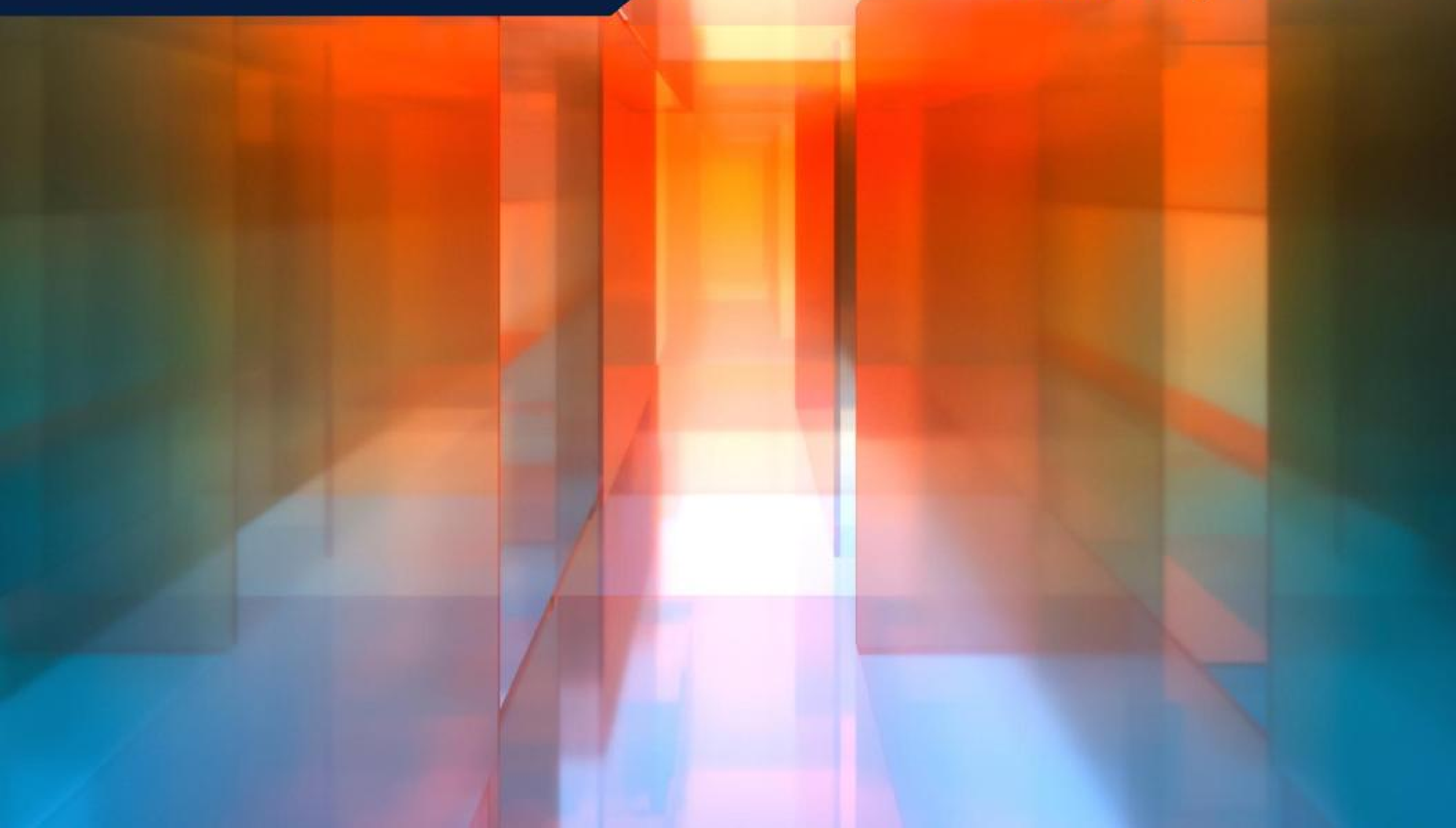
FINANCIAL CONDITION REPORT 2021

Realising Value



ENSTAR GROUP LIMITED, BERMUDA

BMA Registration Number 9001

Windsor Place | 3rd Floor | 22 Queen Street | Hamilton HM JX | Bermuda

Company telephone number: (441) 292-3645

Financial Condition Report for the year ended December 31, 2021

Enstar Group Limited and subsidiaries

(collectively "Enstar Group Limited")

Prepared in accordance

With the reporting requirements of the

Bermuda Monetary Authority

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IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report may include certain forward-looking statements regarding our views with respect to our business, operations, loss reserves, strategy, investment portfolio, economic model, and our expected performance for future periods, as well as the insurance market and industry conditions. These statements are intended as “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Actual results may materially differ from those set forth in the forward-looking statements. You may identify forward-looking statements by the use of words such as “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “may,” “should,” “could,” “will” or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements involve significant risks and uncertainties, including risks of changing market conditions in the overall economy and the industry, the success of implementing our strategies, the adequacy of our loss reserves, the regulatory environment, current and future litigation, the success of new acquisitions, competitive pressures, loss of key personnel, risks relating to our active underwriting businesses, our liquidity and other factors detailed in our Annual Report on Form 10-K and our other reports filed from time to time with the Securities and Exchange Commission (“SEC”).

Any forward-looking statement in this report reflects Enstar Group Limited’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to publicly update or review any forward looking statement, whether to reflect any change in our expectations with regard thereto, or as a result of new information, future developments or otherwise, except as required by law.

EXECUTIVE SUMMARY

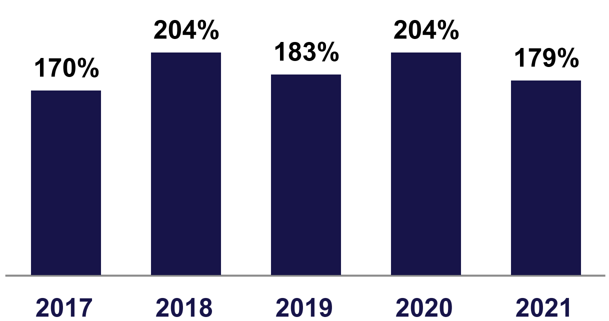
This Financial Condition Report ("FCR") is prepared in accordance with the Bermuda Monetary Authority's ("BMA") Insurance (Public Disclosure) Rules 2015 and Insurance (Group Supervision) Rules 2011. The FCR documents the business and performance, governance structure, risk profile, solvency valuation, capital management and subsequent events of Enstar Group Limited ("Enstar") and for each of Cavello Bay Reinsurance Limited ("Cavello Bay"), Fitzwilliam Insurance Limited ("Fitzwilliam") and StarStone Insurance Bermuda Limited ("SIBL") (collectively our "Bermuda Operating Subsidiaries" covered under this report) for the year ended December 31, 2021.

Unless the context indicates otherwise, the terms "Enstar," "the Company," "Group," "EGL," "we," "us" or "our" mean Enstar Group Limited and its consolidated subsidiaries and the term "Parent Company" means Enstar Group Limited, excluding its consolidated subsidiaries.

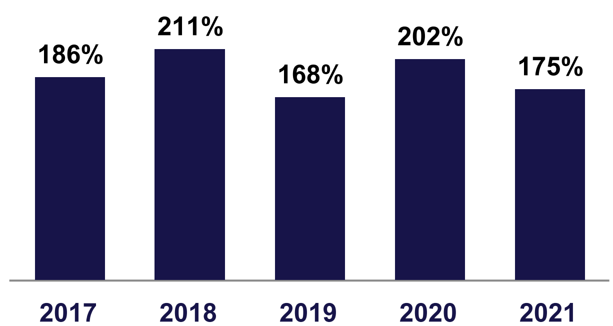
We use the standard Bermuda Solvency Capital Requirement ("BSCR") model to assess the Enhanced Capital Requirement ("ECR") or required statutory capital and surplus. This FCR is based primarily on the Economic Balance Sheets ("EBS"), Statutory Financial Statements ("SFS") and the audited financial statements prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") of Enstar and our Bermuda Operating Subsidiaries covered under this report as of December 31, 2021.

The following charts provides the ECR ratios for Enstar and our primary Bermuda Operating Subsidiary, Cavello Bay, for the last five years:

Enstar ECR Ratios



Cavello Bay ECR Ratios



During the first quarter of 2022, we experienced significant unrealized losses on fixed income investments due to rising interest rates and widening credit spreads. Under the BSCR model it is expected that these first quarter losses will be offset by an increased discount on net loss reserves. As such, we estimate that our capital adequacy for the first quarter of 2022 will not be adversely impacted by this.

DETAILS OF APPROVED AUDITOR AND GROUP SUPERVISOR

Approved Auditor

KPMG Audit Limited

Crown House | 4 Par-la-Ville Road

Hamilton HM 08 | Bermuda

Group Supervisor

Bermuda Monetary Authority

BMA House | 43 Victoria Street

Hamilton | Bermuda

ITEM 1. BUSINESS AND PERFORMANCE

a) Description of Business

Enstar is a leading global (re)insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe and Australia. Our core focus is acquiring and managing (re)insurance companies and portfolios of (re)insurance business in run-off.

Our voting ordinary shares are listed on the NASDAQ Global Select Market under the ticker symbol "ESGR."

Effective January 1, 2021, we revised our segment structure to align with how our chief operating decision maker ("CODM"), who was determined to be our Chief Executive Officer, views our business, assesses performance and allocates resources to our business components. Following the acquisition of Enhanzed Reinsurance, Ltd. (“Enhanzed Re”) on September 1, 2021, our business is organized into four reportable segments:

- **Run-off:** consists of our acquired property and casualty and other (re)insurance business, including our defendant asbestos and environmental (“A&E”) businesses and StarStone International (from January 1, 2021) following our decision to place it into an orderly run-off.
- **Enhanzed Re:** consists of life and property aggregate excess of loss (catastrophe) business that we have assumed via the acquisition of the controlling interest in Enhanzed Re.
- **Investments:** consists of our investment activities and the performance of our investment portfolio, excluding those investable assets attributable to our Legacy Underwriting segment.
- **Legacy Underwriting:** consists of businesses that we have either, in the case of Atrium, exited via the sale of the majority of our interest in or, in the case of StarStone International (included in the Legacy Underwriting Segment through December 31, 2020), placed into run-off.

  Prior to January 1, 2021, this segment comprised SGL No. 1 Limited (“SGL No. 1”)'s 25% net share of Atrium's Syndicate 609 business at Lloyd's and StarStone International. From January 1, 2021, this segment comprises SGL No.1's 25% gross share of the 2020 and prior underwriting years of Atrium's Syndicate 609 at Lloyd's, offset by the contractual transfer of the results of that business to the Atrium entities that were divested in an exchange transaction (the “Exchange Transaction”). There is no net retention for Enstar on Atrium's 2020 and prior underwriting years.

In addition, our corporate and other activities, which do not qualify as an operating segment, include income and expense items that are not directly attributable to our reportable segments.

For additional information on our reportable segments, as well as acquisitions and divestitures in the year, refer to Notes 3, 4 and 5, respectively, to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

b) Ownership Details

The table below sets forth information as of April 4, 2022 regarding beneficial ownership of our voting ordinary shares (including restricted voting ordinary shares):

Name of Beneficial Owner	Number of Ordinary Shares (1)	Percent of Class (2)
Stone Point Capital LLC	1,635,986	9.9 %
Canada Pension Plan Investment Board ("CPPIB")	1,501,211	9.1 %
The Vanguard Group	1,066,503	6.5 %
Wellington Management Group LLP	1,038,942	6.3 %
BlackRock, Inc.	880,637	5.3 %
All Executive Officers and Directors as a group (15 persons as of April 4, 2022)	1,854,270	11.2 %

(1) In each case based on information provided to us by these individuals:

- each person or group known to us to be the beneficial owner of more than 5% of our ordinary shares; and
- all of our directors and executive officers as a group.

(2) Percentages are based on 16,506,173 ordinary shares outstanding as of April 4, 2022.

In addition to voting ordinary shares, there were a total of 1,597,712 issued and outstanding non-voting ordinary shares as of April 4, 2022. These shares are held by CPPIB, as set forth in the table below:

Name of Beneficial Owner	Ordinary Voting Shares	Series C Non-Voting Ordinary Shares	Series E Non-Voting Ordinary Shares	Economic Interest
CPPIB and CPPIB Trust	2,242,946	1,192,941	404,771	21.2 %

For additional information on our shares, refer to Note 18 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

c) Group Structure

Please refer to Appendix I for a listing of our subsidiaries. Our primary regulated insurance subsidiaries are listed below.

Bermuda

- Cavello Bay [(1)]
- Enhanzed Re
- Fitzwilliam [(1)]
- SIBL [(2)]

[(1)] Cavello Bay and Fitzwilliam were incorporated under the laws of Bermuda on April 8, 2015 and March 15, 2002, respectively. These two companies are both wholly-owned subsidiaries of Kenmare Holdings Limited ("Kenmare"), a company incorporated in Bermuda on August 16, 2011. Enstar is the ultimate parent company of both Cavello Bay and Fitzwilliam.

[(2)] SIBL was incorporated under the laws of Bermuda on November 21, 2007, and is a wholly owned subsidiary of StarStone Specialty Holdings Limited, an entity in which Kenmare holds a 58.98% interest, which is, in turn, wholly owned by Enstar.

United States

- Clarendon National Insurance Company
- Fletcher Reinsurance Company
- Yosemite Insurance Company

United Kingdom

- Mercantile Indemnity Company Limited
- River Thames Insurance Company Limited

Europe

- StarStone Insurance SE

Rest of World

- Gordian Runoff Limited (Australia)

Other

We participate in the Lloyd’s market through our interests in:

(i) Syndicate 2008, a syndicate that has permission to underwrite reinsurance to close ("RITC") business and other run-off or discontinued business type transactions with other Lloyd's Syndicates;

(ii) Syndicate 1301 (2020 and prior underwriting years), which is managed by Enstar Managing Agency Limited ("EMAL") (EMAL also serves as managing agent for Syndicate 2008); and

(iii) Atrium's Syndicate 609 (2020 and prior underwriting years), which is managed by Atrium Underwriters Limited, a Lloyd's managing agent.

On January 1, 2021, we sold the Atrium business as referenced in Item 1(a) and on March 15, 2021, we completed the sale of StarStone Underwriting Limited ("SUL"), together with the right to operate StarStone's Syndicate 1301.

For additional information on our divestitures in the year, refer to Note 5 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

d) Insurance Business Written by Line of Business

Our strategy is focused on effectively managing portfolios and businesses in run-off. Although we have largely exited our active underwriting platforms, we still record premiums written and earned as a result of the run-off of premiums and endorsements on multiyear contracts completed in recent years.

The following table provides gross premiums written by segment:

	2021	2020
	(in millions of U.S. dollars)	
Run-off	$ 51	$ 5
Enhanzed Re	3	—
Legacy Underwriting	52	547
Total	**$ 106**	**$ 552**

The following table provides gross premiums written by geographical area:

	2021	2020
Geographical area	(in millions of U.S. dollars)	
United States	$ 39	$ 183
United Kingdom	19	119
Europe	17	83
Asia	8	68
Rest of World	23	99
Total	**$ 106**	**$ 552**

The following table provides gross and net premiums written for each of our Bermuda Operating Subsidiaries covered under this report:

	2021		2020	
	Gross	Net	Gross	Net
	(in millions of U.S. dollars)			
Cavello Bay	$ 39	$ 39	$ 14	$ 16
Fitzwilliam	—	—	(2)	(2)
SIBL	16	2	296	232

The table below sets forth a summary of new retroactive reinsurance transactions that we have completed with external parties between January 1, 2021 and December 31, 2021:

Transaction	Total Assets Assumed	Deferred Charge Asset [1]	Total Assets from Transactions	Total Liabilities from Transactions	Type of Transaction	Remaining Limit upon Acquisition	Line of Business	Jurisdiction
	(in millions of U.S. dollars)							
AXA Group [2]	$ 1,395	$ 92	$ 1,487	$ 1,487	ADC	$ 808	Casualty and professional lines	Global
CNA [2]	652	105	757	757	LPT	179	Excess workers' compensation	U.S.
Hiscox	532	N/A	532	532	LPT	189	Surplus lines broker business	U.S., U.K. and Europe
ProSight [3]	478	24	502	502	LPT/ADC	230	Workers' compensation and general liability	U.S.
Liberty Mutual [2]	363	26	389	389	LPT	121	Energy, construction and homebuilders liability	U.S.
RSA	95	1	96	96	ADC	175	Commercial and personal lines	U.K. and Ireland
Coca-Cola	42	6	48	48	LPT	21	Workers' compensation	U.S.
Total 2021	$ 3,557	$ 254	$ 3,811	$ 3,811				

(1) Where the estimated ultimate losses payable exceed the premium consideration received at the inception of the agreement, a deferred charge asset is recorded.

(2) We have ceded 10% of these transactions to Enhanzed Re on the same terms and conditions as those received by us. Effective September 1, 2021 Enhanzed Re was consolidated by us (previously accounted for as an equity method investment) and all intercompany transactions and balances between Enhanzed Re and Enstar were eliminated upon consolidation.

(3) Includes $178 million of liabilities from the ADC element of the transaction.

We define new business as material transactions other than business acquisitions which generally take the form of reinsurance or direct business transfers.

When we acquire new business, the liabilities we assume typically exceed the fair value of the assets we receive. This is generally due to the future earnings expected on the assets, as well as negotiations if we believe the liabilities could be reduced in the future through successful claims management.

The difference between the liabilities assumed and the assets acquired is recorded as a deferred charge asset ("DCA"), which is then amortized over the expected settlement period. As such, the performance of the new business is assessed over time by comparing the net of investment income, loss reserve development and amortization of the DCA.

e) Material Income and Expenses for the Reporting Period

Consolidated Results of Operations

The following table sets forth highlights from our consolidated statements of earnings prepared in accordance with U.S GAAP:

	Year Ended December 31,		
	2021	2020	$ Change
	(in millions of U.S. dollars)		
Underwriting Results			
Net premiums earned	$ 245	$ 572	$ (327)
Net incurred losses and loss adjustment expenses ("LAE")			
Current period	(172)	(405)	233
Prior Period	283	(11)	294
Total net incurred losses and LAE	111	(416)	527
Policyholder benefit expenses	(3)	—	(3)
Acquisition costs	(57)	(171)	114
Investment Results			
Net investment income	$ 312	$ 303	$ 9
Net realized (losses) gains	(61)	19	(80)
Net unrealized gains	178	1,623	(1,445)
Earnings from equity method investments	93	239	(146)
General and administrative expenses	$ (367)	$ (502)	$ 135
NET EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ 437	$ 1,719	$ (1,282)

We have discussed the results of our operations by aggregating certain captions from our consolidated statement of earnings, as we believe it provides a more meaningful view of our results and eliminates repetition that would arise if captions were discussed on an individual basis. In order to facilitate discussion, we have grouped the following captions:

- **Underwriting results:** includes net premiums earned, net incurred losses and LAE, policyholder benefit expenses and acquisition costs.
- **Investment results:** includes net investment income, net realized (losses) gains, net unrealized gains and earnings from equity method investments.
- **General and administrative results:** includes general and administrative expenses.

Underwriting results

As noted above, although we have largely exited our active underwriting platforms, we still record net premiums earned and the associated current period net incurred losses and acquisition costs as a result of new business during the year and the run-off of unearned premiums from transactions completed in recent years.

Premiums earned in the Run-off segment are offset by the related current period net incurred losses and LAE and acquisition costs.

The components of underwriting results are as follows:

	2021					2020			
	Run-off	Enhanzed Re	Legacy Underwriting	Corporate and other	Total	Run-off	Legacy Underwriting	Corporate and other	Total
Net premiums earned	$ 182	$ 5	$ 58	$ —	$ 245	$ 59	$ 513	$ —	$ 572
Net incurred losses and LAE:									
Current period	144	2	26	—	172	30	375	—	405
Prior periods	(338)	—	(6)	61	(283)	(175)	(4)	190	11
Total net incurred losses and LAE	(194)	2	20	61	(111)	(145)	371	190	416
Policyholder benefit expenses	—	(4)	—	1	(3)	—	—	—	—
Acquisition costs	44	—	13	—	57	20	151	—	171
Underwriting results	$ 332	$ 7	$ 25	$ (62)	$ 302	$ 184	$ (9)	$ (190)	$ (15)

Prior period net incurred losses of $283 million for 2021 were primarily driven by:

- Reductions in the estimates of net ultimate losses of $281 million;
- Changes in the fair value of liabilities for which we have elected the fair value option of $75 million; and
- Reductions in provisions for unallocated LAE ("ULAE") of $63 million; partially offset by,
- Amortization of DCAs and fair value adjustments of $120 million and $16 million, respectively.

Investment results

We strive to structure our investment holdings and the duration of our investments in a manner that recognizes our liquidity needs, including our obligation to pay losses and future policyholder benefit expenses.

The components of our investment results split between our fixed income assets (which includes our short-term and fixed maturity investments classified as trading and available for sale ("AFS"), fixed maturity investments included within funds held-directly managed, cash and cash equivalents, including restricted cash and cash equivalents, and funds held by reinsured companies, collectively our “Fixed Income” assets) and other investments ("Other Investments") (which includes equities, the remainder of funds held-directly managed and equity method investments) are as follows:

	2021			2020		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)					
Net investment income	$ 239	$ 73	$ 312	$ 256	$ 47	$ 303
Net realized (losses) gains	(4)	(57)	(61)	18	1	19
Net unrealized (losses) gains	(206)	384	178	288	1,335	1,623
Earnings from equity method investments	—	93	93	—	239	239
Total investment return ("TIR") ($)	$ 29	$ 493	$ 522	$ 562	$ 1,622	$ 2,184

Our TIR on fixed income assets was $29 million in 2021, as net investment income was partially offset by decline in the market value of our fixed income securities, primarily driven by rising interest rates across U.S., U.K. and European markets.

Our 2021 TIR on other investments, including equities, was $493 million, primarily led by strong performances in our public equity, private equity, and CLO equity positions, driven by the tightening of high yield and loan spreads and a rally in global equity markets. This was partially offset by net realized and unrealized losses in the InRe Fund, primarily due to the deterioration of global and Chinese equity markets through the second half of 2021, including American Depository Receipts, to which the InRe Fund had exposure.

General and administrative results

The components of general and administrative results are as follows:

	2021		2020	
	(in millions of U.S. dollars)			
Salaries and benefits	$	202	$	214
Professional fees		57		43
IT costs		36		36
Legacy Underwriting		10		158
Other		62		51
Total	$	367	$	502

The $135 million decrease in general and administrative expenses was primarily driven by the decision to place StarStone International in run-off and the sale of Atrium. There was an additional decrease in salaries and benefits expenses due to reductions in performance-based salaries and benefits costs and lower headcount.

f) Performance of Investments for the Reporting Period

We manage our investments to obtain an attractive risk adjusted returns while maintaining prudent diversification of assets and operating within the constraints of a regulated global (re)insurance group. We also consider the liquidity requirements and duration of our claims and contract liabilities.

We have a group-wide investment policy and group mandate, which applies to our consolidated investment portfolio and all subsidiary cash and investment portfolios.

Our investment policy:

- Outlines our investment objectives and constraints;
- Prescribes permitted asset class limits and strategies;
- Establishes risk tolerance limits; and
- Establishes appropriate governance.

Our investment policy also includes constraints that impact our asset allocation and external asset manager selection.

In pursuing our investment objectives, we typically allocate to assets with varying risk-return profiles that fall into two classifications: core assets and non-core assets.

- **Core Asset Strategy:** Our core assets investment portfolio is predominantly invested in investment grade fixed maturity securities that are duration and currency optimized and held against reserves in accordance with our contractual obligations with our counterparty insurers and as prescribed in statutory liquidity and solvency regulations. Our goal with these securities is to meet the expected maturity and prompt payment of the claims, while maximizing investment income.

  Our fixed maturity assets include U.S. government and agency investments, highly rated sovereign and supranational investments, high-grade corporate investments as well as mortgage-backed and asset-backed investments.

- **Non-Core Asset Strategy:** Our goal with our non-core assets investment portfolio is to provide diversification and increased return. Our non-core assets typically include below-investment grade fixed income securities and bank loans, public equity securities, hedge funds, private equity funds, fixed income funds, collateralized loan obligation ("CLO") equities, real estate funds and private credit funds. In addition, we include equity method investments as part of our investable assets.

Our core assets, or fixed income assets, include short-term and fixed maturity investments classified as trading and available-for-sale ("AFS"), fixed maturity investments included within funds-held directly managed, cash and cash equivalents, and funds held by reinsured companies.

Our non-core assets, or other investments, include equities, the remainder of the funds held-directly managed and equity method investments.

The allocation and composition of our non-core assets may vary, depending on risk appetite, current market conditions and the assessment of relative value between asset classes.

We believe our non-core investments provide diversification in our overall investment portfolio, because they generally have low correlation with our fixed income investments, thereby providing an opportunity for improved risk-adjusted rates of return while minimizing downside risk over the long term. The returns of our non-core investments may be volatile, and we may experience significant unrealized gains or losses in a particular quarter or year. Regulatory, rating agency, and other factors may limit our capacity to hold non-core assets.

The table below shows the composition of our investable assets in accordance with U.S. GAAP:

	2021	2020	$ Change
	(in millions of U.S. dollars)		
Short-term investments, trading, at fair value	6	5	1
Short-term investments, available-for-sale, at fair value	34	264	(230)
Fixed maturities, trading, at fair value	3,756	4,595	(839)
Fixed maturities, available-for-sale, at fair value	5,652	3,395	2,257
Funds held - directly managed	3,007	1,075	1,932
Equities, at fair value	1,995	847	1,148
Other investments, at fair value	2,333	4,244	(1,911)
Equity method investments	493	832	(339)
Total investments	17,276	15,257	2,019
Cash and cash equivalents (including restricted cash)	2,092	1,373	719
Funds held by reinsured companies	2,340	636	1,704
Total investable assets	21,708	17,266	4,442
Duration (in years) [(1)]	5.64	4.82	
Average credit rating [(2)]	A+	A+	

[(1)] The duration calculation includes cash and cash equivalents, short-term investments and fixed maturity securities, as well as the fixed maturity securities and cash and cash equivalents within our funds held-directly managed portfolios.

[(2)] The average credit ratings calculation includes cash and cash equivalents, short-term investments, fixed maturity securities and the fixed maturity securities within our funds held - directly managed portfolios.

The table below shows the TIR by investment type, adjusted to reallocate certain categories of investments based on management's view of the underlying economic exposure of a particular investment:

INVESTMENT TYPE	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [(1)]	2020 TIR ($)	2020 Carrying Value	2020 TIR (%) [(1)]
			(in millions of U.S. dollars)			
Fixed maturities	$ (12)	$ 12,254	(0.1)%	$ 540	$ 9,319	5.9 %
Equities	163	902	19.1 %	38	831	4.2 %
Bond/loan funds	36	1,606	3.1 %	25	763	3.5 %
Hedge funds	(46)	291	(2.5)%	1,222	2,638	70.5 %
Private equity funds	134	642	30.8 %	44	226	20.9 %
CLO equities	84	400	23.0 %	41	295	19.6 %
Private credit	25	385	7.0 %	9	299	5.7 %
Real estate	8	102	10.6 %	2	39	7.4 %
Other	1	—	6.2 %	1	—	158.5 %
Equity method investments	93	493	12.5 %	239	832	50.2 %
Cash and cash equivalents (including restricted cash)	—	2,092	— %	4	1,373	0.3 %
Funds held	53	2,541	2.4 %	35	651	4.3 %
Investment expenses	(17)			(16)		
Total	$ 522	$ 21,708	2.5 %	$ 2,184	$ 17,266	14.1 %

[(1)] TIR was calculated as a total of net investment income, plus net realized and unrealized gains (losses), plus earnings from equity method investments divided by the five period average carrying value for each investment type.

The decrease in TIR in 2021 was primarily driven by significant outperformance by our investments in 2020, notably by unrealized gains of $1.2 billion related to the InRe Fund managed by AnglePoint. These unrealized gains were driven by strong performance in equity markets across multiple sectors, including consumer discretionary, communication services, information technology and consumer staples.

The following tables show TIR by investment type, adjusted to reallocate certain categories of investments based on management's view of the underlying economic exposure of a particular investment, for each of our Bermuda Operating Subsidiaries covered under this report:

Cavello Bay

INVESTMENT TYPE	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [(1)]	2020 TIR ($)	2020 Carrying Value	2020 TIR (%) [(1)]
			(in millions of U.S. dollars)			
Fixed maturities	$ 26	$ 5,041	0.6 %	$ 146	$ 3,150	5.7 %
Equities	113	1,477	12.6 %	48	480	13.7 %
Other	116	1,856	3.8 %	1,373	3,692	54.2 %
Equity method investments	93	474	13.8 %	174	577	34.6 %
Cash and cash equivalents (including restricted cash)	—	1,349	— %	1	262	0.3 %
Funds held	30	4,756	1.1 %	48	1,327	7.8 %
Intercompany	10			34		
Investment expenses	(8)			(5)		
Total	$ 380	$ 14,953	3.0 %	$ 1,819	$ 9,488	26.7 %

[(1)] TIR was calculated as a total of net investment income, plus net realized and unrealized gains (losses), plus earnings from equity method investments divided by the five period average carrying value for each investment type.

Fitzwilliam

INVESTMENT TYPE	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [1]	2020 TIR ($)	2020 Carrying Value	2020 TIR (%) [1]
	(in millions of U.S. dollars)					
Fixed maturities	$ 5	$ 326	1.6 %	$ 24	$ 372	5.9 %
Equities	2	8	27.9 %	(1)	7	(27.7)%
Other	12	109	9.1 %	17	172	9.3 %
Cash and cash equivalents (including restricted cash)	—	61	— %	—	55	0.5 %
Funds held	(7)	1,046	(0.8)%	75	1,345	8.4 %
Intercompany	1			8		
Investment expenses	—			(1)		
Total	$ 13	$ 1,550	0.9 %	$ 122	$ 1,951	7.4 %

SIBL

INVESTMENT TYPE	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [1]	2020 TIR ($)	2020 Carrying Value	2020 TIR (%) [1]
	(in millions of U.S. dollars)					
Fixed maturities	$ 16	$ 386	3.7 %	$ 13	$ 443	2.2 %
Equities	—	36	— %	4	68	4.7 %
Other	15	38	26.3 %	(3)	72	(3.9)%
Cash and cash equivalents (including restricted cash)	—	90	(0.1)%	1	97	0.8 %
Funds held	—	4	5.3 %	1	3	14.5 %
Intercompany	6			6		
Investment expenses	(1)			(1)		
Total	$ 36	$ 554	5.8 %	$ 20	$ 684	2.3 %

[1] TIR was calculated as a total of net investment income, plus net realized and unrealized gains (losses) divided by the five period average carrying value for each investment type.

g) Any Other Material Information

Atrium Exchange Transaction

As referenced in Item 1(a), the Atrium exchange transaction was completed on January 1, 2021 and Northshore Holdings Limited ("Northshore"), the holding company that owns Atrium Underwriting Group Limited and its subsidiaries (collectively, "Atrium") and Arden Reinsurance Company Ltd. ("Arden") was deconsolidated and our remaining investment was accounted for as a privately held equity investment and carried at fair value in the first quarter of 2021.

Sale of SUL

As referenced in Item 1(c), on March 15, 2021, we completed the sale of SUL along with the right to operate StarStone's Syndicate 1301.

Enhanzed Re

As referenced in Item 1(a), on September 1, 2021, we acquired the controlling interest in Enhanzed Re and consolidated Enhanzed Re from that date (previously accounted for as an equity method investment).

As part of our strategic review of Enhanzed Re in 2022, we evaluated the current marketplace offerings and the strategic position of Enhanzed Re to take advantage of future opportunities and have concluded that we will not be seeking new life business portfolios for the Enhanzed Re platform.

For additional information on our acquisitions and divestitures in the year, refer to Notes 4 and 5, respectively, to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

Subsequent Events

Please refer to Item 6.

ITEM 2. GOVERNANCE STRUCTURE

a) Board and Senior Executive Structure, Role, Responsibility and Segregation of Responsibilities

i) Roles and Responsibilities

The table below shows the current composition of our Board of Directors (the "Board") and the committee assignments of each of our directors:

Name	Board Position	Responsibilities
Robert Campbell	Chairman	Independent Non Executive Board Member. Chair of the Board of Directors, Chair of the Audit, Investment and Executive Committees. Member of the Human Resources and Compensation, and Nominating and Governance Committees.
B. Frederick Becker	Director	Independent Non Executive Board Member. Chair of the Human Resources and Compensation and Nominating and Governance Committees. Member of the Audit Committee.
Sharon A. Beesley	Director	Independent Non Executive Board Member. Member of the Nominating and Governance Committees.
Susan L. Cross	Director	Independent Non Executive Board Member. Member of the Audit and Risk Committees.
Myron Hendry	Director	Independent Non Executive Board Member. Member of the Risk and Nominating and Governance Committees.
James Carey	Director	Non-Executive Board Member. Member of the Investment Committee.
Hans-Peter Gerhardt	Director	Independent Non Executive Board Member. Member of Human Resources and Compensation, Risk and Executive Committees.
Orla Gregory	Director	Board Member. Acting Chief Financial Officer and Chief Operating Officer.
Paul O'Shea	Director	Board Member. President.
Hitesh Patel	Director	Independent Non Executive Board Member. Chair of the Risk Committee. Member of the Audit, and Nominating and Governance Committees.
Dominic Silvester	Director	Board Member. Chief Executive Officer. Member of Investment and Executive Committees.
Poul Winslow	Director	Independent Non Executive Board Member. Member of the Investment, Human Resources and Compensation and Executive Committees.

The primary responsibility of the Board is to oversee the management of the Company's affairs to further the best interests of Enstar and its shareholders. The Board therefore monitors and oversees the Company's operations and strategic initiatives, sets and approves the Company's risk appetite, ensures competent and robust risk management and the implementation of appropriate accounting and other internal controls. The Board has an Audit Committee, a Human Resources and Compensation Committee, a Nominating and Governance Committee, a Risk Committee, an Investment Committee, and an Executive Committee. Each committee operates under a written charter that has been approved by the Board. Each Committee reviews its charter annually, and recommends any proposed changes to the Board. Current copies of the charters for all of our committees are available on our website at http://www.enstargroup.com/corporate-governance.

Our Board believes that our corporate governance structure appropriately satisfies the need for objectivity and includes several effective oversight measures, such as:

- the roles of Chairman and Chief Executive Officer ("CEO") are separated;
- the Chairman as well as a majority of our directors are independent directors;
- before or after regularly scheduled Board meetings, the independent directors meet in executive session to review, among other things, the performance of our executive officers; and
- the Audit, Risk, Human Resources and Compensation, and Nominating and Governance Committees of the Board consist solely of independent directors who perform key functions, such as (i) overseeing the integrity and quality of our financial statements and internal controls, (ii) establishing senior executive compensation, (iii)

reviewing director candidates and making recommendations for director nominations, and (iv) overseeing our corporate governance structure and practices.

While the Board and its committees maintain primary oversight responsibility of our operations and the management of the risks that we face, the Board believes that day-to-day management of the Company's business is the responsibility of management and that the role of the Board is to oversee management's performance of that function.

The operations and the risks related to our (re)insurance subsidiaries are also overseen by subsidiary Boards, subsidiary committees and the respective management teams, consistent with our Bye-Laws and applicable regulatory requirements. Please see Appendix II for a listing of Board members for our Bermuda Operating Subsidiaries covered under this report.

The table below shows the current composition of our Group Executive team as well as their roles and responsibilities:

Name	Senior Executive Position	Responsibilities
Dominic Silvester	Chief Executive Officer	Board Member and Chief Executive Officer
Paul O'Shea	President	Board Member and President
Orla Gregory	Acting Chief Financial Officer and Chief Operating Officer	Board Member and Acting Chief Financial Officer and Chief Operating Officer
Nazar Alobaidat	Chief Investment Officer	Oversight of Group investment function
Paul Brockman	Chief Claims Officer	Oversight of global claims management function responsible for management of run-off portfolios
Matthew (Matt) Kirk	Group Treasurer	Oversight of Group treasury, capital management and investor relations functions
Michael Murphy	Deputy Chief Financial Officer and Chief Accounting Officer	Oversight of Group accounting and finance functions
David Ni	Chief Strategy Officer	Development, oversight and delivery of Group strategic initiatives
Laurence Plumb	Chief of Business Operations	Oversight of Group change, integration and IT functions
Audrey Taranto	General Counsel	Oversight of Group legal function
Seema Thaper	Group Chief Risk Officer	Oversight of Group risk function

b) Remuneration Policy

i) Executive Compensation

Our executive compensation program currently consists of three principal elements: base salaries, annual incentive compensation and long-term incentive compensation. Executives also receive certain other benefits, including those pursuant to their employment agreements. The table below describes the principal elements of our executive compensation as the other components of our program.

PRINCIPAL ELEMENT	DESCRIPTION	KEY FEATURES
Base Salary	Provides the fixed portion of an executive's compensation that reflects scope of skills, experience and performance	▪ Provides a base component of total compensation ▪ Established largely based on scope of responsibilities, market conditions, and individual and Company factors
Annual Incentive Compensation	Provides "at risk" pay that reflects annual Company performance and individual performance	▪ Aligns executive and shareholder interests ▪ Rewards performance consistent with financial and individual operational performance objectives that are designed to drive the Company's annual business plan and key business priorities

Long-Term Incentive Compensation	Includes (a) performance share units ("PSUs") that "cliff vest" following a three-year performance period subject to the Company's achievement of financial performance metrics, (b) restricted share units ("RSUs") that are subject to time- and service-based vesting conditions, and (c) for our CEO, a Joint Share Ownership Plan ("JSOP") award that "cliff vests" following a three-year performance period subject to the Company's share price growth with a payout level determined by appreciation and achievement of financial performance metric	▪ Aligns executive and shareholder interests ▪ Drives long-term performance and promotes retention ▪ Heavily weighted towards performance-based awards ▪ PSUs do not vest unless performance measurements are met ▪ PSU vesting occurs within a range of 50-60% to 150-200% depending on the level of achievement ▪ JSOP vesting requires share price hurdle to be met on the vesting date. Additionally, the value of the award would be reduced by 20% if a performance condition tied to fully diluted book value per share is not also achieved
Other Benefits and Perquisites	Reflects the local market and competitive practices such as retirement benefits, and, in the case of our Bermuda headquarters, payroll and social insurance tax contributions. Our CEO's employment agreement also provides benefits related to residing in Bermuda including allowances for housing and certain travel.	▪ Provides benefits consistent with certain local market practices in order to remain competitive in the marketplace for industry talent ▪ Promotes retention of executive leadership team
Employment Agreements	Provides certain protections for executives and their families in the event of death or long-term disability, termination, or change in control as well as certain other benefits	▪ Provides Enstar with protections such as restrictive covenants (non-competition, non-solicitation, confidentiality, etc.) ▪ Promotes retention over a multi-year term and a sense of security among the leadership team ▪ Consistent with competitive conditions and legal requirements in Bermuda

Enstar’s Human Resources and Compensation Committee (the "Compensation Committee") considers all compensation components in total when evaluating and making decisions with respect to each individual component. Although it does not mandate a specific allocation among the components of pay, the Compensation Committee believes that a meaningful portion of each executive’s compensation should be “at risk” and performance-based.

The Compensation Committee also has the authority under its charter to retain independent compensation consultants and outside legal counsel or other advisors to provide analysis of total direct compensation of our executive officers in comparison to our peer group, to assist in the construct of our peer group, and to provide assistance with the design of long-term incentive programs.

As part of our risk management practices, the Compensation Committee reviews and considers risk implications of and incentives created by our executive compensation program and our compensation policies and practices for Enstar as a whole. At the Committee’s direction, representatives from our risk management and legal departments conducted a risk assessment of our compensation policies and practices for executives and all employees, which was discussed and reviewed by the Committee.

The review analyzes compensation governance processes, situations where compensation programs may have the potential to raise material risks to the Company, internal controls that mitigate the risk of incentive compensation having an adverse effect, and program elements that further mitigate these risks. Through this review, the Committee has concluded that our compensation program does not create risks that are reasonably likely to have a material adverse effect on us.

For additional information on our executive compensation programs, refer to our 2022 Proxy Statement.

ii) Employee Compensation

All Enstar non-executive employees receive a fixed base salary (commensurate with their role, experience, annual performance in the prior year and prevailing market conditions), an annual discretionary performance-based bonus and, at senior levels, employees are eligible to receive equity awards designed to incentivize and reward long term performance aligned with shareholder interests and retain and attract new qualified employees. In addition employees, in accordance with local employment law may benefit from various benefit plans, including medical and dental insurance, long-term disability insurance and life insurance. All employee equity awards are subject to the Company’s Recoupment Policy, which allows for the clawback of excess incentive compensation in the event of a financial restatement.

c) Pension or Early Retirement Schemes for Members, Board and Senior Employees

Our non-employee directors do not receive supplementary pension or retirement benefits. On an annual basis, all of our executive officers based in Bermuda, receive an amount equal to 10% of their base salaries in respect of a retirement benefit contribution. We also provide retirement benefits to eligible employees of our subsidiaries through various plans that we offer.

d) Material Transactions with Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executives

From time to time, we have participated in transactions in which one or more of our directors, executive officers or large shareholders has an interest. These transactions, called related-party transactions, require the approval of our Audit Committee (comprised entirely of independent directors), which reviews each transaction for fairness, business purpose, and reasonableness. Each transaction involving the Company and an affiliate entered into during 2021 was approved by our Audit Committee. Investment transactions with related parties are also subject to the review and approval of our Investment Committee.

The following tables summarize our related party balances and transactions. Additional details about the nature of our relationships and transactions are included further below.

As of December 31, 2021	Stone Point [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)							
Assets								
Fixed maturities, trading, at fair value	$ 122	$ —	$ 180	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	332	—	1	—	—	—	—	—
Equities, at fair value	153	—	37	—	224	—	—	—
Other investments, at fair value	563	9	14	—	—	—	—	1,278
Equity method investments	—	—	—	194	—	56	225	18
Total investments	1,170	9	232	194	224	56	225	1,296
Cash and cash equivalents	14	—	27	—	—	—	—	—
Restricted cash and cash equivalents	—	—	4	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	—	63	—	—	—	2	—
Funds held by reinsured company	—	—	35	—	—	—	41	—
Other assets	—	—	28	—	—	—	13	—
Liabilities								
Losses and LAE	—	—	226	—	—	—	504	—
Insurance and reinsurance balances payable	—	—	63	—	—	—	5	—
Other liabilities	—	—	63	—	—	—	—	—
Net assets (liabilities)	$ 1,184	$ 9	$ 37	$ 194	$ 224	$ 56	$ (228)	$ 1,296
Redeemable noncontrolling interest	$ 172	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(1) As of December 31, 2021, we had unfunded commitments of $229 million to other investments, $25 million to privately held equity and $10 million to fixed maturity investments managed by Stone Point and its affiliated entities.

(2) Subsequent to December 31, 2021, AnglePoint HK ceased to be a related party.

As of December 31, 2020	Stone Point	Hillhouse [1]	Monument	AmTrust	Citco	Enhanzed Re [2]	Core Specialty	Other
	(in millions of U.S. dollars)							
Assets								
Short-term investments, AFS, at fair value	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Fixed maturities, trading, at fair value	196	—	—	—	—	—	—	—
Fixed maturities, AFS, at fair value	227	—	—	—	—	—	—	—
Equities, at fair value	104	—	—	230	—	—	—	—
Other investments, at fair value	527	2,735	—	—	—	—	—	931
Equity method investments	—	—	194	—	53	330	235	—
Total investments	1,055	2,735	194	230	53	330	235	931
Cash and cash equivalents	24	—	—	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	—	—	—	—	208	2	—
Funds held by reinsured company	—	—	—	—	—	194	58	—
Other assets	—	—	—	—	—	1	46	—
Liabilities								
Losses and LAE	—	—	—	—	—	—	683	—
Insurance and reinsurance balances payable	—	—	—	—	—	1	25	—
Other liabilities	1	—	—	—	—	—	10	—
Net assets (liabilities)	$ 1,078	$ 2,735	$ 194	$ 230	$ 53	$ 732	$ (377)	$ 931
Redeemable noncontrolling interest	$ 350	$ —	$ —	$ —	$ —	$ —	$ —	$ —

[1] As of December 31, 2020, the carrying value of our direct investment in the InRe Fund, which was then managed by AnglePoint Cayman, was $2.4 billion. The Hillhouse Group ceased to be a related party on July 22, 2021.

[2] As of December 31, 2020, Enhanzed Re held investments in funds managed by AnglePoint Cayman of $851 million for which our share (through our equity method investment ownership) was $404 million. During the second quarter of 2021, Enhanzed Re redeemed $902 million of its investments in funds managed by AnglePoint Cayman. Following completion of the purchase of the entire equity interest in Enhanzed Re held by an affiliate of Hillhouse Group (the “Step Acquisition”) and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

	2021									
	Stone Point	Hillhouse [1]	AnglePoint HK [2]	Northshore	Monument	AmTrust	Citco	Enhanzed Re [3]	Core Specialty	Other
	(in millions of U.S. dollars)									
Net premiums earned	$ —	$ —	$ —	$ 58	$ —	$ —	$ —	$ (2)	$ 8	$ —
Net investment income (expense)	21	—	(13)	3	—	6	—	(4)	—	3
Net realized gains	—	77	—	—	—	—	—	—	—	—
Net unrealized gains (losses)	83	20	(69)	—	—	(6)	—	—	—	136
Other (expense) income	—	—	—	(15)	—	—	—	2	15	—
	104	97	(82)	46	—	—	—	(4)	23	139
Net incurred losses and LAE	—	—	—	(18)	—	—	—	—	32	—
Acquisition costs	—	—	—	(13)	—	—	—	1	6	—
General and administrative expenses	—	—	—	(10)	—	—	—	—	—	—
	—	—	—	(41)	—	—	—	1	38	—
Earnings from equity method investments	—	—	—	—	14	—	4	82	(6)	—
Total net earnings (loss)	$ 104	$ 97	$ (82)	$ 5	$ 14	$ —	$ 4	$ 79	$ 55	$ 139

[1] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint Cayman through March 31, 2021, and the impact of a $100 million deduction from amounts due to affiliates of Hillhouse Group from the InRe Fund, which had the effect of increasing our NAV in the InRe Fund on February 21, 2021. The Hillhouse Group ceased to be a related party on July 22, 2021.

[2] Includes earnings from our direct investment in the InRe Fund, which was managed by AnglePoint HK from April 1, 2021 to October 15, 2021, and another fund managed by AnglePoint HK. For the year ended December 31, 2021, we incurred management and performance fees of $16 million in relation to the InRe Fund, which consisted of a $10 million minimum performance fee and operating expense reimbursements of $6 million. These fees were deducted from the AnglePoint HK funds' reported net asset values and recorded as net investment expenses in the consolidated statements of earnings.

[3] Following completion of the Step Acquisition and related consolidation, Enhanzed Re ceased to be a related party on September 1, 2021.

	2020						
	Stone Point	Hillhouse [1]	Monument	AmTrust	Citco	Enhanzed Re	Other
	(in millions of U.S. dollars)						
Net investment income	$ 16	$ —	$ —	$ 7	$ —	$ (4)	$ —
Net unrealized gains (losses)	24	1,288	—	(11)	—	(1)	76
Other income	—	—	—	—	—	3	—
	40	1,288	—	(4)	—	(2)	76
Net incurred losses and LAE	—	—	—	—	—	(6)	—
	—	—	—	—	—	(6)	—
Earnings from equity method investments	—	—	88	—	2	147	—
Total net earnings (loss)	$ 40	$ 1,288	$ 88	$ (4)	$ 2	$ 139	$ 76
Change in unrealized losses on AFS investments	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —

[1] Includes earnings from our direct investment in the InRe Fund and other funds, which were then managed by AnglePoint Cayman. For the year ended December 31, 2020, we incurred management and performance fees of $489 million which were deducted from the Hillhouse Funds' reported net asset values.

i) Stone Point Capital LLC

As of December 31, 2021, investment funds managed by Stone Point own 1,635,986 of our voting ordinary shares, which constitutes 9.8% of our outstanding voting ordinary shares. James D. Carey, a managing director of Stone Point, is a member of our Board.

As of December 31, 2021, investment funds managed by Stone Point have a 39.3% interest in our subsidiary SSHL and a 76.3% interest in Northshore. Additional information relating to our remaining interest in Northshore is set forth under the heading "Northshore" below. As of December 31, 2021 and December 31, 2020, the RNCI on our balance sheet relating to these co-investment transactions was $172 million and $350 million, respectively.

We have made various investments in funds and separate accounts managed by Stone Point or affiliates of Stone Point, and we have also made direct investments in entities affiliated with Stone Point. Where we have made an investment in a fund, the manager of such fund generally charges certain fees to the fund, which are deducted from the net asset value.

We also have certain co-investments alongside Stone Point and its affiliates, including our investments in AmTrust and Northshore, which are described below, and Mitchell TopCo Holdings, the parent company of Mitchell International ("Mitchell"), and Genex Services in which we have invested $25 million. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

ii) Hillhouse

On July 22, 2021, we repurchased the Hillhouse Funds' (as defined below) entire equity interest in Enstar, and as a result the Hillhouse Group (as defined below) ceased to be a related party on the same date[1].

We have historically made significant direct investments in funds (the "Hillhouse Funds") managed by Hillhouse Capital Management, Ltd. and Hillhouse Capital Advisors, Ltd. (together, "Hillhouse Group") and AnglePoint Asset Management Ltd., an affiliate of Hillhouse Group ("AnglePoint Cayman"). From February 2017 to February 2021, Jie Liu, a partner of AnglePoint HK (as defined below), served on our Board.

On February 21, 2021, we entered into a Termination and Release Agreement (the "TRA") with the InRe Fund, Hillhouse Group, AnglePoint Cayman, AnglePoint Asset Management Limited ("AnglePoint HK"), and InRe Fund GP, Ltd. pursuant to which we agreed to terminate certain relationships with Hillhouse and its affiliates, primarily with respect to the InRe Fund. In connection with AnglePoint Cayman ceasing to serve as investment manager of the InRe Fund, affiliates of Hillhouse Group agreed to a deduction of $100 million from amounts due to them from the InRe Fund and to waive their right to receive any performance fees that could have been earned for 2021. We also redeemed our investments in the other Hillhouse Funds at their carrying value plus an implied interim return and received $381 million in the form of additional interest in the InRe Fund.

AnglePoint Cayman previously received sub-advisory services with respect to the InRe Fund from its affiliate, AnglePoint HK, an investment advisory company licensed by the Securities and Futures Commission in Hong Kong. Pursuant to the TRA, we acquired an option to buy AnglePoint HK, which we also had the right to assign to a third-party. On April 1, 2021, we entered into a Designation Agreement with Jie Liu (the "Designation Agreement"), pursuant to which we designated Mr. Liu, an AnglePoint HK partner, as the purchaser of AnglePoint HK, and he acquired the company from an affiliate of Hillhouse Group on the same day. AnglePoint Cayman simultaneously assigned its investment management agreement with the InRe Fund to AnglePoint HK. The Designation Agreement required us and AnglePoint HK to amend the InRe Fund investment management agreement and limited partnership agreement to incorporate a revised fee structure for AnglePoint HK and certain other agreed changes. The revised fee structure consisted of a reimbursement of AnglePoint HK's reasonable operating expenses, plus a performance fee equal to 10% of our return on investment in the InRe Fund. For the calendar year 2021, there was also a minimum performance fee payable to AnglePoint HK of $10 million.

As a result of the terms of the Designation Agreement, the InRe Fund qualified as a VIE and was consolidated effective April 1, 2021. During the fourth quarter of 2021, we completed the liquidation of our investment in the InRe Fund.

On September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million.

[1] Refer to Note 18 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021 for transactions involving Hillhouse Group, which included the exercise of warrants in the first quarter of 2021 and our repurchase of our ordinary shares held by funds managed by Hillhouse Group in the third quarter of 2021.

iii) AnglePoint HK

As described above, on April 1, 2021, AnglePoint Cayman assigned its investment management agreement with the InRe Fund to AnglePoint HK which is owned by Mr. Liu. On October 15, 2021, we delivered written notice to AnglePoint HK of our decision to terminate the investment management agreement among the InRe Fund, the general partner of the InRe Fund, and AnglePoint HK.

At the same time, the InRe Fund, the general partner of InRe Fund and Neuberger Berman Investment Advisers LLC ("Neuberger Berman") entered into an investment management agreement pursuant to which Neuberger Berman was retained as investment manager to oversee an orderly liquidation of InRe Fund.

As of December 31, 2021, we had one remaining direct investment in a fund managed by AnglePoint HK.

iv) Northshore

Following the completion of the Exchange Transaction on January 1, 2021, our equity interest in Northshore, the holding company that owns Atrium and Arden, was reduced to 13.8% from 54.1%. We have accounted for our residual equity interest in Northshore as an investment in a privately held equity security at fair value.

Concurrent with the closing of the Exchange Transaction:

- One of our wholly-owned subsidiaries and Northshore entered into a TSA through which our wholly-owned subsidiary agreed to provide certain transitional services to Northshore over a transition period of up to 18 months.
- Arden entered into an LPT retrocession agreement with one of our majority owned subsidiaries, through which Arden fully reinsured its run-off portfolio with total liabilities of $19 million to our majority owned subsidiary, in exchange for a retrocession premium consideration of an equal amount.

  Arden retained the premium under a funds held arrangement, to secure the payment obligations of our majority owned subsidiary.
- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We will continue to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 until the 2020 underwriting year completes an RITC into a successor year, which will be no earlier than December 31, 2022.

  There is no net retention for Enstar on Atrium's 2020 and prior underwriting years as the business was contractually transferred to the Atrium entities that were divested in the Exchange Transaction.

v) Monument Re

On July 27, 2021, we entered into a subscription agreement with Monument Insurance Group Limited ("Monument Re") with the other common shareholders to subscribe to a newly issued class of Monument Re preferred stock. As part of this agreement, our existing classes of preferred shares in Monument Re (including any accrued unpaid dividends thereon) was exchanged for the new class of preferred shares.

Following the transaction we continue to own 20.0% of the common shares of Monument Re and 24.4% of the new class of preferred shares as of December 31, 2021, which is reduced to 13.7% on a committed capital basis. A fund managed by Stone Point has acquired 6.7% of the new class of preferred shares as of December 31, 2021, which increases to 11.2% on a committed capital basis. This transaction closed on December 14, 2021.

We have accounted for our investment in the common and preferred shares of Monument Re as an equity method investment.

vi) AmTrust

We own 8.4% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 21.8%. Evergreen owns all of the equity interest in AmTrust Financial Services, Inc. (“AmTrust"). Trident Pine is an entity owned by private equity funds managed by Stone Point.

We have accounted for our investment in the shares of AmTrust as an investment in a privately held equity security at fair value.

vii) Citco

As of December 31, 2021 and 2020, we owned 31.9% of the common shares in HH CTCO Holdings Limited, which in turn owns 15.4% of the convertible preferred shares, amounting to a 6.2% interest in the total equity of Citco III

Limited ("Citco"). Pursuant to an investment agreement and in consideration for participation therein, a related party of Hillhouse Group provided us with investment support. As of December 31, 2021 and 2020, Trident owned 3.4% interest in Citco. Mr. Carey currently serves as an observer to the board of directors of Citco in connection with Trident's investment therein.

We have accounted for our indirect investment in the shares of Citco as an equity method investment.

viii) Enhanzed Re

Enhanzed Re was a joint venture between Enstar, Allianz and Hillhouse Group that was capitalized in December 2018. Enhanzed Re is a Bermuda-based Class 4 and Class E reinsurer that reinsures life, non-life run-off, and property and casualty insurance business, initially sourced from Allianz and Enstar. Enstar, Allianz and Hillhouse Group have made initial equity investment commitments in the aggregate of $470 million to Enhanzed Re.

Enstar acts as the (re)insurance manager for Enhanzed Re, and an affiliate of Allianz provides investment management services to Enhanzed Re.

We ceded 10% of certain 2019, 2020 and 2021 transactions to Enhanzed Re on the same terms and conditions as those received by Enstar. In addition, one of our UK-based Run-off subsidiaries entered into a 50% quota share reinsurance agreement with Enhanzed Re during the fourth quarter of 2020. The reinsurance is on a funds held basis with fixed crediting rates.

As described above, on September 1, 2021, we completed the purchase of the Hillhouse Group's entire 27.7% interest in Enhanzed Re for a purchase price of $217 million and assumed its remaining outstanding capital commitment to Enhanzed Re of $40 million. Following the completion of the transaction, our equity interests in Enhanzed Re increased from 47.4% to 75.1% with Allianz continuing to own the remaining 24.9%. Upon closing, we consolidated Enhanzed Re (previously accounted for as an equity method investment) and as a result, it ceased to be a related party on the same date.

ix) Core Specialty

Following the sale and recapitalization of StarStone U.S., our investment in the common shares of Core Specialty, was accounted for as an equity method investment on a one quarter lag.

In connection with the sale and recapitalization of StarStone U.S, we entered into an LPT and ADC reinsurance agreement, as well as an ASA and a TSA, between certain of our subsidiaries and StarStone U.S. and Core Specialty.

Furthermore, there are existing reinsurance agreements whereby (i) certain of our subsidiaries provide reinsurance protection to StarStone U.S. and (ii) StarStone U.S. provides reinsurance protection to certain of our subsidiaries. These arrangements remain in place.

As a result of the completion of the Exchange Transaction on January 1, 2021, our investment in Core Specialty was reduced by $4.0 million.

x) Other

We also have certain other investments, including investments in limited partnerships and partnership-like limited liability companies, that had we not elected the fair value option would otherwise be accounted for as equity method investments. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

e) Fitness and Proprietary Requirements

i) Fit and Proper Process in Assessing the Board and Senior Executive

Our Board believes that all of its directors have demonstrated professional integrity, ability and judgment, as well as leadership and strategic management abilities, and have each performed exceptionally well in their respective time served as directors and contributed to the overall effectiveness of our Board.

Board Composition

As illustrated by the director biographies further below, our Board is made up of a diverse group of leaders with substantial experience in their respective fields. Our Board believes that the combination of the various skills, qualifications and experiences of its directors contributes to an effective and well-functioning Board and that, individually and as a whole, its directors possess the necessary qualifications to provide effective oversight and insightful strategic guidance.

We continually review our Board’s composition to identify the skills needed for our Company both in the near term and into the future. Ongoing strategic board succession planning and annual reviews of Board composition by the Nominating and Governance Committee assure that the Board continues to maintain an appropriate mix of objectivity, skills and experiences to provide fresh perspectives and effective oversight and guidance to management, while leveraging the institutional knowledge and historical perspective of our longer-tenured directors.

In September 2021, the Company appointed Sharon A. Beesley to the Board. Ms. Beesley brings extensive industry and Bermuda-specific experience to our Board. She filled the vacancy created by the resignation of Jie Liu from the Board on February 7, 2021. The most recent addition to the Board was Orla M. Gregory, who was appointed in February 2022. Ms. Gregory is also our Acting Chief Financial Officer and Chief Operating Officer, and she brings extensive industry experience and a deep knowledge of the Company's operations to our Board.

Board Membership Criteria

The Board and the Nominating and Governance Committee believe that there are general qualifications that all directors must exhibit and other key qualifications and experiences that should be represented on the Board as a whole but not necessarily by each individual director. Given the complex nature of our business and the insurance and reinsurance industry, we seek directors whose experiences, although varying and diverse, are also complementary to and demonstrate a familiarity with the substantive matters necessary to lead the Company and navigate our business.

Qualifications Required of All Directors

The Board and the Nominating and Governance Committee require that each director possess high personal and professional integrity and character, strong business judgement, the ability to represent the interests of the Company's shareholders, knowledge regarding insurance, reinsurance and investment matters, as well as other factors discussed below.

Key Qualifications and Experiences to be Represented on the Board

The Board has identified key qualifications and experiences that are important to be represented on the Board as a whole, in light of the Company's business strategy and expected future business needs. The Board reviews these categories from time to time, alongside its consideration of whether there are new areas that would benefit it in executing its oversight duties.

These key qualifications and experiences include:

- Extensive insurance industry experience
- Risk management
- Finance and accounting
- Investment
- Strategy
- Corporate governance
- Regulatory and government
- Business operations and technology
- Human capital management

Consideration of Board Diversity

We seek to identify candidates who represent a mix of backgrounds and experiences that will improve the Board’s ability, as a whole, to serve our needs and the interests of our shareholders. In February 2019, the Board adopted a formal diversity policy applicable to the selection of directors. The Board considers diversity to include gender, ethnicity, nationality, age, sexual orientation, geographic background, and other personal characteristics. Our Board Diversity Policy requires the Nominating and Governance Committee to actively consider diversity in its regular assessments of board composition and in its efforts to identify potential director candidates, including specifically requiring that diverse individuals based on gender, race and ethnicity be included in formal searches for new directors.

The Board assesses the effectiveness of its diversity policy every year through our Board and committee evaluation process and annual composition review. Where potential improvements are identified, the Nominating and Governance Committee may propose changes to the policy to enhance its effectiveness. Board diversity has also been a key topic in our annual shareholder engagement discussions. In response to shareholder feedback and upon recommendation from the Nominating and Governance Committee, the Board amended its diversity policy in 2021 to strengthen its commitment to improving diversity amongst its members by imposing aspirational diversity targets.

As provided in the revised policy, the Board endeavors to maintain diversity amongst its members such that at least 30% of the Board will be comprised of persons who self-identify as female or as an underrepresented minority or LGBTQ+. On gender diversity specifically, the Board is committed to maintaining at least three female Board members and over time will aim to reach and maintain a minimum of at least 30% female representation on the Board. For purposes of these targets, an underrepresented minority is a person who self-identifies within one or more of the following categories that have been established by the U.S. Equal Employment Opportunity Commission: Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Other Pacific Islander or two or more races or ethnicities.

Following the recent appointments of Mmes. Beesley and Gregory, 33% of our Board is comprised of persons who self-identify as female or as an underrepresented minority, and three, or 25%, self-identify as female. The Board intends to continue to improve its overall diversity over time without further increases to its size, unless otherwise determined appropriate by our Board.

Evaluation and Nomination of Director Candidates

Primary responsibility for identifying and evaluating director candidates and for recommending the re-nomination of incumbent directors resides with the Nominating and Governance Committee, which consists entirely of independent directors under applicable SEC rules and Nasdaq listing standards. Our Board Chair also shares some responsibility for new director recruitment, including the responsibility of working with our CEO, Nominating and Governance Committee and the full Board to help identify and prioritize the specific skill sets, experience, and knowledge that director candidates must possess. The Nominating and Governance Committee, with input from our Board Chair, then establishes the criteria for director nominees based on these inputs, which are outlined under the section headings, "Qualifications Required of All Directors" and "Key Qualifications and Experiences to be Represented on the Board" above.

Nomination of New Candidates

Potential director candidates meeting the criteria established by the Nominating and Governance Committee and adopted by the full Board have primarily been identified through the periodic solicitation of recommendations from members of the Board and individuals known to the Board, the use of third-party search firms retained by the Nominating and Governance Committee, and shareholders; however, in certain private placement or acquisition-related transactions, parties have obtained the right to designate a board representative. The Nominating and Governance Committee is authorized, at the Company's expense, to retain search firms to identify potential director candidates, as well as other external advisors, including for purposes of performing background reviews of potential candidates. Search firms retained by the Nominating and Governance Committee are provided guidance as to the particular experience, skills, or other characteristics that the Board is then seeking. The Nominating and Governance Committee may delegate responsibility for day-to-day management and oversight of a search firm engagement to its Chair, any one or more of its members, the Board's Chair, and/or appropriate members of management with the Nominating and Governance Committee's oversight.

The evaluation of new director candidates involves several steps performed on a rolling basis and not always taken in the following order. The Nominating and Governance Committee reviews and verifies the candidate's qualifications and background information and evaluates the candidate's attributes relative to the identified needs of the Board. If the Nominating and Governance Committee wishes to pursue a candidate further, it arranges candidate interviews with committee members and other members of the Board and certain executive officers to ensure that candidates not only possess the requisite skills and characteristics, but also the personality, leadership traits, work ethic, and independence of thought to effectively contribute as a member of the Board. After assessing the feedback, the Nominating and Governance Committee presents each selected candidate to the Board for consideration. The Board then nominates successful candidates for election to the Board at the Annual General

Meeting. Director candidates are principally identified and evaluated in anticipation of upcoming director elections and other potential or expected Board vacancies. From time to time, the Board may create and fill vacancies in its membership which arise between annual meetings of shareholders using the process described above.

Re-nomination of Incumbents

To ensure that the Board continues to evolve in a manner that serves the changing business and strategic needs of the Company, before recommending for re-nomination a slate of incumbent directors for an additional term, the Nominating and Governance Committee also evaluates each incumbent director's overall service to the Company during the director's term including the director's level of participation and quality of performance, and whether the incumbent directors possess the requisite skills and perspective, both individually and collectively. This evaluation is based primarily on the results of the annual review it performs with the Board of the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole and the results of the Board's annual self-evaluation. The Nominating and Governance Committee considered and nominated the candidates proposed for election as directors at the Annual General Meeting, with the Board unanimously agreeing on the nominees.

Fit and Proper Policy

In accordance with the Company's Fit and Proper Policy, Enstar's Board and Executive Officers, together with all Directors, Officers and Senior Managers of regulated Subsidiaries, including personnel undertaking those roles for regulated subsidiaries under a services or other agreement (collectively referred to as "Covered Persons") are assessed against criteria set forth in our Fit and Proper Policy in order to be deemed to have the necessary qualities, competencies and experience to perform their duties and carry out the responsibilities required of their position in an effective manner.

These criteria require each Covered Person to:

- possess the necessary competencies, skills, experience, knowledge, expertise, diligence and soundness of judgment to undertake and fulfill the particular duties and responsibilities of the role;
- demonstrate the appropriate character, competence, honesty and integrity in fulfilling occupational, managerial or professional responsibilities previously and/or in the conduct of their current duties;
- demonstrate sufficient knowledge of and a willingness to comply with legal obligations, regulatory requirements, professional standards and fiduciary obligations;
- be aware of and be able to effectively ensure implementation and compliance with the underlying principles of laws, regulatory requirements and license obligations applying to the relevant entity; and
- be able to identify and appropriately manage any conflicts of interest, in accordance with our Conflict of Interest Policy.

The Fit and Proper Policy criteria also require that no Covered Person shall:

- have (or have been involved with an entity that has) been refused admission, reprimanded, disqualified or removed by a professional or regulatory body due to matters relating to such Covered Person's honesty, integrity or business conduct;
- have been terminated, resigned or asked to resign from a position as a director or manager or professional service provider to an entity in circumstances which reflected adversely on their honesty or integrity in discharging their responsibilities in that role;
- have been the subject of civil or criminal proceedings or enforcement action, in which such Covered Person was determined in a final judgment to lack honesty or integrity; or
- have intentionally hindered, obstructed or misled, or failed to be truthful with a regulatory agency.

Covered Persons in certain jurisdictions may be subject to additional local criteria applicable to their jurisdictions.

Both the Enstar and subsidiary board(s) take all reasonable steps to ensure that all Covered Persons are aware of, and understand, the Company's Fit and Proper Policy as well as their obligation to continue to meet the requirements on an on-going basis.

Candidates for Covered Person positions will be pre-assessed prior to joining Enstar using the following process:

- The individuals must be assessed with the assistance of the Human Resources ("HR") function against the criteria set forth in the Fit and Proper Policy as detailed above, in addition to any local criteria, if relevant;
- References and proofs of industry/professional qualifications are sought and retained; and
- Background checks, including a check of criminal records, are also sought and retained, both at hiring and periodically during service.

The Company's HR and Compliance functions continuously monitor any staff changes or business activities that could have an impact upon roles and ensure that processes are in place to confirm ongoing fitness and propriety e.g. relevant individuals providing an annual attestation of their continued fitness and propriety for their position and confirmation of continued compliance with the fitness and proper criteria.

In addition, on an annual basis, all our directors and executive officers complete Directors' and Officers' Questionnaires, as well as a Fit and Proper Declaration, the results of which are reported to the Company's Audit Committee.

ii) Board and Senior Executives Professional Qualifications, Skills and Expertise

(1) Board Members

Dominic Silvester

Chief Executive Officer

Biographical Information

Dominic Silvester has served as a director and the Chief Executive Officer of the Company since its formation in 2001. In 1993, Mr. Silvester began a business venture in Bermuda to provide run-off services to the insurance and reinsurance industry. In 1995, the business was assumed by Enstar Limited, which is now a subsidiary of the Company, and for which Mr. Silvester has since then served as Chief Executive Officer. Prior to co-founding the Company, Mr. Silvester served as the Chief Financial Officer of Anchor Underwriting Managers Limited from 1988 until 1993.

Skills and Qualifications - Company leader; industry expertise; corporate strategy

As a co-founder and CEO of the Company, Mr. Silvester contributes to the Board his intimate knowledge of the Company and the run-off industry. He is well known in the industry and is primarily responsible for identifying and developing our business strategies and acquisition opportunities on a worldwide basis. Mr. Silvester has served as our CEO since the Company's inception, demonstrating his proven ability to manage and grow the business.

Paul O'Shea

President

Biographical Information

Paul O'Shea was appointed as President of the Company in December 2016. He previously served as Executive Vice President and Joint Chief Operating Officer of the Company since our formation in 2001 and has also been a director throughout this time. He has led our mergers and acquisitions operations, including overseeing our transaction sourcing, due diligence, and negotiations processes. In 1994, Mr. O'Shea joined Dominic Silvester in his run-off business venture in Bermuda, and he served as a director and Executive Vice President of Enstar Limited from 1995 until 2001. Prior to co-founding the Company, he served as the Executive Vice President, Chief Operating Officer and a director of Belvedere Group/Caliban Group from 1985 until 1994.

Skills and Qualifications - Company leader; long track record of successful acquisitions; industry expertise

Mr. O'Shea is a qualified chartered accountant who has spent more than 30 years in the insurance and reinsurance industry, including many years in senior management roles. As a co-founder of the Company, Mr. O'Shea has intimate knowledge and expertise regarding the Company and our industry. He has been instrumental in sourcing, negotiating and completing numerous significant transactions since our formation.

Orla Gregory

Acting Chief Financial Officer and Chief Operating Officer

Biographical Information

Ms. Gregory is our Acting Chief Financial Officer and Chief Operating Officer. She was appointed to the role of Acting Chief Financial Officer in September 2021 and has served as our Chief Operating Officer since 2016. Since joining us in 2003, Ms. Gregory has held increasingly senior roles, including Chief Integration Officer from 2015 to 2016, Executive Vice President of Mergers and Acquisitions of our subsidiary, Enstar Limited, from 2014 to 2015, Senior Vice President of Mergers and Acquisitions from 2009 to 2014, and Financial Controller from 2003 to 2009. Ms. Gregory previously served as a Financial Controller of Irish European Reinsurance Company Ltd. in Ireland, an Investment Accountant with Ernst & Young Bermuda, and as a Financial Accountant for QBE Insurance & Reinsurance (Europe) Limited.

Skills and Qualifications - Company leader; finance and accounting; operations and technology; human capital management; industry expertise

Ms. Gregory is a qualified chartered accountant and experienced company executive who has spent more than 27 years in the insurance and reinsurance industry, including 18 years with our Company. As Acting Chief Financial Officer & Chief Operating Officer of the Company, Ms. Gregory brings to our Board intimate knowledge and expertise regarding the Company and our industry. Her experience developing and managing the Company's operations and global workforce is particularly valuable to our Board in light of the Company's strategic focus on human capital management.

Robert Campbell

Enstar Committees: Audit (Chair), Human Resources and Compensation, Investment (Chair), Nominating and Governance, Executive (Chair)

Biographical Information

Robert J. Campbell has been a director of the Company since August 2007 and was appointed as the independent Chairman of the Board in November 2011. Mr. Campbell has been a Partner with the investment advisory firm of Beck, Mack & Oliver, LLC since 1990.

Certain Other Directorships

Mr. Campbell is a director and chairman of the audit committee of AgroFresh Solutions, Inc. (formerly Boulevard Acquisition Corp.), a publicly traded global agricultural technologies company. From 2015 through 2017, he was also a director of Boulevard Acquisition Corp. II, a blank check company that completed its initial public offering in September 2015. He previously served as a director of Camden National Corporation, a publicly traded company, from 1999 to 2014.

Skills and Qualifications - Financial, accounting, and investment expertise; leadership skills

Mr. Campbell brings to the Board his extensive understanding of finance and accounting, which he obtained through over 40 years of analyzing financial services companies and which is very valuable in his role as chairman of our Audit Committee. In addition, Mr. Campbell's investment management expertise makes him a key member of our Investment Committee, of which he serves as chairman. Mr. Campbell continues to spend considerable time and energy in his role, which is significant to the leadership and function of our Board.

B. Frederick (Rick) Becker

Enstar Committees: Audit, Human Resources and Compensation (Chair), Nominating and Governance (Chair)

Biographical Information

Rick Becker has 40 years of experience in the insurance and healthcare industries. He served as Chairman of Clarity Group, Inc., a company he co-founded more than 18 years ago that specialized as a healthcare professional liability and risk management service provider until it was sold in early 2020. Prior to co-founding Clarity Group, Inc., he served as Chairman and Chief Executive Officer of MMI Companies, Inc. from 1985 until its sale to The St. Paul Companies in 2000. Mr. Becker has previously served as President and CEO of Ideal Mutual and McDonough Caperton Employee Benefits, Inc., and also served as State Compensation Commissioner for the State of West Virginia. He began his career as a practicing attorney.

Skills and Qualifications - Compensation, governance, and risk management experience; industry knowledge

Mr. Becker has over 40 years of experience within the insurance and healthcare industries. The Board also values Mr. Becker’s corporate governance experience, which he has gained from serving on many other boards over the years. In addition, his previous work on compensation matters makes him well-suited to serve as Chairman of our Human Resources and Compensation Committee. He has an extensive background in risk management, which enhances our risk oversight and monitoring capabilities.

Sharon A. Beesley

Enstar Committees: Nominating and Governance

Biographical Information

Ms. Beesley currently serves as the Chief Executive Officer and senior partner of BeesMont Law Limited, a Bermuda-based commercial law firm, which she established in 2008. She also serves as Chief Executive Officer of BeesMont Consultancy Limited, a Bermuda-based consultancy business, a position she has held since 2000. Ms. Beesley previously served as a Director on the Board of the Bermuda Monetary Authority from 2016 to 2021. Prior to 2000, Ms. Beesley was engaged in private legal practice in Bermuda and other international jurisdictions.

Skills and Qualifications - Legal expertise; regulatory and government experience; corporate governance

Ms. Beesley brings to our Board her multi-jurisdictional legal expertise, strategic and risk management perspectives, gained from over 40 years of experience in the legal and financial services industry advising on all areas of corporate law, investment funds, structured finance, joint venture structures, and mergers and acquisitions as a Solicitor in England and Wales, Hong Kong, and as a practicing Barrister and Attorney of the Bermuda Bar. In addition, Ms. Beesley's experience as a former director of our insurance group supervisor, the Bermuda Monetary Authority, is particularly valuable to our Board as we manage increasingly complex compliance, regulatory and governance matters.

James Carey

Enstar Committees: Investment

Biographical Information

James Carey is a Managing Director of Stone Point Capital LLC, a private equity firm based in Greenwich, Connecticut. Stone Point Capital serves as the manager of the Trident Funds, which invest exclusively in the global financial services industry. Mr. Carey has been with Stone Point Capital and its predecessor entities since 1997. He previously served as a director of the Company from its formation in 2001 until the Company became publicly traded in 2007. Mr. Carey rejoined the Board in 2013.

Certain Other Directorships

From July 2018, Mr. Carey has served as a director of Focus Financial Partners, a publicly traded company that invests in independent fiduciary wealth management firms. Mr. Carey also currently serves on the boards of certain privately held portfolio companies of the Trident Funds. He previously served as non-executive chairman of PARIS RE Holdings Limited and as a director of Alterra Capital Holdings Limited, Cunningham Lindsay Group Limited, Lockton International Holdings Limited, and Privilege Underwriters, Inc.

Skills and Qualifications - Investment expertise; industry knowledge; significant acquisition experience

Having worked in the private equity business for over 20 years, Mr. Carey brings an extensive background and expertise in the insurance and financial services industries. His in-depth knowledge of investments and investment strategies is significant in his role on our Investment Committee. We also value his contributions as an experienced director in the insurance industry, as well as his extensive knowledge of the Company.

Susan L. Cross

Enstar Committees: Audit, Risk

Biographical Information

Susan L. Cross has served as a director since October 2020. She served as Executive Vice President and Global Chief Actuary at XL Group (now AXA XL), from 2008 to 2018, and prior to that served as Senior Vice President and Chief Actuary of various operating segments of XL Group since 1999.

Certain Other Directorships

Ms. Cross currently serves as a non-executive director at Unum Group, a Fortune 500 publicly held insurance company and leading provider of financial protection benefits, where she sits on the Audit Committee and Risk and Finance Committee. Previously, she has served on the boards of IFG Companies, American Strategic Insurance and several XL subsidiaries, including Mid Ocean Limited and XL Life Ltd.

Skills and Qualifications - Actuarial expertise; risk management, regulatory and governance skills; industry experience

Ms. Cross brings significant actuarial expertise to our Board, obtained from over 20 years of senior management experience as an actuary with XL Group. Her industry experience is particularly valuable to our Audit Committee and our Risk Committee given the complex nature of our run-off business. As a director of a Fortune 500 company, Ms. Cross also has knowledge of corporate governance matters and practices, which is valuable to our Board.

Hans-Peter Gerhardt

Enstar Committees: Risk

Biographical Information

Hans-Peter Gerhardt served as the Chief Executive Officer of Asia Capital Reinsurance Group from October 2015 through June 2017. He has served continuously in the reinsurance industry since 1981. He is the former Chief Executive Officer of PARIS RE Holdings Limited, serving in that position from the company's initial formation in 2006 through the completion of its merger into Partner Re Ltd. in June 2010. He previously served as the Chief Executive Officer of AXA Re from 2003 to 2006, also serving as Chairman of AXA Liabilities Managers, the AXA Group's run-off operation, during that time.

Certain Other Directorships

Mr. Gerhardt served as a non-executive director of our subsidiary StarStone Specialty Holdings Ltd. until January 1, 2021. He previously served as a non-executive director of African Risk Capacity, Tokio Millennium Re and Tokio Marine Kiln as well as Asia Capital Reinsurance Group (until May 2017) and as an independent director of Brit Insurance Holdings PLC until the company's acquisition by Fairfax Financial Holdings in 2015.

Skills and Qualifications - Underwriting expertise; proven industry veteran

Mr. Gerhardt brings decades of insurance industry management expertise to our Board. He is a proven industry veteran, with significant leadership experience, including several successful tenures in CEO roles.

Willard Myron Hendry, Jr

Enstar Committees: Nominating and Governance, Risk

Biographical Information

Myron Hendry most recently served as an executive advisor to AXA on integration matters. He previously served as the Executive Vice President and Chief Platform Officer for XL Group from 2009-2018, where he was responsible, on a Global basis, for Technology, Operations, Real Estate, Procurement, Continuous Improvement Programs and XL Group's Service Centers in India and Poland. He also served as Director on the XL India Business Services Private Limited Board, and he was the Chairman of the XL Group Corporate Crisis Committee responsible for Disaster Recovery and Business Continuity. Mr. Hendry was the founder of the XL Group's Leadership Listening Program. Throughout his career, he also held technology, operational and claims leadership roles at Bank of America's Balboa Insurance Group, Safeco Insurance and CNA Insurance.

Skills and Qualifications: Operations and Technology

Mr. Hendry brings to our Board expertise in insurance industry-specific information technology and operations management. His extensive experience as an executive engaging on technology matters at the board level is valuable to our Board and Risk Committee.

Hitesh Patel

Enstar Committees: Audit, Nominating and Governance, Risk (Chair)

Biographical Information

Hitesh Patel served as Chief Executive Officer of Lucida, plc, a UK life insurance company, from 2012 to 2013, and prior to that as its Finance Director and Chief Investment Officer since 2007. Mr. Patel has over 30 years of experience working in the insurance industry, having served in the United Kingdom as KPMG LLP's Lead Partner on

Insurance Accounting and Regulatory Services from 2000 to 2007. He originally joined KPMG in 1982 and trained as an auditor.

Certain Other Directorships

Mr. Patel is the Independent Non-Executive Chairman of Capital Home Loans Limited, a privately held buy-to-let mortgage provider and also a non-executive director of Landmark Mortgages Limited. Mr. Patel chairs the Audit Committee and is a member of the Risk Committee and Nomination and Remuneration Committee for Capital Home Loans and Landmark Mortgages Limited. Mr. Patel is a member of the Council of the London School of Hygiene and Tropical Medicine. He is also the Non-Executive Chairman of Augusta Ventures Holdings Limited which provides litigation finance. He is also the Chair of the Insurance Committee of the Institute of Chartered Accountants of England and Wales since 2012. Until December 2019, Mr. Patel served as a non-executive director at Aviva Life Holdings UK Ltd and Aviva Insurance Limited (subsidiaries of Aviva plc) and as Chairman of its Audit Committee and member of the Risk and Investment Committees.

Skills and Qualifications - Accounting expertise; regulatory and governance skills; industry experience

Mr. Patel brings significant accounting expertise to our Board, obtained from over two decades of auditing and advising insurance companies on accounting and regulatory issues, which is highly valuable to our Audit Committee. His experience with insurance regulations and the regulatory environment is also a key attribute because our company is regulated in many jurisdictions around the world. As a former industry CEO, he also has significant knowledge of corporate governance matters and practices, which is valuable to our Board and the Nominating and Governance Committee.

Poul Winslow

Enstar Committees: Human Resources and Compensation, Investment, Executive

Biographical Information

Poul Winslow most recently served as Senior Managing Director & Global Head of Capital Markets and Factor Investing of the Canada Pension Plan Investment Board ("CPP Investments"), a role he held since 2018. Mr. Winslow recently announced his retirement from CPP Investments as of the end of May 2022. He will remain CPP Investments' designated director representative. Previously Mr. Winslow served as Head of External Portfolio Management and Head of Thematic Investing for CPP Investments. Prior to joining CPP Investments in 2009, Mr. Winslow had several senior management and investment roles at Nordea Investment Management in Denmark, Sweden and the United States. He also served as the Chief Investment Officer of Andra AP-Fonden (AP2) in Sweden.

Certain Other Directorships

Mr. Winslow is a director for the Standards Board for Alternative Investments, an international standard-setting body for the alternative investment industry. He previously served as a director of Viking Cruises Ltd., a private company, from 2016 to 2018.

Skills and Qualifications - Investment expertise; compensation and governance experience

Mr. Winslow brings significant investment expertise to our Board gained from his years in senior investment roles, which is highly valuable to our Investment Committee as it oversees our investment strategies and portfolios. His experiences at CPP Investments, including exposure to compensation and governance policies, are valuable in his role on our Human Resources and Compensation Committee.

(2) Executive Officers

Dominic Silvester

Chief Executive Officer

Please refer to "Board Members" section above.

Paul O'Shea

President

Please refer to "Board Members" section above.

Orla Gregory

Acting Chief Financial Officer and Chief Operating Officer

Please refer to "Board Members" section above.

Nazar Alobaidat

Chief Investment Officer

Nazar Alobaidat joined Enstar as Chief Investment Officer in 2016. He formerly served as Managing Director and CIO of AIG Property Casualty's U.S., Canada and Bermuda regions and was with AIG from 2009-2016. Prior to that, he served as Vice President within the investment banking division of Lehman Brothers and Barclays Capital, specializing in derivatives and financing transactions for corporate clients of the investment bank. He previously served in the capital markets group of Deloitte from 2001-2006. Mr. Alobaidat is a Certified Public Accountant.

Paul Brockman

Chief Claims Officer

Paul Brockman was appointed Chief Claims Officer in September 2020. He previously served as the President and Chief Executive Officer of Enstar (US) Inc. ("Enstar US") from July 2016 to September 2020. He served as President and Chief Operating Officer of Enstar US from November 2014 to July 2016. From October 2012 to November 2014, he served as Senior Vice President, Head of Commutations for Enstar US. Before joining Enstar US, he worked as Head of Reinsurance for Resolute Management Services UK Ltd. in its London office from April 2007 to October 2012 and, from April 2001 to April 2007, he worked as Manager of Reinsurance Cash Collection and Debt Litigation within the reinsurance asset division of Equitas Management Services Ltd in London.

Matt Kirk

Group Treasurer

Matt Kirk joined Enstar in April 2020. As Group Treasurer and Head of Capital Management, he is responsible for raising and efficiently allocating capital across the Group. In addition, Mr. Kirk leads our Investor Relations function, driving all investor and rating agency communications. Previously, Mr. Kirk held executive roles at Sirius International Insurance Group, including Group Treasurer and Head of Investor Relations, and President, Managing Director of Sirius Investment Advisors. Mr. Kirk was also an Assurance and Business Advisory Manager at Arthur Andersen. Mr. Kirk holds a B.S. in Accounting from the University of Delaware and an MBA from Columbia University. He is also a Certified Public Accountant (inactive).

Michael Murphy

Deputy Chief Financial Officer

Michael Murphy was appointed Deputy Chief Financial Officer in August 2021, having joined Enstar as Chief Accounting Officer in May 2021. Prior to this, he served as Interim Chief Financial Officer and Chief Accounting Officer at TriNet Group, Inc. and Chief Accounting Officer of QBE North America. Mr. Murphy has held several senior finance roles in the insurance industry, including time at both AIG and MMC, during his 30-year career and is a Chartered Accountant by profession.

David Ni

Chief Strategy Officer

David Ni was appointed Chief Strategy Officer in May 2022. He joined Enstar and served as Executive Vice President, Mergers & Acquisitions from 2019. Prior to joining Enstar, Mr. Ni spent his career as an investment banker working in the U.S. and in Asia, and was a Managing Director at Deutsche Bank with responsibility for leading M&A in financial services. Prior to that, he was with Goldman Sachs for more than 10 years covering the financial services sector. Mr. Ni graduated with a Bachelor's degree from Harvard.

Laurence Plumb

Chief of Business Operations

Laurence Plumb was appointed Chief of Business Operations in May 2022, having joined Enstar in April 2020 as Director of Operational Performance. Previously, Mr. Plumb worked in Financial Services in London for more than 13 years, focused on Financial Planning and Analysis and Capital Management at the Global Health Insurer BUPA and at RSA Insurance Group. He trained in Deloitte's Insurance and Investment Management Audit Practice and is a Fellow Chartered Accountant (FCA) of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Plumb graduated with a Master's degree in Modern Languages from Cambridge University.

Audrey Taranto

General Counsel

Audrey Taranto has served as General Counsel since February 2019. From June 2017 to February 2019, she served as Group Head of Legal and from to April 2012 to June 2017 as SVP, Securities Counsel. She continues to serve as the Company's Corporate Secretary, a position she has held since 2012. Prior to 2012, she was Senior Counsel and Assistant Corporate Secretary at Cigna Corporation and an Associate in the corporate department of Drinker Biddle & Reath LLP.

Seema Thaper

Group Chief Risk Officer

Seema Thaper was appointed Group Chief Risk Officer in September 2021. She joined Enstar in July 2019 as Deputy Chief Transaction Actuary and served as the Chief Transaction Actuary from January 2020 to September 2021. Prior to joining Enstar, Ms. Thaper was a Director in Deloitte's Actuarial Insurance practice leading the UK General Insurance Actuarial Advisory team. With more than 15 years of consulting experience before joining Enstar, Ms. Thaper's work has spanned across a broad cross section of the P&C Insurance market. Ms. Thaper is a Fellow of the Institute and Faculty of Actuaries.

f) Risk Management and Solvency Self-Assessment

i) Risk Management Processes and Procedures to Identify, Measure, Manage and Report on Risk Exposures

Risk Management Strategy

The Group's Risk Management Strategy has been designed to meet our core objectives, which are to:

- engage in highly disciplined acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves;
- seek investment risk where it is adequately rewarded;
- maintain loss reserving risk in line with risk appetite;
- ensure capital, liquidity, credit, operational and regulatory risks remain low; and
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance ("ESG") risks in the business planning and strategic priorities process.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams working together effectively.

Our risk management strategy is embedded across the organization by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing our business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

The goal of our risk management strategy is to enable the proactive, pragmatic management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective Enterprise Risk Management ("ERM") framework to ensure a robust control environment.

Risk Appetite Framework

The Risk Appetite Framework ("RAF") in place at both the Group and its regulated subsidiaries monitors risk taking throughout the business by linking business strategy and planning with available capital and risk. It is designed to:

- protect the Group and its subsidiaries from an unacceptable level of loss, compliance failures and/or adverse reputational impacts; and

- support the wider strategic decision-making process, for example ensuring that risk associated with proposed transactional activity is identified, evaluated and understood as part of the wider due diligence process and is consistent with approved appetite.

A qualitative risk appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept. The risk appetite statement is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually.

Though subsidiary companies' RAFs are aligned with the RAF of the Group, the local company appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s). A cascading and feedback loop exercise is undertaken and reviewed annually to ensure that subsidiary' risk appetite does not in the aggregate exceed Group Risk Appetite.

Accountability for the implementation, monitoring and oversight of risk appetite is aligned with individual corporate executives. On a quarterly basis, risk tolerances are reported by the assigned first line business owner to Risk Management who collate, review and provide challenge and aggregate all tolerances. Individual tolerances are rated "Red", "Amber" or "Green" ("RAG") relative to pre-defined thresholds.

Where deviation from "Green" is identified, remediation plans are required to reduce risk exposure within approved thresholds. These are documented by the first line with support from Risk Management. In certain circumstances, the Board may elect to accept the risk in instances where the breach is determined to be either of a temporary nature or where the breach in aggregate does not adversely impact the risk profile of the Company.

The RAG status of the tolerances, and where appropriate, proposed remediation plans to management committees and to the Board/Risk Committee on at least a quarterly basis. Where red threshold breaches for these metrics are identified they are reported to the Board.

As determined by the Board or Risk Committee, the RAF and tolerance(s) may be reviewed/updated outside of the annual review cycle in the event of a material change to:

- Underlying risk profile (e.g., due to a significant M&A, investment transaction and/or change in strategy);
- System of governance;
- Regulatory or operating environment;
- Market or macroeconomic conditions, and/or
- Any other material change.

Risk Management Policies

The ERM framework is supported by a suite of Risk Management policies which are reviewed and approved by the EGL Board on an annual basis.

Risk Governance and Culture

The Board actively oversees the management of risks to which the Group is exposed. This is achieved by:

- the implementation of a supporting committee structure and the delegation of specific duties;
- ensuring the Board and its Committees are composed of both Independent Non-Executive Directors, Non-Executive Directors and Executive Directors with the appropriate skill set to discharge their roles; and
- the establishment of Group and jurisdictional/subsidiary Management Risk Committees ("MRC") comprising members of executive and/or senior management who are responsible for the management of key risks ('risk owners') supported by representatives from assurance functions.

The Company, supported by the wider ERM Framework promotes an effective risk culture by:

- ensuring staff are hired through a rigorous hiring process with each role having clearly defined responsibilities;
- the annual attestation (all employees), confirming their understanding and compliance with the Employee Code of Conduct;
- the performance of an annual Compensation Risk Assessment to ensure employee remuneration and company interests/risk taking are aligned; and

- employee risk awareness training covering key compliance and IT security matters.

ii) Risk Management and Solvency Self-Assessment Systems Implementation and Integration into Operations

Risk Ownership, Accountability and Assurance

Enstar has adopted the traditional Three Lines model (Management, Risk & Compliance and Internal Audit) to delineate accountabilities and establish a 'check and balance' management of risks across the Group. The Three Lines model has been selected to allow for clear ownership and accountability of risks, and independent assurance that these have been considered appropriately via the Internal Audit function. This model also allows for a clear assignment of risk management responsibilities across all Group activities and helps communicate the approach to risk management throughout the organization.

The Risk Management function, headed by the Group Chief Risk Officer ("CRO"), is responsible for both designing and operationalizing the various components of the ERM Framework throughout the Group. To ensure independence, the CRO reports to the Enstar CEO and has direct access to the Chair of the EGL Risk Committee. It should be noted that the CRO will obtain expertise from other functions / subject matter experts to provide coverage over key risk areas.

The Group and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels and the effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line.

Entity Level Management

At the operating subsidiary level, risks relating to our individual (re)insurance subsidiaries are also overseen by the subsidiary boards of directors, subsidiary risk committees and other committees, and management teams, consistent with applicable regulatory requirements and our overall ERM framework that is embedded at local levels and throughout the business.

Risk Management System

The Risk Management team has a system in place to record key ERM related data, such as risk and control assessments.

Capital Management

Stress and scenario tests as well as the internal capital model are key tools within our capital management and risk appetite frameworks. There are used as risk indicators across risk categories, enabling the business to have a forward-looking view of risk. As part of monitoring and aggregating risk exposures across the Company, capital impact assessments are required to be performed for risks that are deemed material to Enstar. Capital impact assessments are performed in accordance with applicable regulatory or similar standards (including internal models where available).

The Group endeavors to manage its capital such that all of its regulated entities meet local regulatory capital requirements at all times and maintain adequate capital to enable its insurance obligations to be met while taking into account the risks faced. As a Bermuda regulated group, we are required to maintain available statutory capital and surplus in an amount that is at least equal to its enhanced capital requirement, as well as having its own view of required capital. The Group utilizes an internal capital model to assist with assessing our internal view of capital requirements and inform the Group Solvency Self-Assessment ("GSSA") process.

iii) Relationship Between Solvency Self-Assessment, Solvency Needs and Capital and Risk Management Systems

The GSSA process is the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks that the Group faces or may face and to determine the capital necessary to ensure that overall solvency needs are met at all times. The GSSA framework is fully integrated into our broader ERM Framework.

Within the GSSA framework, the key elements informing the GSSA process include:

i. the overall solvency needs, taking into account the specific risk profile, approved risk appetite and tolerance limits and the business strategy of the group and its subsidiaries;

ii. a consideration of all reasonably foreseeable material risks across all risk categories that the group is or could be exposed to, taking into account a forward looking analysis of potential future changes in the risk profile due to the business strategy or the economic and financial environment and any stresses thereon;

iii. the significance with which the risk profile of the group deviates from the assumptions underlying the Bermuda Solvency Capital Requirements model and other capital modelling exercises;

iv. a consideration of the nature and quality of capital or other resources appropriate to cover the risks identified and compliance, on a continuous basis, with relevant capital requirements;

v. the internal control and risk-management systems and approved risk appetite and tolerance limits; and

vi. Ensuring the GSSA is an integral part of the business strategy and taken into account on an ongoing basis in the strategic decisions of the group and that a re-assessment is carried out following any significant change in the risk profile.

iv) The Solvency Self-Assessment Approval Process

The Risk Management function prepares and presents the quarterly ERM Report and annual GSSA Report to Senior Management, the Group MRC and EGL Risk Committee. At least annually, the Directors of the Company confirm that the risk profile is:

- appropriate relative to the business and that all known material risks within scope of the risk management process have been regularly reviewed and remain within risk appetite either with or without mitigation and that these risks have been sufficiently captured within the GSSA; and
- that the Company is adequately capitalized and sufficient liquidity is available to meet the needs of the Group.

For each relevant subsidiary, an equivalent approval process is followed with an annual Commercial Insurer's Solvency Self-Assessment ("CISSA") Report.

g) Internal Controls and Compliance

i) Internal Control System

The Company has adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework as the criteria for evaluating the effectiveness of the Company's internal controls. The COSO 2013 framework includes the following components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communications; and
- Monitoring Activities

The Company's assessment of its internal control framework takes into consideration all the components of the COSO 2013 framework and includes an evaluation of the design and operating effectiveness of all five components.

The Control Environment and Risk Assessment components apply broadly across the Company, while the Control Activity component is specific to processes and/or functions. The other COSO 2013 component, namely Information and Communication and Monitoring, applies at the entity level, as well as the process level.

Our internal control framework is designed to ensure processes are performed in accordance with company standards and that risk is both monitored and managed within the approved risk appetite. Such internal controls are assessed by control owners on a quarterly basis in terms of design and operational effectiveness.

Enstar has a comprehensive Internal Control over Financial Reporting ("ICFR") framework of financial controls consisting of policies and control procedures to assess financial statement risk and provide reasonable assurance that Enstar prepares reliable financial statements. The responsibility for ensuring ICFR compliance is assumed by the Chief Executive Officer and Chief Financial Officer with responsibilities appropriately assigned to the Company's Audit and Disclosure Committees and other members of management. Where significant control failings are noted they are considered within the subsequent quarterly risk assessment as facilitated by our Risk Management application, where controls attestation is evidenced.

On an annual basis, Management attest to both the design and the operating effectiveness for all controls tested as part of the annual ICFR assessment program. The Audit Committee receives quarterly update outlining all control deficiencies noted as part of the controls testing program and, where relevant, an assessment of the aggregated impact these deficiencies could have on the consolidated financial statements.

ii) Compliance Function

The Compliance Function is responsible monitoring compliance with in-scope regulatory obligations across the Group. As a second line function, the Compliance Function is responsible for monitoring the performance of internal controls designed to prevent breaches of regulatory, legal and internal compliance guidelines. Where such breaches are identified, the Compliance Function escalates these internally, working with business units to remediate such issues and recommending/implementing improvements where the control environment has not met its objective.

The Group Compliance Committee ("GCC") monitors and co-ordinates compliance activities across the Group. The GCC is chaired by our Group Head of Compliance, who is responsible for overseeing the Compliance Functions globally.

Depending on local requirements, the nature of the business and complexity of the subsidiary entity or sub-group, the Group has local Compliance Functions that support each business. The Compliance Functions are comprised of dedicated Compliance teams, who work closely with Legal, Company Secretarial and other functions, particularly Risk Management and Internal Audit.

The GCC coordinates all of the local Compliance teams' activities and ensures Group compliance issues are managed in a consistent manner. The GCC responsibilities include:

i. Providing assurance that the Group is in compliance with prevailing statutory requirements, guidelines, regulations and best practice codes;

ii. Developing, enhancing and maintaining the Group's compliance culture and ensuring regular training, policies and procedures to facilitate on-going compliance awareness;

iii. Overseeing the Group's compliance program and monitoring its performance; and

iv. Exercising general management oversight of compliance with the Group's Code of Conduct and related internal policies;

The Compliance Function reports regularly to the Board and to local subsidiary boards and/or committees (collectively 'Governing Bodies') on compliance issues, covering compliance with laws, regulations and administrative provisions from regulators (including Lloyd's), as well as the possible impact of changes in the legal environment and the assessment of compliance risk. The Compliance Function ensures that any major compliance issues identified are reported promptly to the appropriate Governing Body.

h) Internal Audit

The Internal Audit team conducts independent and objective assurance and consulting activities which are designed to improve the Group's operations.

As a third line function, Internal Audit assists Enstar in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of our organizations risk management, control, and governance processes.

i) Role of Internal Audit

The Internal Audit function reports to Group and local Audit Committees or Boards. The key role of Internal Audit is to provide independent and objective assurance on the adequacy and effectiveness of governance, risk management and controls that operate to manage key risks faced by the Group. This is achieved through risk-based reviews of the Enstar Group (and subsidiary) processes as part of an Internal Audit Annual Plan, delivery of the ICFR Compliance Program and through audit consultancy to provide control based input into key projects and developments.

Internal Audit perform this by:

- Executing an annual risk based internal audit plan ensuring all material activities, controls and areas of greatest perceived risk are reviewed on a regular basis. This includes new business acquisitions; to enhance controls at the point of implementation rather than after the fact.
- Assisting in enabling the Chief Executive Officer and Chief Financial Officer in discharging their responsibilities related to Enstar's ICFR requirements annually.

ii) Independence of Internal Audit

Internal Audit ensure they maintain independence, in order to facilitate an independent and objective attitude when performing its duties. Where Internal Audit have provided consultancy services, this is documented within a conflicts register so that the appropriate action is taken to ensure team objectivity is maintained. In addition, Internal Audit have full, free and unrestricted access to the records and personnel relevant to the functions they review. Documents and information given to Internal Audit during a periodic review are handled in a prudent and confidential manner.

i) Actuarial Function

The Group's actuarial function is led by our Group Chief Actuary with responsibility for the oversight of group actuarial services over reserving and input to acquisition due diligence.

The actuarial team comprises qualified and partly qualified actuaries with experience in non-life run-off portfolios.

Internal and external actuarial reserving estimates are reviewed by the Reserve Committees to ensure that the carried loss reserves are both reasonable and appropriate. For certain subsidiary jurisdictions, a report supporting the Actuarial Function is produced annually where the lead actuary in each of the business units confirm the duties, work completed, limitations, capital model, validation, data and controls and the actuarial movement on reserves. In addition where contractually required, for example transactions such as Schemes of Arrangement, independent actuaries are used to perform an annual independent reserve review and to provide actuarial opinions.

A report is provided to the Audit Committee quarterly and the Group Chief Actuary attends the Audit Committee meeting associated with the year-end financial statements to present and report on Group actuarial matters. In addition, independent actuarial experts are brought in to present to the Audit Committee.

j) Outsourcing

i) Outsource Policy and Key Functions that have been Outsourced

The Company's Procurement, Outsourcing, and Third Party Management Policy sets out the methodology for managing outsourced arrangements. This document embeds sound risk management processes (including composite risk assessments) into the vetting and selection of suppliers and outsourced service providers. Once a provider has been selected, the risk assessment performed during the selection process determines the extent of the ongoing monitoring program, as well as the implementation of other risk mitigation techniques as appropriate (for example establishing alternate suppliers and contingency plans in the event of a critical or supportive supplier failing to deliver its contractual obligations).

Legacy or inherited outsourced arrangements arising from acquisitions of insurance portfolios are reviewed as part of the standard due diligence and integration methodology. If the review identifies a material supplier or outsourced service provider, then the provider would be subject to the same due diligence assessment and monitoring and oversight program.

Management of Third-Party Claims Administrators is performed by Cranmore, Enstar's specialist consultancy firm staffed with highly experienced (re)insurance claims experts, under the authority and direction of the Claims department. Management includes, but is not limited to, vendor selection, performance management, technical claims oversight, quality assurance and compliance audits, and data and analytics.

ii) Material Intra-Group Outsourcing

Enstar comprises a number of regulated (re)insurance companies, which have very few employees, if any. Rather, Enstar employees are predominantly employed within regional service group companies which, through inter-company service agreements, perform the necessary operational functions required of each group company. These arrangements cover all the Information Technology Infrastructure as well as the Finance, Operations, Actuarial, Risk Management, Compliance and Internal Audit functions.

k) Other Material Information

N/A

ITEM 3. RISK PROFILE

a) Material Risks

The risks facing the Group currently include those related to strategic risk, capital adequacy risk, acquisitions/ transactions risk, insurance (including reserving) risk, investment risk, liquidity risk, foreign exchange risk, credit/ counterparty risk, operational risk, regulatory risk, tax risk and the financial impact of ESG risks. For a discussion of risks related to our business and operations, please see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021.

b) Risk Mitigation

The identification, analysis, evaluation treatment and reporting of risks is performed by the Risk Management function as laid out within the ERM Framework and suite of supporting policies including Emerging Risks. Risks and their assessment are reported to the Board, EGL Risk Committee and other Committees (e.g., the Management Risk Committee) as appropriate. The ERM Framework components are described below.

- Strategic risk – The risk of unintended adverse impact on the business plan objectives arising from business decisions, improper implementation of those decisions, ability to adapt to changes in the external environment, or circumstances that are beyond our control.
- Capital Adequacy risk – The risk that capital levels are or become insufficient to ensure our insurance obligations will be met and policyholders are protected.
- Acquisitions / Transactions risk – The risk that an acquisition or portfolio transfer results in a loss or has an adverse effect on our business profile and operations.
- Insurance (including Reserving) risk – The risk that the Company’s reserves are not sufficient to cover its unpaid loss and loss adjustment expense costs.
- Investment risk – The possibility that an investment’s actual return will differ from an expected outcome or return, which may include losing some or all of the original investment.
- Liquidity risk – The risk that the Company is unable to realize investments and other assets in order to settle financial obligations when they fall due or would have to incur excessive cost to do so.
- Foreign Exchange risk – The risk that the Company will suffer financial loss as a result of movements in the value of currencies relative to the US Dollar. There are four categories of foreign currency risk relevant to the Company’s business: transaction risk, translation risk, economic risk and contingent risk.
- Credit / Counterparty risk – The risk relating to the uncertainty of a counterparty’s ability to make timely payments in accordance with contractual terms of the instrument or contract.
- Operational risk – The risk of a loss arising from inadequate or failed internal processes, or from external events, personnel, systems or third parties. Due to our acquisitive strategy, operational risk also includes risks and challenges associated with integrating new companies into the Group.
- Regulatory risk – The risk of legal or regulatory sanctions resulting in a financial loss, or loss of reputation as a result of an insurer’s failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct.
- Tax risk – The risk that tax requirements are not adhered to accurately and in a timely manner resulting in a financial loss.
- Financial impact of ESG risk - The potential long-term impact of Environmental (including adverse Climate impacts on physical, ecological and economic environments), Social and wider Governance risks.

The mitigation activities for the risk components outlined above are covered within Item 2(f).

Emerging Risks

As part of our ERM Framework, we maintain a Framework for the Management of Emerging Risk, which sets out the minimum standards by which emerging risks are identified, analyzed, evaluated, treated and reported on. Pursuant to this framework, the Management Risk Committees and our EGL Risk Committee continually monitor emerging risks and oversee changes to our ERM Framework to react to these risks, where appropriate. Emerging risks are defined as "risks which may develop or which already exist but are difficult to quantify." They are marked by a high degree of uncertainty, and may or may not fall within the categories outlined above under "Risk Categories." While emerging risks are not fully understood or explicitly considered within the day-to-day operation of our business due to the lack of quantifiable data, we expect that the potential impacts of these risks may crystallize over time and therefore merit additional analysis, monitoring, evaluation and, when appropriate, management of the emerging risk. See "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 for further detail on these risks. Recent examples of emerging risks that we review and consider include:

- Risks relating to the recalculation and/or transition from LIBOR to alternative benchmark rates;
- Risks relating to developing tax frameworks such as the OECD Pillar II Blueprint framework;
- Risks relating to our claims management activities, including social inflation, increased litigation funding, latent injury claims (e.g. Talcum powder, Glyphosate, Opioids) and laws that impose absolute liability for certain types of claims;
- Risks relating to climate change, including as a result of our investments, to transition risk (which arises from our efforts to mitigate the physical risks posed by climate change, for example by increasing our internal business investment to support transition to a low carbon economy or by incurring higher costs when using carbon intensive products); and
- Risks arising from the ongoing uncertainty in markets and other matters related to the COVID-19 global pandemic.

c) Material Risk Concentrations

The Company has an Investment policy governing risk concentrations in relation to counterparties, credit quality, sectors and geographical locations. As a general practice, our investment holdings maintain a sufficient amount of diversification to mitigate the impact of concentration risk, with limits in place depending on the asset class and credit quality. Risk concentration and counterparty exposure is aggregated by the investment department and reported to the Investment Committee on a quarterly basis. Risk concentrations in relation to insurance exposures are considered as part of our stress and scenario testing covered within Item 3(e) below.

d) Investments in Accordance With the Prudent Person Principles of the Code of Conduct

The Company’s investment portfolio is managed by the Company’s investment team in accordance with the Company’s investment policy guidelines which consider the Prudent Person Principles of the Code of Conduct.

The guidelines establish as an objective:

1. maintaining sufficient liquidity to settle claims and pay debts as they fall due; and
2. providing a prudent return on the investment portfolio within prescribed risk parameters.

The guidelines outline permitted asset classes, ratings limits, single-issuer limits, duration guidance and other constraints that impact the asset allocation. These guidelines are reviewed on an annual or ad hoc basis if any significant deviations have occurred that affect the financial markets.

e) Stress and Scenario Testing Analysis to Assess Material Risks

Estimates of both the impact and likelihood are determined via analysis such as stress tests and scenario analysis, including reverse stress tests, with regard to the relevant risks faced by the Company. This includes a consideration of risk aggregation and dependencies when assessing each risk.

A standard set of stress and scenario analysis is undertaken on a quarterly basis. This is overlayed with ad-hoc analysis undertaken due to potential changes in risk profile.

- Quarterly analysis is focused on key risk areas:
  - Investment Risk stress testing is designed to simulate interest rate shocks, market down turns, segment sell offs and inflationary/deflationary pressures are performed and reported to the Investment Committee. These standard investment stress tests are also used to evaluate potential changes in strategic direction with respect to the underlying investment allocation.
  - Insurance Risk exposure and associated concentration and aggregation is simulated to quantify both aggregate and single event perils by region and the potential for clash between regions/sub-regions.
- Ad-hoc analysis is performed for internal management purposes, to support understanding of changes in the business' risk profile and to calibrate potential management actions in response. Such tests are performed at managements and/or the Boards discretion or request. For example, when liabilities are acquired, stress testing is undertaken to ensure the pertinent risks to the business are highlighted and mitigating actions planned as a result of the new business.

Based on this on-going analysis, management consider the company to be appropriately capitalized with adequate liquidity to meet its liabilities and that risks to which the company are exposed continue to be managed within our appetite.

ITEM 4. SOLVENCY VALUATION

a) Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The consolidated financial statements for Enstar and our Bermuda Operating Subsidiaries, are prepared in conformity with U.S. GAAP[2] and form the basis for the preparation of both the EBS and the SFS as required under Bermuda insurance regulations. The EBS and SFS are used by both Enstar and the BMA in assessing the minimum solvency and capital requirements.

Enstar has used the valuation principles outlined by the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2008; and the BMA's "Guidance Note for Statutory Reporting Regime" to prepare its EBS. Those valuation principles are summarized below:

Investments and Cash and Cash Equivalents (including Restricted Cash)

The valuation methodology for investments and cash and cash equivalents (including restricted cash) under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Premiums Receivable

Under the EBS approach premiums receivable are valued in line with U.S. GAAP with the exception that any balance due related to unearned premium reserves are included within the technical provisions. Refer to Item 4(b) for further information on our technical provisions.

Reinsurance Balances Recoverable on Paid and Unpaid Losses (including Fair Value Option)

Under the EBS approach, reinsurance balances recoverable on unpaid losses (including fair value option, but excluding paid losses recoverable) are included within the technical provisions. Refer to Item 4(b) and (c) for further information on our technical provisions and reinsurance balances recoverable on unpaid losses, respectively.

Insurance Balances Recoverable

The valuation methodology for insurance balances recoverable under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Funds Held by Reinsured Companies

The valuation methodology for funds held by reinsured companies under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Deferred Charge Assets

Under the EBS approach, deferred charge assets are valued at zero.

Deferred Acquisition Costs

Under the EBS approach deferred acquisitions costs are valued at zero in order to avoid double counting as deferred acquisitions costs are implicitly included in the premium provision valuation within the technical provision.

Prepaid Reinsurance Premiums

Under the EBS approach, prepaid reinsurance premiums are included within the technical provisions. Refer to Item 4(b) for further information on our technical provisions.

[2] For additional information on our significant accounting policies, refer to Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021.

Goodwill and Intangible Assets

Under the EBS valuation approach, goodwill is valued at zero and intangible assets can only be recognized if they can be sold separately and the expected future economic benefits will flow to the insurer and the value of the assets can be reliably measured.

As of December 31, 2020, the intangible assets related the Lloyd's syndicate capacity for Atrium and the Atrium management contract were classified as held-for-sale in view of the exchange transaction which was completed on January 1, 2021 as described above. During the year ended December 31, 2020, we recognized an impairment loss of $4.0 million on StarStone's Lloyd's syndicate capacity as a result of placing StarStone International into run-off in the second quarter of 2020 as described above.

Refer to Note 15 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021 for more information on our goodwill and intangible assets.

Other Assets (including Derivative Instruments and Deferred Tax Assets)

The valuation methodology for other assets (including derivative instruments and deferred tax assets) under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Assets Held-for-Sale

The valuation methodology for assets held-for-sale under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Letters of Credit

Under both U.S. GAAP and the EBS approach letters of credit are not recorded on our consolidated balance sheet as assets, except for in the case of Cavello Bay whereby a $100 million letter of credit is admitted under the EBS approach as Other Fixed Capital.

b) Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

All reserves and future policyholder benefits are initially established in accordance with U.S. GAAP. Once U.S. GAAP provisions have been determined, insurance technical provisions for our EBS are calculated in accordance with the methodology outlined by the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 and the BMA's "Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime 2016."

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate with an appropriate illiquidity adjustment, and include a risk margin. The total technical provisions comprised the following for Enstar and our Bermuda Operating Subsidiaries covered under this report:

December 31, 2021	Best Estimate Net Loss and Loss Expense Provision (1) and Net Long-Term Business Insurance Provision (2)	Best Estimate Net Premium Provision (3)	Risk Margin (4)	Total
	(in millions of U.S. dollars)			
Enstar				
General Business	$ 10,990	$ 96	$ 1,368	$ 12,454
Long-term Business	1,475	—	55	1,530
Cavello Bay				
General Business	7,277	79	1,034	8,390
Long-term Business	1,475	—	55	1,530
Fitzwilliam - General Business	958	—	131	1,089
SIBL - General Business	373	21	20	414

December 31, 2020	Best Estimate Net Loss and Loss Expense Provision (1)	Best Estimate Net Premium Provision (3)	Risk Margin (4)	Total
	(in millions of U.S. dollars)			
Enstar - General Business	$ 8,579	$ 102	$ 1,012	$ 9,693
Cavello Bay - General Business	4,372	23	573	4,967
Fitzwilliam - General Business	1,236	—	129	1,365
SIBL - General Business	394	75	22	492

(1) The best estimate for the net loss and loss expense provision is calculated by using U.S. GAAP net reserves as the starting point and then performing a series of adjustments:

- Removal of prudence margins;
- Incorporation of Events Not in Data Set ("ENIDS");
- Other adjustments related to consideration for investment expenses, etc.;
- Adjustments for fair value items contained in the US GAAP net loss reserves; and
- Discounting of cash flows.

(2) The best estimate for the net long-term business insurance provision is calculated by using projected cash flows as the starting point and then performing a series of adjustments:

- Removal of prudence margins;
- Incorporation of Events Not in Data Set ("ENIDS");
- Other adjustments related to consideration for investment expenses, etc.; and
- Discounting of cash flows.

(3) The best estimate for the net premium provision is calculated by using the net unearned premium reserve on a U.S. GAAP basis, adjusting for bound but not incepted ("BBNI") business and applying expected future loss ratios (including EBS adjustments), expense ratios and appropriate claims pay-out patterns to derive cash flows which are then discounted.

(4) The risk margin to reflect the uncertainty inherent in the underlying cash flows which is calculated using a cost of capital approach and a risk-free discount rate. The risk-free discount rates are prescribed by the BMA for each reporting period.

c) Description of Recoverables from Reinsurance Contracts

Technical provisions valued under the EBS approach are presented net of reinsurance balances recoverable on unpaid losses (including fair value option, but excluding paid losses recoverable). Recoverables from reinsurance contracts are valued based on principles similar to the gross best estimate bases and include reinstatement premiums required to be paid to the reinsurer, and expenses in relation to the management and administration of reinsurance claims. The balance is adjusted for counterparty credit rating based on rating agency and experience default statistics.

d) Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

Losses and Loss Adjustment Expenses (including Fair Value Option)

Under the EBS approach, losses and loss adjustment expenses (including fair value option) are included within the technical provisions. Refer to Item 4(b) for further information on our technical provisions.

Future Policyholder Benefits

Under the EBS approach, future policyholder benefits are included within the technical provisions. Refer to Item 4(b) for further information on our technical provisions.

Defendant Asbestos and Environmental Liabilities

The valuation methodology for defendant asbestos and environmental liabilities under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Unearned Premiums

Under the EBS approach, unearned premiums are included within the technical provisions. Refer to Item 4(b) for further information on our technical provisions.

Insurance and Reinsurance Balances Payable

The valuation methodology for insurance and reinsurance balances payable under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Debt Obligations

The valuation methodology for debt obligations under U.S. GAAP is consistent with the valuation approach for EBS purposes, however certain of our debt obligation have been approved by the BMA as eligible capital as described in the following section.

Other Liabilities (including Derivative Instruments and Deferred Tax Liabilities)

The valuation methodology for other liabilities (including derivative instruments and deferred tax liabilities) under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Liabilities Held-for-Sale

The valuation methodology for liabilities held-for-sale under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Redeemable Noncontrolling Interest

The valuation methodology for redeemable noncontrolling interest under U.S. GAAP is consistent with the valuation approach for EBS purposes.

Letters of Credit

Under both U.S. GAAP and the EBS approach letters of credit are not recorded on our consolidated balance sheet as liabilities.

ITEM 5. CAPITAL MANAGEMENT

a) Eligible Capital

i) Capital Management Policy and Process for Capital Needs

Overview

We aim to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Our U.S. GAAP capital resources as of December 31, 2021 included ordinary shareholders' equity of $5.6 billion (2020: $6.2 billion), preferred equity of $510 million (2020: $510 million), noncontrolling interests of $409 million (2020: $379 million) and our debt obligations of $1.7 billion (2020: $1.4 billion). Based on our current loss reserves position, our portfolios of in-force (re)insurance business, and our investment positions, we believe we are well capitalized.

Share Repurchases and Dividends

We believe that the best investment is in our business, by funding future transactions and meeting our financing obligations. We may choose to return value to shareholders in the form of share repurchases or dividends. To date, we have not declared any dividends on our ordinary shares. For details on our share repurchase programs, refer to Notes 18 and 25 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

Dividends on the preferred shares are non-cumulative and may be paid quarterly in arrears on the first day of March, June, September and December of each year, only when, as and if declared. For further information on preferred share dividends, refer to Note 18 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

Any payment of common or preferred dividends must be approved by our Board. Our ability to pay ordinary and preferred dividends is subject to certain restrictions as described in Note 23 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2021.

Sources and Uses of Cash

The potential sources of cash flows to Enstar as a holding company consist of cash flows from our subsidiaries including dividends, advances and loans, and interest income on loans to our subsidiaries. We also utilize our credit and loan facilities, and we have issued senior notes and preferred shares and guaranteed junior subordinated notes issued by one of our subsidiaries.

We use cash to fund new acquisitions of companies and significant new business. We also utilize cash for our operating expenses associated with being a public company and to pay dividends on our preference shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our 4.50% senior notes due 2022 (the “2022 Senior Notes”), our 4.95% senior notes due 2029 (the "2029 Senior Notes”), our 3.10% senior notes due 2031 (the "2031 Senior Notes” and, together with the 2022 Senior Notes and the 2029 Notes, the "Senior Notes") and our 5.75% Junior Subordinated Notes due 2040 (the “Junior Subordinated Notes”) and Enhanzed Re's 2031 Subordinated Notes (together with the Junior Subordinated Notes, the "Subordinated Notes"), as well as for ordinary share repurchases. Under the eligible capital rules of the BMA, the Senior Notes qualify as Tier 3 capital and the Preferred Shares and Subordinated Notes qualify as Tier 2 capital when considering the BSCR.

We may, from time to time, raise capital from the issuance of equity, debt or other securities as we continuously evaluate our strategic opportunities. We filed an automatic shelf registration statement on August 17, 2020 with the U.S. Securities and Exchange Commission ("SEC") to allow us to conduct future offerings of certain securities, if desired, including debt, equity and other securities.

As we are a holding company and have no substantial operations of our own, our assets consist primarily of investments in subsidiaries and our loans and advances to subsidiaries. Dividends from our (re)insurance subsidiaries are restricted by (re)insurance laws and regulations, as described below. The ability of all of our subsidiaries to make distributions and transfers to us may also be restricted by, among other things, other applicable laws and regulations and the terms of our credit facilities and our subsidiaries' bank loans and other issued debt instruments.

The ability of our (re)insurance subsidiaries to pay dividends and make other distributions is limited by the applicable laws and regulations of the jurisdictions in which our (re)insurance subsidiaries operate, including Bermuda, the United Kingdom, the United States, Australia and Continental Europe, which subject these subsidiaries to significant regulatory restrictions.

These laws and regulations require, among other things, certain of our (re)insurance subsidiaries to maintain minimum capital requirements and limit the amount of dividends and other payments that these subsidiaries can pay to us, which in turn may limit our ability to pay dividends and make other payments.

As of December 31, 2021, all of our (re)insurance subsidiaries' capital requirement levels were in excess of the minimum levels required.

Our subsidiaries' ability to pay dividends and make other forms of distributions may also be limited by our repayment obligations under certain of our outstanding credit facility agreements and other debt instruments. Variability in ultimate loss payments may also result in increased liquidity requirements for our subsidiaries.

Our sources of funds primarily consist of cash and investment portfolios acquired on the completion of acquisitions and new business, investment income earned, proceeds from sales and maturities of investments and collection of reinsurance receivable.

We expect to use funds acquired from cash and investment portfolios, collected premiums, collections from reinsurance debtors, fees and commission income, investment income and proceeds from sales and redemptions of investments to meet expected claims payments and operational expenses, with the remainder used for acquisitions and additional investments.

Overall, we expect our cash flows, together with our existing capital base and cash and investments acquired and from new business, to be sufficient to meet cash requirements and to operate our business.

ii) Eligible Capital Categorized by Tiers in accordance with the Eligible Capital Rules

Eligible capital represents the Company's assessment of the quality of its capital resources eligible to satisfy its regulatory requirements. As of December 31, 2021 and 2020, the Company's eligible capital was categorized as follows:

	2021	2020
	(expressed in millions of U.S. dollars)	
Tier 1	$ 4,946	$ 5,290
Tier 2	930	974
Tier 3	1,037	850
Total	**$ 6,913**	**$ 7,114**

	2021	2020
	(expressed in millions of U.S. dollars)	
Fully paid common shares	$ 18	$ 22
Preference shares	—	—
Contributed Surplus	921	1,836
Statutory Economic Surplus	4,199	3,955
Noncontrolling (Minority) interest	230	14
Treasury shares	(422)	(422)
Encumbered assets transferred to Tier 2 in respect of policyholder obligations	—	(114)
Encumbered assets not securing policy holder obligations	—	(1)
Total Tier 1 capital	$ 4,946	$ 5,290
Total Tier 2 capital	930	974
Total Tier 3 capital	1,280	850
Less Tier 3 capital in excess of limits	(243)	—
Total Eligible capital	**$ 6,913**	**$ 7,114**

A description of the eligible capital categorized by tiers, in accordance with the eligible capital rules used to meet the ECR and the Minimum Margin of Solvency (“MSM”) defined in accordance with section (1) of the Act, is as follows:

Tier 1 capital is all eligible capital of Enstar, except those described below.

Tier 2 capital consists of the following:

- $400 million of Series D Preferred Shares, approved by the BMA as Tier 2 basic capital on July 25, 2018;
- $110 million of Series E Preferred Shares, approved by the BMA as Tier 2 basic capital on February 1, 2019;
- $350 million of Junior Subordinated Notes due August 26, 2040, pre-approved by the BMA as Tier 2 ancillary capital on March 16, 2020;
- $70 million of Enhanzed Re's Subordinated Notes due 2031, pre-approved by the BMA as Tier 2 ancillary capital on December 4, 2018; and
- $0 which is the amount in respect of the excess of encumbered assets for policy holder obligations, which is greater than the respective liabilities (December 31, 2020: $114 million).

Tier 3 capital consists of the following:

- $280 million of Senior Notes due March 10, 2022, approved by the BMA as Tier 3 ancillary capital on March 27, 2019 (December 31, 2020: $350 million);
- $500 million of Senior Notes due June 1, 2029, approved by the BMA as Tier 3 ancillary capital on May 20, 2019; and
- $500 million of Senior Notes due August 24, 2031, pre-approved by the BMA as Tier 3 ancillary capital on December 21, 2020; less
- Tier 3 capital in excess of limits of $243 million (December 31, 2020: $0).

The following table shows the Eligible Capital of our Bermuda Operating Subsidiaries covered under this report, categorized by Tier, as of December 31, 2021 and 2020:

	Cavello Bay		Fitzwilliam		SIBL	
	2021	2020	2021	2020	2021	2020
	(expressed in millions of U.S. dollars)					
Tier 1	$ 4,928	$ 4,512	$ 521	$ 608	$ 276	$ 244
Tier 2	100	128	2	13	33	82
Tier 3	—	—	—	—	—	—
Total	**$ 5,028**	**$ 4,640**	**$ 523**	**$ 620**	**$ 309**	**$ 326**

Tier 1 capital is all eligible capital of the subsidiary, except those described below.

Tier 2 capital consists of the following:

- $100 million Letter of Credit, approved by the BMA as Tier 2 ancillary capital on December 22, 2017 for Cavello Bay; and
- $0, $2 million and $33 million, which is the amount in respect of the excess of encumbered assets for policyholder obligations, which is greater than the respective liabilities, for Cavello Bay, Fitzwilliam and SIBL, respectively (December 31, 2020: $28 million, $13 million and $82 million, respectively).

	Cavello Bay		Fitzwilliam		SIBL	
	2021	2020	2021	2020	2021	2020
	(expressed in millions of U.S. dollars)					
Fully paid common shares	$ —	$ —	$ 1	$ 1	$ 1	$ 1
Preference shares	—	—	—	—	—	—
Contributed Surplus	2,834	2,759	452	484	873	873
Statutory Economic Surplus	2,076	1,981	69	136	(565)	(548)
Noncontrolling (minority) interest	219	—	—	—	—	—
Treasury shares	(201)	(201)	—	—	—	—
Encumbered assets transferred to Tier 2 in respect of policyholder obligations	—	(28)	(2)	(13)	(33)	(82)
Total Tier 1 Capital	**4,928**	**4,512**	**521**	**608**	**276**	**244**
Total Tier 2 Capital	100	128	2	13	33	82
Total Eligible capital	**$ 5,028**	**$ 4,640**	**$ 523**	**$ 620**	**$ 309**	**$ 326**

iii) Eligible Capital Categorized by Tiers in accordance with the Eligible Capital Rules used to meet ECR and MSM Requirements of the Insurance Act

The following table shows the MSM and ESR for the Company categorized by Tier as at December 31, 2021:

	Limits	MSM	ECR	Minimum Margin of Solvency	Enhanced Capital Requirement
				(expressed in millions of U.S. dollars)	
Tier 1	Min	80%	60%	$ 4,946	$ 4,946
Tier 2	Max	20%	40%	930	930
Tier 3			15%	—	1,037
Total				**$ 5,876**	**$ 6,913**

The following tables show the MSM and ESR for our Bermuda Operating Subsidiaries covered under this report categorized by Tier as at December 31, 2021:

		Cavello Bay		Fitzwilliam		SIBL	
	Limits	**MSM**	**ECR**	**MSM**	**ECR**	**MSM**	**ECR**
Tier 1	Min	80%	60%	80%	60%	80%	60%
Tier 2	Max	25%	66.67%	25%	66.67%	25%	66.67%
Tier 3			17.65%		17.65%		17.65%

	Cavello Bay		Fitzwilliam		SIBL	
	MSM	**ECR**	**MSM**	**ECR**	**MSM**	**ECR**
	(expressed in millions of U.S. dollars)					
Tier 1	$ 4,928	$ 4,928	$ 521	$ 521	$ 276	$ 276
Tier 2	100	100	2	2	33	33
Tier 3	—	—	—	—	—	—
Total	**$ 5,028**	**$ 5,028**	**$ 523**	**$ 523**	**$ 309**	**$ 309**

iv) Confirmation of Eligible Capital That is Subject to Transitional Arrangements as Required under Eligible Capital Rules

N/A

v) Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

N/A

vi) Identification of Ancillary Capital Instruments Approved by the Authority

The Subordinated Notes and Senior Notes were approved by the BMA as ancillary capital for Enstar and a $100 million Letter of Credit was approved as ancillary capital for Cavello Bay. Refer to Tier 2 and Tier 3 capital for Enstar and Tier 2 capital for Cavello Bay in Item 5(a)(ii) above.

vii) Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

The following is a reconciliation of the U.S. GAAP shareholders' equity attributable to shareholders to the available statutory capital and surplus for the Company as of December 31, 2021 and 2020:

	2021	2020
	(expressed in millions of U.S. dollars)	
Shareholders' Equity per U.S. GAAP	$ 6,326	$ 6,688
Remove non-admitted prepaid expenses	(16)	(17)
Remove non-admitted goodwill and intangibles	(63)	(63)
Remove non-admitted value of business acquired	(4)	—
Redeemable noncontrolling interest	179	365
Reallocate Senior Notes and Subordinated Notes to Eligible Capital	1,700	1,200
Statutory Capital and Surplus	**$ 8,122**	**$ 8,173**
General business technical provision adjustments	(1,062)	(1,058)
Long term business technical provision adjustments	96	—
Statutory Economic Capital and Surplus (EBS)	**$ 7,156**	**$ 7,115**
Encumbered assets not securing policy holder obligations	—	(1)
Tier 3 capital in excess of limits	(243)	—
Group Eligible Capital	**$ 6,913**	**$ 7,114**

The following is a reconciliation of the U.S. GAAP shareholders' equity attributable to shareholders to the available statutory capital and surplus for our Bermuda Operating Subsidiaries covered under this report as of December 31, 2021 and 2020:

	Cavello Bay		Fitzwilliam		SIBL	
	2021	2020	2021	2020	2021	2020
	(expressed in millions of U.S. dollars)					
Shareholders' Equity per U.S. GAAP	$ 5,504	$ 5,122	$ 594	$ 666	$ 312	$ 297
Other fixed capital - letter of credit	100	100	—	—	—	—
Remove non-admitted assets	—	—	—	—	(2)	(2)
Statutory Capital and Surplus	**$ 5,604**	**$ 5,222**	**$ 594**	**$ 666**	**$ 310**	**$ 295**
General business technical provision adjustments	(576)	(582)	(71)	(46)	(65)	(60)
Deferred retroactive reinsurance gain	—	—	—	—	64	91
Statutory Economic Capital and Surplus (EBS)	5,028	4,640	523	620	309	326
Eligible capital	**$ 5,028**	**$ 4,640**	**$ 523**	**$ 620**	**$ 309**	**$ 326**

b) Regulatory Capital Requirements

i) ECR and MSM Requirements at the End of the Reporting Period

	Minimum Margin of Solvency		Enhanced Capital Requirement	
	2021	Ratio	2021	Ratio
	(in millions of U.S. dollars)			
Enstar	$ 1,679	350 %	$ 3,987	179 %
Cavello Bay	$ 1,043	482 %	$ 2,873	175 %
Fitzwilliam	$ 153	342 %	$ 301	174 %
SIBL	$ 49	634 %	$ 161	192 %

ii) Identification of Any Non-Compliance with the MSM and the ECR

N/A, the Company was compliant with the MSM and ECR capital requirements.

iii) A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures Taken and Their Effectiveness

N/A

iv) Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance at the End of the Reporting Period

N/A

c) Approved Internal Capital Model to derive the ECR

The company does not utilize an approved internal capital model to derive its ECR. The ECR is based on the BSCR model.

ITEM 6. SUBSEQUENT EVENTS

a) Debt Obligations

On January 14, 2022, our wholly-owned subsidiary, Enstar Finance, completed the issuance and sale of a series of junior subordinated notes due 2042 (the "2042 Junior Subordinated Notes") in an aggregate principal amount of $500 million. The 2042 Junior Subordinated Notes bear interest (i) during the initial five-year period ending January 14, 2027, at a fixed rate per annum of 5.50% and (ii) during each five-year reset period thereafter beginning January 15, 2027, at a fixed rate per annum equal to the five-year U.S. treasury rate calculated as of two business days prior to the beginning of such five-year period plus 4.006%.

The 2042 Junior Subordinated Notes are unsecured junior subordinated obligations of Enstar Finance, are fully and unconditionally guaranteed by the Parent Company on an unsecured and junior subordinated basis, and are contractually subordinated in right of payment to the existing and future obligations of our other subsidiaries (other than Enstar Finance).

Subject to threshold regulatory requirements, Enstar Finance may repurchase the 2042 Junior Subordinated Notes, in whole or in part, at any time during a par call period, at a repurchase price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest, and at any time not during a par call period, plus an additional "make-whole" premium.

We incurred costs of $6 million in issuing the 2042 Junior Subordinated Notes. The net proceeds of the 2042 Junior Subordinated Notes will be used to fund the payment at maturity of the outstanding $280 million aggregate principal amount of our 2022 Senior Notes, which mature on March 10, 2022. We intend to use the remaining net proceeds for general corporate purposes, including, but not limited to, funding our acquisitions, working capital and other business opportunities.

The 2042 Junior Subordinated Notes were pre-approved by the BMA as Tier 2 ancillary capital on December 20, 2021.

b) Change in Approved Auditor

On March 15, 2022, the Audit Committee of the Board did not reappoint KPMG Audit Limited, which has served as the Company's auditor since 2012, as the Company's independent registered public accounting firm for the year ending December 31, 2022.

Subsequently, on the same date, the Audit Committee approved the appointment of PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm for the year ending December 31, 2022. The Audit Committee's appointment of PwC is subject to the approval of the Company's shareholders at the Company's 2022 Annual General Meeting.

c) Share Repurchases

Subsequent to March 31, 2022, we repurchased 65,249 voting ordinary shares for $17 million at an average price per share of $255.87, and fully utilized the remaining capacity under the 2021 Repurchase Program[3].

On May 5, 2022, our Board authorized the repurchase of up to $200 million of our ordinary shares, such authorization to be effective through May 5, 2023.

Enstar has since agreed to repurchase an aggregate of 470,197 ordinary shares from two shareholders in separate transactions for an aggregate purchase price of $105 million. Both transactions were priced at $222.74 per share, representing a 5% discount to the closing price of the Company's ordinary shares on the NASDAQ stock market on May 9, 2022. The repurchases will be funded by the Company with available cash on hand.

[3] An ordinary share repurchase program adopted by our Board on November 29, 2021, for the purpose of repurchasing a limited number of our ordinary shares, not to exceed $100 million in aggregate. This plan was fully utilized in April 2022.

The first transaction, entered into on May 9, 2022, is to acquire 380,407 ordinary shares from an institutional shareholder unaffiliated with Enstar.

The second transaction, entered into on May 10, 2022, is pursuant to the purchase agreement between Enstar and Trident Public Equity LP ("Trident Public Equity"). Trident Public Equity will sell 89,790 ordinary shares to the Company for an aggregate price of $20 million. Trident Public Equity is an affiliate of Stone Point, which manages investment funds that own 9.9% of the Company's outstanding voting ordinary shares. James D. Carey, one of the Company's directors, is the sole member of an entity that is one of four general partners of the entities serving as general partners for such investment funds. Mr. Carey is also a member of the investment committees of such general partners and is a member and Managing Director of Stone Point.

d) Transactions

On May 20, 2022, we closed an agreement for a ground-up loss portfolio transfer with Aspen Insurance Holdings Limited and its subsidiaries for their 2019 and prior business (the "Aspen LPT"). We will assume net loss reserves of $3.1 billion, subject to a limit of $3.6 billion.

The existing adverse development cover between the parties that closed in June 2020, under which we assumed $770 million of loss reserves (the "Aspen ADC"), has been absorbed into the Aspen LPT.

As a result of the Aspen LPT, we assumed an incremental $2.4 billion of net loss reserves, with a diverse mix of property, liability and specialty lines, in exchange for incremental premium of $2.4 billion, and will assume claims control.

The amount of net loss reserves assumed, as well as the premium and limit amounts provided in the Aspen LPT agreement, will be adjusted for claims paid between October 1, 2021 and the closing date of the transaction, pursuant to the terms of the contract.

This transaction is being assumed by Cavello Bay. Internal solvency calculations indicate that the Company and Cavello Bay will continue to meet all regulatory (including solvency) requirements following this transaction.

DECLARATION ON FINANCIAL CONDITION REPORT

To the best of our knowledge and belief, we the undersigned confirm that the Financial Condition Report fairly represents the financial condition of Enstar Group Limited, in all material respects:

/s/ Dominic Silvester
Enstar Group Limited, Chief Executive Officer
May 31, 2022

/s/ Seema Thaper
Enstar Group Limited, Group Chief Risk Officer
May 31, 2022

Appendix I - Listing of Subsidiaries as of December 31, 2021

Subsidiary Name	Jurisdiction of Incorporation
AG Australia Holdings Limited	Australia
Alpha Insurance NV	Belgium
B.H. Acquisitions	Bermuda
Brake Systems, Inc.	Delaware
BWDAC, Inc.	Delaware
Cavello Bay Reinsurance Limited	Bermuda
Clarendon National Insurance Company	Texas
Cranmore (UK) Limited	United Kingdom
Cranmore (US) Inc.	Delaware
Cranmore Asia Pacific Pty Limited	Australia
Cranmore Europe BVBA	Belgium
Cranmore Insurance & Reinsurance Services Europe Limited	Ireland
DCo LLC	Virginia
East Point Reinsurance Company of Hong Kong Limited	Hong Kong
Echlin Argentina S.A.*	Argentina
EFMG LLC	Virginia
Enhanzed Reinsurance Ltd.*	Bermuda
Enstar (EU) Holdings Limited	United Kingdom
Enstar (EU) Limited	United Kingdom
Enstar (US Asia-Pac) Holdings Limited	United Kingdom
Enstar (US) Inc.	Delaware
Enstar Acquisitions Limited	United Kingdom
Enstar Asia Pacific Pty Ltd	Australia
Enstar Asset Management Limited	Bermuda
Enstar Australia Holdings Pty Limited	Australia
Enstar Australia Limited	Australia
Enstar Finance LLC	Delaware
Enstar GP Limited	Cayman Islands
Enstar Holdco Limited	Bermuda
Enstar Holdings (US) LLC	Delaware
Enstar Insurance Management Services Ireland Limited	Ireland
Enstar Limited	Bermuda
Enstar Malta Limited	Malta
Enstar Managing Agency Limited	United Kingdom
Enstar Solutions LLC	Delaware
Enstar USA, Inc.	Georgia
EPE, Inc.	California
Fitzwilliam Insurance Limited	Bermuda
Fletcher Reinsurance Company	Missouri
Friction Inc.	Delaware
Friction Materials, Inc.	Massachusetts
Global Legacy Acquisition L.P.*	Bermuda
Gordian Runoff Limited	Australia
Goshawk Insurance Holdings Limited*	United Kingdom
Harper Holding, S.a.r.l.	Luxembourg
Hong Kong Reinsurance Company Limited	Hong Kong
InRe Fund, L.P.	Cayman Islands
Inter-Ocean Reinsurance (Ireland) Limited	Ireland
Kenmare Holdings Ltd.	Bermuda

Subsidiary Name	Jurisdiction of Incorporation
Kinsale Brokers Limited	United Kingdom
Lipe Rollway Mexicana S.A. de C.V.*	Mexico
Mercantile Indemnity Company Limited	United Kingdom
Midland Brake, Inc.	Delaware
Morse TEC LLC	Delaware
Paladin Managed Care Services, Inc.	California
Regis Agencies Limited	United Kingdom
Reinz Wisconsin Gasket LLC	Delaware
River Thames Insurance Company Limited	United Kingdom
Rombalds Run-Off Limited	United Kingdom
SGL No.1 Limited	United Kingdom
Shelbourne Group Limited	United Kingdom
StarStone Corporate Capital 1 Limited*	United Kingdom
StarStone Corporate Capital Limited*	Ireland
StarStone Finance Limited*	United Kingdom
StarStone Insurance Bermuda Limited*	Bermuda
StarStone Insurance SE*	Liechtenstein
StarStone Insurance Services Limited*	United Kingdom
StarStone Specialty Holdings Limited*	Bermuda
StarStone Underwriting Services B.V.*	Netherlands
Torus Business Solutions Private Ltd.*	India
United Brake Systems Inc.	Delaware
Yosemite Insurance Company	Oklahoma

Notes:

(1) The subsidiary listing excludes noncontrolled entities and branches of subsidiaries. Subsidiaries marked with an asterisk are not wholly held, directly or indirectly, by Enstar Group Limited.

Appendix II - Details of Subsidiary Board Membership

The tables below detail the membership of the Boards of Directors for our Bermuda Operating Subsidiaries covered under this report:

Company	Name	Board & Senior Executive Position	Enstar Role
Cavello Bay	Paul C. Bohus	Director & Chief Executive Officer	SVP Corporate Development
	Duncan Scott	Director & Chairperson	SVP Managing Director, Finance
	Orla Gregory	Director	Group Chief Operating Officer
	Theo Wilkes	Director	Group Controller
	Robin Mehta	Independent Non-Executive Director	
Fitzwilliam	Duncan Scott	Director, Chairperson & Chief Executive Officer	SVP Managing Director, Finance
	Paul C. Bohus	Director	SVP Corporate Development
	Orla Gregory	Director	Group Chief Operating Officer
	Theo Wilkes	Director	Group Controller
	Robin Mehta	Independent Non-Executive Director	
SIBL	Walker Rainey	Independent Non-Executive Director & Chairperson	
	Duncan Scott	Director & Chief Executive Officer	SVP Managing Director, Finance
	Orla Gregory	Director	Group Chief Operating Officer
	Theo Wilkes	Director	Group Controller
	Paul C. Bohus	Director (1)	SVP Corporate Development

(1) Effective April 1, 2022.

www.enstargroup.com

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BMA Registration Number: 9001 | Company telephone number: (441) 292-3645
Prepared in accordance with the reporting requirements of the Bermuda Monetary Authority