ENSTAR GROUP

FINANCIAL CONDITION REPORT 2022

Realising Value

ENSTAR

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, 2022

Enstar Group Limited and subsidiaries

(collectively "Enstar Group Limited")

Prepared in accordance

With the reporting requirements of the

Bermuda Monetary Authority

Table of Contents

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

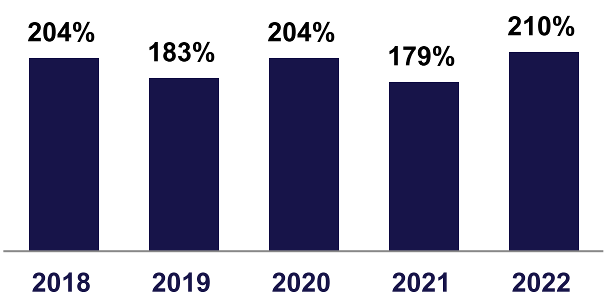
This Financial Condition Report ("FCR") is prepared in accordance with the Bermuda Monetary Authority's ("BMA") Insurance (Public Disclosure) Rules 2015 and Insurance (Group Supervision) Rules 2011. The FCR documents the business and performance, governance structure, risk profile, solvency valuation, capital management and subsequent events of Enstar Group Limited ("Enstar") and for each of Cavello Bay Reinsurance Limited ("Cavello Bay"), Fitzwilliam Insurance Limited ("Fitzwilliam"), StarStone Insurance Bermuda Limited ("SIBL") and Enhanzed Reinsurance Ltd. ("Enhanzed Re") (collectively our "Bermuda Operating Subsidiaries" covered under this report) for the year ended December 31, 2022.

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.

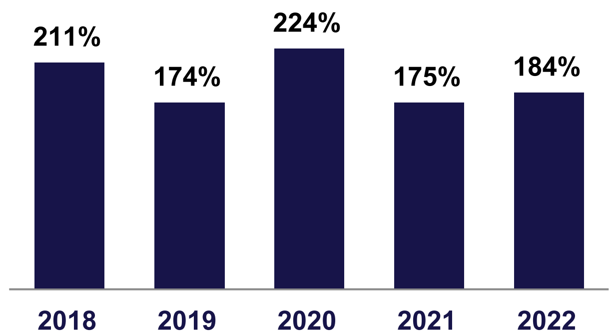
We use the standard Bermuda Solvency Capital Requirement ("BSCR") model to assess the Enhanced Capital Requirement ("ECR") or required statutory capital and surplus. This FCR is based primarily on the Economic Balance Sheets ("EBS"), Statutory Financial Statements ("SFS") and the audited financial statements 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, 2022.

The following charts provide 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



DETAILS OF APPROVED AUDITOR AND GROUP SUPERVISOR

Approved Group Auditor	*Approved Auditor of Bermuda Operating Subsidiaries*	*Group Supervisor*
PricewaterhouseCoopers LLP	**PricewaterhouseCoopers Ltd.**	**Bermuda Monetary Authority**
300 Madison Avenue	4th Floor, Washington House | 16 Church Street	BMA House | 43 Victoria Street
New York, New York 10017	Hamilton HM11	Hamilton HM12
United States	Bermuda	Bermuda

ITEM 1. BUSINESS AND PERFORMANCE

a) Description of Business

Enstar is a leading global (re)insurance group that offers capital release solutions through our network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe and Australia. We seek to create value by managing (re)insurance companies and portfolios of (re)insurance and other liability business in run-off and striving to generate an attractive risk-adjusted return from our investment portfolio.

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

We report the results of our operations through four reportable segments:

- **Run-off:** consists of our acquired property and casualty and other (re)insurance business.
- **Assumed Life:** consists of life and catastrophe business that we assumed via the acquisition of the controlling interest in Enhanzed Re.

  In 2021, we ceased accepting any new catastrophe reinsurance business, and in 2022, we completed a series of commutation and novation agreements which ceased any continuing reinsurance obligations for this segment. Refer to Item 1(g) for further information.
- **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 exited via the sale of the majority of our interest.

  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, refer to Note 3 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022.

b) Ownership Details

The table below sets forth information as of April 4, 2023, as published in our 2023 Proxy Statement, 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	1,546,196	9.7 %
Canada Pension Plan Investment Board ("CPPIB")	1,501,211	9.4 %
The Vanguard Group	1,104,495	6.9 %
Wellington Management Group LLP	1,001,215	6.3 %
BlackRock, Inc.	829,092	5.2 %
All Executive Officers and Directors as a group (19 persons as of April 4, 2023)	1,157,826	7.2 %

[(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 16,012,661 ordinary shares outstanding as of April 4, 2023.

For additional information on our shares, refer to Item 6 - Subsequent Events and Note 19 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022.

c) Group Structure

Please refer to Appendix I for a simplified group organizational chart, which depicts the position of the Bermuda Operating Subsidiaries and all other insurance entities within the Enstar group as of December 31, 2022.

Bermuda Operating Subsidiaries

Cavello Bay

Cavello Bay was incorporated under the laws of Bermuda on April 8, 2015 and is a direct and wholly-owned subsidiary of Kenmare Holdings Limited ("Kenmare"), a wholly-owned subsidiary of Enstar. Cavello Bay is a reinsurance company licensed by the BMA as a Class 3B insurer, and accordingly, is authorized to carry on general business.

Enhanzed Re

Enhanzed Re was incorporated under the laws of Bermuda on September 8, 2016 and is a wholly-owned subsidiary of Cavello Bay[1] as of December 31, 2022. Enhanzed Re is a reinsurance company licensed by the BMA as a Class 4 insurer and Class E insurer, and accordingly, is authorized to carry on general business and long-term business. Enhanzed Re reinsures life, non-life run-off and property casualty insurance business, initially sourced from subsidiaries and affiliates of Enstar and Allianz SE ("Allianz").

In 2021, we ceased accepting any new catastrophe reinsurance business, and in 2022, we completed a series of commutation and novation agreements which ceased any continuing reinsurance obligations for this Company. Refer to Item 1(g) for further information.

Although the results of Enhanzed Re are included in the Group's consolidated results on a one quarter reporting lag, the standalone Enhanzed Re financial information herein is not presented on a lag.

Fitzwilliam

Fitzwilliam was incorporated under the laws of Bermuda on March 15, 2002, and is a direct and wholly-owned subsidiary of Kenmare. Fitzwilliam is a reinsurance company licensed by the BMA as a Class 3A insurer, and accordingly, is authorized to carry on general business.

SIBL

SIBL was incorporated under the laws of Bermuda on November 21, 2007 and is a direct and wholly-owned subsidiary of StarStone Specialty Holdings Limited ("SSHL"), an entity in which Kenmare holds a 58.98% interest. SIBL is a reinsurance company licensed by the BMA as a Class 3A insurer, and accordingly, is authorized to carry on general business.

[1] On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $174 million, and Enhanzed Re became a wholly-owned subsidiary of Cavello Bay. Due to the one quarter reporting lag, the impact of this transaction will be reflected in the Group's consolidated first quarter 2023 results.

d) Insurance Business Written by Line of Business

Our strategy is focused on effectively managing (re)insurance portfolios underwritten in previous years that we assume through our provision of capital release solutions and acquisition of portfolios and businesses in run-off.

Although we have largely exited our active underwriting platforms, we still record net premiums earned and the associated current period net incurred losses and LAE and acquisition costs as a result of the run-off of unearned premiums from transactions completed in recent years.

The following table provides gross premiums written by segment:

	2022	2021
	(in millions of U.S. dollars)	
Run-off	$ 5	$ 51
Assumed Life	12	3
Legacy Underwriting	8	52
Total	**$ 25**	**$ 106**

The following table provides gross premiums written by geographical area:

	2022	2021
Geographical area	(in millions of U.S. dollars)	
United States	$ 11	$ 39
United Kingdom [1]	(7)	19
Europe	13	17
Asia	8	8
Rest of World	—	23
Total	**$ 25**	**$ 106**

(1) Gross premiums written were negative for Run-off segment business located in the U.K., primarily as a result of an agreement made between one of our subsidiaries and a cedant to return premiums written.

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

	2022		2021	
	Gross	Net	Gross	Net
	(in millions of U.S. dollars)			
Cavello Bay	$ (3)	$ (5)	$ 39	$ 39
Enhanzed Re	4	4	48	48
Fitzwilliam	—	—	—	—
SIBL	9	—	16	2

The table below sets forth a summary of new retroactive reinsurance transactions that we have completed with external parties between January 1, 2022 and December 31, 2022:

Transaction	Total Assets Assumed	Deferred Charge Asset ("DCA")[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)							
Aspen [2]	$ 1,824	$ 47	$ 1,871	$ 1,871	LPT	$ 537	Property, liability and specialty lines	U.S., U.K. and Europe
Probitas	60	1	61	61	LPT [3]	No limit	General casualty, financial and property lines	U.K. and international
Argo [4]	631	93	724	724	LPT	$ 66	General casualty, construction defect, and professional indemnity lines	U.S.
Total	$ 2,515	$ 141	$ 2,656	$ 2,656				

[1] Where the estimated ultimate losses payable exceed the premium consideration received at the inception of the agreement, a DCA is recorded.

[2] We agreed to assume $3.1 billion of net loss reserves, subject to a limit of $3.6 billion. Pursuant to terms of the contract, the amount of net loss reserves assumed, in addition to the premium consideration provided in the LPT agreement, were adjusted for the original ADC cash premium of $770 million as well as claims paid between October 1, 2021 and May 20, 2022 and other contractual obligations totaling $394 million.

[3] The LPT converted into a RITC transaction effective January 1, 2023, following regulatory approval.

[4] The amount of net loss reserves assumed were adjusted for claims paid between January 1, 2022 and October 31, 2022. Total liabilities assumed is comprised of $718 million of net loss reserves and $6 million of other liabilities.

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

When we acquire new business through reinsurance or direct business transfers, 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.

The difference between the liabilities assumed and the assets acquired is recorded as a DCA or a deferred gain liability ("DGL"), 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 or DGL.

e) Material Income and Expenses for the Reporting Period

Consolidated Results of Operations

Effective December 31, 2022, we voluntarily changed our accounting policy for calculating the amortization of DCAs and retrospectively applied this change to all applicable prior period financial statement information. The favorable impacts to net earnings for the years ended December 31, 2022 and 2021 were $163 million and $65 million, respectively.

Further information on this change in accounting principle can be found in Note 2 and Note 9 to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022.

The following table sets forth certain consolidated financial information prepared in accordance with U.S. GAAP for the years ended December 31, 2022 and 2021:

	Year Ended December 31, 2022	Year Ended December 31, 2021	$ Change
	(in millions of U.S. dollars)		
Underwriting Results			
Net premiums earned	$ 66	$ 245	$ (179)
Net incurred losses and loss adjustment expenses ("LAE")			
Current period	48	172	(124)
Prior Period	(756)	(403)	(353)
Total net incurred losses and LAE	(708)	(231)	(477)
Policyholder benefit expenses	25	(3)	28
Acquisition costs	23	57	(34)
Investment Results			
Net investment income	$ 455	$ 312	$ 143
Net realized (losses) gains	(135)	(61)	(74)
Net unrealized (losses) gains	(1,479)	178	(1,657)
(Losses) earnings from equity method investments	(74)	93	(167)
Amortization of net deferred charge assets	80	55	25
General and administrative expenses	331	367	(36)
NET (LOSS) EARNINGS	(945)	553	(1,498)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	$ (906)	$ 502	$ (1,408)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO ENSTAR	$ (1,429)	$ 440	$ (1,869)

Overall Results

Net loss attributable to Enstar ordinary shareholders was $906 million for the year ended December 31, 2022, which compares to net income of $502 million from 2021, as a result of:

- Negative investment results (sum of net investment income, net realized (losses) gains, net unrealized (losses) gains and (loss) earnings for equity method investments) of $1.2 billion compared to favorable investment results of $522 million for the year ended December 31, 2021, primarily driven by:
  - Net realized and unrealized losses of $1.6 billion, primarily related to fixed income assets, for the year ended December 31, 2022, compared to net gains of $117 million for the year ended December 31, 2021. Rising interest rates across U.S., U.K. and European markets, in addition to widening investment grade credit spreads, led to the net losses on our fixed income securities, and global equity market declines and widening high yield and leveraged loan credit spreads led to the net losses on our other investments, including equities.
  - Losses from equity method investments of $74 million compared to earnings of $93 million for the year ended December 31, 2021 further contributed to the decrease in our earned investment returns, primarily as a result of recognizing a $52 million other-than-temporary impairment relating to the carrying value of one of our equity method investments and consolidating Enhanzed Re effective September 1, 2021. Prior to that date, the results of Enhanzed Re were recorded in earnings from equity method investments within the Investments segment. Our earnings relating to Enhanzed Re prior to the consolidation in 2021 were $82 million.

   - This was partially offset by an increase in net investment income of $143 million due to investment of new premium, reinvestment of maturing investments at higher yields and fixed income securities with floating rates which reset at higher rates of interest income.
- A net gain on purchase and sales of subsidiaries of $73 million in 2021, primarily driven by the bargain purchase gain recognized on the step acquisition of Enhanzed Re and a net gain on sales of subsidiaries of $26 million.
- Lower net earned premiums of $179 million, partially due to placing our Starstone International business into run-off in mid-2020.

This was partially offset by:

- Reduced total expenses of $477 million as a result of the combination of:
   - Reductions of $124 million in current period net incurred losses and LAE and $34 million in acquisition costs as a result of largely exiting or placing into run-off our active underwriting platforms, including StarStone International;
   - An increase in favorable development in net incurred losses and LAE for prior periods of $353 million, primarily driven by a change in fair value of our 2017 and 2018 portfolios where we elected the fair value option and reductions in estimates of net ultimate losses; in addition to
   - A reduction of $36 million in general and administrative expenses primarily driven by reductions to long-term incentive plan costs and a decrease in IT costs as a result of reduced project activity, partially offset by the absence of a proportional reduction in accrued performance-based costs which were recorded in the comparative period.

The above factors contributed to our 2022 net loss of $945 million as compared to 2021 net earnings of $553 million.

Comprehensive loss attributable to Enstar was $1.4 billion for the year ended December 31, 2022, as compared to comprehensive income of $440 million for the year ended December 31, 2021. The variance was primarily due to an increase in unrealized losses on our fixed income securities, AFS, as a result of rising interest rates.

We discuss the results of our operations by aggregating certain captions from our consolidated statements 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 (losses) gains (recorded through the income statement and other comprehensive income) and (losses) 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 LAE and acquisition costs as a result of the run-off of unearned premiums from transactions completed in recent years.

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

The components of underwriting results prepared in accordance with U.S. GAAP for the years ended December 31, 2022 and 2021 are as follows:

	2022					2021				
	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total	Run-off	Assumed Life	Legacy Underwriting	Corporate and other	Total
	(in millions of U.S. dollars)									
Net premiums earned	$ 40	$ 17	$ 9	$ —	$ 66	$ 182	$ 5	$ 58	$ —	$ 245
Net incurred losses and LAE:										
Current period	44	—	4	—	48	144	2	26	—	172
Prior periods	(486)	(55)	3	(218)	(756)	(338)	—	(6)	(59)	(403)
Total net incurred losses and LAE	(442)	(55)	7	(218)	(708)	(194)	2	20	(59)	(231)
Policyholder benefit expenses	—	25	—	—	25	—	(4)	—	1	(3)
Acquisition costs	22	—	1	—	23	44	—	13	—	57
Underwriting results	$ 460	$ 47	$ 1	$ 218	$ 726	$ 332	$ 7	$ 25	$ 58	$ 422

The reductions in net premiums earned, current period net incurred losses and LAE and acquisition costs were driven by reduced levels of activity arising from our exit of our active underwriting platforms beginning in 2020.

Favorable prior period net incurred losses of $756 million for 2022 were primarily driven by:

- Reductions in the estimates of net ultimate losses of $403 million, primarily due to:
  - Favorable development of $318 million on our workers' compensation line of business as a result of favorable claim settlements, most notably in the 2017 to 2021 acquisition years. We also had favorable development of $56 million on our marine, aviation and transit lines of business relating to the 2014, 2018 and 2019 acquisition years as a result of favorable experience across a variety of claim types; partially offset by
  - Adverse development on our general casualty and motor lines of business of $57 million and $74 million, respectively, most notably impacting the 2020 acquisition year, as a result of worse than expected claims experience, adverse development on claims and higher than expected claims severity.
- Changes in the fair value of liabilities for which we have elected the fair value option of $200 million, primarily driven by an increase in corporate bond yields; and
- Reductions in provisions for unallocated LAE ("ULAE") of $135 million, primarily driven by a 2022 acquisition year portfolio where our initial estimate of ULAE was reduced as a result of achieving better than expected current and future cost economic of scales on this transaction.

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, prepared in accordance with U.S. GAAP, and split between our fixed income assets (which includes our short-term and fixed maturity investments classified as trading and AFS, 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 (which includes equities and equity method investments, collectively our “Other Investments”) for the years ended December 31, 2022 and 2021 are as follows:

	2022			2021		
	Fixed Income	Other Investments	Total	Fixed Income	Other Investments	Total
	(in millions of U.S. dollars)					
Net investment income	$ 373	$ 82	$ 455	$ 239	$ 73	$ 312
Net realized (losses) gains	(111)	(24)	(135)	(4)	(57)	(61)
Net unrealized (losses) gains	(1,070)	(409)	(1,479)	(206)	384	178
Earnings (losses) from equity method investments	—	(74)	(74)	—	93	93
Other comprehensive income:						
Unrealized (losses) gains on fixed income securities, AFS, net of reclassification adjustments excluding foreign exchange	$ (570)	$ —	$ (570)	$ (100)	$ —	$ (100)
Total investment return ("TIR") ($)	$(1,378)	$ (425)	$(1,803)	$ (71)	$ 493	$ 422

Effective 2022, we amended our calculation of TIR to include the unrealized gains (losses), net of reclassification adjustments and excluding foreign exchange, on our AFS securities, included within other comprehensive income (“OCI”). The change in the calculation was applied to all periods presented herein.

Our TIR on fixed income assets was $(1.4) billion in 2022, which was driven by net realized and unrealized losses, including net unrealized losses recorded as other comprehensive income, as a result of rising interest rates across U.S., U.K. and European markets, in addition to the widening of investment-grade credit spreads through 2022.

Our TIR on other investments, including equities, was $(425) million in 2022, primarily driven by losses from our public equities, fixed income funds, CLO equities and hedge funds, largely as a result of global equity market declines and the widening of high yield and leveraged loan credit spreads.

General and administrative results

The components of general and administrative results prepared in accordance with U.S. GAAP for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	(in millions of U.S. dollars)	
Salaries and benefits	$ 193	$ 202
Professional fees	45	57
IT costs	30	36
Legacy Underwriting	2	10
Other	61	62
Total	$ 331	$ 367

The $36 million decrease in general and administrative expenses was driven by reductions in professional fees and salaries and benefits expenses, driven by a reduction in variable incentive plan results. This was partially offset by an increase in accrued short term incentives.

f) Performance of Investments for the Reporting Period

We manage our investments to obtain 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 asset classes 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 income securities that are duration and currency optimized and matched against the expected payment of loss 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 to support prompt payment of the claims, whilst 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 and equity method investments.

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

Our non-core assets, or other investments, include equities 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 historically and generally they have low correlation with our fixed income assets, 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, our internal risk appetite 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 as of December 31, 2022 and 2021:

	2022	2021	$ Change
	(in millions of U.S. dollars)		
Short-term investments, trading, at fair value	14	6	8
Short-term investments, available-for-sale, at fair value	38	34	4
Fixed maturities, trading, at fair value	2,370	3,756	(1,386)
Fixed maturities, available-for-sale, at fair value	5,223	5,652	(429)
Funds held - directly managed	2,040	3,007	(967)
Equities, at fair value	1,250	1,995	(745)
Other investments, at fair value	3,296	2,333	963
Equity method investments	397	493	(96)
Total investments	14,628	17,276	(2,648)
Cash and cash equivalents (including restricted cash)	1,330	2,092	(762)
Funds held by reinsured companies	3,582	2,340	1,242
Total investable assets	19,540	21,708	(2,168)
Duration (in years) (1)	4.40	5.72	
Average credit rating (2)	A+	A+	

(1) The average duration calculation includes cash and cash equivalents, short-term investments and fixed income securities, as well as the fixed income 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 income securities and the fixed income 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:

	2022			2021		
INVESTMENT TYPE	**TIR ($)**	**Carrying Value**	**TIR (%) (1)**	**TIR ($)**	**Carrying Value**	**TIR (%) (1)**
			(in millions of U.S. dollars)			
Fixed maturities	$ (1,479)	$ 9,631	(13.9)%	$ (112)	$ 12,254	(1.0)%
Equities	(227)	1,007	(22.3)%	163	902	19.1 %
Bond/loan funds	(71)	907	(5.0)%	36	1,606	3.1 %
Hedge funds	(51)	468	(12.7)%	(46)	291	(2.5)%
Private equity funds	21	825	2.9 %	134	642	30.8 %
CLO equities	(48)	376	(12.2)%	84	400	23.0 %
Private credit	3	636	0.7 %	25	385	7.0 %
Real estate	12	261	5.5 %	8	102	10.6 %
Infrastructure	1	28	6.4 %	—	—	— %
Other	(3)	—	3.1 %	1	—	6.2 %
Equity method investments	(74)	397	(15.5)%	93	493	12.5 %
Cash and cash equivalents (including restricted cash)	17	1,368	1.1 %	—	2,092	— %
Funds held	121	3,636	3.0 %	53	2,541	2.4 %
Investment expenses	(25)			(17)		
Total	$ (1,803)	$ 19,540	(9.0)%	$ 422	$ 21,708	2.0 %

(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 2022 was primarily driven by net realized and unrealized losses, primarily related to our fixed income assets, for the year ended December 31, 2022 in comparison to net gains for the year ended December 31, 2021. Rising interest rates across U.S., U.K. and European markets, in addition to widening investment grade credit spreads, led to the net losses on our fixed income securities, and global equity market declines and widening high yield and leveraged loan credit spreads led to net losses on our other investments, including equities.

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

	2022			2021		
INVESTMENT TYPE	**TIR ($)**	**Carrying Value**	**TIR (%) (1)**	**TIR ($)**	**Carrying Value**	**TIR (%) (1)**
			(in millions of U.S. dollars)			
Fixed maturities	$ (123)	$ 4,217	(2.8)%	$ 26	$ 5,041	0.6 %
Equities	(210)	622	(16.5)%	113	1,477	12.6 %
Other	(157)	3,239	(6.8)%	116	1,856	3.8 %
Equity method investments	(73)	381	(15.9)%	93	474	13.8 %
Cash and cash equivalents (including restricted cash)	4	616	0.6 %	—	1,349	— %
Funds held	(329)	5,834	(10.3)%	30	4,756	1.1 %
Intercompany	(3)			10		
Investment expenses	(15)			(8)		
Total	$ (906)	$ 14,909	(7.4)%	$ 380	$ 14,953	3.0 %

(1) TIR for Cavello Bay 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	2022 TIR ($)	2022 Carrying Value	2022 TIR (%) [(1)]	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [(1)]
	(in millions of U.S. dollars)					
Fixed maturities	$ (11)	$ 298	(4.3)%	$ 5	$ 326	1.6 %
Equities	(1)	6	(14.3)%	2	8	27.9 %
Other	(10)	86	(11.6)%	12	109	9.1 %
Cash and cash equivalents (including restricted cash)	1	60	1.6 %	—	61	— %
Funds held	(115)	190	(41.4)%	(7)	1,046	(0.8)%
Intercompany	1			1		
Investment expenses	—			—		
Total	$ (135)	$ 640	(19.6)%	$ 13	$ 1,550	0.9 %

SIBL

INVESTMENT TYPE	2022 TIR ($)	2022 Carrying Value	2022 TIR (%) [(1)]	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [(1)]
	(in millions of U.S. dollars)					
Fixed maturities	$ (3)	$ 308	(0.9)%	$ 16	$ 386	3.7 %
Equities	(2)	22	(7.1)%	—	36	— %
Other	3	—	11.1 %	15	38	26.3 %
Cash and cash equivalents (including restricted cash)	—	118	— %	—	90	(0.1)%
Funds held	—	10	— %	—	4	5.3 %
Intercompany	6			6		
Investment expenses	(1)			(1)		
Total	$ 3	$ 458	0.6 %	$ 36	$ 554	5.8 %

Enhanzed Re

INVESTMENT TYPE	2022 TIR ($)	2022 Carrying Value	2022 TIR (%) [(1)]	2021 TIR ($)	2021 Carrying Value	2021 TIR (%) [(1)]
	(in millions of U.S. dollars)					
Fixed maturities	$ (5)	$ 77	(7.8)%	$ —	$ 48	— %
Equities	(18)	55	(12.5)%	(2)	669	(0.4)%
Other	(21)	81	(10.2)%	56	16	12.6 %
Cash and cash equivalents (including restricted cash)	4	326	2.3 %	—	193	— %
Funds held	(397)	—	(42.5)%	(17)	2,744	(0.6)%
Intercompany	2			—		
Investment expenses	(2)			—		
Total	$ (437)	$ 539	(28.7)%	$ 37	$ 3,670	1.0 %

(1) TIR for Fitzwilliam, SIBL and Enhanzed Re 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

Enhanzed Re

In August 2022, Enhanzed Re entered into a Master Agreement with Cavello Bay and Allianz. Pursuant to the Master Agreement, Enhanzed Re, Cavello and Allianz agreed to a series of transactions that allowed us to unwind Enhanzed Re's operations in an orderly manner.

The transactions included (i) commuting or novating all of the reinsurance contracts written by Enhanzed Re, (ii) repaying the $70 million of subordinated notes issued by Enhanzed Re to an affiliate of Allianz, and (iii) distributing Enhanzed Re's excess capital to Cavello and Allianz in accordance with their respective equity ownership.

As of December 31, 2022, all of the transactions were complete, and the impact of transactions completed in the fourth quarter 2022 will be reflected in the Group's consolidated first quarter 2023 results, as a result of the one quarter reporting lag.

For additional information on transactions completed pursuant to the Master Agreement, refer to Notes 10, 17 and 26, respectively, to our consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022.

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 as of April 4, 2023, as published in our 2023 Proxy Statement:

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 Committee.
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. President.
Paul O'Shea	Director	Non-Executive Board Member.
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 effective management of the Company's business in furtherance of the best interests of the Company 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 basic duty of the directors is to exercise their business judgment in good faith and act in what they reasonably believe to be the long-term best interests of the Company and its shareholders. In carrying out the duties of the Board, the directors are required to act in accordance with all relevant and applicable legislative and regulatory rules.

Each year, the Board elects one director to serve as the Board's Chair. The Board is currently led by an independent director, Robert Campbell, who has served as its Chair since 2011. The Board has flexibility to determine whether the role of CEO and Board Chair are separated or combined based upon the Company's needs and the Board's assessment of the Company's leadership from time to time. The Board Chair is responsible for the effective functioning of the Board. In addition to the rights and obligations of the Chair set out in the Company's Bye-laws, the Chair assists with the Board's role in the execution of strategy and business plans, plays a prominent role in setting the Board's agenda, acts as the liaison between the Board and senior management, and presides at Board and Shareholder meetings. Subject to the Company's Bye-laws, the Board may revise the role and powers of the Chair from time to time. Additional details regarding the Board's leadership structure, including duties of our Board's Chair, are summarized in the Board's Terms of Reference and Corporate Governance Guidelines available on our website at https://www.enstargroup.com/corporate-governance and in the section titled "Board Leadership Structure" in our 2023 Proxy Statement also available on our website at https://investor.enstargroup.com/annual-reports.

The Board has six standing committees: 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 is led by a Chair and 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. Details of the composition and primary responsibilities of each of the Board's standing committees are summarized in the sections titled "Committee Membership" and "Information About Our Committees" in our 2023 Proxy Statement. 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 who meet the criteria for independence required by the Nasdaq listing standards, as determined by the Board;
- all quarterly Board meetings include executive sessions of our independent directors; and
- the Audit, Risk, Human Resources and Compensation, and Nominating and Governance Committees of the Board consist solely of independent directors whose key functions include, respectively, (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 Board delegates day-to-day management of the business and implementation of strategy to the Chief Executive Officer. To assist the Chief Executive Officer in his day-to-day management of the Group, he is supported by recommendations and advice from the Group Executive team, an executive forum comprising of senior Enstar management which he leads.

The table below shows the current composition of our Group Executive team as well as their roles and responsibilities as of April 4, 2023:

Name	Senior Executive Position	Responsibilities
Dominic Silvester	Chief Executive Officer	Responsible under the immediate authority of the Board for the conduct of the Group's business.
Orla Gregory	President	Oversight of Group as key member of executive team
Nazar Alobaidat	Chief Investment Officer	Oversight of Group investment function
Paul Brockman	Chief Operating Officer and Chief Claims Officer	Management of Group operations and oversight of global claims management function responsible for management of run-off portfolios
Matthew (Matt) Kirk	Chief Financial Officer	Oversight of Group finance and accounting 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

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.

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 well 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 results and corporate and individual operational performance objectives that are designed to drive the Company's annual business plan and critical 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 five-year performance period subject to the Company's share price growth with a payout level determined by appreciation and achievement of a 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 will 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 expenses.	▪ Provides benefits consistent with certain local market practices in order to remain competitive in the marketplace for industry talent and incentivizing certain expatriates to work primarily from Bermuda ▪ 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 continuity 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 2023 Proxy Statement.

ii) Director Compensation

Enstar's Human Resources and Compensation Committee is responsible for periodically reviewing and making recommendations to our Board regarding all matters pertaining to compensation paid to directors for Board, Board leadership and committee service. The Human Resources and Compensation Committee conducts a comprehensive review of non-employee director compensation biennially. Directors who are employees of the Company receive no fees for their services as directors.

In making non-employee director compensation recommendations, the Human Resources and Compensation Committee takes various factors into consideration, including, but not limited to, the responsibilities of directors and committee members generally, the responsibilities of Board and committee chairs, and the amount of compensation paid to directors by comparable companies. The charter of the Human Resources and Compensation Committee also authorizes the Committee to engage and work with our independent compensation consultant in connection with its review and analysis of director compensation, if and when it deems appropriate. The Board reviews the recommendations of the Compensation Committee and determines the form and amount of director compensation.

In 2022, Enstar's director compensation program included:

- a retainer payable quarterly for non-employee directors, and additional retainers payable quarterly for the Chairman of the Board, committee chairs and committee members; and
- an equity retainer payable annually in the form of restricted ordinary shares with a one-year vesting period for non-employee directors and the Chairman of the Board.

For additional information on our director compensation, refer to our 2023 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 attract and retain 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 2022 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, as published in the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022, and additional details about the nature of our relationships and transactions are included further below.

For additional information on our material transactions with shareholder controllers, persons who exercise significant influence, and the Board or senior executives, refer to the section entitled "Certain Relationships and Related Transactions" in our 2023 Proxy Statement.

As of December 31, 2022	Stone Point [(1)]	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Assets							
Short-term investments, AFS, at fair value	1	11	—	—	—	—	—
Fixed maturities, trading, at fair value	$ 85	$ 148	$ —	$ —	$ —	$ —	$ —
Fixed maturities, AFS, at fair value	447	—	—	—	—	—	—
Equities, at fair value	148	37	—	190	—	—	—
Other investments, at fair value	467	14	—	—	—	—	1,918
Equity method investments	—	—	110	—	60	211	16
Total investments	1,148	210	110	190	60	211	1,934
Cash and cash equivalents	37	20	—	—	—	—	—
Restricted cash and cash equivalents	—	2	—	—	—	—	—
Reinsurance balances recoverable on paid and unpaid losses	—	36	—	—	—	2	—
Funds held by reinsured company	—	31	—	—	—	25	—
Other assets	—	21	—	—	—	5	—
Liabilities							
Losses and LAE	—	183	—	—	—	334	—
Insurance and reinsurance balances payable	—	22	—	—	—	11	—
Other liabilities	—	76	—	—	—	—	—
Net assets (liabilities)	$ 1,185	$ 39	$ 110	$ 190	$ 60	$ (102)	$ 1,934
Redeemable noncontrolling interest	$ 161	$ —	$ —	$ —	$ —	$ —	$ —

[(1)] As of December 31, 2022, we had unfunded commitments of $145 million to other investments and $13 million to privately held equity investments managed by Stone Point and its affiliated entities.

As of December 31, 2021	Stone Point	AnglePoint HK [1]	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	—
Total investments	1,170	9	232	194	224	56	225	1,278
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)	$ 1,278
Redeemable noncontrolling interest	$ 172	$ —	$ —	$ —	$ —	$ —	$ —	$ —

[1] Subsequent to December 31, 2021, AnglePoint HK ceased to be a related party.

	2022						
	Stone Point	Northshore	Monument	AmTrust	Citco	Core Specialty	Other
	(in millions of U.S. dollars)						
Net premiums earned	$ —	$ 9	$ —	$ —	$ —	$ 2	$ —
Net investment income	16	10	—	6	—	—	4
Net unrealized losses	(80)	(10)	—	(34)	—	—	(64)
Other income	—	1	—	—	—	9	—
	(64)	10	—	(28)	—	11	(60)
Net incurred losses and LAE	—	10	—	—	—	(16)	—
	—	10	—	—	—	(16)	—
(Losses) earnings from equity method investments	—	—	(65)	—	5	(14)	—
Total net (loss) earnings	$ (64)	$ —	$ (65)	$ (28)	$ 5	$ 13	$ (60)

	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 (losses) 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. 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. AnglePoint HK ceased to be a related party subsequent to December 31, 2021.

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

i) Stone Point Capital LLC

In May 2022, we entered into a share repurchase agreement with an affiliate of Stone Point[2].

As of December 31, 2022, investment funds managed by Stone Point own 1,546,196 of our voting ordinary shares, which constitutes 9.7% 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, 2022, investment funds managed by Stone Point have a 39.3% interest in our subsidiary SSHL and a 77.3% interest in Northshore[3]. Additional information relating to our remaining interest in Northshore is set forth under the heading "Northshore" below. As of December 31, 2022 and 2021, the RNCI on our balance sheet relating to Stone Point's interest in SSHL was $161 million and $172 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 ("Mitchell"), the parent company of Mitchell International and Genex Services in which we have invested $25 million and account for as a privately held

2 Refer to Note 19 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for additional details.

3 Refer to Note 5 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for a description of transactions impacting StonePoint's interests in SSHL and Northshore that occurred during 2021.

equity investment. Mitchell provides third-party outsourcing managed care services to one of our subsidiaries in the ordinary course of its business.

ii) Hillhouse

In July 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[4].

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.

In February 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.

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. In April 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, at which point AnglePoint HK became a related party.

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[5].

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[6].

iii) AnglePoint HK

In October 2021, we terminated our investment management agreement with AnglePoint HK, the InRe Fund and the general partner of the InRe Fund, and placed the InRe Fund into an orderly liquidation. As of December 31, 2021, AnglePoint HK ceased to be a related party.

iv) Northshore

Following the completion of the Exchange Transaction[7] on January 1, 2021, our equity interest in Northshore Holdings Limited ("Northshore"), the holding company that owns Atrium Underwriting Group Limited and its subsidiaries ("Atrium") and Arden Reinsurance Company Ltd. ("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:

- 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

[4] Refer to Note 19 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for transactions involving Hillhouse Group, which included our repurchase of our ordinary shares held by funds managed by Hillhouse Group in the third quarter of 2021.

[5] Refer to Note 14 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further details.

[6] Refer to Note 4 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further details.

[7] Refer to Note 5 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further details on the Exchange Transaction.

owned subsidiary.

- One of our wholly-owned subsidiaries entered in a TSA to provide certain transitional services to Northshore. The TSA was terminated in November 2022.
- SGL No.1 ceased its provision of underwriting capacity on Syndicate 609. We have continued to report SGL No. 1's 25% gross share of the 2020 and prior underwriting years of Syndicate 609 through the year ended December 31, 2022. In 2023, the 2020 underwriting year will complete an RITC into a successor year, at which point the existing contractual arrangements will settle.

  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

As of December 31, 2022, we own 20.0% of the common shares of Monument Re and 24.4% of its preferred shares, which is reduced to 13.7% on a committed capital basis. As of December 31, 2022, a fund managed by Stone Point owns 6.7% of Monument Re’s preferred shares, which increases to 11.2% on a committed capital basis.

In November 2022, we closed a transaction with Monument Re to novate our reinsurance closed block of life annuity policies written by Enhanzed Re[8]. A portion of the net gain on novation will be subject to deferral to account for our existing ownership interest in Monument Re. The final impact of the novation will be reflected in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

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

Our losses from Monument Re include an other-than-temporary impairment charge for the year ended December 31, 2022.

vi) AmTrust

As of December 31, 2022 and 2021, we own 8.7% of the equity interest in Evergreen Parent L.P. ("Evergreen") and Trident Pine Acquisition LP ("Trident Pine") owns 22.6%. 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, 2022 and 2021, 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"). As of December 31, 2022 and 2021, Trident owned 3.4% interest in Citco.

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

viii) Enhanzed Re

In September 2021 we repurchased the Hillhouse Group’s entire 27.7% interest in Enhanzed Re for a purchase price of $217 million, assumed its remaining outstanding capital commitment to Enhanzed Re of $40 million, and increased our equity interests in Enhanzed Re from 47.4% to 75.1%[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.

ix) Core Specialty

We account for our investment in the common shares of Core Specialty as an equity method investment on a one quarter lag.

---

[8] Refer to Note 26 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further details.

[9] Refer to Note 4 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further information regarding the Step Acquisition of Enhanzed Re.

We also have a LPT and ADC reinsurance agreement and an ASA between certain of our subsidiaries and StarStone U.S. and Core Specialty[10]. The TSA was terminated in November 2022.

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.

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[11]. We have disclosed our investments in these entities on an aggregated basis as they are individually immaterial.

[10] Refer to Note 5 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further details.

[11] Refer to Note 6 to the consolidated financial statements of our Annual Report on Form 10-K for the year ended December 31, 2022 for further information regarding our other investments, including summarized financial information of our equity method investees, including those for which the fair value option was elected.

e) Fitness and Proprietary Requirements

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

The Company has adopted a Fit and Proper Policy. This policy describes the principles, criteria and processes designed to ensure that persons appointed to the Board and senior management roles are fit and proper to hold office on a collective and individual basis. Based on information gathered during any of the recruitment, appointment, periodic review or outsourcing due diligence processes, our directors and senior managers are assessed and must meet the following criteria to be deemed fit and proper:

- 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;
- be able to identify and appropriately manage any conflicts of interest, in accordance with our Conflict of Interest Policy;
- have not (or have not 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 person's honesty, integrity or business conduct;
- have not 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 not been the subject of civil or criminal proceedings or enforcement action, in which such person was determined in a final judgment to lack honesty or integrity; and/or
- have not intentionally hindered, obstructed or misled, or failed to be truthful with a regulatory agency.

Directors and senior managers in certain jurisdictions may be subject to additional local criteria applicable to their jurisdictions.

Fitness and propriety are assessed for directors and senior managers prior to their appointment. The ongoing assurance of fitness and propriety of the Company's directors and senior managers are re-assessed annually or more frequently should the Company become aware of any issue which may adversely impact a director or senior manager's fitness and propriety or upon a material change to the Company's business or risk profile. In addition, on an annual basis, all our directors and executive officers complete Directors' and Officers' Questionnaires, as well as Fit and Proper Declarations, the results of which are reported to the Company's Audit Committee or the respective Bermuda Operating Subsidiary Board.

The Company takes reasonable steps to ensure that all persons subject to its Fit and Proper Policy are aware of, and understand, the policy as well as their obligation to continue to meet the requirements on an on-going basis.

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

Co-Founder

Biographical Information

Paul O'Shea served as President of the Company from 2016 until his retirement in March 2023. 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.

Certain Other Directorships

Mr. O'Shea serves as the Company's director representative on the board of directors of Core Specialty Holdings, a privately held property casualty insurer.

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

President

Biographical Information

Ms. Gregory was appointed President of the Company in March 2023. She previously served as our Chief Financial Officer from 2021 to March 2023 and served as our Chief Operating Officer from 2016 to March 2023. 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 28 years in the insurance and reinsurance industry, including 19 years with our Company. As President 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

From 2014 through 2022, Mr. Campbell was a director of AgroFresh Solutions, Inc. (formerly Boulevard Acquisition Corp.), a 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 and 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 the 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, Human Resources and Compensation, Executive

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 underwriting 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 Catlin'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 Catlin Corporate Crisis Committee responsible for Disaster Recovery and Business Continuity. Mr. Hendry was the founder of the XL Catlin'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 and Augusta Ventures Holdings Limited which provides litigation finance. 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. As a former industry CEO, he also has significant knowledge of risk management best practices, corporate governance matters, and the insurance regulatory environment, which are valuable to our Board, the Risk Committee, and the Nominating and Governance Committee.

Poul Winslow

Enstar Committees: Human Resources and Compensation, Investment, Executive

Biographical Information

Poul Winslow retired in May 2022 as Senior Managing Director & Global Head of Capital Markets and Factor Investing of the Canada Pension Plan Investment Board ("CPP Investments"), a role he had held since 2018. 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. Despite his retirement from CPP Investments, Mr. Winslow remains CPP Investments' designated director representative.

Certain Other Directorships

Mr. Winslow served as a director for the Standards Board for Alternative Investments, an international standard-setting body for the alternative investment industry, until June 2022. 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.

Orla Gregory

President

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 with a master's degree from the University of Florida.

Paul Brockman

Chief Operating Officer and Chief Claims Officer

Paul Brockman was appointed Chief Operating Officer in March 2023 and continues in his role as Chief Claims Officer, a position he has held since 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.

Matthew Kirk

Chief Financial Officer

Matthew (Matt) Kirk was appointed Chief Financial Officer in March 2023. He joined Enstar in April 2020 as Group Treasurer and Head of Capital Management and he was 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).

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 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 has served as Group Chief Risk Officer since 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;
- promote the consideration of Environmental (specifically, climate change effects), Social and Governance ("ESG") risks in the business planning and strategic priorities process; and
- ensure risk taking is within the Board approved appetite.

These strategies are pursued through the use of appropriate controls, governance structures and highly skilled teams in the first, second and third lines 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 each 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 each 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 the Risk Management function 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 the Risk Management function. 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 are reported to the 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 respective Risk Committees, 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 by the relevant policy owner and Management Risk Committee ("MRC") annually and formally approved by the EGL Risk Committee triennially.

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 MRCs 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 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.

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. They 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 the 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 Bermuda domiciled 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 a 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

Compliance is a 'second line' activity in Enstar's Three Lines model, with responsibility for monitoring and oversight of compliance with laws, regulations and administrative provisions, including identifying and reporting new regulations and assessing their impact. The first line, being the business units, is responsible for the performance of controls to manage Enstar's business and mitigate risk to within an acceptable level.

The Compliance Function monitors compliance with material laws and regulations pertaining to integrity, conduct, prudential regulation, financial crime, data privacy and related internal policies and advising thereon. The Compliance Function is responsible for developing and maintaining a framework for ensuring compliance in these areas, aligned with the Group's regulatory risk appetite.

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 Compliance Function is not involved in the performance of first line controls.

The Compliance Function also serves in an advisory capacity to the first line and senior management, particularly regarding the implications of regulatory and business change. It ensures appropriate training is provided to enable all business functions to meet their compliance and regulatory obligations.

The Compliance Function reports administratively to the Group General Counsel. However, the Group Head of Compliance and compliance team members are a separate and distinct second line function, with statutory and reporting duties to the Enstar Group and subsidiary Boards, including in some cases duties to independent directors and/or regulators. Regional compliance functions are established in each of the main geographical areas in which Enstar operates, with experienced local members of the function appointed to Approved Person positions in respect of Compliance (subject to regulatory approval) where appropriate.

The Compliance Function's reports are provided directly to the EGL Board and/or subsidiary Boards or Audit Committees as appropriate.

Compliance also attends committees and working groups (such as MRCs, project steering committees and working groups, and claims and operational oversight groups) as required to advise and report on regulatory compliance matters.

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 risk management, control, and governance processes.

i) Role of Internal Audit

The Internal Audit function reports to Group and subsidiary 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, testing of the ICFR Compliance Program on behalf of management and through audit consultancy to provide control based input into key projects and developments.

Internal Audit performs 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 and pre-implementation reviews of critical new applications and systems, to enhance controls at the point of implementation rather than after the fact; and
- 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 ensures its 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.

The Group Chief Actuary attends the Audit Committee quarterly to present on reserve movements, risks, and other actuarial matters. In addition, independent actuarial experts are brought in to present to the Audit Committee.

j) Outsourcing

i) Outsourcing 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 into the vetting and selection of suppliers and outsourced service providers. Once a provider has been selected, the 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 engaged by Enstar service group companies 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, Claims Management, 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, 2022.

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 MRC) 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 U.S. 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 MRCs and 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, 2022 for further detail on these risks. Recent examples of emerging risks that we review and consider include:

- Risks relating to geopolitical tensions and the economic impacts in the event of escalation (e.g. Russia's invasion of Ukraine and tensions in other regions, such as Taiwan and North Korea).
- 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, per- and polyfluoroalkyl substances) 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);
- Risks arising from the use of Artificial Intelligence Technology; and
- Risks relating to financial crises and banking failures.

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 Group and its subsidiaries 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[12] 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; BMA Insurance (Prudential Standards) (Class 3A Solvency Requirement) Rules 2011; 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.

[12] 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, 2022.

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.

Refer to Note 16 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2022 for more information on our goodwill and intangible assets.

Other Assets (including Derivative Instruments and Deferred Tax Assets)

Under the EBS valuation approach, prepaid assets are valued at zero since they cannot easily be converted to cash. The valuation methodology for all other assets (including derivative instruments and deferred tax assets) 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 as of December 31, 2022 a $300 million letter of credit is admitted under the EBS approach as Other Fixed Capital (December 31, 2021: $100 million letter of credit).

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

All losses and loss adjustment expenses (including fair value option), future policyholder benefits and unearned premiums 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, 2022	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	$ 9,958	$ 48	$ 877	$ 10,883
Long-term Business	887	—	29	916
Cavello Bay				
General Business	7,733	40	712	8,485
Long-term Business	887	—	29	916
Fitzwilliam - General Business	280	—	30	310
SIBL - General Business	266	—	16	282
Enhanzed Re				
General Business (5)	—	—	—	—
Long-term Business (5)	—	—	—	—

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
Enhanzed Re				
General Business	1,077	7	99	1,183
Long-term Business	1,402	—	51	1,453

(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.

(5) As described in Item 1 g) "Any Other Material Information", Enhanzed Re completed a series of commutation and novation agreements in 2022 and ceased all continuing reinsurance obligations as of December 31, 2022. The standalone Enhanzed Re insurance technical provisions are not presented on a one quarter reporting lag.

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

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.

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

Enstar aims to generate cash flows from our (re)insurance operations and investments, preserve sufficient capital for future acquisitions, maintain investment-grade long-term debt ratings, and develop relationships with lenders who provide borrowing capacity at competitive rates.

Our key strategic objectives in respect of capital management include:

- To hold sufficient capital throughout the group to support policyholder and other stakeholder obligations. We ensure that all relevant statutory capital requirements and internal capital target levels (as set out in the Risk Appetite Framework), are met continuously, particularly in times of stress.
- Optimize group capital to enhance the return on equity for our shareholders whilst maintaining a sufficient buffer above our regulatory requirements. We look for opportunities to simplify our legal structure by way of company amalgamations and mergers, intragroup and external reinsurance and other transactions to improve capital diversification and efficiency.
- To generate capital organically through group profits. Our strategy is to retain group earnings and invest distributions from our subsidiaries back into the company. We will also consider repurchasing ordinary shares when management determines that repurchases would create a greater return on equity than could be achieved on M&A deployment and / or external investments.
- To maintain an appropriate quality of capital at both the group and subsidiary level and the ability to move funding and surplus capital around the group to meet business needs while ensuring the process follows prescribed local governance and regulatory approval processes.
- To prudently raise group capital through capital raising activities in debt and equity markets (both public and private) and maintain strong relationships with external markets and credit ratings agencies.

Our U.S. GAAP capital resources as of December 31, 2022 included ordinary shareholders' equity of $4.2 billion (2021: $5.8 billion), preferred equity of $510 million (2021: $510 million), noncontrolling interests of $264 million (2021: $409 million) and our debt obligations of $1.8 billion (2021: $1.7 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

Our strategy is to retain earnings and invest distributions from our operating subsidiaries into our business. We may choose to return value to shareholders in the form of share repurchases or dividends. For details on our share repurchase programs, refer to Notes 19 and 26 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022. To date, we have not declared any dividends on our ordinary shares. We may re-evaluate this strategy from time to time based on overall market conditions and other factors.

Dividends on our Series D and Series E preferred shares are non-cumulative and may be paid quarterly in arrears, only when, as and if declared. For further information on preferred share dividends, refer to Note 19 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

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 24 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Sources and Uses of Cash

Holding Company Liquidity

We conduct substantially all of our operations through our subsidiaries. As such, the potential sources of liquidity to Enstar as a holding company consist of cashflows from our subsidiaries including dividends, advances and loans, and interest income on loans to our subsidiaries. We also utilize credit facilities, and we have issued senior notes and preferred shares and guaranteed our Junior Subordinated Notes.

As of December 31, 2022, we had $600 million of available unutilized capacity under our unsecured revolving credit agreement, which expires in August 2023, and may request additional commitments under the facility up to an additional $400 million. To date, we have not requested any additional commitments under the facility[13].

We use cash to fund new acquisitions of companies. We also utilize cash for our operating expenses associated with being a public company, and to pay dividends on our preferred shares and interest and principal on loans from subsidiaries and debt obligations, including loans under our credit facilities, our Senior Notes and our Junior Subordinated Notes. We also utilize cash for ordinary share repurchases.

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 in March 2023 with the 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.

Based on our group's current corporate structure with a Bermuda domiciled parent company and the jurisdictions in which we operate, if the cash and cash equivalents held by our foreign subsidiaries were to be distributed to us, as dividends or otherwise, such amount would not be subject to incremental income taxes; however, in certain circumstances withholding taxes may be imposed by some jurisdictions, including by the United States.

Based on existing tax laws, regulations and our current intentions, there were no accruals as of December 31, 2022 for any material withholding taxes on dividends or other distributions.

Operating Company Liquidity

We expect that our operating companies will generate sufficient liquidity, together with our existing capital base and cash and investments acquired and from new business, to meet cash requirements and to operate our business.

Sources of funds to our operating companies 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 recoverables. We also collect premiums and fees and commission income.

Cash balances acquired upon the purchase of (re)insurance companies are classified as cash provided by investing activities, whereas cash from new business is classified as cash provided by operating activities.

The primary uses of funds by our operating companies are claims payments, investment purchases, operating expenses and collateral requirements.

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.

[13] On May 30, 2023, we amended the unsecured revolving credit facility agreement. See Item 6 for further details.

As of December 31, 2022, 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 and collateral amounts required may also result in increased liquidity requirements for our subsidiaries.

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, 2022 and 2021, the Company's eligible capital was categorized as follows:

	2022	2021
	(expressed in millions of U.S. dollars)	
Tier 1	$ 4,820	$ 4,946
Tier 2	1,598	930
Tier 3	1,000	1,037
Total	**$ 7,418**	**$ 6,913**

	2022	2021
	(expressed in millions of U.S. dollars)	
Fully paid common shares	$ 18	$ 18
Preference shares	—	—
Contributed Surplus	766	921
Statutory Economic Surplus	4,600	4,199
Noncontrolling (Minority) interest	96	230
Treasury shares	(422)	(422)
Encumbered assets transferred to Tier 2 in respect of policyholder obligations	(238)	—
Encumbered assets not securing policyholder obligations	—	—
Total Tier 1 capital	$ 4,820	$ 4,946
Total Tier 2 capital	1,598	930
Total Tier 3 capital	1,000	1,280
Less Tier 3 capital in excess of limits	—	(243)
Total Eligible capital	**$ 7,418**	**$ 6,913**

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; and
- $238 million 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, 2021: $0).

During the year ended December 31, 2022, we:

- Issued $500 million of Junior Subordinated Notes due January 15, 2042, pre-approved by the BMA as Tier 2 ancillary capital on December 20, 2021; and

- Repaid $70 million of Enhanzed Re's Subordinated Notes due January 15, 2031, pre-approved by the BMA as Tier 2 ancillary capital on December 4, 2018.

Tier 3 capital consists of the following:

- $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 $0 (December 31, 2021: $243 million).

During the year ended December 31, 2022, we:

- Repaid $280 million of Senior Notes due March 10, 2022, approved by the BMA as Tier 3 ancillary capital on March 27, 2019.

The following table shows the Eligible Capital of our Bermuda Operating Subsidiaries covered under this report, categorized by Tier, as of December 31, 2022 and 2021:

	Cavello Bay		Fitzwilliam		SIBL		Enhanzed Re	
	2022	2021	2022	2021	2022	2021	2022	2021
	(expressed in millions of U.S. dollars)							
Tier 1	$ 4,954	$ 4,928	$ 195	$ 521	$ 264	$ 276	$ 126	$ 885
Tier 2	319	100	(1)	2	60	33	—	73
Tier 3	—	—	—	—	—	—	—	—
Total	**$ 5,273**	**$ 5,028**	**$ 194**	**$ 523**	**$ 324**	**$ 309**	**$ 126**	**$ 958**

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

Tier 2 capital consists of the following:

- $300 million Letter of Credit, approved by the BMA as Tier 2 ancillary capital on December 15, 2022 for Cavello Bay (2021: $100 million Letter of Credit, approved by the BMA as Tier 2 ancillary capital on December 22, 2017 for Cavello Bay); and
- $19 million, $(1) million, $60 million and $0, which is the amount in respect of the excess of encumbered assets for policyholder obligations, which is greater (less) than the respective liabilities, for Cavello Bay, Fitzwilliam, SIBL and Enhanzed Re, respectively (December 31, 2021: $0, $2 million, $33 million and $3 million, respectively).

During the year ended December 31, 2022, we:

- Repaid $70 million of Enhanzed Re's Subordinated Notes due January 15, 2031, pre-approved by the BMA as Tier 2 ancillary capital on December 4, 2018.

	Cavello Bay		Fitzwilliam		SIBL		Enhanzed Re	
	2022	2021	2022	2021	2022	2021	2022	2021
	(expressed in millions of U.S. dollars)							
Fully paid common shares	$ —	$ —	$ 1	$ 1	$ 1	$ 1	$ 1	$ 3
Preference shares	—	—	—	—	—	—	—	—
Contributed Surplus	2,884	2,834	316	452	873	873	122	325
Statutory Economic Surplus	2,195	2,076	(123)	69	(550)	(565)	3	560
Noncontrolling (minority) interest	95	219	—	—	—	—	—	—
Treasury shares	(201)	(201)	—	—	—	—	—	—
Encumbered assets transferred to Tier 2 in respect of policyholder obligations	(19)	—	1	(2)	(60)	(33)	—	(3)
Total Tier 1 Capital	**4,954**	**4,928**	**195**	**521**	**264**	**276**	**126**	**885**
Total Tier 2 Capital	319	100	(1)	2	60	33	—	73
Total Eligible capital	**$ 5,273**	**$ 5,028**	**$ 194**	**$ 523**	**$ 324**	**$ 309**	**$ 126**	**$ 958**

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, 2022:

	Limits	MSM	ECR	Minimum Margin of Solvency	Enhanced Capital Requirement
				(expressed in millions of U.S. dollars)	
Tier 1	Min	80%	60%	$ 4,820	$ 4,820
Tier 2	Max	20%	40%	1,205	1,598
Tier 3			15%	—	1,000
Total				**$ 6,025**	**$ 7,418**

The following tables show the MSM and ECR for our Bermuda Operating Subsidiaries covered under this report categorized by Tier as at December 31, 2022:

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

	Cavello Bay		Fitzwilliam		SIBL		Enhanzed Re
	MSM	ECR	MSM	ECR	MSM	ECR	MSM
	(expressed in millions of U.S. dollars)						
Tier 1	$ 4,954	$ 4,954	$ 195	$ 195	$ 264	$ 264	$ 126
Tier 2	319	319	—	(1)	60	60	—
Tier 3	—	—	—	—	—	—	—
Total	**$ 5,273**	**$ 5,273**	**$ 195**	**$ 194**	**$ 324**	**$ 324**	**$ 126**

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

Ancillary capital instruments approved by the BMA are as follows:

- The Junior Subordinated Notes and Senior Notes were approved by the BMA as ancillary capital for Enstar.
- A $300 milion (2021: $100 million) Letter of Credit was approved as ancillary capital for Cavello Bay.
- Included within the Junior Subordinated Notes is $70 million of Enhanzed Re's Subordinated Notes, approved as ancillary capital for Enhanzed Re (repaid during 2022).

Refer to Tier 2 and Tier 3 capital for Enstar, Tier 2 capital for Cavello Bay, and Tier 2 capital for Enhanzed Re 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, 2022 and 2021:

	2022	2021
	(expressed in millions of U.S. dollars)	
Shareholders' Equity per U.S. GAAP	$ 4,797	$ 6,553
Remove non-admitted prepaid expenses	(14)	(16)
Remove non-admitted goodwill and intangibles	(63)	(63)
Remove other non-admitted adjustments	(3)	(4)
Redeemable noncontrolling interest	168	179
Reallocate Senior Notes and Subordinated Notes to Eligible Capital	1,850	1,700
Statutory Capital and Surplus	**$ 6,735**	**$ 8,349**
General business technical provision adjustments	311	(1,289)
Long term business technical provision adjustments	372	96
Statutory Economic Capital and Surplus (EBS)	**$ 7,418**	**$ 7,156**
Encumbered assets not securing policy holder obligations	—	—
Tier 3 capital in excess of limits	—	(243)
Group Eligible Capital	**$ 7,418**	**$ 6,913**

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, 2022 and 2021:

	Cavello Bay		Fitzwilliam		SIBL		Enhanzed Re	
	2022	2021	2022	2021	2022	2021	2022	2021
	(expressed in millions of U.S. dollars)							
Shareholders' Equity per U.S. GAAP	$ 4,142	$ 5,575	$ 326	$ 741	$ 307	$ 312	$ 126	$ 864
Other fixed capital	300	100	—	—	—	—	—	71
Remove non-admitted assets	—	—	—	—	(1)	(2)	—	—
Statutory Capital and Surplus	**$ 4,442**	**$ 5,675**	**$ 326**	**$ 741**	**$ 306**	**$ 310**	**$ 126**	**$ 935**
General business technical provision adjustments	831	(647)	(132)	(218)	(21)	(65)		23
Deferred retroactive reinsurance gain	—	—	—	—	39	64		—
Statutory Economic Capital and Surplus (EBS)	5,273	5,028	194	523	324	309		958
Eligible capital	**$ 5,273**	**$ 5,028**	**$ 194**	**$ 523**	**$ 324**	**$ 309**		**$ 958**

b) Regulatory Capital Requirements

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

	Minimum Margin of Solvency		Enhanced Capital Requirement	
	2022	Ratio	2022	Ratio
	(in millions of U.S. dollars)			
Enstar	$ 2,199	274 %	$ 3,538	210 %
Cavello Bay	$ 1,418	372 %	$ 2,861	184 %
Fitzwilliam	$ 27	727 %	$ 86	224 %
SIBL	$ 36	905 %	$ 109	297 %
Enhanzed Re	$ 108	116 %	n/a	n/a

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) Transactions

Enhanzed Re

In November 2022, our subsidiary Enhanzed Reinsurance Ltd. (“Enhanzed Re”) completed a novation of the reinsurance closed block of life annuity policies to Monument Re Limited, a subsidiary of Monument Insurance Group Limited (“Monument Re”).

- Given our one quarter lag in reporting Enhanzed Re’s results, we recognized a $275 million net gain on novation within other income in the first quarter of 2023, which was comprised of:
  - the reclassification benefit to income of $363 million from accumulated other comprehensive income (“AOCI”) related to the settlement of the novated future policyholder benefit liabilities;
  - the loss of $39 million on the carrying value of the net assets of $133 million as of the closing date of the transaction in exchange for cash consideration of $94 million; and
  - a deferral of a portion of the net gain, equal to $49 million, for our preexisting 20% ownership interest in Monument Re.
- Our net earnings attributable to Enstar were further reduced by $81 million, the amount attributable to Allianz SE’s (“Allianz”) 24.9% noncontrolling interest in Enhanzed Re at the time of the transaction. In total, first quarter 2023 net earnings attributable to Enstar from this novation transaction were $194 million.

On December 28, 2022, Enhanzed Re repurchased the entire 24.9% ownership interest Allianz held in Enhanzed Re for $174 million, which was based on the final net book value of Enhanzed Re as of December 31, 2022. Enhanzed Re is now a wholly-owned subsidiary of Enstar.

Following the completion of these transactions, we have concluded the unwind of Enhanzed Re, achieving an inception to date return from Enhanzed Re of 24%.

The impact of the novation and the share repurchase will be recorded in our first quarter 2023 results, as we report the results of Enhanzed Re on a one quarter reporting lag.

QBE LPT

On April 7, 2023, certain of our wholly-owned subsidiaries closed a LPT agreement with certain subsidiaries of QBE Insurance Group Limited (“QBE”), relating to a diversified portfolio of business underwritten between 2020 and 2018. The reinsurance agreement requires our subsidiaries to assume subject loss reserves of $1.9 billion and provide $900 million of cover in excess of the ceded reserves. Upon closing, a portion of the portfolio currently underwritten via QBE’s Lloyd’s syndicates 386 and 2999 was reinsured to Enstar’s Syndicate 2008. The amount of net loss reserves assumed, as well as the settlement and limit amounts provided in the master agreement, will be adjusted for claims paid between January 1, 2023 and April 7, 2023, pursuant to the terms of the contract.

RACQ

On February 21, 2023, one of our wholly-owned subsidiaries entered into an agreement with RACQ Insurance Limited (“RACQ”) to reinsure 80% of RACQ’s motor vehicle Compulsory Third Party (“CTP”) insurance liabilities, covering accident years 2021 and prior.

The reinsurance agreement is effect as of July 1, 2022. RACQ will cede net reserves of AUD $360 million (USD $245 million), and our subsidiary will provide AUD $200 million (USD $136 million) of additional cover in excess of the ceded reserves. The closing of the transaction is subject to regulatory approval and other closing conditions, which we expect to be completed in the second quarter of 2023.

b) Shareholders' Equity

Share Repurchase Program

On February 23, 2023, our Board authorized the repurchase of up to an additional $105 million of our ordinary shares under the 2022 Repurchase Program and extended the authorization effective date of the 2022 Repurchase Program through February 23, 2024. The 2022 Repurchase Program was terminated in March 2023, following the repurchase of our non-voting convertible ordinary shares, as described below.

Share Repurchases

On March 28, 2023, we repurchased 1,597,712 of our non-voting convertible ordinary shares for an aggregate $341 million, representing a price per share of $213.13 and a 5% discount to the trailing 10-day volume weighted average price of our voting ordinary shares as of the close of business on March 22, 2023. The shares comprise all of our outstanding Series C and Series E non-voting ordinary shares.

c) Debt Obligations

Amendment to Revolving Credit Facility Agreement

On May 30, 2023, we and certain of our subsidiaries, as borrowers and guarantors, amended and restated our existing revolving credit agreement, originally dated August 16, 2018. The amendment increased the total commitments under the revolving credit facility from $600 million to $800 million and extended the expiry date to May 30, 2028. We may request additional commitments under the facility by up to an aggregate amount of $200 million, which the existing lenders, in their discretion, or new lenders, may provide. Under the amended revolving credit facility, we may borrow revolving loans or request the issuance of syndicated or fronted letters of credit. Pricing under the facility will continue to be based on the Company's long term senior unsecured debt ratings.

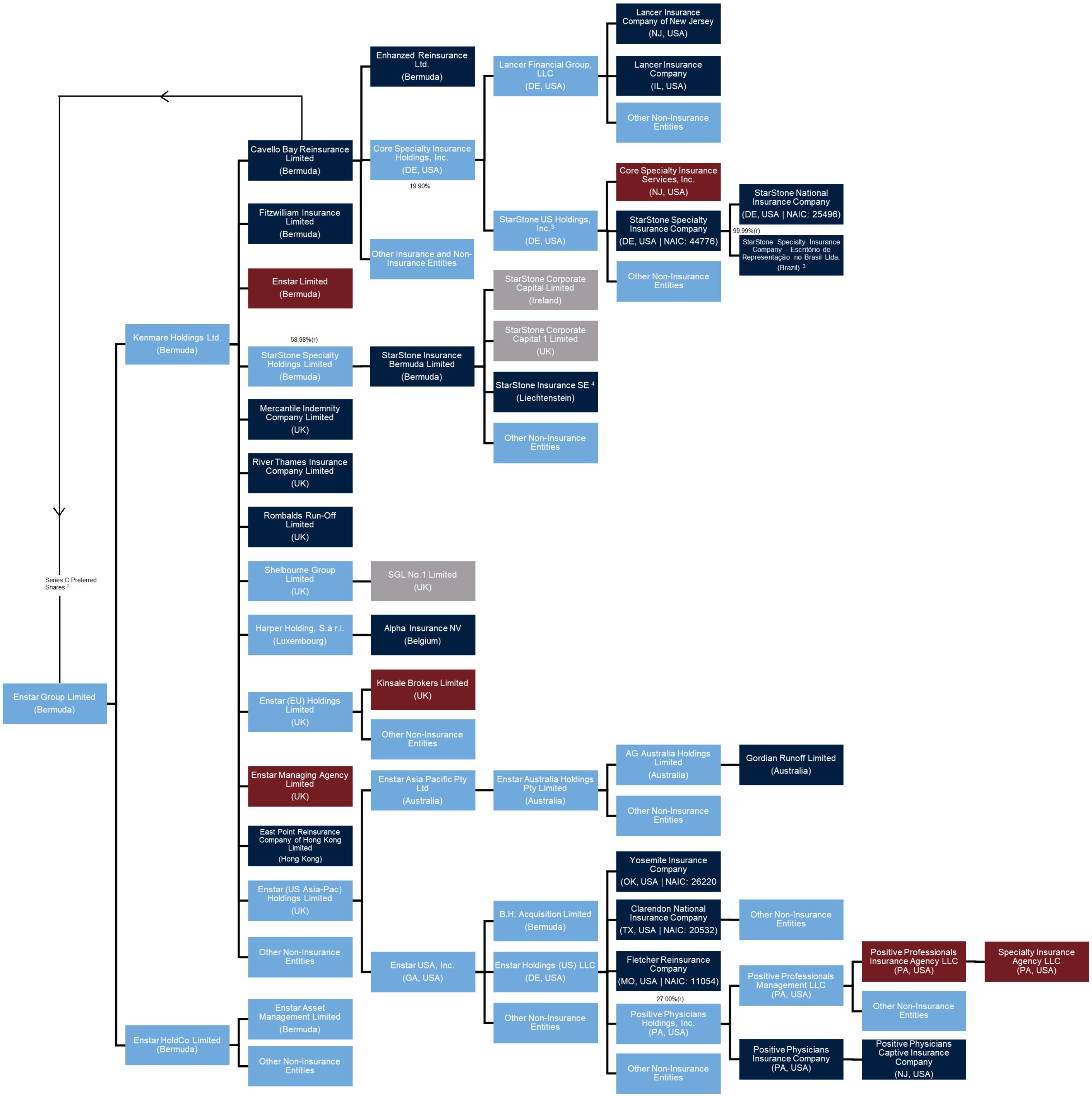
DECLARATION ON FINANCIAL CONDITION REPORT

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, 2023

/s/ Seema Thaper
Enstar Group Limited, Group Chief Risk Officer
May 31, 2023

Appendix I - Enstar Simplified Corporate Structure Chart as of December 31, 2022



Notes

1 This organogram is a simplified version of a larger structure chart of the Insurance Group (as such term is defined in the Insurance Act 1978) headed by Enstar Group Limited and does not represent the entirety of the Enstar group. Unless otherwise noted, each entity is wholly held by the parent before it, save for references to 'Other Non-Insurance Entities' and 'Other Insurance and Non-Insurance Entities,' which may have varying ownership structures and/or hold ownership interests in other entities. Any ownership percentages followed by '(r)' are rounded to the nearest hundredth. In the ordinary course of managing the assets in our investment portfolios, we may from time to time passively invest in equity or other security holdings of companies we do not control and/or which conduct, or do not conduct, insurance related business; such entities are not reflected in this chart or are incorporated through references to 'Other Non-Insurance Entities' and 'Other Insurance and Non-Insurance Entities.' References to 'Other Insurance and Non-Insurance Entities' include holdings in Insurance Groups (as such term is defined in the Insurance Act 1978) independently subject to group supervision by an accredited supervisory authority, and as such, are not included within the Enstar Insurance Group (as such term is defined in the Insurance Act 1978).

2 Cavello Bay Reinsurance Limited holds a minority variable non-voting economic interest in Enstar Group Limited in the form of Series C Preferred Stock.

3 StarStone US Holdings, Inc. holds a minority 0.01%(r) economic interest in StarStone Specialty Insurance Company - Escritório de Representação no Brasil Ltda.

4 StarStone Finance Limited, a non-insurance company domiciled in the United Kingdom and wholly owned by StarStone Insurance Bermuda Limited, holds a minority 26.2616% non-voting economic interest in StarStone Insurance SE in the form of non-voting Preference Stock Shares.

Key

Non-Insurance Entity

Insurance / Reinsurance Entity

Other Regulated / Licensed Entity

Lloyds Corporate Member

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	Robert Morgan	Director & Chief Executive Officer	VP, Mergers and Acquisitions
	Duncan Scott	Director, Chairperson & Chief Financial Officer	SVP Managing Director, Finance
	Orla Gregory	Director	President
	Elizabeth DaSilva	Director & Chief Operating Officer	Director of Group Legal Management
	Daniel Lovett	Director & Chief Risk Officer	US and Bermuda Chief Risk Officer
	Robin Mehta	Independent Non-Executive Director	
Enhanzed Re	Robert Morgan	Director & Chief Executive Officer	VP, Mergers and Acquisitions
	Daniel Lovett	Director & Chief Risk Officer	US and Bermuda Chief Risk Officer
	Duncan Scott	Chief Financial Officer	SVP Managing Director, Finance
	Elizabeth DaSilva	Chief Operating Officer	Director of Group Legal Management
Fitzwilliam	Duncan Scott	Director, Chairperson & Chief Financial Officer	SVP Managing Director, Finance
	Robert Morgan	Director & Chief Executive Officer	VP, Mergers and Acquisitions
	Orla Gregory	Director	President
	Elizabeth DaSilva	Director & Chief Operating Officer	Director of Group Legal Management
	Daniel Lovett	Director & Chief Risk Officer	US and Bermuda Chief Risk Officer
	Robin Mehta	Independent Non-Executive Director	
SIBL	Walker Rainey	Independent Non-Executive Director & Chairperson	
	Duncan Scott	Director & Chief Financial Officer	SVP Managing Director, Finance
	Robert Morgan	Director & Chief Executive Officer	VP, Mergers and Acquisitions
	Elizabeth DaSilva	Director & Chief Operating Officer	Director of Group Legal Management
	Daniel Lovett	Director & Chief Risk Officer	US and Bermuda Chief Risk Officer

www.enstargroup.com

Enstar Group Limited, Bermuda
Windsor Place | 3rd Floor | 22 Queen Street | Hamilton HM JX | Bermuda
BMA Registration Number: 9001 | Company telephone number: (441) 292-3645
Prepared in accordance with the reporting requirements of the Bermuda Monetary Authority