma Burrows, FIA)

Directors' report

The Directors of RiverStone International Ireland dac (the "Company") present their annual report and audited financial statements for the year ended 31 December 2023.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Accounting Records
The measures taken by the Directors to secure compliance with the Company's obligations, under section 281 of the Companies Act 2014, to keep adequate accounting records are the use of appropriate systems, procedures and controls, and the employment of competent persons. The accounting records are kept at Unit 44 Block 5, Northwood Court, Northwood Crescent, Northwood, Santry, Dublin 9.

Principal activity, business review and future developments
The Company is an insurance undertaking authorised by the Central Bank of Ireland, pursuant to the European Union (Insurance and Reinsurance) Regulations 2015, to carry on non-life insurance business in classes 1 to 18 as defined in European Union (Insurance and Reinsurance) Regulations 2015 (SI No. 485 of 2015), with the right to carry on business in such classes in other EU jurisdictions on a freedom of services basis.

The Company previously underwrote creditor and personal lines business in Ireland, the UK and Italy. These classes of business have been in run-off since July 2010. During 2015 the Company acquired a portfolio of insurance liabilities from Quinn Insurance Ltd (under administration). The portfolio comprised business in the UK, Northern Ireland and Europe (Germany, Belgium and the Netherlands). The business is predominately UK and Northern Ireland motor and professional indemnity and some employer's liability and public liability business. All classes of business transferred are now in run-off.

During 2018 the Company acquired a portfolio of insurance liabilities from Zurich Insurance Plc. The business consists of a portfolio of insurance policies which provide cover for various types of losses arising in connection with the business and healthcare operations of hospitals, clinics and other healthcare providers in Germany including as a result of medical malpractice ("MedMal"). The business was written through specialist German MedMal brokers to German hospitals between 1946 and 2012.

Directors' report (continued)

The Company made a loss after tax for the year ended 31 December 2023 of €9.2 million, compared to a loss after tax of €21.6 million in 2022. The loss for the year was mainly due to adverse development on the run-off of the claims on the Company's MedMal portfolio emerging during the year. No dividend was paid during the year (2022: Nil) and no final dividend has been proposed. The Company's Solvency II coverage ratio is 131% (2022: 147%).

The Company was acquired by RiverStone International Limited in February 2024 and is planning to run-off the remaining lines of business as efficiently as possible. The Company may acquire and manage run-off portfolios in the future.

The Company has a documented reinsurance strategy, which is approved by the Board of Directors. Exposure and credit ratings of individual reinsurers are monitored by the Company.

Principal business risks and uncertainties

The Company has a risk management function which reports to the Board of Directors. The Board of Directors have approved the Company's risk appetite statement and approves any variation in the risk appetite. The principal insurance risk the Company faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. The Company has significant exposure to MedMal insurance risk, which carries considerable uncertainty in the estimate for technical provisions and therefore can result in a wide range of possible outcomes, above and beyond that experienced in traditional non-life insurance products. The long-tail nature of the technical provisions for MedMal products can result in larger actual to expected development of a claim and can be dependent on legislative initiatives and the ability to settle a claim outside of a court of law.

Inflation has continued to impact the Company during 2023. Higher inflation, particularly over long periods, can impact both the Company's claims reserves and the value of its investment portfolio. The Company's long-term claims are most at risk to inflation and this risk was mitigated during the year by the intra-group reinsurance arrangement, however, the reinsurance was commuted in February 2024. The Company's reserving assumptions have been modified to reflect the current inflationary environment.

The Company is also exposed to market risk on its investment portfolio. The Company has a documented investment strategy approved by the Board of Directors which governs the Company's exposure to market risk. Exposures are controlled by the setting of investment limits in line with the Company's risk appetite statement.

Further details on the risks to which the Company is exposed are included in notes 26 and 27 to the financial statements.

Directors

The names of the persons who were Directors at any time during the year ended 31 December 2023 are set out below:

Allan Archer		
Paul Duffy		Resigned 20 January 2023
Anthony Mason (Independent)		
Andrew Diaz-Matos		Resigned 2 February 2024
John McGlynn	Appointed 21 April 2023	Resigned 2 February 2024
Brian Myles		
Niamh O'Regan (Independent)		

In accordance with the Company's Constitution, the Directors are not required to retire by rotation.

Directors' and secretary's interests

The Directors and secretary who held office at 31 December 2023 had no interests in the shares in, or debentures or loan stock of the Company at any time during the year. The Directors and Secretary of the Company hold no disclosable interests in accordance with section 260 (f) of the Companies Act 2014 and no disclosure is required under section 329 of the Companies Act 2014.

Directors' report (continued)

Central Bank of Ireland Corporate Governance Code
The Company is subject to the Corporate Governance Requirements for Insurance Undertakings (the "Corporate Governance Requirements") issued by the Central Bank of Ireland in November 2015 that came into effect on 1 January 2016. The Company has complied with the Corporate Governance Requirements throughout 2023 and to the date of this report. The Company is not required to comply with the additional requirements for major institutions.

The Directors have mandated a basis for effective risk management within the Company dictated by a clear system of governance that covers all significant aspects of the business, provides an open forum for challenge, and allocates clear responsibilities for both collective management committees and individuals. In addition, the Directors have established the four key control functions required under the Corporate Governance Requirements; risk management, actuarial, compliance and internal audit. These functions are responsible for providing oversight of, and challenge to, the business and for providing assurance to the Board in relation to the Company's control framework.

Going Concern
The Directors have undertaken a review of the financial performance of the Company. After reviewing the Company's budget and business plan, and including the results of stress and scenario testing from the most recent ORSA process, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Political donations
The Directors, on enquiry, have satisfied themselves that there were no political donations made during the year.

Post balance sheet events
On 2 February 2024, the Company was acquired by RiverStone International Limited, following no objection from the Central Bank of Ireland, and subsequently changed its name from Catalina Insurance Ireland dac to RiverStone International Ireland dac, effective from 13 February 2024. As part of the transaction, immediately prior to completion, the Company commuted the intra-group reinsurance arrangement with Catalina General Insurance Ltd. and received a capital injection of €73.7 million.

Auditor
Deloitte Ireland LLP, Chartered Accountants, were first appointed statutory auditor on 11 September 2020 and pursuant to section 383(2) of the Companies Act, 2014, will continue in office.

Relevant audit information
Each Director who was a Director of the Company at the time the report is approved confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

On behalf of the Board

Brian Myles	*Allan Archer*
Director	*Director*
28 March 2024	*28 March 2024*

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Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVERSTONE INTERNATIONAL IRELAND DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion on the financial statements of RiverStone International Ireland DAC (the 'company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and of the loss for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account: Technical Account – Non-Life Insurance;
- the Profit and Loss Account: Non-Technical Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 34 including a summary of significant accounting policies as set out in note 1 & 2.

The relevant financial reporting framework that has been applied in their preparation is Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the U.K and Republic of Ireland" and FRS 103 " "Insurance Contracts" issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, 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.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • *Valuation of Incurred But Not Reported (IBNR) loss reserves* Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used in the current year was EUR 1m (2022:1.24m) which was determined on the basis of approximately 3% of Shareholder's Funds.
Scoping	We determined the scope of our audit by obtaining an understanding of the company and its environment, including the identification of relevant controls. We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As part of our risk assessment, we assessed the control environment in place to the extent relevant to our audit. The risk of

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	material misstatement that had the greatest effect on our audit is identified as the key audit matter in the "Key Audit Matters" section of our report.
Significant changes in our approach	There were no significant changes to our approach in the current financial year.

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 company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the company's process for assessing the appropriateness of the going concern determination;
- As part of that understanding, we obtained an understanding of the quarterly and annual process to determine Solvency II regulatory capital and the calculation of the company's solvency ratio. We obtained an understanding of management's process to complete the Own Risk and Solvency Assessment ('ORSA') report. We obtained an understanding of the annual budget and three year business planning process;
- We obtained the directors' Assessment of Going Concern and challenged the key assumptions used in determining the company's ability to continue as a going concern;
- We obtained the annual Solvency Financial Condition Report, the ORSA report 2023 and the Board approved 2024 budget and considered whether the information was consistent with the going concern assessment and supported the going concern conclusion;
- We performed a retrospective assessment of the current year performance and year-end position of the company including profitability, loss ratios and solvency capital required against prior year plans and budgets; and
- We evaluated the adequacy of the relevant disclosures made in the financial statements.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in
our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RIVERSTONE INTERNATIONAL IRELAND DESIGNATED ACTIVITY COMPANY

Valuation of Incurred But Not Reported (IBNR) loss reserves	
Key audit matter description	Total IBNR loss reserves as at 31 December 2023 amounted to EUR 89.7 million, included within gross claims outstanding. The methodologies and assumptions used to estimate IBNR losses involves a significant degree of judgement by management as there is less information available than with reported claims. Due to the time lags between when a loss event occurs and when it is reported and ultimately settled, IBNR is calculated by deducting incurred losses (i.e. paid losses and case reserves) from management's best estimate of ultimate losses. We have deemed this a significant risk in our audit and a fraud risk. Key assumptions used in the determination of ultimate losses, including initial expected loss ratios and loss development factors, involve significant judgment and estimation. The estimation and measurement of claims provisions is a major determining factor in the results and financial position of the company. Refer to the accounting policy in note 1 and the disclosures in note 17 of the financial statements.
How the scope of our audit responded to the key audit matter	The procedures performed to address the key audit matter included the following: • Evaluated the design, and determined the implementation the company's relevant controls related to each component of the reserving process. This includes controls over the extraction of data, the actuarial calculation and review of gross claims outstanding within technical provisions, and the recording to the general ledger, including the IT controls related to relevant application systems and interfaces. • With the assistance of our actuarial specialists as part of our team: o We independently developed an estimate of the Medical Malpractice Non-Annuity reserve class of business. We compared our estimates to those booked by the company, and evaluated the differences; o We evaluated and challenged the company's methodologies against recognized actuarial practices for the remaining classes. We also evaluated and challenged the assumptions used by the company using our industry knowledge and experience and other analytical procedures. Specifically we evaluated the assumptions around claim reserves related to annuity and PPO payments which form a significant portion of overall claims; and o We compared the results of the reserve study prepared by third party actuaries to management's best estimate and evaluated the differences. • Evaluated the adequacy of the loss reserve disclosures in the financial statements

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

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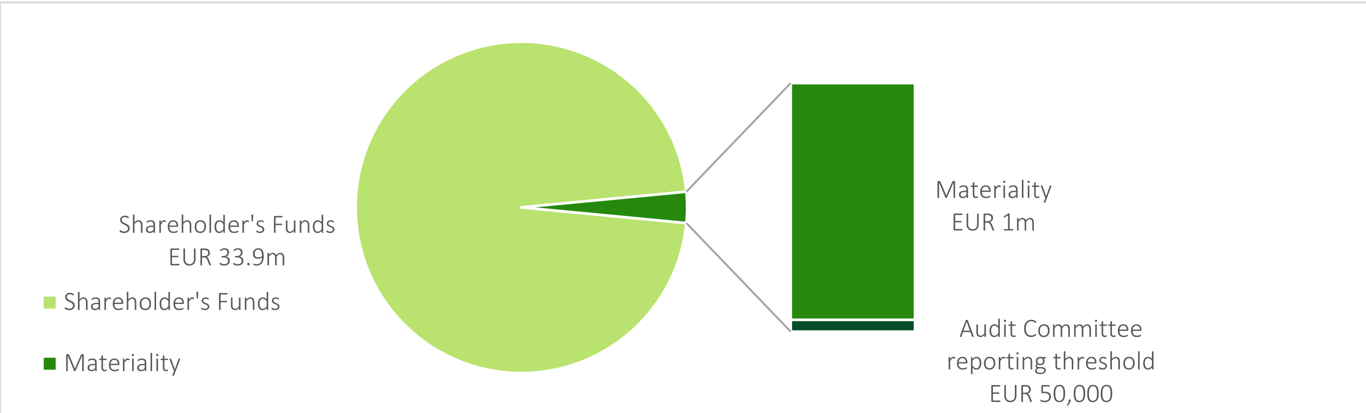
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RIVERSTONE INTERNATIONAL IRELAND DESIGNATED ACTIVITY COMPANY

Our application of materiality

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

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

Materiality	EUR 1m (2022: EUR 1.24m)
Basis for determining materiality	Approximately 3% of Shareholder's Funds
Rationale for the benchmark applied	We considered various different benchmarks upon which to base materiality. It was concluded that the primary focus for key users of the financial statements, including shareholders, insured entities and regulators, is the capital strength of the company and that the Shareholder's Funds benchmark is the most appropriate metric for capital strength.



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.

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 80% of materiality for the 2023 audit. In determining performance materiality, we considered the following factors:

- Considerations in relation to the effectiveness of the control environment and any fraud risk factors;

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- The history of misstatements either corrected or uncorrected; and
- Any major changes in the business that would affect our ability to forecast potential misstatements.

We agreed with the Board of Directors that we would report to them any audit differences in excess of EUR 50,000 as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We determined the scope of our audit by obtaining an understanding of the company and its environment and assessing the risks of material misstatement within the company. We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. The risks of material misstatement that had the greatest effect on our audit are identified as a key audit matter in the table above.

The company benefits from certain support services offered by their Group. In establishing the overall scope of the audit, we determined the type of work that needed to be performed by component auditors at group shared service locations for the purposes of our audit. We used the work of the Deloitte member firm in Bermuda, operating under our instruction, in relation to the testing of investments. We had regular interaction with these component teams including telephone meetings and review of certain working papers. This, together with the additional procedures performed in Ireland gave us the evidence we needed to form our opinion on the financial statements as a whole.

Both the company's staff and our audit team continued to work on a hybrid basis. Our audit approach considered the impact of remote working on the company and the audit.

Other information

The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Financial Statements.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RIVERSTONE INTERNATIONAL IRELAND DESIGNATED ACTIVITY COMPANY

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/. 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.

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 company'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 company'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 including significant component audit teams and relevant internal specialists, including tax, 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 Incurred but not reported Reserves'. In common with all audits under ISAs (Ireland), we are also required to perform specific procedures to respond to the risk of management override.

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We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Irish Companies Act 2014 and the relevant financial reporting framework.

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 company's ability to operate or to avoid a material penalty. These included the company's compliance with its regulatory requirements as a regulated insurer by the Central Bank of Ireland. In particular, we considered the company's compliance with regulatory solvency requirements under the Solvency II Directive.

Audit response to risks identified

As a result of performing the above, we identified the 'Valuation of Incurred But Not Reported (IBNR) loss reserves ' as a key audit matter related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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 Central Bank of Ireland.
- 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 significant component audit teams 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

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RIVERSTONE INTERNATIONAL IRELAND DESIGNATED ACTIVITY COMPANY

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Other matters which we are required to address

We were appointed by the Audit Committee on 11 September 2020 to audit the financial statements for the period end date 31 December 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years, covering the years ended 31 December 2020 to 31 December 2023.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

Matthew Foley

Matthew Foley
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

05 April 2024

Profit and loss account

Technical account – non-life insurance
for the year ended 31 December 2023

	Notes	2023 €000	2023 €000	2022 €000	2022 €000
Gross premiums written	3	**-**		**(2)**	
Outward reinsurance premiums		**-**		**2**	
Net premium written			**-**		-
Change in the gross provision for unearned premiums and unexpired risk	17	**-**		**-**	
Change in the provision for unearned premium and unexpired risk, reinsurers' share	17	**-**		**-**	
Change in the net provision for unearned premium			**-**		-
Earned premiums, net of reinsurance			**-**		-
Allocated investment return transferred from the non-technical account	3		**1,608**		(2,561)
Other technical income	3	**(103)**		13	
Reinsurers' share of other technical income		**67**		17	
Other technical income, net of reinsurance			**(36)**		30
Total technical income			**1,572**		(2,531)
Claims incurred, net of reinsurance					
Claims paid					
- Gross amount		**(32,445)**		(37,858)	
- Reinsurers' share		**22,468**		25,763	
Net claims paid		**(9,977)**		(12,095)	
Change in the provision for claims					
- Gross amount	17	**11,666**		5,293	
- Reinsurers' share	17	**(7,042)**		(5,362)	
Change in the net provision for claims		**4,624**		(69)	
Claims incurred, net of reinsurance			**(5,353)**		(12,164)
Net operating expenses	5		**(3,784)**		(3,101)
Balance on the technical account			**(7,565)**		(17,796)

All the above amounts are derived from continuing activities.

Profit and loss account (continued)

Non-technical account
for the year ended 31 December 2023

	Notes	2023 €000	2023 €000	2022 €000	2022 €000
Balance on the technical account			**(7,565)**		(17,796)
Investment income					
- Income from participating interests – group undertakings		**135**		1,720	
- Income from other investments		**2,554**		1,711	
Net investment income	4		**2,689**		3,431
Losses on the realisation of investments	4		**(1,145)**		(682)
Unrealised gains/(losses) on investments	4		**1,128**		(6,146)
Investment charges	4		**(123)**		(855)
Allocated investment return transferred to the non-life insurance business technical account	3		**(1,608)**		2,561
Foreign exchange losses			**(2)**		(203)
Interest expense	20		**(2,610)**		(1,906)
Loss on ordinary activities before tax	8		**(9,236)**		(21,596)
Tax on loss on ordinary activities	9		**-**		-
Loss for the year			**(9,236)**		(21,596)

All the above amounts are derived from continuing activities.

Statement of comprehensive income for the year ended 31 December 2023

		2023 €'000	2022 €'000
Loss for the year		**(9,236)**	(21,596)
Movement in fair value reserve	23	**1,802**	(3,963)
Total comprehensive income for the year		**(7,434)**	(25,559)

The notes on pages 19 to 43 form an integral part of the financial statements.

Balance sheet
as at 31 December 2023

	Notes	2023 €000	2023 €000	2022 €000	2022 €000
ASSETS					
Investments					
Investments in group undertakings and participating interests	14	**-**		18,674	
Other financial investments	14	**93,805**		86,498	
			93,805		105,172
Reinsurers' share of technical provisions					
Claims outstanding	17	**260,728**		266,591	
			260,728		266,591
Debtors					
Debtors arising out of direct insurance operations	10	**13,479**		13,391	
Other debtors	11	**193**		1,228	
			13,672		14,619
Other assets					
Tangible assets	12	**-**		2	
Cash at bank and in hand	14	**9,733**		9,495	
			9,733		9,497
Prepayments and accrued income					
Accrued interest and prepayments	16	**527**		768	
			527		768
Total assets			**378,465**		396,647

Balance sheet (continued)

as at 31 December 2023

	Notes	2023 €000	2023 €000	2022 €000	2022 €000
LIABILITIES					
Capital and reserves					
Called up share capital – presented as equity	22	**52,717**		52,717	
Capital Contribution	23	**11,000**		11,000	
Fair value reserve	23	**(2,304)**		(4,106)	
Retained earnings	23	**(27,501)**		(18,265)	
Shareholder's funds attributable to equity interests			**33,912**		41,346
Technical provisions					
Claims outstanding	17	**318,750**		329,187	
			318,750		329,187
Creditors - amounts falling due within one year					
Creditors arising out of insurance operations	18	**-**		17	
Other creditors	19	**305**		1,427	
			305		1,444
Creditors - amounts falling due greater than one year					
Subordinated loan notes	14	**24,056**		23,787	
			24,056		23,787
Accruals and deferred income					
Other accruals	21	**1,442**		883	
			1,442		883
Total liabilities			**378,465**		396,647

The notes on pages 19 to 43 form an integral part of the financial statements.

On behalf of the board

Brian Myles
Director
28 March 2024

Allan Archer
Director
28 March 2024

Statement of changes in equity
as at 31 December 2023

	Notes	Called-up share capital €000	Capital contribution €000	Fair value reserve €000	Retained earnings €000	Total €000
At 31 December 2021		52,717	11,000	(143)	3,331	66,905
Loss for the year		-	-	-	(21,596)	(21,596)
Other comprehensive income		-	-	(3,963)	-	(3,963)
At 31 December 2022		**52,717**	**11,000**	**(4,106)**	**(18,265)**	**41,346**
Loss for the year		**-**	**-**	**-**	**(9,236)**	**(9,236)**
Other comprehensive income		**-**	**-**	**1,802**	**-**	**1,802**
At 31 December 2023		**52,717**	**11,000**	**(2,304)**	**(27,501)**	**33,912**

Notes to the financial statements

1 Significant Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standards (FRS) 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts* (FRS 102 and 103) issued by the Financial Reporting Council, and promulgated for use in Ireland by Chartered Accountants Ireland. The Company is also subject to the requirements of the Companies Acts 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

In accordance with FRS 103, the Company has applied existing accounting policies for insurance contracts.

Although the Company's business is in run-off, as the Company intends to continue to operate as an insurance company for the foreseeable future and has the ability to manage the current business lines, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

1.2 Foreign currencies

The presentation currency of the Company is Euro. The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency).

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions. Profits and losses arising from foreign currency translation and on settlement of amounts receivable and payable in foreign currencies are dealt with through the profit and loss account.

1.3 Insurance classification

The Company's contracts are classified at inception, for accounting purposes, as insurance contracts. A contract that is classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional claims and benefits payments in any scenario, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

1.4 Revenue recognition

1.4.1 Premiums

Gross insurance premiums for non-life insurance business are reported as income over the term of the insurance contract based on the proportion of risks borne during the accounting period. Written premiums on short term reinsurance contracts are recognised as income when received. Written premiums on long term reinsurance contracts are recognised as earned over the life of the underlying reinsurance policies. Premium refunds are accounted for in the year in which they arise.

Outward reinsurance premiums are accounted for in the same year as the premiums for the related direct insurance.

1.4.2 Unearned premiums

The provision for unearned premiums comprises the amount representing that part of gross premiums written which is estimated to relate to unexpired terms of policies inforce at the balance sheet date, calculated on a time apportioned basis.

1.4.3 Investment return

Investment return consists of dividends, interest, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

Notes to the financial statements (continued)

1.4.4 Allocated investment return transferred from the non-technical account
A transfer of investment return is made from the non-technical account to the technical account of the estimated share of investment income arising from investments and cash supporting the insurance technical provisions. This calculation is based on the ratio of net technical provisions to shareholder's equity.

1.4.5 Dividend income
Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

1.4.6 Realised gains and losses
The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

1.4.7 Unrealised gains and losses
Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

1.5 Taxation
Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and associates to the extent that it is not probable that they will reverse in the foreseeable future and the Company is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.6 Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost or valuation, less accumulated depreciation. The charge for depreciation is calculated to write down the cost or valuation of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Computer equipment	3 years
Fixtures & fittings	3 years

1.7 Employee retirement benefits
The Company operates a defined contribution plan. Payments to the plan are charged to the profit and loss account as an expense as they fall due.

Notes to the financial statements (continued)

1.8 Financial assets and liabilities
The Company's investments are comprised of debt and equity investments, cash and cash equivalents, loans and receivables and investment in associates and subsidiaries.

A financial asset not held at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event had an impact on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor, a breach of contract, default or delinquency in interest or principal payments, restructuring of the amount due on terms that the Company would not otherwise consider, indications that a borrower will enter bankruptcy or other financial reorganisation, or adverse changes in the payment status of the borrower due to adverse national or local economic conditions or adverse changes in industry conditions.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the profit and loss account and reflected in an allowance against receivables. Interest on the impaired asset continues to be recognised. An impairment loss in respect of a financial asset classified as available for sale will be recognised in the profit and loss account.

If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through the profit and loss account.

1.8.1 Recognition
Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

1.8.2 Initial measurement
All financial assets and liabilities are initially measured at transaction price, except for those financial assets classified as at fair value through profit or loss or classified as available for sale, which are initially measured at fair value.

1.8.3 Subsequent measurement
With the exception of Subordinated loan notes and loans and receivables, debt instruments are measured at fair value, classified as fair value through profit or loss or available for sale. Where instruments are classified as available for sale, changes in fair value are recognised through other comprehensive income (fair value reserve). Fair value is determined based on whether quoted prices are available for instruments such as corporate bonds and government gilts. The Subordinated loan is valued at amortised cost using the effective interest rate method. The placement fees and directly attributable costs of issuing the Subordinated loan have also been amortised. The Subordinated loan notes meet the definition of a *Basic Financial Instrument* under FRS 102 as they meet the conditions in paragraph 11.9. The fair value has been approximated at the nominal value/amortised cost. For instruments such as loans and receivables where fair value cannot be determined from active markets, the fair value has been approximated at the nominal value/amortised cost. Equity instruments shall be measured at fair value with changes in fair value recognised in the profit and loss account, if the shares are publicly traded or their fair value can otherwise be measured reliably; and all other such investments shall be measured at cost less impairment. Investments in group undertakings are measured at fair value with changes recognised in the profit and loss account.

Realised and unrealised gains and losses arising from changes in the fair value of investments are presented in the non-technical profit and loss account in the year in which they arise. Interest income is recognised when earned. Investment management and other related expenses are recognised when incurred.

1.8.4 Derecognition of financial assets and liabilities
Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Notes to the financial statements (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.8.5 Fair value measurement
Fair value is the price for which the asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable willing parties in an arm's length transaction. The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Company estimates the fair value by using a valuation technique. See note 2 for further information on the Company's valuation techniques.

1.8.6 Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.8.7 Investments in group undertakings and participating interests
In the Company balance sheet, investments in group undertakings and participating interests are measured at fair value through profit or loss.

The Company has complied with FRS 102.9.9 whereby a subsidiary shall be excluded from consolidation where the interest in the subsidiary is held exclusively with a view to subsequent resale; and the subsidiary has not previously been consolidated in the consolidated financial statements prepared in accordance with this FRS. The subsidiary was held as part of an investment portfolio whose value to the Company is through its fair value as part of the investment portfolio and it was not previously consolidated in the consolidated financial statements prepared in accordance with this FRS.

The Subsidiary excluded from consolidation is Propco (Swansea) Limited. See note 13 to the financial statements for further information on the Company's holdings in group undertakings and participating interests.

1.9 Derivative financial instruments
The Company uses derivative financial instruments to reduce exposure to foreign exchange risk movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

1.10 Insurance contracts

1.10.1 Technical result
The technical result is determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned portion of premiums, net of reinsurance.

1.10.2 Claims
Claims consists of claims paid to policyholders, changes in the valuation of the liabilities arising on policyholder contracts and claims handling expenses, net of salvage and subrogation recoveries.

1.10.3 Acquisition costs
Commission costs consists of fees and commissions paid to brokers and are directly related to the acquisition of policies. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

1.10.4 Technical provision for outstanding claims
Provision for the liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the costs of handling the outstanding claims.

Full provision is made on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date. In estimating the cost of claims notified but unpaid, the Company has regard to the claim circumstances as reported, any information available from loss adjustors and/or other experts and information on the cost of settling claims with similar

Notes to the financial statements (continued)

characteristics in previous years. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. In addition, a provision for IBNR is also established. The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available.

In calculating the estimated total cost of unpaid claims, the Company uses a variety of actuarial estimation techniques, generally based upon statistical analyses of historic claims experience information available to the Company which assume that the development pattern of current claims will be related to past experience. However, allowance is made for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims. Examples of such issues include operational changes affecting the timing and adequacy of case reserving or settlements and also the impact of external factors from the legal/judicial environment. Large claims impacting each relevant business class are projected in order to allow for the possible distortion of the development and incidence of these large claims.

The final reserve selection is chosen based on the results of a range of methodologies used taking into account the characteristics of each business class, the extent and development of each accident year and the length of 'tail' on the claims involved. 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 may vary as a result of subsequent information and events. In such circumstances, any differences between provisions and subsequent settlements are dealt with in the technical accounts of later years.

Included in the provision is an estimate of the costs of handling the outstanding claims. The provision is based on projected costs that have been allocated to each line of business.

On long-term liability claims, due to the long delay from when the claim was settled and when the final payment will be made, the outstanding claims are discounted to take account of investment income receivable to the final payment date.

1.10.5 Provision for unexpired risk
A provision for unexpired risks is established where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premium provision in relation to such policies, after deduction of any deferred acquisition costs.

1.10.6 Provision for unearned premium
The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries that is estimated to be earned in subsequent years. The change in the provision is recorded in the profit and loss account to recognise revenue over the period of the risk.

1.11 Deferred acquisition costs
Acquisition costs comprise the expenses, both direct and indirect, of acquiring insurance policies written during the year. Acquisition costs, which relate to a subsequent year are deferred and charged to the years in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred, which corresponds to the proportion of gross premiums written which are unearned at the balance sheet date.

1.12 Reinsurance
The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same year as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the profit and loss account. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

Notes to the financial statements (continued)

The reinsurers' share of claims incurred, in the profit and loss account, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the year.

1.13 Insurance receivables and payables
Receivables and payables arising under insurance contracts are recognised when due and measured at amortised cost, using the effective interest rate method. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

2.1 Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Intangible liability
The Company applies an expanded presentation in accounting for portfolio transfers. When the fair value of both the contractual insurance rights acquired and insurance obligations assumed are higher than the liability measured in accordance with the Company's accounting policies, the Company records the difference as an intangible liability. The intangible liability is amortised in line with the underlying liabilities to which it relates.

Reinsurance assets
Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured in accordance with the accounting policy stated in note 1.12.

Impairment of debtors
The Company's policy is to review its debtors for impairment on at least an annual basis. In determining whether an impairment loss should be charged to the profit and loss account at the reporting date, the Company makes judgements as to whether any observable data exists indicating evidence of impairment which would be likely to result in a measurable decrease in the timings and amounts of the estimated future cash flows.

2.2 Key Sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

2.2.1 Valuation of liabilities of non-life insurance contracts
Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the balance sheet date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Company uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. The Company has significant exposure to MedMal insurance risk, which carries considerable uncertainty in the estimate for technical provisions and therefore can result in a wide range of possible outcomes, above and beyond that experienced in traditional non-life insurance products. The long-tail nature of the technical provisions for MedMal products can result in larger actual to expected development of a claim and can be dependent on legislative initiatives and the ability to settle a claim outside of a court of law. The carrying amount for non-life insurance contract liabilities at the balance sheet date is €319 million (2022: €329 million).

Notes to the financial statements (continued)

2.2.2 Discounting of Periodic Payment Orders (PPOs) and Annuities
The Company's portfolio includes certain long-term liabilities, Periodic Payment Orders (PPOs) on its UK portfolio and annuity claims on its German MedMal portfolio. Both the PPOs and annuity claims are long-term claims with predominantly court approved regular payments for future care costs of the claimant.

Annual cashflows are projected in accordance with the claimants' life expectancy. The cashflows are increased in line with an assumed claims inflation rate. In previous years the cashflows were discounted to the valuation date at an assumed discount rate. The use of discounting is subject to annual approval from the Central Bank of Ireland. The Company is required to meet all the conditions as set out under Regulation 59 (2) of S.I. No. 262/2015 - European Union (Insurance Undertakings: Financial Statements) Regulations 2015, however, following the change to internal reinsurance arrangement in respect of the long-term liabilities, whereby these liabilities are now fully reinsured, and the Company will not generate investment income in respect of the long-term liabilities, the Company does not meet all of the conditions in the Regulations and is not permitted to use discounting.

2.2.3 Valuation of financial instruments
The directors use their judgement in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In certain instances, such price information is not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

FRS 102 section 11.27, establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- 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.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, yield curves, credit spreads, liquidity statistics and other factors.

The use of different valuation techniques could lead to different estimates of fair value.

3 Segmental information

(a) Analysis of gross premiums written	**2023**	**2022**
By geographical segment:	**€000**	**€000**
Italy	-	(2)
	-	(2)

Notes to the financial statements (continued)

3 Segmental information – continued

(b) Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses, allocated investment return, other technical income and the reinsurance balance

	Gross premiums written 2023 €000	Gross premiums earned 2023 €000	Gross claims incurred 2023 €000	Gross operating expenses 2023 €000	Allocated investment return 2023 €000	Other technical income 2023 €000	Reinsurance balance 2023 €000
Direct insurance:							
- Motor	**-**	**-**	**(4,692)**	**(140)**	**48**	**-**	**4,783**
- Liability	**-**	**-**	**(17,926)**	**(3,990)**	**1,560**	**(103)**	**12,895**
- Property	**-**	**-**	**(1)**	**-**	**-**	**-**	**1**
- Creditor / Personal Accident	**-**	**-**	**1,840**	**-**	**-**	**-**	**(1,840)**
	-	**-**	**(20,779)**	**(4,130)**	**1,608**	**(103)**	**15,839**

	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000
Direct insurance:							
- Motor	-	-	5,935	(93)	(69)	-	(6,969)
- Liability	-	-	(38,649)	(3,394)	(2,492)	13	27,919
- Property	-	-	10	-	-	-	(7)
- Creditor / Personal Accident	(2)	(2)	139	1	-	-	(138)
	(2)	(2)	(32,565)	(3,486)	(2,561)	13	20,805

All the above amounts are derived from continuing activities.

Notes to the financial statements (continued)

4 Net investment return

	Net investment income 2023 €000	Net investment expense 2023 €000	Net realised gains and losses 2023 €000	Changes in fair value 2023 €000	Net investment result 2023 €000
Financial assets:					
- measured at fair value through profit or loss	**2,028**	**(123)**	**(845)**	**(6)**	**1,054**
- measured at amortised cost	**135**	**-**	**-**	**-**	**135**
- measured at cost	**526**	**-**	**-**	**-**	**526**
- derivatives	**-**	**-**	**(300)**	**1,134**	**834**
	2,689	**(123)**	**(1,145)**	**1,128**	**2,549**

	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000
Financial assets:					
- measured at fair value through profit or loss	2,595	(855)	(298)	(4,517)	(3,075)
- measured at amortised cost	791	-	-	-	791
- measured at cost	45	-	-	-	45
- derivatives	-	-	(384)	(1,629)	(2,013)
	3,431	(855)	(682)	(6,146)	(4,252)

5 Net operating expenses

	2023 €000	2022 €000
Acquisition costs	**225**	285
Administrative expenses	**3,905**	3,201
Gross operating expenses	**4,130**	3,486
Reinsurance commissions and profit participation	**(346)**	(385)
Net operating expenses	**3,784**	3,101

Notes to the financial statements (continued)

6 Employees

The aggregate payroll costs in respect of employees were as follows:	2023 €000	2022 €000
Wages and salaries	**1,000**	965
Social welfare costs	**113**	108
Other pension costs	**79**	75
	1,192	1,148

The average number of persons employed by the Company (including executive directors) during the year was as follows:	2023	2022
Management	**1**	1
Claims	**2**	2
Compliance	**1**	1
Finance	**3**	3
	7	7

7 Directors' remuneration

	2023 €000	2022 €000
Directors' emoluments	**546**	527
Contributions paid to retirement benefit scheme	**39**	37
Directors' fees	**108**	127

The Company made payments to a defined contribution scheme for two directors (2022: two directors). All remuneration was paid by the Company. Group non-executive directors Andrew Diaz-Matos and John McGlynn did not receive a fee for their directorships of the Company.

8 Profit/(loss) on ordinary activities before tax

The profit/(loss) for the year has been arrived at after charging the following items :	2023 €000	2022 €000
Auditor's remuneration		
- Audit of the Company's individual accounts	**192**	180
- Other assurance services	**56**	44
- Other non-audit services	**-**	8
Depreciation of tangible assets	**2**	5

Notes to the financial statements (continued)

9 Taxation

On loss for the year:	2023 €000	2022 €000
Corporation tax (credit)/charge	-	-
Adjustments in respect of prior years	-	-
Total current tax (credit)/charge	-	-

Reconciliation of current tax (credit)/charge based on applying the standard rate of tax to the loss per the financial statements and the current tax (credit)/charge reported in the financial statements:	2023 €000	2022 €000
Loss for the year before tax	**(9,236)**	(21,596)
Current tax (credit)/charge based on standard rate of 12.5% (2022: 12.5%)	-	-
Adjustments from standard rate:		
- Adjustments in respect of prior years	-	-
- Miscellaneous adjustments	-	-
Total tax (credit)/charge for the year	-	-
- Unrecognised tax losses carried forward	**(58,862)**	(50,722)

10 Debtors arising out of direct insurance operations

	2023 €000	2022 €000
Amounts owed by intermediaries	**7,485**	6,156
Amounts owed by fellow subsidiary undertakings	**5,994**	7,235
	13,479	13,391

All amounts are due within one year.

11 Other debtors

	2023 €000	2022 €000
Other debtors	**193**	1,228
	193	1,228

All amounts are due within one year.

Notes to the financial statements (continued)

12 Tangible assets

	Computer equipment €000	Fixtures and fittings €000	Total €000
Cost			
At beginning of year	32	18	50
Cost at end of year	**32**	**18**	**50**
Accumulated Depreciation			
At beginning of year	30	18	48
Charge for year	2	-	2
At end of year	**32**	**18**	**50**
Net Book Value			
At 31 December 2023	**-**	**-**	**-**
At 31 December 2022	2	-	2

13 Investments in group undertakings and participating interests

The Company has the following investments in group undertakings at fair value:	**2023 €000**	**2022 €000**
Investment in subsidiary	**-**	1,612
Investment in participating shares	**-**	13,977
	-	15,589

The Company has the following loans to group undertakings at amortised cost:	**2023 €000**	2022 €000
Oxenwood Partners LP	**-**	3,085
	-	3,085

Investment in group undertakings	Country of incorporation	Nature of business	**2023 Percentage**	2022 Percentage
Catalina Oxenwood European Investments Ltd.	Bermuda	Investment company	**-**	16.33%
Propco (Swansea) Limited	UK	Investment company	**-**	55.9%

In preparation for the change in ownership of the Company, which took place on 2 February 2024, the Company's investments in group undertakings and participating interests were sold during the financial year.

Notes to the financial statements (continued)

14 Financial instruments

Financial assets	Fair value through profit and loss 2023 €000	Fair value – available for sale 2023 €000	Amortised cost 2023 €000	Cost 2023 €000	Un-discounted receivable 2023 €000	Total 2023 €000
Investments in group undertakings and participating interests						
- Loans to group undertakings (note 13)	**-**	**-**	**-**	**-**	**-**	**-**
- Investment in group undertakings (note 13)	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**
Other financial investments						
- Shares and other variable yield securities in unit trusts	**30,933**	**-**	**-**	**-**	**-**	**30,933**
- Debt securities and other fixed income securities	**32,302**	**30,570**	**-**	**-**	**-**	**62,872**
	63,235	**30,570**	**-**	**-**	**-**	**93,805**
Other debtors and assets						
- Cash and cash equivalents	**-**	**-**	**-**	**9,733**	**-**	**9,733**
- Debtors arising out of direct insurance operations	**-**	**-**	**-**	**-**	**13,479**	**13,479**
- Other debtors	**-**	**-**	**-**	**-**	**193**	**193**
	-	**-**	**-**	**9,733**	**13,672**	**23,405**
Total financial assets	**63,235**	**30,570**	**-**	**9,733**	**13,672**	**117,210**

Financial assets	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000
Investments in group undertakings and participating interests						
- Loans to group undertakings (note 13)	-	-	3,085	-	-	3,085
- Investment in group undertakings (note 13)	15,589	-	-	-	-	15,589
	15,589	-	3,085	-	-	18,674
Other financial investments						
- Shares and other variable yield securities in unit trusts	20,860	-	-	-	-	20,860
- Debt securities and other fixed income securities	24,451	41,187	-	-	-	65,638
	45,311	41,187	-	-	-	86,498
Other debtors and assets						
- Cash and cash equivalents	-	-	-	9,495	-	9,495
- Debtors arising out of direct insurance operations	-	-	-	-	13,391	13,391
- Other debtors	-	-	-	-	1,228	1,228
	-	-	-	9,495	14,619	24,114
Total financial assets	60,900	41,187	3,085	9,495	14,619	129,286

Notes to the financial statements (continued)

14 Financial instruments – continued

Financial liabilities	Fair value through profit and loss 2023 €000	Fair value – available for sale 2023 €000	Amortised cost 2023 €000	Cost 2023 €000	Un-discounted payable 2023 €000	Total 2023 €000
- Subordinated loan notes	**-**	**-**	**24,056**	**-**	**-**	**24,056**
- Creditors arising out of direct insurance operations	**-**	**-**	**-**	**-**	**-**	**-**
- Other creditors	**182**	**-**	**-**	**-**	**123**	**305**
Total financial liabilities	**182**	**-**	**24,056**	**-**	**123**	**24,361**

Financial liabilities	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000
- Subordinated loan notes	-	-	23,787	-	-	23,787
- Creditors arising out of direct insurance operations	-	-	-	-	17	17
- Other creditors	1,315	-	-	-	112	1,427
Total financial liabilities	1,315	-	23,787	-	129	25,231

15 Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk movements. The Company had three open derivative instruments as at 31 December 2023 (2022: two). The table below sets out the open derivatives at 31 December 2023:

Foreign exchange forward contract 2023	Contract date	Settlement date	Contract amount '000	Settlement amount '000	Fair value at 31 December €000	Net gains/(losses) €000
EUR	23 Nov 2023	31 Jan 2024	EUR€9,196	US$10,056	**(108)**	**(108)**
EUR	19 Dec 2023	31 Jan 2024	EUR€7,184	Stg£6,200	**(42)**	**(42)**
EUR	19 Dec 2023	31 Jan 2024	EUR€6,468	US$7,114	**(32)**	**(32)**
					(182)	**(182)**

Foreign exchange forward contract 2022	Contract date	Settlement date	Contract amount '000	Settlement amount '000	Fair value at 31 December €000	Net gains/(losses) €000
EUR	17 Oct 2022	25 Jan 2023	EUR€16,136	US$16,000	(1,282)	(1,282)
EUR	09 Nov 2022	24 Feb 2023	EUR€5,882	Stg£5,203	(33)	(33)
					(1,315)	(1,315)

Notes to the financial statements (continued)

16 Accrued interest and prepayments

	2023 €000	2022 €000
Accrued interest	**519**	716
Prepayments	**8**	52
	527	768

17 Technical provisions

	Provision for unearned premiums €000	Claims outstanding €000	Total €000
Gross amount			
At beginning of year	-	329,187	329,187
Movement in provision	-	(11,666)	(11,666)
Foreign exchange movement	-	1,229	1,229
At end of year	**-**	**318,750**	**318,750**
Reinsurance amount			
At beginning of year	-	266,591	266,591
Movement in provision	-	(7,042)	(7,042)
Foreign exchange movement	-	1,179	1,179
At end of year	**-**	**260,728**	**260,728**
Net technical provision			
At beginning of year	-	62,596	62,596
At end of year	**-**	**58,022**	**58,022**

	2023 €000	2022 €000
Net technical provisions at end of year	**58,022**	62,596

Included within claims outstanding is a provision for future claims handling costs of €1,727,307 (2022: €2,113,249).

18 Creditors arising out of insurance operations

	2023 €000	2022 €000
Amounts due to cedants	**-**	17
	-	17

19 Other creditors

	2023 €000	2022 €000
Forward currency contracts (Note 15)	**182**	1,315
Other creditors	**48**	46
VAT payable	**75**	66
	305	1,427

Notes to the financial statements (continued)

20 Subordinated loan notes

In December 2016 the Company issued €23.8 million of floating rate subordinated loan notes. The notes are due in January 2027 and they are listed on the Channel Island Stock Exchange. Interest on the notes is based on EURIBOR plus a margin of 7.2%. The margin increased to 7.95% with effect from 23 December 2019. Interest expense in connection with these notes was €2,610,097 for the year ended 31 December 2023 (2022: €1,906,439).

21 Accruals

	2023 €000	2022 €000
Other accruals	**1,442**	883
	1,442	883

22 Called up share capital

	2023 Stg£000	2022 Stg£000
Authorised		
50,000,000 ordinary shares of £1 each	**50,000**	50,000

	2023 €000	2022 €000
Allotted, called up and fully paid		
46,722,601 ordinary shares of £1 each	**52,717**	52,717

23 Reconciliation of shareholder's funds

	Share capital 2023 €000	Capital contribution 2023 €000	Fair value reserve 2023 €000	Retained earnings 2023 €000	Total shareholder's funds 2023 €000
Opening balance	52,717	11,000	(4,106)	(18,265)	41,346
Loss for the year	-	-	-	(9,236)	(9,236)
Other comprehensive income	-	-	1,802	-	1,802
Closing balance	52,717	**11,000**	**(2,304)**	**(27,501)**	**33,912**

	2022 €000	2022 €000	2022 €000	2022 €000	2022 €000
Opening balance	52,717	11,000	(143)	3,331	66,905
Loss for the year	-	-	-	(21,596)	(21,596)
Other Comprehensive income	-	-	(3,963)	-	(3,963)
Closing balance	**52,717**	**11,000**	**(4,106)**	**(18,265)**	**41,346**

Notes to the financial statements (continued)

24 Capital management

Capital management refers to implementing measures to maintain sufficient capital and assessing the internal capital adequacy of the Company. The Company has a capital management plan which ensures it meets its objectives of maintaining a prudent cushion of equity to protect the Company's economic viability and to finance new growth opportunities, and maintaining sufficient capital in order to meet regulatory requirements. The capital management plan forms a part of the strategic decision making of the Company. The Company was in compliance with regulatory capital requirements throughout the year. The Company received an irrevocable, voluntary, non-refundable and unconditional capital contribution of €11 million in 2019. In February 2024, the Company received additional capital of €73.7 million as part of the commutation of the intra-group reinsurance arrangement.

The Company is a Solvency II Undertaking authorised under the European Union (Insurance and Reinsurance) Regulations 2015 to carry on insurance business. Under the Solvency II regime, the Company is subject to minimum capital requirements and solvency capital requirements. The Company uses the standard formula to determine these in the context of the measurement of assets, liabilities and capital to satisfy the requirements set out in Pillar I of the regulations. The table below sets out the Solvency II Solvency Capital Requirement ("SCR") and the Company's SCR coverage.

	2023	**2022**
	€000	**€000**
Solvency Capital Requirement	30,139	33,994
Total Available Own Funds to meet the SCR	48,548	56,773
Total Eligible Own Funds to meet the SCR	39,561	49,984
Ratio of Eligible Own Funds to SCR	*131%*	*147%*

25 Pension commitments

Pensions for employees, including Directors of the Company, are funded through an independent external defined contribution scheme. The total pension cost for the year amounted to €79,335 (2022: €75,328).

At the 31 December 2023, there was €Nil outstanding contributions in relation to this scheme (2022: €Nil).

26 Financial risk management

The Company operates a number of committees which meet on a regular basis to review, monitor and control the Company's financial and risk matters. Key risks are documented and graded according to their likelihood and potential impact. Identified risks are assessed and mitigated or eliminated where possible, or otherwise closely monitored. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company may seek to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Fair value

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by the asset management team. The Company classifies its financial instruments held at fair value in its balance sheet using a fair value hierarchy, as follows:

Notes to the financial statements (continued)

26 Financial risk management – continued

- 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.

The table below analyses financial instruments held at fair value in the Company's balance sheet at the reporting date by its level in the fair value hierarchy:

	Level 1 2023 €000	Level 2 2023 €000	Level 3 2023 €000	Total 2023 €000
Financial assets				
Shares and other variable yield securities in unit trusts	**-**	**-**	**30,933**	**30,933**
Debt securities and other fixed income securities	**-**	**62,872**	**-**	**62,872**
	-	**62,872**	**30,933**	**93,805**
Financial liabilities				
Forward currency contracts	**-**	**182**	**-**	**182**

	Level 1 2022 €000	Level 2 2022 €000	Level 3 2022 €000	Total 2022 €000
Financial assets				
Shares and other variable yield securities in unit trusts	-	-	20,860	20,860
Debt securities and other fixed income securities	-	65,638	-	65,638
Investment in group undertakings	-	-	15,589	15,589
	-	**65,638**	**36,449**	**102,087**
Financial liabilities				
Forward currency contracts	**-**	**1,315**	**-**	**1,315**

Information on the methods and assumptions used to determine fair values for each major category of financial instrument at fair value is provided below:

Level 3 investments have decreased during the year in line with the investment strategy of the Company. Investments in group undertakings were sold during the year in preparation for the change in ownership of the Company, which took place on 2 February 2024. The sales proceeds were reinvested in line with the strategic asset allocation which targets a high quality, diversified portfolio to achieve the long-term financial objectives of the Company while managing within the risk appetite framework.

Equities and Shares and other variable yield securities in unit trust
Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. Shares and other variable securities and holdings in unit trusts are generally categorised as Level 1 in the fair value hierarchy except where they are not actively traded, in which case they are generally measured on prices of recent transactions in the same instrument and are categorised as Level 2. Level 3 investments include holdings for which there is no active market trading or a lack of recent transaction price. The fair value is estimated using a valuation technique, the objective being to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Notes to the financial statements (continued)

26 Financial risk management – continued

Debt securities and other fixed income securities

Debt securities are generally valued using prices provided by external pricing vendors. Pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price. The Company performs an analysis of the prices obtained from pricing vendors to ensure that they are reasonable and produce a reasonable estimate of fair value. The Company considers both qualitative and quantitative factors as part of this analysis. Examples of analytical procedures performed include reference to recent transactional activity for similar securities, review of pricing statistics and trends and consideration of recent relevant market events. Debt securities and other fixed income securities are ordinarily categorised as Level 2.

Investments in group undertakings

There is no active market trading or a lack of recent transaction price for investments in group undertakings. The fair value is estimated using a valuation technique, the objective being to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Investment in group undertakings are ordinarily categorised as Level 3, with the fair value based on the net asset value of the undertaking.

(b) Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Investment policy governs the Company's exposure to market risk. Exposures are controlled by the setting of investment limits in line with the Company's risk appetite. The Investment policy is approved by the Board and is applied by the Group Investment team, who are responsible for making and implementing investment decisions on behalf of the Company in line with the Investment policy and risk appetite statements approved by the Board.

The primary goal of the Company's investment strategy is to maximise investment returns within the Board approved Risk Appetite Statement. The investment management philosophy is implemented through both internal investment management decisions and the assistance of external investment managers to best achieve the objectives of the Investment policy. The majority of investments are held at fair value, with changes in fair value recorded through the profit or loss because their performance is actively monitored and they are managed on a fair value basis.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it invests in long term investments at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate investments.

The sensitivity analysis below have been determined based on the exposure to interest rates for investments held at the balance sheet date. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Financial instruments designated as measured at fair value through profit or loss, measured at amortised cost and measured at cost are included in this calculation (note 14).

	Pre-tax profit		Shareholder's equity	
	2023	**2022**	**2023**	**2022**
	€000	**€000**	**€000**	**€000**
1% increase	**(3,420)**	(2,979)	**(2,992)**	(2,607)
1% decrease	**3,420**	2,979	**2,992**	2,607
2% increase	**(6,840)**	(5,958)	**(5,985)**	(5,213)
2% decrease	**6,840**	5,958	**5,985**	5,213

Notes to the financial statements (continued)

26 Financial risk management – continued

Foreign exchange risk
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The risk of exposing the Company assets or liabilities to exchange rate fluctuations is managed by broadly matching liabilities with assets in the same currencies.

The Company reviews assets and liabilities by currency each month to ensure they are matched where possible and that cash is available to discharge liabilities in their respective currencies. From time to time, the Company may utilise foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market, as well as for yield enhancement. These derivatives are not designated as hedging investments.

The most significant currency to which the Company is exposed is pounds Sterling (2022: Sterling). At 31 December 2023, if Euro had weakened/strengthened by 20% against pounds Sterling, with all other variables held constant, shareholder's funds would have been €0.4 million (2022: €0.2 million) higher/lower.

Other price risk
The Company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The Company has no significant concentration of price risk. The risk is managed by the Company by maintaining an appropriate mix of investment instruments.

The Company's sensitivity to a 1% increase and decrease in market prices is as follows:	**2023**	**2022**
	€000	**€000**
1% increase		
Movement in fair value of shares and other variable securities in unit trusts	**309**	209
Movement in fair value of debt securities and other fixed income securities	**629**	656
Movement in fair value of investments in group undertakings	**-**	156

	2023	**2022**
	€000	**€000**
1% decrease		
Movement in fair value of shares and other variable securities in unit trusts	**(309)**	(209)
Movement in fair value of debt securities and other fixed income securities	**(629)**	(656)
Movement in fair value of investments in group undertakings	**-**	(156)

(c) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from intermediaries. The objective of the Company in managing its credit risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it.

The Company monitors the credit risk in relation to its investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by the Company on a regular basis. The Company's intra-group reinsurance arrangement is protected by collateral held in a trust fund at a level equivalent to at least 100% of the Company's Solvency II technical provisions and a letter of credit with a value of at least 10% of the Solvency II technical provisions. The intra-group reinsurance arrangement was commuted as part of the change in ownership in February 2024.

The following table shows aggregated credit risk exposure for assets with external credit ratings. The financial instruments carrying amount best represents the maximum exposure to credit risk. The table also shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining whether the value of an asset is impaired are: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

Notes to the financial statements (continued)

26 Financial risk management – continued

	2023 €000	2022 €000
Investment in group undertakings	**-**	15,589
Shares and other variable yield securities in unit trusts	**30,933**	20,860
Debt securities	**62,872**	65,638
Loans to group undertakings	**-**	3,085
Assets arising from reinsurance contracts held	**260,728**	266,591
Debtors arising out of direct insurance operations	**13,672**	14,619
Accrued interest	**519**	716
Cash and cash equivalents	**9,733**	9,495
Total assets bearing credit risk	**378,457**	396,593
AAA	**22,550**	17,472
AA	**6,741**	739
A	**18,203**	22,545
BBB	**27,888**	40,031
Below BBB or not rated	**303,075**	315,806
Total assets bearing credit risk	**378,457**	396,593
Neither past due nor impaired	**378,456**	396,587
Past due less than 30 days	**1**	6
Past due less 31 to 60 days	**-**	-
Past due less 61 to 90 days	**-**	-
Past due more than 90 days	**-**	-
Past due and impaired	**-**	-
Total assets bearing credit risk	**378,457**	396,593

(d) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims. Most of the Company's assets are marketable securities which could be converted into cash when required.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows.

Financial liabilities and claims outstanding	**Less than 1 year 2023 €000**	**1 – 5 years 2023 €000**	**5+ years 2023 €000**	**Total 2023 €000**
Subordinated loan notes	**-**	**24,056**	**-**	**24,056**
Creditors arising out of direct insurance operations	**-**	**-**	**-**	**-**
Other creditors	**305**	**-**	**-**	**305**
Financial liabilities	**305**	**24,056**	**-**	**24,361**
Claims outstanding – undiscounted	**28,497**	**80,109**	**210,144**	**318,750**
	28,802	**104,165**	**210,144**	**343,111**

Notes to the financial statements (continued)

26 Financial risk management – continued

Financial liabilities and claims outstanding	2022 €000	2022 €000	2022 €000	2022 €000
Subordinated loan notes	-	23,787	-	23,787
Creditors arising out of direct insurance operations	17	-	-	17
Other creditors	1,427	-	-	1,427
Financial liabilities	1,444	23,787	-	25,231
Claims outstanding – undiscounted	30,391	85,666	213,130	329,187
	31,835	109,453	213,130	354,418

27 Insurance risk management

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The Company's business lines are all in run-off.

The insurance liabilities, net of external reinsurance, are protected by a collateralised intra-group reinsurance arrangement, however, the intra-group reinsurance arrangement was commuted in February 2024 as part of the change in ownership of the Company. Furthermore, strict claim review policies are in place to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent review of all claims are the key policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The concentration of non-life insurance and reinsurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2023 €000	**2022 €000**	**2023 €000**	**2022 €000**	**2023 €000**	**2022 €000**
UK	**70,819**	68,041	**68,709**	65,657	**2,110**	2,384
Italy	**923**	2,770	**923**	2,770	**-**	-
Germany	**246,353**	257,716	**190,670**	197,735	**55,683**	59,981
Other	**655**	660	**426**	429	**229**	231
	318,750	329,187	**260,728**	266,591	**58,022**	62,596

The concentration of non-life insurance and reinsurance by type of contract is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2023 €000	**2022 €000**	**2023 €000**	**2022 €000**	**2023 €000**	**2022 €000**
Motor	**69,761**	66,022	**68,021**	64,344	**1,740**	1,678
Liability	**248,066**	260,395	**191,784**	199,477	**56,282**	60,918
Other direct insurance	**923**	2,770	**923**	2,770	**-**	-
	318,750	329,187	**260,728**	266,591	**58,022**	62,596

Notes to the financial statements (continued)

27 Insurance risk management – continued

Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The key methods used by the Company for estimating liabilities are:

- chain ladder;
- expected loss ratio;
- Bornhuetter-Ferguson;
- trending;
- benchmarking; and
- the Bootstrap technique.

The principal assumption underlying the liability estimates is that the Company's future claims development will follow past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates. The Company considers that the liability for non-life insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

Some results of sensitivity testing are set out below, showing the impact on profit before tax and shareholder's equity gross and net of reinsurance. For each sensitivity the impact of a change in a single factor is shown, with other assumptions unchanged.

	Pre-tax profit		**Shareholder's equity**	
	2023	**2022**	**2023**	**2022**
	€000	**€000**	**€000**	**€000**
5% increase in claims outstanding				
- Gross	**(15,938)**	(16,459)	**(13,946)**	(14,402)
- Net	**(2,901)**	(3,130)	**(2,538)**	(2,739)
5% decrease in claims outstanding				
- Gross	**15,938**	16,459	**13,946**	14,402
- Net	**2,901**	3,130	**2,538**	2,739

The Company's method for sensitivity testing has not changed significantly from the prior year.

Claims development tables

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. The tables show changes in the gross and net loss reserves in subsequent years from the prior loss estimates based on experience as of the end of each succeeding year. The estimate is increased or decreased as more information becomes known about the frequency and severity of losses for individual years. A positive development means the original estimate was higher than the current estimate; a negative development means that the current estimate is higher than the original estimate. The "Reserve development" line represents, as of the date indicated, the difference between the latest re-estimated liability and the reserves as originally estimated. The negative development from 2016 to 2018 is mainly due to the Company no longer discounting its long-term liabilities, a change which occurred in 2019. The "Cumulative payments to date" line represents total claim payments on the reserves since they were originally estimated.

Notes to the financial statements (continued)

27 Insurance risk management – continued

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross claims development	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Reserves held at end of year	21,456	272,123	142,723	102,382	355,288	374,738	378,701	337,363	329,187	318,750
One year later	18,769	210,763	125,118	92,022	428,802	422,513	373,931	369,928	349,966	
Two years later	13,238	193,158	114,759	144,139	476,577	417,743	406,496	390,707		
Three years later	13,850	182,798	166,875	144,119	471,807	450,308	427,275			
Four years later	13,622	234,915	166,856	134,501	504,372	471,087				
Five years later	13,607	234,895	157,238	127,198	525,151					
Six years later	13,607	225,277	149,935	129,579						
Seven years later	13,609	217,974	152,316							
Eight years later	13,459	220,355								
Nine years later	11,619									
Reserve development	9,836	51,768	(9,592)	(27,197)	(169,863)	(96,349)	(48,574)	(53,344)	(20,779)	
Cumulative payments to date	*10,696*	*136,383*	*68,344*	*45,607*	*206,401*	*152,337*	*108,525*	*71,957*	*31,216*	

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net claims development	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Reserves held at end of year	8,680	251,647	48,301	34,244	123,007	73,998	72,515	62,631	62,596	58,022
One year later	7,891	233,472	42,070	30,583	133,646	85,745	75,536	74,795	67,949	
Two years later	7,691	227,241	38,409	35,608	145,393	88,766	87,700	80,148		
Three years later	7,837	223,580	43,434	35,353	148,414	100,930	93,053			
Four years later	7,721	228,605	43,179	35,169	160,578	106,283				
Five years later	7,714	228,350	42,995	35,979	165,931					
Six years later	7,714	228,166	43,805	35,937						
Seven years later	7,714	228,976	43,763							
Eight years later	7,710	228,934								
Nine years later	7,710									
Reserve development	970	22,713	4,538	(1,693)	(42,924)	(32,285)	(20,538)	(17,517)	(5,353)	
Cumulative payments to date	*7,710*	*63,047*	*41,446*	*33,620*	*107,910*	*48,262*	*35,032*	*22,127*	*9,928*	

Notes to the financial statements (continued)

28 Dividends

	2023 €000	2022 €000
No interim dividends were paid during the year (2022: None)	**-**	-

29 Lease commitments

	2023 €000	2022 €000
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Within one year	**52**	52
Between one and five years	**92**	144

The lease is accounted for within net operating expenses.

30 Cash flow statement

As the Company is a wholly owned subsidiary undertaking, its results will be consolidated in the financial statements of its ultimate parent undertaking at 31 December 2023, Catalina Holdings (Bermuda) Ltd., a Company incorporated in Bermuda. As Catalina Holdings (Bermuda) Ltd. is preparing a consolidated cash flow statement, the Company is availing of the exemption under FRS102.3.17(d) not to present a cash flow statement.

31 Related party transactions

The Company is availing of the exemption under FRS102.33.1A not to disclose details of transactions with companies within the Catalina Holdings (Bermuda) Ltd. group.

32 Ultimate parent undertaking

At 31 December 2023, the Company's ultimate parent undertaking was Catalina Holdings (Bermuda) Ltd., a company incorporated in Bermuda. The largest group in which the results of the Company are consolidated is that headed by Catalina Holdings (Bermuda) Ltd. The Company was a wholly owned subsidiary of Catalina Foxtrot Holdings Limited, a company incorporated in England.

With effect from 2 February 2024, the Company's ultimate parent undertaking is RiverStone International Holdings Limited.

33 Subsequent Events

On 2 February 2024, the Company was acquired by RiverStone International Limited, following no objection from the Central Bank of Ireland, and subsequently changed its name from Catalina Insurance Ireland dac to RiverStone International Ireland dac, effective from 13 February 2024. As part of the transaction, immediately prior to completion, the Company commuted the intra-group reinsurance arrangement with Catalina General Insurance Ltd. and received a capital injection of €73.7 million.

34 Approval of financial statements

The board of Directors approved these financial statements on 28 March 2024.