

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of report (Date of earliest event reported): May 5, 2022

Enstar Group Limited
(Exact name of registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation)	001-33289 (Commission File Number)	N/A (IRS Employer Identification No.)
P.O. Box HM 2267, Windsor Place 3 rd Floor 22 Queen Street, Hamilton HM JX Bermuda (Address of principal executive offices)	N/A (Zip Code)	
Registrant's telephone number, including area code: (441) 292-3645		

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Ordinary shares, par value \$1.00 per share	ESGR	The NASDAQ Stock Market
Depository Shares, Each Representing a 1/1,000th Interest in a 7.00% Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Share, Series D, Par Value \$1.00 Per Share	ESGRP	The NASDAQ Stock Market
Depository Shares, Each Representing a 1/1,000th Interest in a 7.00% Perpetual Non-Cumulative Preferred Share, Series E, Par Value \$1.00 Per Share	ESGRO	The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 5, 2022, Enstar Group Limited (the "Company") issued a press release announcing its results for the quarter ended March 31, 2022 (the "Press Release"), a copy of which is furnished with this report as Exhibit 99.1 and incorporated herein by reference, and a Financial Supplement for the quarter ended March 31, 2022 (the "Financial Supplement"), a copy of which is furnished with this report as Exhibit 99.2 and incorporated herein by reference. The Financial Supplement will be available on the "Investor Relations" page of the Company's website located at www.enstargroup.com.

The information contained in the Press Release and the Financial Supplement is summary information that is intended to be considered in the context of the Company's Securities and Exchange Commission ("SEC") filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in the Press Release and the Financial Supplement, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information presented in Item 2.02 of this Current Report on Form 8-K and Exhibits 99.1 and 99.2 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, unless the Company specifically states that the information is to be considered "filed" under the Exchange Act or specifically incorporates it by reference into a filing under the Securities Act of 1933, as amended.

Item 8.01 Other Events.

On May 5, 2022, the Company's board of directors authorized the repurchase of up to \$200,000,000 of the Company's ordinary shares (the "Authorized Shares"), such authorization to be effective through May 5, 2023 (the "Repurchase Program").

Repurchases pursuant to the Repurchase Program are expected to be executed through open market transactions, privately negotiated transactions, or in such other manner as determined by the Company, including through plans complying with Rule 10b5-1 of the Exchange Act. Repurchases will be subject to SEC regulations as well as certain price, market volume and timing constraints specified in any Rule 10b5-1 plan. As a result of these constraints, execution of the Repurchase Program may not result in all or any of the Authorized Shares being repurchased by the Company. The Repurchase Program may be modified, extended, suspended or terminated by the Company at any time without notice.

Item 9.01. Financial Statements and Exhibits**Exhibits**

Exhibit No.	Description
99.1	Press Release, dated May 5, 2022.
99.2	Financial Supplement for the quarter ended March 31, 2022.
101	Pursuant to Rule 406 of Regulation S-T, the cover page information in formatted in Inline XBRL.
104	Cover page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 5, 2022

ENSTAR GROUP LIMITED

By: /s/ Orla Gregory

Orla Gregory

Chief Operating Officer and Acting Chief Financial Officer



Date: May 5, 2022

Contact: Enstar Communications

For Release: Immediately

Telephone: +1 (441) 292-3645

Enstar Group Limited Reports First Quarter Results

- **Net Loss of \$282 million and Return on Equity of (5.0)% for the three months ended March 31, 2022, driven by unrealized losses on fixed income securities in the rising interest rate environment**
- **Book Value per Ordinary Share and Adjusted Book Value per Ordinary Share* of \$286.51 and \$282.10, respectively, as of March 31, 2022, a decline of 9.4% and 9.2%, respectively, from December 31, 2021**
- **Returned \$42 million to shareholders through share repurchases at a weighted average discount to book value of 18.6%**

Hamilton, Bermuda - May 5, 2022 - Enstar Group Limited (Nasdaq: ESGR) filed its quarterly report on Form 10-Q with the SEC earlier today, reporting a net loss of \$282 million and return on equity of (5.0)% for the three months ended March 31, 2022.

Commenting on the Company's results, Enstar CEO Dominic Silvester said:

"We started the year by signing one of our largest ever loss portfolio transactions and completing another successful debt raise at competitive rates, while our financial results in the first quarter reflect rising interest rates and economic uncertainty.

We remain focused on delivering long-term value and are well positioned to maintain our momentum during these volatile times."

First quarter results included:

- Net loss of \$282 million, compared to net earnings of \$183 million for first quarter 2021. Net loss of \$16.04 per diluted ordinary share, compared to net earnings of \$8.38 per diluted ordinary share for the comparative quarter.
- Return on equity ("ROE") of (5.0)% and Adjusted ROE* of (1.4)% compared to 3.0% and 5.4%, respectively, in the first quarter 2021. Our ROE was impacted by unrealized losses from the impact of interest rate increases on fixed maturity portfolios that we classify as trading combined with unrealized losses in our non-core portfolios.
- Annualized run-off liability earnings ("RLE") of 5.1% and Annualized Adjusted RLE* of 0.0%, compared to 5.0% and 1.2%, respectively, in the first quarter 2021. Our RLE benefited from reductions in the value of certain portfolios that we hold at fair value and favorable results on our inactive catastrophe programs held by Enhanced Re.
- Annualized total investment return ("TIR") of (6.1)% and Annualized Adjusted TIR* of 0.5%, compared to 3.6% and 8.4%, respectively, in the first quarter 2021. Our recognized investment results were impacted by the combination of interest rate increases and equity market declines.

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" further below for explanatory notes and a reconciliation to the most directly comparable GAAP measure.

Operational Highlights

- On January 10, 2022 we entered into a transaction with Aspen Insurance Holdings Limited ("Aspen") to assume \$3.1 billion of net loss reserves in a loss portfolio transfer ("LPT") transaction, subject to a limit of \$3.6 billion. As a result of an existing ADC between Aspen and us that will be absorbed by this transaction, we will assume an incremental \$2.4 billion of net loss reserves with a diverse mix of property, liability and specialty lines of business, in exchange for incremental premium of \$2.4 billion,¹ and assume claims control. This transaction is expected to close in the second quarter of 2022.
- Following the redemption and subsequent liquidation of the InRe Fund L.P. (the "InRe Fund") in 2021, we have invested or committed the remaining proceeds into liquid and illiquid non-core assets in accordance with our strategic asset allocation.
For certain illiquid asset classes such as private equity, real estate equity and infrastructure equity, funds have been committed to the appointed manager. For these illiquid asset classes, our manager is deploying funds into liquid non-core asset classes while implementing a plan to rotate these investments into illiquid asset classes over time. We expect this rotation will be complete over the medium term.
- We took advantage of January's strong capital markets, raising \$500 million of junior subordinated debt at 5.5% and used a portion of the net proceeds to repay the remaining \$280 million aggregate principal amount of our 2022 senior notes at their March 2022 maturity. We also returned an additional \$42 million to our shareholders through share repurchases in the first quarter of 2022.
- As part of our strategic review of Enhanced Re, we evaluated the current marketplace offerings and the strategic position of Enhanced Re to take advantage of future opportunities and have concluded that we will not be seeking new life business portfolios for the Enhanced Re platform.
- We made progress on our environmental, social and governance ("ESG") strategy. In the first quarter of 2022, we published our inaugural Corporate Sustainability Report, a Sustainability Accounting Standards Board ("SASB") Report and a Task Force on Climate-Related Financial Disclosures ("TCFD") Report.
We also announced a partnership with two U.K.-based women's sports teams as part of our commitment to championing diversity and equality for women. Our ESG strategy remains focused on addressing climate change, sustainable investing, and developing our human capital. We believe that our achievements to date, in addition to our ongoing and future priorities, will benefit the communities we have a presence in and are an investment in our long-term value.
- The Russian invasion of Ukraine has led to volatility in global commodity markets, most notably the energy market, as well as the loss of insured property in Ukraine and Russia. We have performed a review of potential exposures in our investment portfolio, our underwriting risks, and our acquisition pipeline, and considered operational disruption, and have concluded that there are no significant direct impacts from this event at this time. We continue to monitor for changes to sanctioned individuals and organizations and update our procedures accordingly.
- We have published the "First Quarter Earnings Review" audio presentation with our Acting Chief Financial Officer, Orla Gregory, which contains expanded commentary on first quarter results and other business updates, and is available to listen to on the Investor Relations section of Enstar's website.

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

Key Financial and Operating Metrics

We use the following GAAP and Non-GAAP measures to monitor the performance of and manage the company:

	Three Months Ended		\$ Change	% / pp / bp Change
	March 31, 2022	March 31, 2021		
(in millions of U.S. dollars, except per share data)				
Key Earnings Metrics				
Net (loss) earnings attributable to Enstar ordinary shareholders	\$ (282)	\$ 183	\$ (465)	(254) %
Adjusted operating (loss) income attributable to Enstar ordinary shareholders*	\$ (75)	\$ 295	\$ (370)	(125) %
ROE	(5.0)%	3.0 %		(8.0) pp
Annualized ROE	(20.2)%	11.9 %		(32.1) pp
Adjusted ROE*	(1.4)%	5.4 %		(6.8) pp
Annualized Adjusted ROE*	(5.7)%	21.7 %		(27.4) pp
Key Run-off Metrics				
Prior period development	\$ 143	\$ 110	\$ 33	30 %
Adjusted prior period development*	\$ (1)	\$ 26	\$ (27)	(104) %
Annualized RLE	5.1 %	5.0 %		0.1 pp
Annualized Adjusted RLE*	0.0 %	1.2 %		(1.2) pp
Key Investment Return Metrics				
TIR	\$ (307)	\$ 159	\$ (466)	(293) %
Adjusted TIR*	\$ 27	\$ 365	\$ (338)	(93) %
Total investable assets	\$ 20,618	\$ 18,212	\$ 2,406	13 %
Adjusted total investable assets*	\$ 21,139	\$ 17,983	\$ 3,156	18 %
Annualized investment book yield	1.91 %	1.86 %		5 bp
Annualized TIR	(6.1)%	3.6 %		(9.7) pp
Annualized Adjusted TIR*	0.5 %	8.4 %		(7.9) pp
As of				
	March 31, 2022	December 31, 2021		
Key Shareholder Metrics				
Book value per ordinary share	\$ 286.51	\$ 316.34	\$ (29.83)	(9.4) %
Adjusted book value per ordinary share*	\$ 282.10	\$ 310.80	\$ (28.70)	(9.2) %

pp - Percentage point(s)

bp - Basis point(s)

*Non-GAAP measure; refer to "Non-GAAP Financial Measures" further below for reconciliations.

Results of Operations by Segment - For the Three Months Ended March 31, 2022 and 2021

Run-off Segment

The following is a discussion and analysis of the results of operations for our Run-off segment.

	Three Months Ended		\$ Change	% Change
	March 31, 2022	March 31, 2021		
	(in millions of U.S. dollars)			
INCOME				
Net premiums earned	\$ 17	\$ 73	\$ (56)	(77)%
Other income:				
Reduction in estimates of net ultimate defendant A&E liabilities - prior periods	3	9	(6)	(67)%
Reduction in estimated future defendant A&E expenses	—	3	(3)	(100)%
All other income	7	10	(3)	(30)%
Total other income	10	22	(12)	(55)%
Total income	27	95	(68)	(72)%
EXPENSES				
Net incurred losses and LAE:				
Current period	11	44	(33)	(75)%
Prior periods:				
Reduction in estimates of net ultimate losses	(29)	(25)	(4)	16 %
Reduction in provisions for ULAE	(21)	(14)	(7)	50 %
Total prior periods	(50)	(39)	(11)	28 %
Total net incurred losses and LAE	(39)	5	(44)	NM
Acquisition costs	8	29	(21)	(72)%
General and administrative expenses	39	28	11	39 %
Total expenses	8	62	(54)	(87)%
SEGMENT NET EARNINGS	\$ 19	\$ 33	\$ (14)	(42)%

NM - Not meaningful, we define NM as changes greater than or equal to +/- 300%.

Our Run-off segment net earnings decreased by \$14 million, primarily due to:

- Decreases in net premiums earned of \$56 million, which was largely offset by decreases in current period net incurred losses and LAE and acquisition costs of \$33 million and \$21 million, respectively. The reduction in each of these amounts was driven by reduced levels of activity arising from our exit of our StarStone International business beginning in 2020.
- A reduction in other income of \$12 million primarily driven by lower favorable prior period development related to our defendant A&E liabilities in the current quarter; and
- An increase in general and administrative expenses of \$11 million; partially offset by
- An \$11 million increase in favorable prior period development in the current quarter driven by:
 - An increase in the reduction in provisions for ULAE of \$7 million; and
 - A \$4 million increase in favorable prior period development compared to the comparative quarter, driven by a \$23 million increase in favorable development on the workers' compensation line of business resulting from favorable actual claims experience compared to expected claims trends, partially offset by a \$16 million increase in adverse development on our property line of business due to unfavorable loss emergence relating to construction risks.

Investments Segment

The following is a discussion and analysis of the results of operations for our Investments segment.

	Three Months Ended March 31,		\$ Change	% Change
	2022	2021		
	(in millions of U.S. dollars)			
INCOME				
Net investment income:				
Fixed income securities	\$ 68	\$ 51	\$ 17	33 %
Other investments, including equities	19	14	5	36 %
Less: Investment expenses	(11)	(4)	(7)	175 %
Total net investment income	76	61	15	25 %
Net realized losses:				
Fixed income securities	(35)	(11)	(24)	218 %
Other investments, including equities	(2)	1	(3)	NM
Net realized losses	(37)	(10)	(27)	270 %
Net unrealized losses:				
Fixed income securities	(293)	(194)	(99)	51 %
Other investments, including equities	(82)	184	(266)	(145)%
Total net unrealized losses	(375)	(10)	(365)	NM
Total income	(336)	41	(377)	NM
EXPENSES				
General and administrative expenses	9	3	6	200 %
Total expenses	9	3	6	200 %
Earnings from equity method investments	31	118	(87)	(74)%
SEGMENT NET (LOSS) EARNINGS	\$ (314)	\$ 156	\$ (470)	NM

NM - Not meaningful, we define NM as changes greater than or equal to +/- 300%.

Segment net loss from our Investments segment was \$314 million for the three months ended March 31, 2022 compared to segment net earnings of \$156 million for the same period in 2021, an unfavorable change of \$470 million primarily due to:

- net realized and unrealized losses of \$328 million on our fixed income securities, driven by rising interest rates and widening credit spreads, an increase of \$123 million from the comparative period;
- net realized and unrealized losses of \$84 million on our other investments, including equities, in comparison to net realized and unrealized gains of \$185 million in the comparative period, primarily driven by underperformance of our fixed income funds, public equities, hedge funds and CLO equities as a result significant volatility in global equity markets and widening high yield credit spreads, partially offset by gains on our private equity funds, private credit funds and real estate funds, which are typically recorded on a one quarter lag; and
- an \$87 million decrease in earnings from equity method investments largely due to our acquisition of the controlling interest in Enhanced Re, effective September 1, 2021 (consolidated net earnings from Enhanced Re business, inclusive of investment results, corporate allocations and the effect of noncontrolling interests were \$15 million for the three months ended March 31, 2022). Prior to that date, the results of Enhanced Re were recorded in earnings from equity method investments.

Income and Earnings by Segment - For the Three Months Ended March 31, 2022, and 2021

	Three Months Ended		\$ Change	% Change
	March 31, 2022	March 31, 2021		
	(in millions of U.S. dollars)			
INCOME				
Run-off	\$ 27	\$ 95	\$ (68)	(72)%
Enhanced Re	14	—	14	NM
Investments	(336)	41	(377)	NM
Legacy Underwriting	2	13	(11)	(85)%
Subtotal	(293)	149	(442)	(297)%
Corporate and other	3	10	(7)	(70)%
Total income	\$ (290)	\$ 159	\$ (449)	(282)%
SEGMENT NET (LOSS) EARNINGS				
Run-off	\$ 19	\$ 33	\$ (14)	(42)%
Enhanced Re	29	—	29	NM
Investments	(314)	156	(470)	NM
Legacy Underwriting	—	2	(2)	(100)%
Total segment net (loss) earnings	(266)	191	(457)	(239)%
Corporate and other ^{(1),(2)}	(16)	(8)	(8)	100 %
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	\$ (282)	\$ 183	\$ (465)	(254)%

⁽¹⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo LLC and Morse TEC LLC.

⁽²⁾ Net incurred losses and LAE for corporate and other activities includes the amortization of deferred charge assets ("DCAs") on retroactive reinsurance contracts, fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of assets and liabilities related to our assumed retroactive reinsurance contracts for which we have elected the fair value option. The three months ended March 31, 2022 included accelerated amortization of \$24 million corresponding to increased favorable prior period development on net ultimate liabilities recorded in our Run-off segment. There was no accelerated amortization for the three months ended March 31, 2021.

NM - Not meaningful, we define NM as changes greater than or equal to +/- 300%.

For additional detail on the Enhanced Re segment, the Legacy Underwriting segment and corporate and other activities, please refer to the Form 10-Q.

Cautionary Statement

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding the intent, belief or current expectations of Enstar and its management team. Investors are cautioned that any such forward-looking statements speak only as of the date they are made, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Important risk factors regarding Enstar can be found under the heading "Risk Factors" in our Form 10-K for the year ended December 31, 2021 and are incorporated herein by reference. Furthermore, Enstar undertakes no obligation to update any written or oral forward-looking statements or publicly announce any updates or revisions to any of the forward-looking statements contained herein, to reflect any change in its expectations with regard thereto or any change in events, conditions, circumstances or assumptions underlying such statements, except as required by law.

About Enstar

Enstar is a NASDAQ-listed leading global (re)insurance group that offers capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. A market leader in completing legacy acquisitions, Enstar has acquired over 110 companies and portfolios since its formation in 2001. For further information about Enstar, see www.enstargroup.com.

Contacts

For Investors: Matthew Kirk (investor.relations@enstargroup.com)

For Media: Jenna Kerr (communications@enstargroup.com)

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
For the Three Months Ended March 31, 2022 and 2021

	Three Months Ended	
	March 31, 2022	March 31, 2021
	(in millions of U.S. dollars, except share and per share data)	
INCOME		
Net premiums earned	\$ 34	\$ 93
Net investment income	80	62
Net realized losses	(37)	(11)
Net unrealized losses	(381)	(10)
Other income	14	10
Net gain on sales of subsidiaries	—	15
Total income	(290)	159
EXPENSES		
Net incurred losses and loss adjustment expenses		
Current period	13	54
Prior periods	(143)	(110)
Total net incurred losses and loss adjustment expenses	(130)	(56)
Policyholder benefit expenses	12	—
Acquisition costs	8	34
General and administrative expenses	85	83
Interest expense	25	16
Net foreign exchange losses	3	3
Total expenses	3	80
(LOSS) EARNINGS BEFORE INCOME TAXES	(293)	79
Income tax benefit	—	6
Earnings from equity method investments	31	118
NET (LOSS) EARNINGS	(262)	203
Net earnings attributable to noncontrolling interest	(11)	(11)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR	(273)	192
Dividends on preferred shares	(9)	(9)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	\$ (282)	\$ 183
(Loss) earnings per ordinary share attributable to Enstar:		
Basic	\$ (16.04)	\$ 8.50
Diluted	\$ (16.04)	\$ 8.38
Weighted average ordinary shares outstanding:		
Basic	17,578,019	21,562,341
Diluted	17,785,121	21,852,324

ENSTAR GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
As of March 31, 2022 and December 31, 2021

	March 31, 2022	December 31, 2021
	(in millions of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	\$ 7	\$ 6
Short-term investments, available-for-sale, at fair value (amortized cost: 2022 — \$59; 2021 — \$34; net of allowance: 2022 and 2021 — \$0)	59	34
Fixed maturities, trading, at fair value	3,247	3,756
Fixed maturities, available-for-sale, at fair value (amortized cost: 2022 — \$5,575; 2021 — \$5,689; net of allowance: 2022 — \$29; 2021 — \$10)	5,268	5,652
Funds held - directly managed	2,835	3,007
Equities, at fair value (cost: 2022 — \$2,325; 2021 — \$1,831)	2,444	1,995
Other investments, at fair value	2,863	2,333
Equity method investments	519	493
Total investments	17,242	17,276
Cash and cash equivalents	763	1,646
Restricted cash and cash equivalents	372	446
Reinsurance balances recoverable on paid and unpaid losses (net of allowance: 2022 — \$135; 2021 — \$136)	983	1,085
Reinsurance balances recoverable on paid and unpaid losses, at fair value	388	432
Insurance balances recoverable (net of allowance: 2022 and 2021 — \$5)	192	213
Funds held by reinsured companies	2,241	2,340
Deferred charge assets	338	371
Other assets	721	620
TOTAL ASSETS	\$ 23,240	\$ 24,429
LIABILITIES		
Losses and loss adjustment expenses	\$ 10,744	\$ 11,269
Losses and loss adjustment expenses, at fair value	1,764	1,989
Future policyholder benefits	1,436	1,502
Defendant asbestos and environmental liabilities	631	638
Insurance and reinsurance balances payable	267	254
Debt obligations	1,904	1,691
Other liabilities	546	581
TOTAL LIABILITIES	17,292	17,924
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTEREST	181	179
SHAREHOLDERS' EQUITY		
Ordinary Shares (par value \$1 each, issued and outstanding 2022: 18,101,037; 2021: 18,223,574):		
Voting Ordinary Shares (issued and outstanding 2022: 16,503,325; 2021: 16,625,862)	17	17
Non-voting convertible ordinary Series C Shares (issued and outstanding 2022 and 2021: 1,192,941)	1	1
Non-voting convertible ordinary Series E Shares (issued and outstanding 2022 and 2021: 404,771)	—	—
Preferred Shares:		
Series C Preferred Shares (issued and held in treasury 2022 and 2021: 388,571)	—	—
Series D Preferred Shares (issued and outstanding 2022 and 2021: 16,000; liquidation preference \$400)	400	400
Series E Preferred Shares (issued and outstanding 2022 and 2021: 4,400; liquidation preference \$110)	110	110
Treasury shares, at cost (Series C Preferred Shares 2022 and 2021: 388,571)	(422)	(422)
Joint Share Ownership Plan (voting ordinary shares, held in trust 2022 and 2021: 565,630)	(1)	(1)
Additional paid-in capital	883	922
Accumulated other comprehensive loss	(257)	(16)
Retained earnings	4,803	5,085
Total Enstar Shareholders' Equity	5,534	6,096
Noncontrolling interest	233	230
TOTAL SHAREHOLDERS' EQUITY	5,767	6,326
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	\$ 23,240	\$ 24,429

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our annual incentive compensation program.

These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance.

The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

We have presented the results and GAAP reconciliations for these measures further below. The following tables present more information on each non-GAAP measure.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted book value per ordinary share	Total Enstar ordinary shareholders' equity Divided by Number of ordinary shares outstanding, adjusted for: <i>-the ultimate effect of any dilutive securities on the number of ordinary shares outstanding</i>	Increases the number of ordinary shares to reflect equity awards granted but not yet vested as, over the long term, this presents a prudent view of our book value per share. We use this non-GAAP measure in our annual incentive compensation program.
Adjusted return on equity	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholder's equity	Calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more valuable and consistent measure of the performance of our business, and enhances comparisons to prior periods:
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (numerator)	Net earnings (loss) attributable to Enstar ordinary shareholders, adjusted for: <i>-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed</i> <i>-change in fair value of insurance contracts for which we have elected the fair value option ⁽²⁾</i> <i>-amortization of fair value adjustments</i> <i>-net gain/loss on purchase and sales of subsidiaries (if any)</i> <i>-net earnings from discontinued operations (if any)</i> <i>-tax effects of adjustments</i> <i>-adjustments attributable to noncontrolling interest</i>	<ul style="list-style-type: none"> • by adjusting investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost; • by removing the impact of non-cash charges that obscure our trends on a consistent basis; and • by removing items that are not indicative of our ongoing operations; <p>We use this non-GAAP measure in our annual incentive compensation program.</p> <p>We include the amortization of fair value adjustments as a non-GAAP adjustment to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as it is considered to be a non-cash charge and not indicative of our operating results.</p>
Adjusted opening Enstar ordinary shareholders' equity (denominator)	Opening Enstar ordinary shareholders' equity, less: <i>-net unrealized gains (losses) on fixed maturity investments and funds held-directly managed,</i> <i>-fair value of insurance contracts for which we have elected the fair value option ⁽²⁾,</i> <i>-fair value adjustments, and</i> <i>-net assets of held for sale or disposed subsidiaries classified as discontinued operations (if any)</i>	

Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in earnings for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy.
Adjusted total investment return (\$ (numerator))	Total investment return (dollars), adjusted for: -net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed	Provides a consistent measure of investment returns as a percentage of all assets generating investment returns.
Adjusted average aggregate total investable assets (denominator)	Total average investable assets, adjusted for: -net unrealized (gains) losses on fixed maturities, AFS investments included within AOCI -net unrealized (gains) losses on fixed maturities, trading instruments	Adjusts investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful measurement of our claims management performance.
Adjusted prior period development (numerator)	Prior period net incurred losses and LAE, adjusted to: Remove: -Legacy Underwriting and Enhanced Re operations -the reduction/(increase) in provisions for unallocated LAE (ULAE) -amortization of fair value adjustments, -change in fair value of insurance contracts for which we have elected the fair value option ⁽¹⁾ , and Add: -the reduction/(increase) in estimates of our defendant A&E ultimate net liabilities.	We use this measure to evaluate our ability to settle our obligations for amounts less than our initial estimate at the point of acquiring the obligations. In order to provide a complete and consistent picture of our claims performance, we combine the reduction (increase) in estimates of prior period net ultimate losses relating to our Run-off segment with the amortization of deferred charge assets, both of which are included in net incurred losses and LAE and have an inverse effect on our results. We also include our performance in managing our defendant A&E liabilities, that do not form part of loss reserves. The remaining components of net incurred losses and LAE and net loss reserves are not considered key components of our claims performance as they are either not non-life run-off in nature, or are considered to be non-cash charges that obscure our trends on a consistent basis.
Adjusted net loss reserves (denominator)	Net losses and LAE, adjusted to: Remove: -Legacy Underwriting and Enhanced Re net loss reserves -current period net loss reserves -the net ULAE provision -net fair value adjustments associated with the acquisition of companies, -the fair value adjustments for contracts for which we have elected the fair value option ⁽¹⁾ and Add: -net nominal defendant asbestos and environmental exposures.	We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.

⁽¹⁾ Comprises the discount rate and risk margin components.

Reconciliation of GAAP to Non-GAAP Measures

The table below presents a reconciliation of BVPS to Adjusted BVPS*:

	March 31, 2022			December 31, 2021		
	Equity ⁽¹⁾	Ordinary Shares	Per Share Amount	Equity ⁽¹⁾	Ordinary Shares	Per Share Amount
	(in millions of U.S. dollars, except share and per share data)					
Book value per ordinary share	\$ 5,024	17,535,407	\$ 286.51	\$ 5,586	17,657,944	\$ 316.34
Non-GAAP adjustments:						
Share-based compensation plans		274,080			315,205	
Adjusted book value per ordinary share*	\$ 5,024	17,809,487	\$ 282.10	\$ 5,586	17,973,149	\$ 310.80

⁽¹⁾ Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares (\$510 million) prior to any non-GAAP adjustments.

*Non-GAAP measure.

The table below presents a reconciliation of Annualized ROE to Annualized Adjusted ROE*:

	March 31, 2022				March 31, 2021			
	Net (loss) earnings ⁽¹⁾	Opening equity ⁽¹⁾	(Adj) ROE	Annualized (Adj) ROE	Net (loss) earnings ⁽¹⁾	Opening equity ⁽¹⁾	(Adj) ROE	Annualized (Adj) ROE
	(in millions of U.S. dollars)							
Net (loss) earnings/Opening equity/ROE/Annualized ROE ⁽¹⁾	\$ (282)	\$ 5,586	(5.0)%	(20.2)%	\$ 183	\$ 6,164	3.0 %	11.9 %
Non-GAAP adjustments:								
Net realized and unrealized losses on fixed maturity investments and funds held - directly managed / Net unrealized gains on fixed maturity investments and funds held - directly managed ⁽²⁾	334	(89)			206	(560)		
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option ⁽³⁾	(98)	(107)			(75)	(33)		
Amortization of fair value adjustments / Fair value adjustments	2	(106)			2	(128)		
Net gain on purchase and sales of subsidiaries	—				(15)			
Tax effects of adjustments ⁽⁴⁾	(26)				(17)			
Adjustments attributable to noncontrolling interest ⁽⁵⁾	(5)				11			
Adjusted operating (loss) income/Adjusted opening equity/Adjusted ROE/Annualized adjusted ROE*	\$ (75)	\$ 5,284	(1.4)%	(5.7)%	\$ 295	\$ 5,443	5.4 %	21.7 %

⁽¹⁾ Net (loss) earnings comprises net (loss) earnings attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares (\$510 million), prior to any non-GAAP adjustments.

⁽²⁾ Represents the net realized and unrealized losses related to fixed maturity securities. Our fixed maturity securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance.

⁽³⁾ Comprises the discount rate and risk margin components.

⁽⁴⁾ Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

⁽⁵⁾ Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

*Non-GAAP measure.

The table below presents a reconciliation of PPD to Adjusted PPD* and Annualized RLE to Annualized Adjusted RLE*:

	Three Months Ended		As of			Three Months Ended
	March 31, 2022		March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2022
	PPD	Net loss reserves	Net loss reserves	Net loss reserves	Average net loss reserves	Annualized RLE %
PPD/net loss reserves/Annualized RLE	\$ 143	\$ 10,962	\$ 11,555	\$ 11,259		5.1 %
(in millions of U.S. dollars)						
Non-GAAP Adjustments:						
Enhanced Re	(28)	(150)	(181)	(166)		
Legacy Underwriting	(1)	(142)	(153)	(147)		
Net loss reserves - current period	—	(13)	—	(7)		
Reduction in provisions for ULAE / Net ULAE provisions	(22)	(394)	(416)	(405)		
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	2	104	106	105		
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option ⁽¹⁾	(98)	201	107	154		
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	3	586	574	580		
Adjusted PPD/Adjusted net loss reserves/Annualized Adjusted RLE*	\$ (1)	\$ 11,154	\$ 11,592	\$ 11,373		0.0 %

	Three Months Ended		As of			Three Months Ended
	March 31, 2021		March 31, 2021	December 31, 2020	March 31, 2021	March 31, 2021
	PPD	Net loss reserves	Net loss reserves	Net loss reserves	Average net loss reserves	Annualized RLE %
PPD/net loss reserves/Annualized RLE	\$ 110	\$ 9,215	\$ 8,544	\$ 8,880		5.0 %
(in millions of U.S. dollars)						
Non-GAAP Adjustments:						
Legacy Underwriting	(6)	(153)	(955)	(555)		
Net loss reserves - current period	—	(48)	—	(24)		
Reduction in provisions for ULAE / Net ULAE provisions	(14)	(396)	(334)	(365)		
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	2	125	128	127		
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option ⁽¹⁾	(75)	109	33	71		
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	9	599	615	607		
Adjusted PPD/Adjusted net loss reserves/Annualized Adjusted RLE*	\$ 26	\$ 9,451	\$ 8,031	\$ 8,741		1.2 %

⁽¹⁾ Comprises the discount rate and risk margin components.

*Non-GAAP measure.

The table below presents a reconciliation of our Annualized TIR to our Annualized Adjusted TIR*:

	Three Months Ended	
	March 31, 2022	March 31, 2021
	(in millions of U.S. dollars)	
Net investment income	\$ 80	\$ 62
Net realized losses	(37)	(11)
Net unrealized losses	(381)	(10)
Earnings from equity method investments	31	118
TIR (\$)	\$ (307)	\$ 159
Non-GAAP adjustment:		
Net realized and unrealized losses on fixed maturity investments and funds held-directly managed	334	206
Adjusted TIR (\$)*	\$ 27	\$ 365
Total investments		
Cash and cash equivalents, including restricted cash and cash equivalents	17,242	16,553
Funds held by reinsured companies	1,135	996
Total investable assets	\$ 20,618	\$ 18,212
Average aggregate invested assets, at fair value ⁽¹⁾	20,243	17,863
Annualized TIR % ⁽²⁾	(6.1)%	3.6 %
Non-GAAP adjustment:		
Net unrealized losses (gains) on fixed maturities, AFS investments included within AOCI and net unrealized losses (gains) on fixed maturities, trading instruments	521	(229)
Adjusted investable assets*	\$ 21,139	\$ 17,983
Adjusted average aggregate invested assets, at fair value* ⁽³⁾	20,459	17,468
Annualized adjusted TIR %* ⁽⁴⁾	0.5 %	8.4 %

⁽¹⁾ This amount is a two period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

⁽²⁾ Annualized TIR % is calculated by dividing the annualized TIR (\$) by average aggregate invested assets, at fair value.

⁽³⁾ This amount is a two period average of the adjusted investable assets*, as presented above.

⁽⁴⁾ Annualized adjusted TIR %* is calculated by dividing the annualized adjusted TIR* (\$) by adjusted average aggregate invested assets, at fair value*.

*Non-GAAP measure.



**ENSTAR GROUP
LIMITED**

**Investor Financial
Supplement**

March 31, 2022

enstargroup.com



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About Enstar

Enstar is a NASDAQ-listed leading global (re)insurance group that offers innovative capital release solutions through its network of group companies in Bermuda, the United States, the United Kingdom, Continental Europe, Australia, and other international locations. A market leader in completing legacy acquisitions, Enstar has acquired over 110 companies and portfolios since its formation in 2001. For further information about Enstar, see www.enstargroup.com.

Basis of Presentation

In this Investor Financial Supplement, the terms "we," "us," "our," "Enstar," or "the Company" refer to Enstar Group Limited and its consolidated subsidiaries. All information contained herein is unaudited. Unless otherwise noted, amounts are in millions of U.S. Dollars, except for share and per share amounts. Certain prior period comparatives have been reclassified to conform to the current presentation. This Investor Financial Supplement is being provided for informational purposes only. It should be read in conjunction with documents filed by Enstar with the U.S. Securities and Exchange Commission, including its Annual Reports on Form 10-K and its Quarterly Reports on Form 10-Q.

Non-GAAP Financial Measures

In addition to our key financial measures presented in accordance with GAAP, we present other non-GAAP financial measures that we use to manage our business, compare our performance against prior periods and against our peers, and as performance measures in our annual incentive compensation program. These non-GAAP financial measures provide an additional view of our operational performance over the long-term and provide the opportunity to analyze our results in a way that is more aligned with the manner in which our management measures our underlying performance. The presentation of these non-GAAP financial measures, which may be defined and calculated differently by other companies, is used to enhance the understanding of certain aspects of our financial performance. It is not meant to be considered in isolation, superior to, or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. We have presented the results and GAAP reconciliations for these measures for the quarters ended March 31, 2022 and 2021. Refer to pages 8 to 15 for further details.

Cautionary Statement

This Investor Financial Supplement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements regarding the intent, belief or current expectations of Enstar and its management team. Investors are cautioned that any such forward-looking statements speak only as of the date they are made, are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Important risk factors regarding Enstar can be found under the heading "Risk Factors" in our Form 10-K for the year ended December 31, 2021 and are incorporated herein by reference. Furthermore, Enstar undertakes no obligation to update any written or oral forward-looking statements or publicly announce any updates or revisions to any of the forward-looking statements contained herein, to reflect any change in its expectations with regard thereto or any change in events, conditions, circumstances or assumptions underlying such statements, except as required by law.

Financial Highlights



	Three Months Ended	
	March 31, 2022	March 31, 2021
Key Earnings Metrics		
Return on equity ("ROE")	(5.0)%	3.0 %
Annualized ROE	(20.2)%	11.9 %
Adjusted ROE ⁽¹⁾	(1.4)%	5.4 %
Annualized adjusted ROE ⁽¹⁾	(5.7)%	21.7 %
Basic net (loss) earnings per share	\$ (16.04)	\$ 8.50
Diluted net (loss) earnings per share	\$ (16.04)	\$ 8.38
Key Run-off Metrics		
Average net loss reserves	\$ 11,259	\$ 8,880
Annualized Run-off liability earnings ("RLE")	5.1 %	5.0 %
Average adjusted net loss reserves ⁽¹⁾	\$ 11,373	\$ 8,741
Annualized adjusted RLE ⁽¹⁾	— %	1.2 %
Key Investment Return Metrics		
Average investable assets	\$ 20,243	\$ 17,863
Annualized total investment return ("TIR")	(6.1)%	3.6 %
Annualized investment book yield	1.91 %	1.86 %
Earnings from equity method investments	\$ 31	\$ 118
Average adjusted investable assets ⁽¹⁾	\$ 20,459	\$ 17,468
Annualized adjusted TIR ⁽¹⁾	0.5 %	8.4 %
Key Shareholder Metrics		
Ordinary shares repurchased:		
Shares	162,134	18,003
Cost	\$ 42	\$ 4
Average price per share	\$ 257.49	\$ 234.70
As of		
	March 31, 2022	December 31, 2021
Key Shareholder Metrics		
Ordinary shareholders' equity	\$ 5,024	\$ 5,586
Total Enstar shareholders' equity	\$ 5,534	\$ 6,096
Book value per ordinary share ("BVPS")	\$ 286.51	\$ 316.34
Adjusted BVPS ⁽¹⁾	\$ 282.10	\$ 310.80
Change in adjusted BVPS	(9.2)%	10.5 %
Total ordinary shares outstanding	17,535,407	17,657,944
Adjusted ordinary shares outstanding	17,809,487	17,973,149
Key Balance Sheet Metrics		
Total assets	\$ 23,240	\$ 24,429
Debt obligations	\$ 1,904	\$ 1,691
Total liabilities	\$ 17,292	\$ 17,924
Total investable assets to ordinary shareholders' equity	4.10x	3.89x
Total net loss reserves to ordinary shareholders' equity	2.18x	2.07x
Debt to total capitalization attributable to Enstar	25.6 %	21.7 %

enstargroup.com (1) Non-GAAP financial measure, refer to pages 8 to 15 for explanatory notes and a reconciliation to the most directly comparable GAAP measure.

Consolidated Results by Segment - Q1 2022



Three Months Ended
March 31, 2022

	Run-off	Enhanced Re	Investments	Legacy Underwriting	Corporate & Other ⁽¹⁾	Total
INCOME						
Net premiums earned	\$ 17	\$ 14	\$ —	\$ 3	\$ —	\$ 34
Net investment income	—	—	76	4	—	80
Net realized losses	—	—	(37)	—	—	(37)
Net unrealized losses	—	—	(375)	(6)	—	(381)
Other income	10	—	—	1	3	14
Total Income (Loss)	27	14	(336)	2	3	(290)
EXPENSES						
Net incurred losses and loss adjustment expenses						
Current period	11	—	—	2	—	13
Prior period	(50)	(29)	—	(1)	(63)	(143)
Total net incurred losses and loss adjustment expenses	(39)	(29)	—	1	(63)	(130)
Policyholder benefit expenses	—	12	—	—	—	12
Acquisition costs	8	—	—	—	—	8
General and administrative expenses	39	2	9	1	34	85
Total Expenses	8	(15)	9	2	(29)	(25)
EARNINGS (LOSS) BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES						
	19	29	(345)	—	32	(265)
Earnings from equity method investments	—	—	31	—	—	31
SEGMENT EARNINGS (LOSS)	\$ 19	\$ 29	\$ (314)	\$ —	32	(234)
Interest expense	—	—	—	—	(25)	(25)
Net foreign exchange losses	—	—	—	—	(3)	(3)
NET LOSS	—	—	—	—	(262)	(262)
Net earnings attributable to noncontrolling interest	—	—	—	—	(11)	(11)
NET LOSS ATTRIBUTABLE TO ENSTAR	—	—	—	—	(273)	(273)
Dividends on preferred shares	—	—	—	—	(9)	(9)
NET LOSS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS	—	—	—	—	\$ (16)	\$ (282)

⁽¹⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DC, LLC ("DC") and Morse TEC LLC ("Morse TEC"). Net incurred losses and loss adjustment expenses for corporate and other activities includes amortization of deferred charge assets ("DCAs") on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option. The three months ended March 31, 2022 included accelerated amortization of \$24 million corresponding to increased favorable prior period development ("PPD") on net ultimate liabilities recorded in our Run-off segment.

Consolidated Results by Segment - Q1 2021



	Three Months Ended				
	March 31, 2021				
	Run-off	Investments	Legacy Underwriting	Corporate & Other ⁽¹⁾	Total
INCOME					
Net premiums earned	\$ 73	\$ —	\$ 20	\$ —	\$ 93
Net investment income	—	61	1	—	62
Net realized losses	—	(10)	(1)	—	(11)
Net unrealized losses	—	(10)	—	—	(10)
Other income (expense)	22	—	(7)	(5)	10
Net gain of sale of subsidiaries	—	—	—	15	15
Total Income	95	41	13	10	159
EXPENSES					
Net incurred losses and loss adjustment expenses					
Current period	44	—	10	—	54
Prior period	(39)	—	(6)	(65)	(110)
Total net incurred losses and loss adjustment expenses	5	—	4	(65)	(56)
Acquisition costs	29	—	5	—	34
General and administrative expenses ⁽²⁾	28	3	2	50	83
Total Expenses	62	3	11	(15)	61
EARNINGS BEFORE INTEREST EXPENSE, FOREIGN EXCHANGE AND INCOME TAXES	33	38	2	25	98
Earnings from equity method investments	—	118	—	—	118
SEGMENT EARNINGS	\$ 33	\$ 156	\$ 2	25	216
Interest expense				(16)	(16)
Net foreign exchange losses				(3)	(3)
Income tax benefit				6	6
NET EARNINGS					203
Net earnings attributable to noncontrolling interest				(11)	(11)
NET EARNINGS ATTRIBUTABLE TO ENSTAR					192
Dividends on preferred shares				(9)	(9)
NET (LOSS) EARNINGS ATTRIBUTABLE TO ENSTAR ORDINARY SHAREHOLDERS				(8)	\$ 183

⁽¹⁾ Other income (expense) for corporate and other activities includes the amortization of fair value adjustments associated with the acquisition of DCo and Morse TEC. Net incurred losses and loss adjustment expenses for corporate and other activities includes amortization of DCAs on retroactive reinsurance contracts and fair value adjustments associated with the acquisition of companies and the changes in the discount rate and risk margin components of the fair value of liabilities related to our assumed retroactive reinsurance agreements for which we have elected the fair value option.

⁽²⁾ We refined our approach to our general and administrative expense allocations in the second quarter of 2021. Under the revised methodology, our first quarter 2021 general and administrative expenses for the Run-off and Investments segments would have increased by \$16 million and \$3 million, respectively, and our corporate and other activities would have decreased by \$19 million.

Capital Position & Credit Ratings



Capital position	March 31, 2022	December 31, 2021	Change
Ordinary shareholders' equity	\$ 5,024	\$ 5,586	\$ (562)
Series D and E preferred shares	510	510	—
Total Enstar shareholders' equity	5,534	6,096	(562)
Noncontrolling interest	233	230	3
Total shareholders' equity	5,767	6,326	(559)
Senior notes	990	1,270	(280)
Subordinated notes	914	421	493
Revolving credit facility	—	—	—
Total debt obligations	1,904	1,691	213
Redeemable noncontrolling interest	181	179	2
Total capitalization	\$ 7,852	\$ 8,196	\$ (344)
Total capitalization attributable to Enstar	\$ 7,438	\$ 7,787	\$ (349)
Debt to total capitalization	24.2 %	20.6 %	3.6 pp
Debt and Series D and E Preferred Shares to total capitalization	30.7 %	26.9 %	3.8 pp
Debt to total capitalization attributable to Enstar	25.6 %	21.7 %	3.9 pp
Debt and Series D and E Preferred Shares to total capitalization attributable to Enstar	32.5 %	28.3 %	4.2 pp

pp - Percentage point(s)

Credit ratings ⁽¹⁾	Standard and Poor's	Fitch Ratings
Long-term issuer	BBB (Outlook: Positive)	BBB (Outlook: Positive)
2029 Senior Notes	BBB	BBB-
2031 Senior Notes	BBB-	BBB-
2040 and 2042 Junior Subordinated Notes	BB+	BB+
2031 Subordinated Notes	Not Rated	Not Rated
Series D and E Preferred Shares	BB+	BB+

⁽¹⁾ Credit ratings are provided by third parties, Standard & Poor's and Fitch Ratings, and are subject to certain limitations and disclaimers. For information on these ratings, refer to the rating agencies' websites and other publications.

Non-GAAP Measures



Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted book value per ordinary share	Total Enstar ordinary shareholders' equity Divided by Number of ordinary shares outstanding, adjusted for: <i>-the ultimate effect of any dilutive securities on the number of ordinary shares outstanding</i>	Increases the number of ordinary shares to reflect equity awards granted but not yet vested as, over the long term, this presents a prudent view of our book value per share. We use this non-GAAP measure in our annual incentive compensation program.
Adjusted return on equity	Adjusted operating income (loss) attributable to Enstar ordinary shareholders divided by adjusted opening Enstar ordinary shareholder's equity	Calculating the operating income (loss) as a percentage of our adjusted opening Enstar ordinary shareholders' equity provides a more valuable and consistent measure of the performance of our business, and enhances comparisons to prior periods:
Adjusted operating income (loss) attributable to Enstar ordinary shareholders (numerator)	Net earnings (loss) attributable to Enstar ordinary shareholders, adjusted for: <i>-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed</i> <i>-change in fair value of insurance contracts for which we have elected the fair value option⁽¹⁾</i> <i>-amortization of fair value adjustments</i> <i>-net gain/loss on purchase and sales of subsidiaries (if any)</i> <i>-net earnings from discontinued operations (if any)</i> <i>-tax effects of adjustments</i> <i>-adjustments attributable to noncontrolling interest</i>	<ul style="list-style-type: none"> by adjusting investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost; by removing the impact of non-cash charges that obscure our trends on a consistent basis; and by removing items that are not indicative of our ongoing operations;
Adjusted opening Enstar ordinary shareholders' equity (denominator)	Opening Enstar ordinary shareholders' equity, less: <i>-net unrealized gains (losses) on fixed maturity investments and funds held-directly managed,</i> <i>-fair value of insurance contracts for which we have elected the fair value option⁽¹⁾,</i> <i>-fair value adjustments, and</i> <i>-net assets of held for sale or disposed subsidiaries classified as discontinued operations (if any)</i>	We use this non-GAAP measure in our annual incentive compensation program. We include the amortization of fair value adjustments as a non-GAAP adjustment to the adjusted operating income (loss) attributable to Enstar ordinary shareholders as it is considered to be a non-cash charge and not indicative of our operating results.
Adjusted total investment return (%)	Adjusted total investment return (dollars) recognized in earnings for the applicable period divided by period average adjusted total investable assets.	Provides a key measure of the return generated on the capital held in the business and is reflective of our investment strategy. Provides a consistent measure of investment returns as a percentage of all assets generating investment returns.
Adjusted total investment return (\$ (numerator))	Total investment return (dollars), adjusted for: <i>-net realized and unrealized (gains) losses on fixed maturity investments and funds held-directly managed</i>	Adjusts investment returns for the temporary impact of the change in fair value of fixed maturity securities (both credit spreads and interest rates) which we hold until the earlier of maturity or used to fund any settlement of related liabilities which are generally recorded at cost.
Adjusted average aggregate total investable assets (denominator)	Total average investable assets, adjusted for: <i>-net unrealized (gains) losses on fixed maturities, AFS investments included within AOCI</i> <i>-net unrealized (gains) losses on fixed maturities, trading instruments</i>	

⁽¹⁾ Comprises the discount rate and risk margin components.

Non-GAAP Measure	Definition	Purpose of Non-GAAP Measure over GAAP Measure
Adjusted run-off liability earnings (%)	Adjusted PPD divided by average adjusted net loss reserves	Calculating the RLE as a percentage of our adjusted average net loss reserves provides a more meaningful measurement of our claims management performance.
Adjusted prior period development (numerator)	<p>Prior period net incurred losses and LAE, adjusted to:</p> <p>Remove:</p> <ul style="list-style-type: none"> -Legacy Underwriting and Enhanced Re operations -the reduction/(increase) in provisions for unallocated LAE (ULAE) -amortization of fair value adjustments, -change in fair value of insurance contracts for which we have elected the fair value option⁽¹⁾, and <p>Add:</p> <ul style="list-style-type: none"> -the reduction/(increase) in estimates of our defendant A&E ultimate net liabilities. 	<p>We use this measure to evaluate our ability to settle our obligations for amounts less than our initial estimate at the point of acquiring the obligations.</p> <p>In order to provide a complete and consistent picture of our claims performance, we combine the reduction (increase) in estimates of prior period net ultimate losses relating to our Run-off segment with the amortization of deferred charge assets, both of which are included in net incurred losses and LAE and have an inverse effect on our results. We also include our performance in managing our defendant A&E liabilities, that do not form part of loss reserves.</p>
Adjusted net loss reserves (denominator)	<p>Net losses and LAE, adjusted to:</p> <p>Remove:</p> <ul style="list-style-type: none"> -Legacy Underwriting and Enhanced Re net loss reserves -current period net loss reserves -the net ULAE provision -net fair value adjustments associated with the acquisition of companies, -the fair value adjustments for contracts for which we have elected the fair value option⁽¹⁾ and <p>Add:</p> <ul style="list-style-type: none"> -net nominal defendant asbestos and environmental exposures. 	<p>The remaining components of net incurred losses and LAE and net loss reserves are not considered key components of our claims performance as they are either not non-life run-off in nature, or are considered to be non-cash charges that obscure our trends on a consistent basis.</p> <p>We use this measure to assess the performance of our claim strategies and part of the performance assessment of our past acquisitions.</p>
Investable assets - management's view	<p>Investable assets, adjusted to reallocate certain categories of investments based on management's view of the underlying economic exposure of a particular investment.</p> <p>Refer to the reconciliation for further details.</p>	Management's view "looks through" the legal form of an investment and aggregates the classification based upon the underlying economic exposure of each investment, which is consistent with the manner in which management views our investment portfolio composition.

⁽¹⁾ Comprises the discount rate and risk margin components.

Reconciliation to Adjusted Book Value Per Share



	As of					
	March 31, 2022			December 31, 2021		
	Equity ⁽¹⁾	Ordinary Shares	Per Share Amount	Equity ⁽¹⁾	Ordinary Shares	Per Share Amount
Book value per ordinary share	\$ 5,024	17,535,407	\$ 286.51	\$ 5,586	17,657,944	\$ 316.34
Non-GAAP adjustments:						
Share-based compensation plans	—	274,080		—	315,205	
Adjusted book value per ordinary share*	\$ 5,024	17,809,487	\$ 282.10	\$ 5,586	17,973,149	\$ 310.80

⁽¹⁾Equity comprises Enstar ordinary shareholders' equity, which is calculated as Enstar shareholders' equity less preferred shares (\$510 million), prior to any non-GAAP adjustments.

* Non-GAAP financial measure.

	Three Months Ended March 31,						
	2022			2021			
	Net (loss) earnings ⁽¹⁾	Opening equity ⁽²⁾	(Adj) ROE	Net (loss) earnings ⁽¹⁾	Opening equity ⁽²⁾	(Adj) ROE	
	\$	\$	(%)	\$	\$	(%)	
Net (loss) earnings/Opening equity/ROE/Annualized ROE⁽¹⁾	\$ (282)	\$ 5,586	(5.0)%	\$ 183	\$ 6,164	3.0 %	11.9 %
Non-GAAP adjustments:							
Net realized and unrealized losses on fixed maturity investments and funds held - directly managed / Net unrealized gains on fixed maturity investments and funds held - directly managed ⁽³⁾	334	(89)		206	(560)		
Change in fair value of insurance contracts for which we have elected the fair value option / Fair value of insurance contracts for which we have elected the fair value option ⁽⁴⁾	(98)	(107)		(75)	(33)		
Amortization of fair value adjustments / Fair value adjustments	2	(106)		2	(128)		
Net gain on sales of subsidiaries	—	—		(15)	—		
Tax effects of adjustments ⁽⁵⁾	(26)	—		(17)	—		
Adjustments attributable to noncontrolling interest ⁽⁶⁾	(5)	—		11	—		
Adjusted operating (loss) income/Adjusted opening equity/Adjusted ROE/ Annualized adjusted ROE*	\$ (75)	\$ 5,284	(1.4)%	\$ 295	\$ 5,443	5.4 %	21.7 %

⁽¹⁾ Net (loss) earnings comprises net (loss) earnings attributable to Enstar ordinary shareholders, prior to any non-GAAP adjustments. Opening equity comprises Enstar ordinary shareholders' equity, which is calculated as opening Enstar shareholders' equity less preferred shares (\$510 million), prior to any non-GAAP adjustments.

⁽²⁾ Represents the net realized and unrealized losses related to fixed maturity securities. Our fixed maturity securities are held directly on our balance sheet and also within the "Funds held - directly managed" balance.

⁽³⁾ Comprises the discount rate and risk margin components.

⁽⁴⁾ Represents an aggregation of the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates, calculated at the applicable jurisdictional tax rate.

⁽⁵⁾ Represents the impact of the adjustments on the net earnings (loss) attributable to noncontrolling interest associated with the specific subsidiaries to which the adjustments relate.

* Non-GAAP financial measure.

Reconciliation to Adjusted Run-off Liability Earnings



	Three Months Ended	As of			Three Months Ended
	March 31, 2022	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2022
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	Annualized RLE %
PPD/net loss reserves/Annualized RLE	\$ 143	\$ 10,962	\$ 11,555	\$ 11,259	5.1 %
Non-GAAP Adjustments:					
Enhanced Re	(28)	(150)	(181)	(166)	
Legacy Underwriting	(1)	(142)	(153)	(147)	
Net loss reserves - current period	—	(13)	—	(7)	
Reduction in provisions for ULAE / Net ULAE provisions	(22)	(394)	(416)	(405)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	2	104	106	105	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option ⁽¹⁾	(98)	201	107	154	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	3	586	574	580	
Adjusted PPD/Adjusted net loss reserves/Annualized Adjusted RLE*	<u>\$ (1)</u>	<u>\$ 11,154</u>	<u>\$ 11,592</u>	<u>\$ 11,373</u>	<u>0.0 %</u>

	Three Months Ended	As of			Three Months Ended
	March 31, 2021	March 31, 2021	December 31, 2020	March 31, 2021	March 31, 2021
	PPD	Net loss reserves	Net loss reserves	Average net loss reserves	Annualized RLE %
PPD/net loss reserves/Annualized RLE	\$ 110	\$ 9,215	\$ 8,544	\$ 8,880	5.0 %
Non-GAAP Adjustments:					
Legacy Underwriting	(6)	(153)	(955)	(555)	
Net loss reserves - current period	—	(48)	—	(24)	
Reduction in provisions for ULAE / Net ULAE provisions	(14)	(396)	(334)	(365)	
Amortization of fair value adjustments / Net fair value adjustments associated with the acquisition of companies	2	125	128	127	
Changes in fair value - fair value option / Net fair value adjustments for contracts for which we have elected the fair value option ⁽¹⁾	(75)	109	33	71	
Change in estimate of net ultimate liabilities - defendant A&E / Net nominal defendant A&E liabilities	9	599	615	607	
Adjusted PPD/Adjusted net loss reserves/Annualized Adjusted RLE*	<u>\$ 26</u>	<u>\$ 9,451</u>	<u>\$ 8,031</u>	<u>\$ 8,741</u>	<u>1.2 %</u>

⁽¹⁾ Comprises the discount rate and risk margin components.

* Non-GAAP financial measure.

	Three Months Ended March 31,	
	2022	2021
Investment results		
Net investment income	\$ 80	\$ 62
Net realized losses	(37)	(11)
Net unrealized losses	(381)	(10)
Earnings from equity method investments	31	118
TIR (\$)	\$ (307)	\$ 159
Non-GAAP adjustment:		
Net realized and unrealized losses on fixed maturity investments and funds held-directly managed	334	206
Adjusted TIR (\$)*	\$ 27	\$ 365
Total investments	17,242	16,553
Cash and cash equivalents, including restricted cash and cash equivalents	1,135	996
Funds held by reinsured companies	2,241	683
Total investable assets	\$ 20,618	\$ 18,212
Average aggregate invested assets, at fair value ⁽¹⁾	\$ 20,243	\$ 17,863
Annualized TIR % ⁽²⁾	(6.1)%	3.6 %
Non-GAAP adjustment:		
Net unrealized losses (gains) on fixed maturities, AFS investments included within AOCI and net unrealized losses (gains) on fixed maturities, trading instruments	521	(229)
Adjusted investable assets*	\$ 21,139	\$ 17,983
Adjusted average aggregate invested assets, at fair value ⁽³⁾	\$ 20,459	\$ 17,468
Annualized adjusted TIR % ⁽⁴⁾	0.5 %	8.4 %

⁽¹⁾ This amount is a two period average of the total investable assets, as presented above, and is comprised of amounts disclosed in our quarterly and annual U.S. GAAP consolidated financial statements.

⁽²⁾ Annualized TIR % is calculated by dividing the annualized TIR (\$) by average aggregate invested assets, at fair value.

⁽³⁾ This amount is a two period average of the adjusted investable assets*, as presented above.

⁽⁴⁾ Annualized adjusted TIR % is calculated by dividing the annualized adjusted TIR* (\$) by adjusted average aggregate invested assets, at fair value*.

*Non-GAAP measure.

Investable Assets - Management's View* - March 31, 2022



Consolidated Balance Sheet View	March 31, 2022	Exchange traded funds backed by fixed income securities	Bonds, CLO equities and private debt held in equity format	Equities, privately held equity, private credit and real estate held in fund format	CLO equity funds	Other assets and liabilities in funds held format	March 31, 2022	Management's View of Underlying Economic Exposure
Short-term and fixed maturity investments, trading and AFS and funds held - directly managed, excluding other assets	\$ 11,195						\$ 11,195	Fixed maturities
Other assets included within funds held - directly managed	221					(221)	—	
Equities	2,444	(1,227)	(125)	(1)			1,091	Equities*
Other Investments:								
Hedge funds	315						315	Hedge funds
Fixed income funds	656	1,227	63				1,946	Bond/loan funds*
Equity funds	4			(4)			—	
Private equity funds	1,068			(107)			961	Private equity funds*
CLO equities	156		32		234		422	CLO equities*
CLO equity funds	234				(234)		—	
Private credit funds	296		30	77			403	Private credit*
Real estate debt fund	134			35			169	Real estate*
Total	2,863						4,216	
Equity method investments	519						519	Equity method investments
Total investments	17,242						17,021	
Cash and cash equivalents (including restricted cash)	1,135						1,135	Cash and cash equivalents (including restricted cash)
Funds held by reinsured companies	2,241					221	2,462	Funds held*
Total investable assets	\$ 20,618						\$ 20,618	Total investable assets

* Non-GAAP financial measure.

Consolidated Balance Sheet View	December 31, 2021	Exchange traded funds backed by fixed income securities	Bonds, CLO equities and private debt held in equity format	Equities, privately held equity, private credit and real estate held in fund format	CLO equity funds	Other assets and liabilities in funds held format	December 31, 2021	Management's View of Underlying Economic Exposure
Short-term and fixed maturity investments, trading and AFS and funds held - directly managed, excluding other assets	\$ 12,254						\$ 12,254	Fixed maturities
Other assets included within funds held - directly managed	201					(201)	—	
Equities	1,995	(969)	(121)	(3)			902	Equities*
Other Investments:								
Hedge funds	291						291	Hedge funds
Fixed income funds	573	969	64				1,606	Bond/loan funds*
Equity funds	5			(5)			—	
Private equity funds	752			(110)			642	Private equity funds*
CLO equities	161		32		207		400	CLO equities*
CLO equity funds	207				(207)		—	
Private credit funds	275		25	85			385	Private credit*
Real estate debt fund	69			33			102	Real estate*
Total	2,333						3,426	
Equity method investments	493						493	Equity method investments
Total investments	17,276						17,075	
Cash and cash equivalents (including restricted cash)	2,092						2,092	Cash and cash equivalents (including restricted cash)
Funds held by reinsured companies	2,340					201	2,541	Funds held*
Total investable assets	\$ 21,708						\$ 21,708	Total investable assets

* Non-GAAP financial measure.

