TR Re, Ltd.

Financial Condition Report

For the year ended December 31, 2023

TR RE, LTD
FINANCIAL CONDITION REPORT DECEMBER 31, 2023

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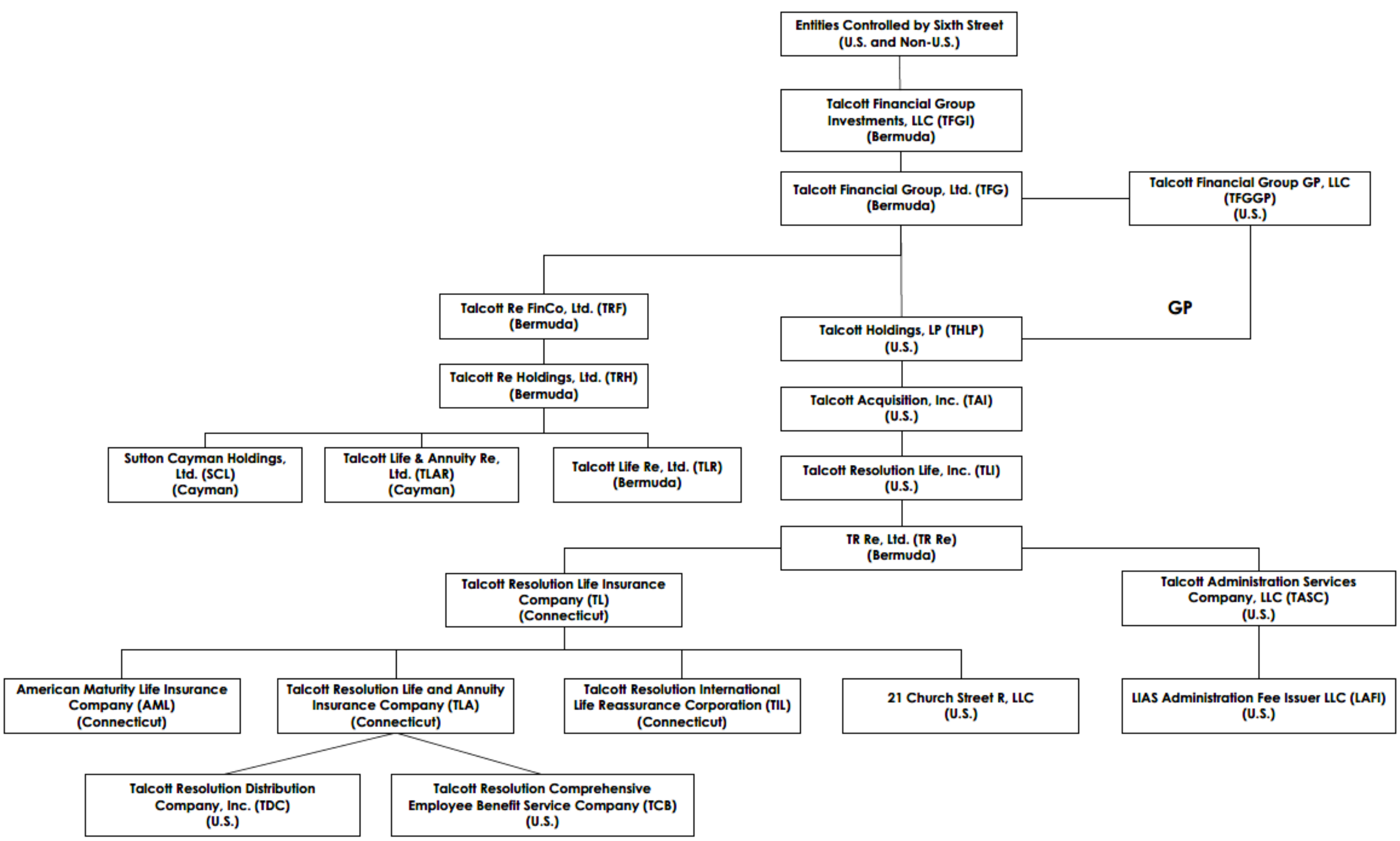
1. Business and Performance

a.	Name of the Insurer	TR Re, Ltd.
b.	Insurance Supervisor	Bermuda Monetary Authority ("BMA")
	Contact Information	BMA House 43 Victoria Street, Hamilton, HM12
c.	Approved Auditor	Deloitte Ltd., Bermuda
	Contact Information	Corner House 20 Parliament Street, Hamilton, HM 12
d.	Ownership Details	100% owned by Talcott Resolution Life, Inc.
e.	Group Structure	See below for Group Structure as of December 31, 2023.

TR Re, Ltd. ("TR Re"), a Bermuda exempted company, together with its subsidiaries (collectively, "TR Re consolidated", the "Company," "we" or "our") is a leading provider of comprehensive risk solutions for the insurance industry. TR Re was incorporated on June 28, 2021 and registered as a Bermuda Class E insurer effective November 24, 2021. TR Re is a wholly-owned subsidiary of Talcott Resolution Life, Inc. ("TLI"), with an ultimate parent of Talcott Financial Group, Ltd.. ("TFG") together with its subsidiaries (collectively, the "Group").

On March 13, 2023, the Company received approval from the Bermuda Monetary Authority to have Talcott Administration Services Company ("TASC") become a subsidiary. The reorganization occurred on October 1, 2023; therefore, TASC moved from being a wholly-owned subsidiary of TLI to being a wholly-owned subsidiary of TR Re.

The dollar amounts presented in this document are on a TR Re consolidated basis for the Company as a whole.



1. Business and Performance

f. Insurance Business Written by Business Segment and by Geographical Region for the Reporting Period

The company has one reportable segment and its principal products and services are comprised of variable, fixed and payout annuities, FIAs, and private-placement life insurance. Gross premiums written during 2023 were $304 million and all premium written during the period was US-based.

g. Performance of Investments by Asset Class and Material Income and Expenses Incurred for the Reporting Period

Net investment income by asset class:

(before tax, in millions)	**For the Year Ended December 31, 2023**
Fixed maturities	647
Equity securities	11
Mortgage loans	80
Policy loans	90
Investment funds	114
Other investments	2
Short-term investments	70
Investment expense	(21)
Total net investment income	**993**

Material Income & Expenses:

(in millions)	**For the Year Ended December 31, 2023**
Revenues	
Policy charges and fee income	947
Premiums	142
Net investment income	993
Investment related losses	(1,292)
Total revenues	**790**
Benefits, losses and expenses	
Benefits and losses	581
Change in market risk benefits	(382)
Amortization of value of business acquired and deferred acquisition costs	41
Insurance operating costs and other expenses	451
Interest expense	**6**
Total benefits, losses, and expenses	**697**
Income before income taxes	**93**
Income tax expense (benefit)	(20)
Net income	**113**

h. Other Material Information

For the year ended December 31, 2023, there is no other material information regarding business and performance required to be disclosed for purposes of this Financial Condition Report (“FCR”).

2. Governance Structure

a. Board and Senior Executive

i. Structure of the Board and Senior Executive, Roles, Responsibilities and Segregation of Responsibilities

The Company business is managed under the supervision of its Board of Directors (the “Board”) which is comprised of a combination of executive and non-executive directors. The Board is responsible for setting appropriate strategies and the oversight of the implementation of these strategies. The Board also is responsible for ensuring that Company’s management establishes a framework to implement the Company’s strategic business objectives. The Board is responsible for providing suitable prudential oversight of the Company’s risk management and internal controls framework, including any activities and functions which are delegated or outsourced. The Board has established an Audit Committee. The Board is governed by the Company bye-laws.

ii. Remuneration Policy and Practices and Performance Based Criteria Governing the Board, Senior Executive and Employees

The TFGI Remuneration Policy sets the framework for the remuneration of chief and senior executives, key persons in control functions and other employees whose actions may have a material impact on the risk exposure of TFGI and its insurance subsidiaries (individually “OpCos”) and executives and Board members of the OpCos (“Key Individuals”).This policy is intended to help ensure that the compensation of Key Individuals does not promote excessive or inappropriate risk-taking, and is in line with the objectives, strategies, identified risk appetite, and long-term interests of the insurer and other stakeholders.The Company’s policy is intended to attract, retain and motivate high-performing employees. The annual incentive compensation and the long-term incentive programs are driven by the Group’s earnings and returns to shareholders, as well as the accomplishment of qualitative goals that cascade from the enterprise level down to individual goals.

iii. Pension or Early Retirement Schemes for Members, Board and Senior Executives

The Company provides all employees, including executive and executive management with pension benefits through a defined contribution pension scheme, administered by a third party. The Company’s remuneration program does not include any supplementary pension or early retirement schemes for its non-Executive Directors or its senior executives.

iv. Material Transactions with Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive

As of December 31, 2023, the Company’s affiliates had outstanding amounts borrowed of $625 million from the Company. In 2023, the Company borrowed $100 million from a related party and $186 million was repaid from prior year loans the Company issued.

b. Fitness and Propriety Requirements

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

TR Re’s Fitness and Propriety Policy ensures that TR Re’s Board members, controllers, the chief and senior executives, the Principal Representative, and third-party service providers possess the professional experience, knowledge and qualifications to discharge duties for and on behalf of the Company and that they are of good repute and integrity. This policy also outlines the associated procedures to evaluate these criteria including a Fitness and Proprietary Self-Assessment which is completed every three (3) years.

ii. Board and Senior Executives' Professional Qualifications, Skills, and Expertise

The TR Re Board of Directors is comprised of eight experienced insurance professionals:

Board of Directors

Anthony M. Muscolino (Non-Executive Director and Chairman)

Mr. Muscolino is a Co-Founding Partner and member of Executive Committee of Sixth Street and co-runs Sixth Street’s Insurance business. He serves as a director on the boards of various Sixth Street-managed portfolio companies. Prior to co-founding Sixth Street in 2009, Mr. Muscolino was a Principal with FG Companies, a consumer and commercial finance advisory firm providing strategic consulting and investment banking services to banks, finance companies and their investors. From 1999 to 2007, Mr. Muscolino worked with Goldman Sachs in the Americas Special Situations Group (“AmSSG”) and prior to AmSSG, in the Financial Institutions Group of the Investment Banking Division. Prior to Goldman

2. Governance Structure

Sachs, Mr. Muscolino worked in the Financial Services practice of Andersen Consulting providing technology and business process consulting services to financial services clients. Mr. Muscolino earned an M.B.A. with honors from the University of Chicago Booth School of Business and a B.S. with honors in Mechanical Engineering from the University of Illinois at Urbana-Champaign.

Stephen E. Cernich (Director and Chief Executive Officer)

Mr. Cernich was one of the founders of Athene Holding Ltd. and served as the company's initial Chief Actuary. In 2010, he assumed the role as head of Corporate Development and oversaw the company's five acquisitions as well as its largest reinsurance transaction. Mr. Cernich retired from Athene in June 2016. Prior to forming Athene, Mr. Cernich had a 25-year history working as an actuary for a number of life insurance companies, including subsidiaries of XL Capital and Zurich Financial. He has an MBA from the University of Chicago and a B.S. in Mathematics from the University of Notre Dame. He is an Associate of the Society of Actuaries (ASA), a Member of the American Academy of Actuaries (MAAA), and a Chartered Financial Analyst (CFA).

Joshua W. Easterly (Non-Executive Director)

Mr. Easterly is the Co-President, Co-founding Partner and member of Executive Committee of Sixth Street and co-runs Sixth Street's Insurance business. He is Chairman and CEO of Sixth Street Specialty Lending, Inc. (NYSE: TSLX) based in New York. Prior to co-founding Sixth Street, Mr. Easterly was a Managing Director with Goldman Sachs, where he worked in the Americas Special Situations Group ("AmSSG") and most recently held the position of AmSSG's Chief Investment Officer. He also held the positions of Head of Distressed Principal Investing and Co-Head of Goldman Sachs Specialty Lending Group. Other leadership roles during Mr. Easterly's tenure at Goldman Sachs included Co-Head of AmSSG Asset Investing and Co-Head of AmSSG Private Equity. In such positions, Mr. Easterly served on various boards of directors of companies in which AmSSG invested. Prior to joining Goldman Sachs in March 2006, Mr. Easterly was Senior Vice President, Northeast Regional Originations Manager with Wells Fargo Foothill, the $8 billion commercial finance company of Wells Fargo & Co. In this role, he was responsible for all origination and underwriting efforts in New York and Boston and was a member of the Credit Committee and Senior Management team. Mr. Easterly graduated from California State University, Fresno with a B.S. in Business Administration, magna cum laude.

Peter F. Sannizzaro (Non-Executive Director)[1]

Mr. Sannizzaro is the former President and Chief Executive Officer of the Talcott Resolution Life Insurance Company, a role he assumed in November 2018 where he was highly engaged in the day-to-day management of the business and the establishment of its overall strategy. He has 30 years of experience in the financial services industry, including serving as President and Chief Operating Officer of Talcott Resolution Life Insurance Company from June 2018 to November 2018. Prior to 2018, he served as Senior Vice President and Chief Financial Officer for the company where he had responsibility for Finance, Actuarial and Risk, as well as Chief Financial Officer of Hartford Investment Management Company. He is a Chartered Financial Analyst and a Certified Public Accountant. He is a director of Talcott Resolution Life Insurance Company, and also serves as a director of Foodshare, Inc., Chair of its Finance Committee and a member of its Executive Committee and Retirement Committee.

Imran Siddiqui (Non-Executive Director)

Mr. Siddiqui retired from Apollo Global Management in early 2017, where he was a Senior Partner overseeing Financial Institutions investing. In that position, he sponsored the initial investment and formation of Athene Holdings Ltd. and played a prominent role in the build-out of Athene into a $65 billion asset company. Mr. Siddiqui served as a Director and Vice Chairman for Athene, chaired the Compensation Committee and worked hand-in-hand with Athene management in evaluating, pricing and negotiating Athene's five acquisitions between 2009-2016. In addition to building Athene, Mr. Siddiqui also purchased and grew a mid-market commercial lender (MidCap Financial), investing ~$2.75 billion of capital into the company; started a residential mortgage originator (AmeriHome) and invested ~$500 million of capital into it; and sponsored and sat on the investment committee of Apollo's Life Settlements funds, which had over $2.0 billion of AUM by the time Mr. Siddiqui departed Apollo. Mr. Siddiqui was one of the ~10 members of Apollo's Management Committee, which oversaw the strategy and operations of the firm. Prior to joining Apollo in 2008, Mr. Siddiqui worked at Oak Hill Capital, Goldman Sachs and McKinsey & Co. He has a Juris Doctor from Harvard and a BA in Political Science and an M.A. in International Relations from the University of Chicago.

[1] Peter Sannizzaro resigned from his director position effective January 15, 2024.

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Rohan Singhal (Non-Executive Director)

Mr. Singhal is a Managing Director with Sixth Street based in London, focused on Sixth Street's investing efforts in financial services, including insurance. Prior to joining Sixth Street in 2013, Mr. Singhal worked in the private equity division of TPG, and before that worked at Goldman Sachs in the Merchant Banking Division. He sits on various boards, including the supervisory board of the Lifetri Group (a regulated Dutch insurance company), and the board of Clara Pensions (a UK pensions consolidator). Mr. Singhal graduated from University of Cambridge with a M.A. in Economics.

Robert W. Stein (Non-Executive Director)

Mr. Stein worked at Ernst & Young for 35 years, and he was the Managing Partner of E&Y's Global Actuarial Services practice and Managing Partner of E&Y's Global Financial Services practice before he retired. In those roles he directed the development of E&Y's advisory practices around Solvency II, IFRS definition and implementation, enterprise-wide risk management, and MCEV development (among many other items). He has provided significant assistance to industry trade associations and regulators concerning key industry issues, including IFRS, Solvency II, capital and reserve standards in the US. Organizations that he has supported include the IASB, US insurance regulators, the Society of Actuaries, the IAIS, CRO Forum, CFO Forum, the CEA, Group of North American Insurance Enterprises (GNAIE), and the China Insurance Regulatory Commission. Mr. Stein subsequently has served (and is currently serving) as an Independent Director on the Board of Directors of publicly listed Assurant Inc., and has served on the Boards of a number of private insurance companies, including Worldwide Reinsurance Ltd. a Bermuda-based life/annuity reinsurance company. In these Board positions he often has served as Chairman of the Audit Committee (for public and private companies). He is a Member of the American Institute of Certified Public Accountants, a Member of the American Academy of Actuaries (MAAA), and a Fellow of the Society of Actuaries (FSA). Mr. Stein holds a B.S.B.A. degree from Drake University.

Ronald K. Tanemura (Non-Executive Director)

Mr. Tanemura is a retired Partner and former Advisor Director for Goldman, Sachs & Co. from 2000 to 2006. He was also a Managing Director at Deutsche Bank from 1996 to 2000 and at Salomon Brothers from 1985 to 1996. During his 20 years in banking, he managed a variety of fixed income sales and trading businesses in London, New York and Tokyo. In March 2011, Mr. Tanemura was elected a director of Sixth Street Specialty Lending, Inc. and currently serves as a director of Talcott Resolution Life, Inc., post-reorganization Lehman Brothers Holdings Inc. and Sixth Street Lending Partners. Also, from 2012 to 2019, he served as a non-executive director of ICE Clear Credit in Chicago and, from 2009 to 2019, he served as a non-executive director of ICE Clear Europe in London, both wholly owned subsidiaries of Intercontinental Exchange, Inc. Mr. Tanemura is also a member of Talcott Resolution Life Inc.'s Corporate Governance Committee. Mr Tanemura attended the University of California, Berkeley from September 1981 to May 1985, graduating with a Bachelor's Degree in Computer Science.

Executive Management

TR Re's experienced executive management team includes:

Stephen E. Cernich - Chief Executive Officer

Mr. Cernich joined the Company as Chief Executive Officer ("CEO") in 2021. See biography above.

Huan Tseng - Chief Underwriter and Head of Institutional Markets

Mr. Tseng joined the Company as Chief Underwriter and Head of Reinsurance in 2021. In November 2023 he was appointed as Chief Underwriter and Head of Institutional Markets in place of his prior title. Mr. Tseng is responsible for leading the corporate development and underwriting efforts. In his role, he oversees the sourcing, development, and structuring of block and flow reinsurance, and mergers and acquisitions. Mr. Tseng has more than 20 years of experience within the industry. Prior to joining Talcott, he was Vice President of Business Development and Structuring at RGA Reinsurance Company. He has extensive experience specializing in reinsurance of variable and fixed annuities, mergers and acquisitions, and financial solutions. He has a Bachelor of Science in Actuarial Science from the University of Western Ontario. He is also a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and an Associate of the Canadian Institute of Actuaries.

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Adam Laing - Chief Financial Officer and Principal Representative

Mr. Laing joined the Company as Chief Financial Officer ("CFO") and Principal Representative in 2021. Mr. Laing is responsible for helping structure, onboard, and operationalize transactions. In his role, he oversees all aspects of the financials, capital, and operations of our Bermuda entities. Mr. Laing has more than 18 years of financial services experience. Prior to joining the Group, he was Senior Manager at Deloitte and Chief Financial Officer and Co-Chief Operating Officer at Athene Life Re. Mr. Laing has extensive experience in life insurance, annuities, and reinsurance, and has held a variety of financial roles in the U.S. and in Bermuda. He has a Bachelor of Science in Economics and Accounting, a Master of Accounting from Boston College, and is a Certified Public Accountant.

Sean Voien - Chief Risk Officer[2]

Mr Voien was appointed as Chief Risk Officer("CRO") in March 2023. In this role, he is responsible for risk management, including governance, monitoring, and reporting of financial and operational enterprise risks. Mr. Voien holds over ten years of experience in the insurance/reinsurance industry. Prior to joining Talcott, Mr. Voien was the Pricing Actuary at Somerset Reinsurance, the Chief Actuary and Director at Gibraltar Reinsurance, the Vice President and Actuary at Prudential Financial, as well as the Head of Japan Capital and Reinsurance Strategy at MetLife Japan. Mr. Voien holds a Bachelor of Science degree from the University of Nebraska-Lincoln. Additionally, as of 2013, he is an active Fellow of the Society of Actuaries (FSA).

Matthew J. Poznar - Chief Investment Officer[3]

Mr. Poznar joined TR Re as Chief Investment Officer ("CIO") in 2021. Mr. Poznar is responsible for the investment portfolios and strategies that support financial commitments to TR Re's contract holders and contribute to overall enterprise returns. He has more than 36 years of experience within the industry, and prior to joining TR Re, was responsible for managing investment portfolios at Talcott Resolution and Hartford Investment Management Company running its Variable Insurance Trust platform. Mr. Poznar holds the Chartered Financial Analyst designation.

Matthew C. Bjorkman - Chief Internal Auditor

Mr. Bjorkman joined TR Re as Chief Internal Auditor ("CIA") in 2021. Mr. Bjorkman is responsible for developing the strategy of the internal audit department and executing the audit plan. He has more than 16 years of experience within the industry, and prior to joining TR Re, he was responsible for internal audit of Talcott Resolution, a Director at Risk & Regulatory Consulting, LLC and a Senior Manager in the public accounting practice at Deloitte. Mr. Bjorkman is also a Certified Public Accountant.

Bobbi Marshall - Chief Compliance Officer

Ms. Marshall joined TR Re as Chief Compliance Officer ("CCO") effective July 4, 2022. Ms. Marshall is responsible for overseeing the compliance function for TR Re. Ms. Marshall began working in the Bermuda re/insurance industry in 2001. She has extensive experience supporting underwriting, legal, compliance, and operations of Bermuda re/insurers, and has held a variety of senior legal management roles in North America and Bermuda including General Counsel for one of Bermuda's first innovative insurers. Bobbi has a Juris Doctor degree from Osgood Hall Law School.

Christopher B. Cramer - Chief Tax Officer

Mr. Cramer joined TR Re as Chief Tax Officer ("CTO") in 2021. Mr. Cramer is responsible for overseeing the tax function for TR Re. He has more than 17 years' tax and legal experience within the industry, including his current role as CTO and Deputy General Counsel of the Company's US insurance company affiliates. Prior to his role with TR Re, he was Head of Tax Law for Talcott Resolution and The Hartford.

[2] Christopher Abreu was responsible for the risk function as CRO for the Company through March 20, 2023.

[3] Matthew Poznar resigned from the Company on March 31, 2024 and his position was assumed by James O'Grady effective April 1, 2024.

2. Governance Structure

Christopher Plucar - Chief Actuary[4]

Mr. Plucar joined the Company as Chief Actuary in 2023. In his role, he is responsible for leading the actuarial valuation, modeling, and assumption setting efforts for Bermuda and Cayman regulated entities. He provides oversight of all aspects of reinsurance transactions from an insurance risk, capital solvency, and profitability standpoint. Additionally, he provides leadership and management to the actuarial department and ensures compliance with financial regulations, including material changes resulting from Bermuda Monetary Authority Consultation Papers (CP). M. Plucar holds nearly 20 years of industry experience. Prior to joining Talcott, Mr. Plucar was the Senior Vice President and Chief Corporate Actuary at American Equity, the Vice President and Appointed Actuary at Transamerica (formally Aegon USA), and Actuarial Associate at Willis Towers Watson (formally Towers Perrin). Mr. Plucar holds a Bachelor of Arts degree in Mathematics and Economics from Coe College and a Master of Science degree in Actuarial Science from the University of Iowa. Mr. Plucar is an active Fellow of the Society of Actuaries (FSA) since 2008 and an active Member of the American Academy of Actuaries (MAAA) since 2007.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process and Procedures to Effectively Identify, Measure, Manage and Report on Risk Exposures

The TFGI Board Enterprise Risk Committee ("ERC") is responsible for oversight of risk of the enterprise and its direct and indirect subsidiaries as reflected in the Legal Entity Structure, found in Section 1. The ERC is responsible for setting the enterprise risk appetite framework and limits, and cascades down the risk appetite guidelines for its direct and indirect subsidiaries including the Company. The ERC of the TFGI Board oversees the investment, financial, and operational risks, and has oversight of all risks that do not fall within the oversight responsibility of any other standing committee. TR Re's Board of Directors provides oversight of the risk management activities of TR Re. TR Re adopted the same Enterprise Risk Management ("ERM") framework approved and implemented by the ERC.

The ERM function is led by TR Re's CRO and is independent from the business functions within the Company. The ERM function is charged with providing a comprehensive view of the Company's risks, communicating and monitoring the risk exposures on an individual and aggregate basis and ensuring that the Company's risks remain within its allocated risk appetite and tolerances levels. The ERM function has clear responsibility for maintaining and enforcing the ERM program and its policies.

The enterprise Risk Management Framework ("RMF") consists of a set of risk policies and standards. These are reviewed and approved by the ERC of the TFGI Board of Directors, at least annually. The RMF would be reviewed more regularly if the Company was subject to a major change in regulatory requirements, strategy or organizational structure. The RMF set by the ERC of the TFGI Board of Directors is then cascaded down and adopted by the Board's of its direct and indirect subsidiaries. Risk self-assessment areas are reviewed at the entity specific level and then consolidated and evaluated at the consolidated Company level. The areas covered include Capital Management, Actuarial, Finance, Tax, Legal, Compliance, IT, and Human Resources. The results of the self-assessments are discussed at the Group, respective risk committee and entity level boards as appropriate.

Risk Governance Framework

Documentation of TR Re's risk governance framework is maintained by ERM and includes four categories: risk policies, processes and procedures, control and limit documents, and committee charters.

Risk Policies

Risk policies are formal documents that codify management's awareness of a significant risk or area of risk and articulate management's strategy, specify specific risk limits, and approach to managing that risk. Risk management policies exist for the major risk categories (financial risks, insurance risks and operational risks).

[4] Stephen E. Cernich was responsible for the actuarial function as Interim Chief Actuary for the Company through September 19, 2023.

2. Governance Structure

Risk Committee Structure

The ERC has oversight of all risks that do not fall within the oversight responsibility of any other standing committee in addition to its responsibilities to oversee the Group's enterprise financial, operational, and insurance risk exposures. To perform this responsibility it utilizes management risk committees and risk sub-committees. With assistance from ERM, the functional areas share risk-related ideas and information through an Enterprise Management Risk and Capital Committee ("EMRCC") and risk sub-committees that report up to the ERC.

TR Re leverages the enterprise risk management framework and manages and monitors risk through this robust system of risk committees, risk sub-committees, risk working groups, risk policies, processes and procedures documents, and control and limit documents.

Each committee and working group have a written charter setting forth the committee's authorities, responsibilities, and duties. Annually, each committee reviews and reassesses the adequacy of its charter. In additional to these formal activities, there are informal meetings that provide day-to-day decision-making and management of risk within determined tolerances and limits.

Risk Appetite, Tolerances and Limits

TR Re has a formal risk appetite framework that follows the enterprise risk appetite framework. It is reviewed and approved annually by the TR Re Board. The risk appetite framework includes a risk appetite statement, risk preferences, risk tolerances, risk limits, and clear delineation of roles and responsibilities. The risk appetite statement is referenced regularly and is used to guide decisions and tolerances.

Risk Profile

ERM maintains a risk inventory of all material risks to which the Company is exposed. Material risk exposures are identified, continually assessed, and reported to the Company's management and Board regularly. Critical monitoring tools facilitate timely and effective risk-based decisions.

The Company groups its risks in three major categories: financial, insurance and operational. Additionally, the Company manages emerging, legal, and management risks across the organization. The TR Re Board is informed on company-wide risk exposures and actions taken by management within the comprehensive risk appetite framework to ensure objectives are achieved.

Business Risk Self-Assessments

A Business Risk Self-Assessment ("BRSA") is a process for identifying and evaluating material risks that could affect the achievement of business objectives or strategies or could lead to unacceptable risk. The Company is building out its BRSA processes and evaluations to enable the business to effectively identify and communicate their most material risks to executive management and the Audit Committee of the Board. Once these processes and evaluations are in place, BRSAs will be reviewed for changes regularly. If changes became material, results would be provided to the TR Re Board.

Emerging Risk Assessments

Emerging Risks are defined as those risks that are newly occurring or identified in the external or internal operating environment (e.g. litigation, regulation, new technologies, social developments, market developments) that are not fully understood. These Emerging Risks can be difficult to quantify and can have a significant impact on the risk profile or long-term value of the Company. While Emerging Risks often capture new risk exposures that have not previously been identified, Emerging Risks also can arise from new economic, business or market events and conditions on known risk exposures, especially for market and business-related risks.

The EMRCC participates in discussions around enterprise top emerging risks. Led by the Company's CRO, ERM is building out processes to conduct interviews with the Company's leadership to better understand and document potential emerging risks the Company may face. In addition, ERM reviews emerging risk industry led surveys. ERM then compiles the list of top emerging risks to which the Company's balance sheet is exposed.

Top Emerged Risks

As part of the annual risk appetite work, the Company will conduct analysis to identify and prioritize its 'top emerged' risks. The EMRCC and its supporting management committees will assess if any already identified risks should be added to the

2. Governance Structure

top emerged risk list. The top financial risks were determined based on the economic and regulatory stress test results and capital outlooks while the top operational risks were determined by ranking the residual risks after controls and mitigation actions are in place.

Risk Mitigation

Various methods are in place to mitigate and/or manage the Company's material risks including traditional risk management methods (e.g. reinsurance, hedging strategies, etc.) as well as metric reporting methods (e.g. limit testing). As part of its risk management activities, TR Re sets forth risk mitigation strategies within its risk policies.

Risk Reporting and Communication

Risk reporting occurs at various levels throughout ERM. Financial, insurance and operational risks are managed and monitored on an ongoing basis and reported to Company leadership, management level risk committees, and to relevant functional areas as appropriate. Centralized aggregate reporting brings together timely critical risk data for the EMRCC and the TR Re Board of Directors to inform appropriate management action and support key decision-making. ERM uses a variety of models and data sources to provide risk reports discussed in detail below.

ERM has developed, implemented, and provides on-going support for executive risk management reports and presentations. Through standardized processes and tools, ERM has designed reports to clearly communicate the most critical aggregate risks across the Company. Specifically, ERM produces a quarterly Enterprise Risk Dashboard, which contains high-level aggregate risk metrics to better understand the Company's overall risk position and performance. This information is used to determine if the Company is managing within the identified risk tolerances and limits and to enable decisions about how to strategically manage TR Re's risk profile. Breaches are escalated by the Company's CRO to the EMRCC and cured or waived by the responsible committee, as laid out in the risk management policies.

Furthermore, ERM performs data analysis to capture more frequent trending at a more granular level. Lower-level detailed risk reports are provided to TR Re's leadership team and to relevant functional areas as appropriate.

ii. Risk Management and Solvency Self-Assessment Systems Implementation

Functional heads are responsible for day-to-day risk management activities, executive management and the Company's CRO are responsible for facilitating sound risk management practices, and the board and audit functions are responsible for reviewing the effectiveness of the risk controls and risk management practices. The design and operating effectiveness of the framework are subject to review by internal audit and external independent audit. The Company's executive management and the TR Re Board regularly review its risk profile to ensure its risk appetite is aligned with its business strategy and risk-return profile.

The CRO reports the results of stress testing and other risk areas to the Company's Board. The CRO reports to TR Re's Board on its ability to effectively manage liquidity risk, derivative activity performed for the economic benefit of the Company including activity related to all reinsurance contracts and investment compliance reporting. The Company's CRO is an active member of the internal management level risk committees and is directly involved with the Company's Treasury function regarding capital and liquidity management. This includes the monitoring and use of various inter-company lending facilities, monitoring of liquid assets, and monitoring the use and allocation of capital to current and new operations.

TR Re's solvency self-assessment process is performed in conjunction with the Group's other solvency self-assessment reports and is an integral part of the overall risk governance framework. ERM is responsible for drafting the Commercial Insurer's Solvency Self-Assessment ("CISSA") report and implementing the processes and procedures described in the risk management framework section with the support from subject matter experts from each functional area. The CISSA report includes a description of TR Re's risk governance documentation, risk appetite and limits, identification, management, monitoring and reporting of key risks as well as an overview of TR Re's risk capital and prospective solvency. Every year, the CISSA report is revised to include up to date information on TR Re's risk management framework.

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iii. Relationship between the Solvency Self -Assessment, Solvency Needs, and Capital and Risk Management Systems

TR Re's risk management framework considers the various regulatory lenses and TR Re's capital management philosophy is to ensure adequate capitalization and liquidity of its business operations and sufficient financial flexibility across the enterprise during business-as-usual ("BAU") as well as adverse economic conditions. Risk tolerances provide comprehensive aggregate boundaries that are not only concrete and practical, but also consistent and aligned with the Company's risk appetite objectives. Risk tolerances are put in place to assure balance sheet resilience in the face of stress events and to protect operational longevity. The Company sets risk tolerances under the Bermuda Solvency Capital Requirement ("BSCR") and economic valuations. The Company uses the BSCR to determine the required CISSA capital and maintains an internal model to determine the economic value of the business.

iv. Solvency Self-Assessment Approval Process

One of the responsibilities of TR Re's Board of Directors includes oversight of all risk exposures, risk management activities, and capital structure for TR Re. As a result, the TR Re Board reviews and approves the CISSA report prior to the submission.

Subject matter experts have been identified as owners for their section of the CISSA report and provide inputs to the ERM team, which is responsible for the drafting of the document. The CRO of TR Re reviews the CISSA report with the executive leadership team, which then recommends the CISSA report for approval to the TR Re Board.

d. Internal Controls

i. Internal Control System

The Company adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework as criteria for assessing the effectiveness of the system of internal controls to achieve objectives as defined by management. The COSO 2013 framework consists of the following:

1. **Control Environment** - The set of standards, processes and structures that provide the basis for carrying out internal controls across the organization. This includes our Code of Ethics, Board Governance, and the Ethics Hotline;
2. **Risk Assessment** - A dynamic and iterative process for identifying and analyzing risks to achieve our objective, which is to ensure we have an adequate system of Internal Controls. The risk assessment defines the scope of our Internal Controls Program;
3. **Control Activities** - The actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of our objective are carried out. This is the largest part of our program as it includes all the processes and key controls within the various business units (e.g., Finance, Actuarial, Operations, IT, Human Resources, Legal, Internal Audit and Risk Management);
4. **Information and Communication** - These are necessary to carry out internal control responsibilities; and,
5. **Monitoring Activities** - Ongoing evaluations to ascertain the adequacy of our Internal Controls and communication of deficiencies to senior management and the Board.

ii. Compliance Function

The compliance function oversees compliance activity for the Company and promotes and a sustainable corporate culture of compliance and integrity that ties into the larger Group. Compliance develops policies, procedures and processes that impact operations, and include compliance monitoring, testing and reporting (including a plan to address any deficiencies or non-compliance that may be identified); oversees processes for regulatory monitoring; and supports management in implementing any new rules, regulations, training, policies, procedures and controls. Compliance assists in the identification and analysis of potential risks associated with non-compliance. Furthermore, Compliance maintains mechanisms for staff to confidentially report concerns regarding compliance deficiencies and breaches. The function also acts as a channel of communication to receive, review, evaluate and investigate compliance issues or direct such matters to the appropriate department for investigation and resolution.

2. Governance Structure

e. Internal Audit

The internal audit function has an audit charter to document its mission, independence, scope, accountabilities, responsibilities, authorities and standards. Internal Audit reviews the charter each year and reports any material changes to the Board of Directors for approval.

Internal Audit prepares its internal audit plan to ensure assessment of governance and controls of key risk areas at an appropriate interval, taking into consideration the Company's nature, scale and complexity. This plan is based on an assessment of both the inherent risk and the adequacy of controls and is reviewed at least annually and approved by the Board.

To ensure internal audit remains independent, its employees are not authorized to perform any operational duties or approve any transactions in the organization; internal audit has unrestricted access to the Board, management, and all areas of the organization.

f. Actuarial Function

Christopher Plucar is a qualified actuary who oversees the main actuarial functions of the Company, with the exception of the Approved Actuary role. The Approved Actuary role is currently performed by Deloitte. The actuarial function is supported by in-house actuarial staff, plus affiliate and third-party actuarial service providers as needed. The Company ensures the fitness and propriety of any individuals performing the actuarial function as well as their tools, methods, and assumptions.

g. Outsourcing

i. Outsourcing Policy and any Key or Important Functions that have been Outsourced

As of December 31, 2023, Service Agreements in place between TRH and other affiliated companies including Talcott Resolution Life, Inc. ("TLI") and the Company allow employees of TRH and TLI to furnish support services and officers to TR Re. TR Re has documented requirements to ensure appropriate oversight of outsourced relationships and performance, including affiliated entities within the Group and/or entities external to the Group. The Board maintains oversight and accountability for all outsourced functions as if these functions were performed internally and subject to Company standards on governance and internal controls.

ii. Material intra-group outsourcing

The Company relies on services performed by affiliates to support certain functions, including investment management, actuarial modeling, financial reporting and information technology.

h. Other Material Information

As previously disclosed, management determined that there was a material weakness in the Company's controls over the financial accounting and reporting for intercompany reinsurance, which was identified in connection with the restatement of the Company's audited unconsolidated statutory financial statements for the fiscal year ended December 31, 2022.The restatement corrected an error related to the accounting associated with affiliated reinsurance agreements entered into between the Company and its wholly-owned subsidiary, TL, in which certain of the subsidiary's liabilities were reinsured to TR Re.

During 2023, in the course of management's continued assessment of internal controls, management has also determined there to be a material weakness in the implementation of control activities designed to reduce risks associated with changes to the Company's control environment, stemming from significant changes in our business, regulatory requirements, or operations. The Company has taken steps to remediate these matters, including to enhance its processes and procedures related to the appropriate accounting for intercompany reinsurance, and to improve its overall control activities aimed at reducing risks associated with changes to its control environment. The Company believes these changes will remediate the material weaknesses but if the Company's enhancements in internal controls fail to remediate the material weaknesses, or if the Company experiences additional internal control weaknesses, there could be a greater risk that current or future filings may not be accurate.

3. Risk Profile

The Company has exposure to a variety of financial risks, insurance risks, and operational risks due to the nature and size of its business. Financial risks include credit (including counterparty), interest rate, and equity risk. Liquidity risk is also categorized as a financial risk. Financial risks include direct and indirect risks to the Company's financial objectives coming from events that impact market conditions or prices. Some events may cause correlated movement in multiple risk factors.

1. Credit Risk

Credit risk is defined as the risk to earnings or to capital due to the uncertainty of an obligor's or counterparty's ability to meet its obligations in accordance with agreed upon terms. Credit risk is comprised of the risk of change in credit quality or credit migration, risk of loss from default, or a loss of capital due to changes in credit spread. The Company's credit risk is concentrated in its investment holdings but it is also present in the Company's derivative counterparty exposure, reinsurance transactions, and to a significantly lesser extent variable annuity fund assets under management.

Management

The Company manages credit risk on an ongoing basis using various processes and analyses. Investment exposures are most commonly reduced through the sale of exposure or through hedges using single name or basket credit default swaps. Derivative counterparty risk is managed through diversification, collateral requirements, and ongoing surveillance of the credit health of individual counterparties. Comprehensive Investment Management Agreements ("IMA") have been established with the Company's asset managers and investments which fall outside the guidelines of an IMA are subject to review by the Investment Management team before inclusion in the portfolios. Reinsurance credit exposures managed through the posting of collateral, funds held, or letters of credit. Constraining activity through the adoption of limits as described in the "Limits, Testing and Metrics" section below.

Limits, Testing, and Metrics

Counterparty credit risk, issuer concentration exposures, ratings migration risk, default risk, and spread risk are monitored. Measures look at risk both on a stand-alone and aggregate portfolio exposure basis. The Company utilizes both a bottom-up and top-down approach to managing and controlling credit risk exposure. The top-down metrics include limits for BSCR after stress, and aggregate portfolio risk through an average rating constraint. The Company's bottom-up metric, the Single Issuer limits, helps ensure the portfolio stays well diversified.

Monitoring and Reporting

Credit risks are managed on an ongoing basis through various processes and analyses. Fundamental credit analyses, supported by credit ratings and various risk tools including credit watch lists to measure the spread, migration, and default risk are leveraged on a regular basis. The Company monitors and review its portfolio's credit quality and sector allocation at least monthly to ensure that the asset manager stays within the investment portfolio guidelines; in times of heightened stress this could include review and reduction of specific sector holdings. Aggregate counterparty credit quality and exposure is monitored daily. All limit breaches are escalated to the Company CRO. If necessary, they will also be escalated to the responsible management and Board-level committees.

2. Interest Rate Risk

Interest rate risk is defined as the exposure to adverse changes to the Company's surplus levels and/or future income arising from movements in interest rates. It encompasses exposures with respect to changes in the level of interest rates, the shape of the term structure of interest rates, and the volatility of interest rates. The Company has exposure to interest rate risk arising from its fixed maturity investments, derivative instruments and interest sensitive and certain product liabilities.

The Company's investment portfolios primarily consist of investment grade fixed maturity securities. The fair value of the invested assets and liabilities fluctuate depending on the interest rate environment and other general economic conditions. The Company has additional interest rate exposure stemming from the riders on the FIA business that The Company has reinsured.

The Company's liability obligations may fluctuate depending on the interest rate environment and other general economic conditions. Policyholder behavior can vary because interest rate changes can influence whether a policyholder decides to persist or surrender their policy. This variance in policyholder behavior can potentially impact near-term cash obligations, solvency positions, and future income.

3. Risk Profile

Management

Several metrics are used by the Company to manage Interest Rate Risk inherent in its invested assets and interest rate sensitive liabilities. General account investment portfolio guidelines and variable annuity hedge strategies are established to manage the duration and convexity characteristics of the assets consistent with liabilities to mitigate interest rate risk. Stress testing and monitoring risk exposure as described in the “Limits, Testing and Metrics” section below.

Limits, Testing, and Metrics

The Company utilizes BSCR and DV01 results under stress tests to determine limits for controlling interest rate risk exposure.

Monitoring and Reporting

The Company’s Interest Rate Risk exposure and scenario analysis are included in the Enterprise Risk Dashboard. Lower level risk reporting captures relevant risk metrics at the individual investment, investment sector, portfolio group and TR Re standalone as well as TR Re consolidated level. Portfolio management, risk reporting and compliance monitoring align with the segmentation structure and relevant limits. All deviation from guidelines and/or limit breaches that occur will be escalated to the relevant risk committee.

3. Equity Risk

Equity risk is the risk of financial loss due to changes in the value of global equities or equity indices, alternative investment models, private equities, hedge funds and real estate. This applies to any transactions, products, agreements, liabilities, or assets of the Company with either direct or derivative exposure to equities, equity indices, or other equity-like instruments. The Company has exposure to equity risk primarily through its Variable Annuity liabilities, business reinsured from other carriers, and General Account assets.

Management

The Company actively manages investment exposures by employing strategies like selling exposure within the general account and hedging using index futures, options and swaps.

The Company reinsures blocks of fixed index annuities, wherein policyholders receive index credits based on the performance of an equity-related index in lieu of traditional interest. To mitigate exposure to equity returns, the Company has a hedging agreement with the cedant. This agreement significantly reduces the Company's risk, except for potential residual equity risk in case of long-term equity underperformance, leading to the value of policyholder guarantees exceeding account value.

For variable annuity liabilities, the Company employs equity index futures/swaps, options, customized derivatives, or reinsurance to manage and mitigate risks. Additionally, alternative asset risk is effectively controlled through the Strategic Asset Allocation (SAA) process, ensuring that position sizes are appropriate.

Limits, Testing, and Metrics

The Company utilizes BSCR and equity delta under stress tests to determine limits for controlling equity risk exposure.

Monitoring and Reporting

The Company’s equity exposures are monitored daily. All deviation from guidelines and/or limit breaches that occur will be escalated to the relevant risk committee.

For fixed annuities, management reviews the effectiveness of the hedges by comparing the hedge market value changes and payoffs against changes in the index interest credits on the underlying policies and equity linked guarantees.

4. Liquidity Risk Management

Liquidity risk is the risk to current or prospective earnings or capital arising from the Company’s inability or perceived inability to meet its contractual cash obligations at the legal entity level without incurring unacceptable costs and without relying on uncommitted funding sources. Liquidity risk includes the inability to manage unplanned increases or accelerations in cash outflows, increases in required collateral for reinsurance agreements or derivatives, decreases or changes in funding sources, risk from funding investment commitments, and changes in market conditions that affect the ability to sell assets to meet obligations with minimal loss in value.

3. Risk Profile

Sources of Liquidity Risk include:

- Funding risk – the gap between sources and uses of cash under BAU and stressed conditions taking into consideration structural, regulatory, and legal entity constraints.

- Company specific liquidity risk – changes in conditions that affect the company's ability to sell assets or otherwise transact business without incurring significant loss.

- Market liquidity risk – changes in general market conditions that affect the Company's ability to sell assets or otherwise transact business without incurring a significant loss in value.

Management

The Treasury Function maintains resources and capabilities to meet funding needs of the enterprise consistent with requirements specified in the Liquidity Risk Management Policy and is required to report the status of the contingency funding plan to the Enterprise Finance and Investments, and Capital Working Group at least annually.

To facilitate liquidity management, the Company has established short-term borrowing facilities with affiliates. Daily cash management by the Treasury focuses on positioning cash for operational needs and collaborates with external portfolio managers when necessary. Various departments, including Treasury, Investment Management, ERM, and external portfolio managers, utilize daily operating and investment cash forecasts, along with monthly cash projections, to effectively manage cash and short-term securities.

The Enterprise Liquidity Risk Management Policy oversees the enterprise's liquidity risk profile in accordance with approved policies and risk tolerances by the EMRCC. This policy sets specific risk limits for significant subsidiaries and the holding company under both baseline and stress scenarios.

Additionally, beyond these established processes, the Company maintains access to additional liquidity sources for increased flexibility when needed.

Limits, Testing, and Metrics

The Company's invested assets are evaluated and ranked with regard to their liquidity characteristics. Sectors that generally lack market transparency or have potential for severe market value loss in stress scenarios are excluded from the definition of liquid assets. Liquid assets are then classified into tiers based on expected ease and certainty of valuation during times of crisis, measured by expected bid-ask spreads in a crisis.

In stress scenarios, the market value of liquid assets is calculated by applying an interest rate shock and credit spread shock. Funding obligations are considered based on legal entity and product line.

Limits on minimum holdings and usage of tiered assets are determined through stress testing to ensure that under stressed market scenarios, the Company remains able to meet its cash flow requirements.

Monitoring and Reporting

Ongoing monitoring and reporting requirements have been defined to assess Liquidity Risk across the Company and measure against established risk limits.

The liquidity needs are reviewed daily and stress testing results are reviewed monthly and if needed, a course of action for any limit violation is determined. The limit violation escalation and remediation process are discussed in the Liquidity Risk Management Policy.

5. Insurance Risks

Insurance risks exist in the form of adverse policyholder behavior, mortality, and longevity risks that can adversely and materially affect the Company's profitability and/or capital position.

Policyholder behavior risk is the risk that policyholders utilize benefits within contracts in an adverse manner or magnitude different than the Company's best estimate. In general, policyholder behavior risk is related to how well the Company can predict how policyholders will utilize the options embedded within their contracts under different market conditions. Greater efficiency by policyholders, including adverse longevity, generally leads to higher claims. This risk is exacerbated

3. Risk Profile

in adverse market environments because the guaranteed benefits of the annuity contracts become more valuable in the instance of variable annuities and potentially less valuable in the instance of fixed index annuities, so behavior assumptions could be more volatile and anti-selective. The Company's models the impact of behavior changes in different market environments, but the predictive nature of these models does expose the Company to risk if the predictions are incorrect.

Mortality risk is a contingent risk for the Variable Annuity and Fixed Indexed Annuity businesses. If a policyholder has not yet taken benefits or if the benefit stream is less than the expected revenue generated by the assets, higher mortality can produce unfavorable financial impacts.

Longevity risk is contingent risk for the Variable Annuity, Fixed Indexed Annuity, Payout Annuity, and Structured Settlement businesses. The impact of higher longevity only impacts these businesses to the extent the additional benefit amounts exceed the additional revenue the company expects to earn from the policyholder living longer.

Management

The Company, through its subsidiaries, has taken both proactive and reactive steps to manage policyholder behavior, mortality, and longevity risks within contractual, practical, and economic limitations. Mitigation strategies include underwriting activities, product design considerations, management of non-guaranteed elements, strategic reinsurance initiatives, and the implementation of buyout offers when deemed appropriate.

Limits, Testing, and Metrics

The Company carefully underwrites the impact of material insurance risks. Consideration is also given to features or benefits in the underlying contracts that would offset or magnify existing risks or exposures. The Company does not have specific limits or metrics associated with the management of insurance related risks but considers the experience monitoring, experience studies and stress testing functional work as an appropriate way to control for this risk.

Monitoring and Reporting

The Company monitors the most important elements of policyholder behavior regularly. On a regular basis, the Enterprise Insurance Risk Working Group which includes senior leaders from the Actuarial, Finance and Risk functions meets to determine whether experience is significantly different than best estimate assumptions. If it is, there would be a special model update for assumption changes. Annually, the Company completes a comprehensive assumption study and incorporates the results into the liability models for reserves, capital, and all risk models for risk exposure calculations.

The Company monitors mortality experience periodically and completes mortality studies every few years. Furthermore, the Company closely monitors the impacts of the pandemic on insurance risks, and provides periodic updates to executive management, the board, and regulators.

6. Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risk is inherent in all aspects of the Company's business and functional areas. Operational risk can result in financial loss, disruption of the Company's business, regulatory actions or damage to the Company's reputation.

In calculating its BSCR, the Company has assigned itself a higher operational risk charge in recognition of the need for further development and maturation of the Company's various business functions and control processes.

Management

Responsibility for day-to-day management of operational risk lies within each functional area. ERM is responsible for establishing, maintaining, and communicating the framework, principles and guidelines of the Company's operational risk management program. In addition, ERM as a second line of defense provides an independent enterprise view and assessment of operational risks that the Company faces. Operational Risk mitigation strategies include establishing policies and monitoring risk tolerances and exceptions, conducting BRSAs, validating existing crisis management protocols, identifying and monitoring emerging operational risks, and purchasing insurance coverage.

3. Risk Profile

Appetite, Tolerances and Thresholds

The Company manages operational risk by complying with legal and regulatory requirements, and for other operational risks by balancing potential losses or reputational damage with the costs of mitigation.

The nature of operational risk necessitates different approaches to measuring risk appetite. Operational risk is expressed quantitatively and qualitatively through loss events, risk and control assessments, scenario analysis, and qualitative statements as appropriate.

Monitoring and Reporting

Operational risk owners and managers systematically utilize information on both internal and external events to improve risk measurement, minimize losses, understand root causes, and better manage risks. Internal loss data collection and analysis allows the firm to understand risk exposures and the effectiveness of internal controls by looking at historical loss experience. External loss data collection, where possible, and analysis allows the Company to benchmark against the industry, identify possible weaknesses in the Company's existing control environment and understand potential future losses which have not previously been experienced.

Key Operational Risks	Governance	Management
Cyber & Information Protection	• Established governance routines that promote an adaptive approach for assessing and managing risks • 'Defense-in-depth' strategy that uses multiple security measures to protect the integrity of the Company's information assets, aligned with the National Institute of Standards and Technology ("NIST") Cyber Security Framework.	• Ongoing risk assessments including assessments of critical third parties, external penetration testing, application security testing, incident response tabletop exercises, vulnerability scanning, social engineering testing (Phishing), and cyber war game exercises. Assessment results are used to inform a multi-year roadmap • Update security tools with available Indicators of Compromise (IOCs) and/or Indicators of Attack (IOAs) • If a patch is required, we coordinate the patch with the appropriate Infrastructure or application teams.
Business Resiliency	• Program consistent with industry best practices that provides assurance that the Company is prepared for, and can recover from, emergencies and disasters • Foundational elements: business resilience program, business continuity plans, IT disaster recovery plans, a pandemic response plan, an Emergency Response Plan, a Crisis Management Team, and a Crisis Management Plan • Centralized oversight and governance by the Business Resilience Office ("BRO") • Focus on program strategy, oversight and governance and for providing essential leadership to the Company's functional areas in executing response and recovery capabilities.	• Established internal standards provide structure and institute necessary controls that protect employees, business operations and IT from business disruption • Proactively monitor events at the local, regional, national, and international levels • Business Continuity Plans are updated annually and are maintained across business units in accordance with established organizational policies and standards to ensure a constant state of readiness • Crisis Management Plan provides the management structure, key responsibilities, emergency assignments, and general procedures to follow during and after a crisis event • Business Resiliency exercises will occur periodically • IT Disaster Recovery testing for infrastructure and critical applications are scheduled on an annual basis.

3. Risk Profile

Financial Reporting	• When significant operational issues arise within the business, they are escalated to the Enterprise Finance and Investments, and Capital Working Group as well as the Enterprise Risk Governance Working Group through the established risk escalation and acceptance process. The EFICWG discusses market, credit, and liquidity related issues while the ERGWG discusses operational risk and control issues. If these issues are deemed significant, they are escalated to the respective entities' Board of Directors.	• Talcott Financial Group has over 200 internal controls over financial reporting spanning processes within actuarial, investment management, finance, operations and information technology that support the generation of the U.S. GAAP and respective statutory financial statements for all entities within our organizational structure • This population of internal controls over financial reporting are tested annually by the Internal Audit function, which supports management's ability to make assertions on the effectiveness of the financial reporting internal control environment to the respective legal entity Board of Directors.
Outsourcing Policy	• The Company's Outsourcing Policy establishes key and minimum requirements to ensure robust controls and governance for any service outsourcing, whether internal or external. • The Outsourcing Policy defines concise procedure to identify, assess, control, and monitor material outsourcing arrangements. It also establishes clear responsibilities for monitoring service providers and outsourced functions. • In compliance with the Outsourcing Policy, due diligence assessments are conducted and maintained for critical service providers. • Records are maintained in Archer, our integrated risk management platform, capturing third-party information, risks, underlying agreements and documenting security assessment results, related findings, and remediation efforts.	• The Outsourcing Policy ensures that outsourcing maintains direct management responsibility, upholding service quality, control environment and governance • Prior to and regularly after initiating outsourcing, the company conducts thorough risk evaluations and diligence assessments including credit reviews • Material outsourcing arrangements have clear and detailed agreements, including responsibilities and terms, with provisions for regular reviews based on risk levels and activity nature • Boards and senior management are responsible for the effective management of outsourcing risks, involving the approval and regular review of the Outsourcing Policy, providing clear guidance through annual training; and overseeing regular reporting on outsourced activities, incidents, and testing as applicable.

3. Risk Profile

Model Risks	• Model Risk Management (MRM) policy sets terms to identify, assess, control, manage, and report on Model Risk, aiming to enhance efficiency, promote organizational awareness, and instill confidence in output reliability. • The MRM policy and Model Risk area are evolving, with a defined roadmap in place to achieve the target state • Work to properly resource the execution of policies and standards is ongoing, inclusive of the following; • Ensuring adequate 2nd line resources to own MRM policy, standards, procedures, and 2nd line decision-making. • Putting into place effective EMOC oversight of critical Model validation, governance, risk activities, reviewing and approving policy updates, and facilitating information escalation • Ensuring resource capacity for Model "Stewards" and "Owners" to act as model risk policy subject matter experts and designated owners of the models • Executing the responsibilities of the Business Owners and Users roles • Executing the responsibilities of the Model Developers and Tester roles.	• Models and Tools are governed by comprehensive oversight, policies, procedures, controls, and standards in order to help mitigate potential adverse consequences from using models in critical business decisions and reporting financial results • Using a three-line defense approach, model risk is managed through segregation of duties and independence among key model stakeholders • Models are identified and documented in a central Model inventory that is owned by the Head of MRM including model categorization using a risk rating based on Model Impact and Complexity and reviewed and recertified annually • Documentation and controls for L1/L2 models and critical tools within the model risk management master model listing • A Model Validation schedule is in place, in order of complexity and importance. Model Validation includes reviewing the use of data, assumptions, model calculations, reasonableness of output, model uses and documentation.

3. Risk Profile

Legal and Regulatory Risk	• Managed across the organization and comprised of: ◦ Emerging Regulation or Legislation Risk ◦ Compliance Risk ◦ Legal Proceedings or Litigation Risk • Potential for material adverse impact on the business, financial condition, results of operations, liquidity, and required capital levels • Jurisdictional laws and regulations are subject to change and continuous evolution	• Quarterly monitoring process involving legal and accounting professionals, which: ◦ Identifies outstanding corporate litigation and regulatory matters posing a reasonable loss possibility ◦ Evaluates the facts and changes since last review ◦ Determines the amount to be recorded and the appropriate disclosure • Routine environmental scans identify Legal and Compliance risk matters • Monthly regulatory working group meetings to effectively monitor and report on regulatory changes that may potentially result in a financial or operational impact to the organization • Compliance participates in oversight of third-party administrators; the annual monitoring plan includes periodic due diligence reviews of key outsourced service providers • Legislative and regulatory developments reports from service providers • Interactions with several advisors, industry groups, and committees. • Interaction with the regulator in Bermuda with respect to Bermuda regulatory or legislative developments • The Board and/or leadership routinely meet with the Bermuda Monetary Authority • The Board takes appropriate action as necessary to demonstrate and document its compliance with the Bermudan laws and rules
Managerial Risks	• Includes strategic risk, tax risk, and reputational risk • Ability to execute on the strategic plan is subject to material challenges, uncertainties, and risks • Tax law changes are regularly proposed, and government authority views change over time; US, Bermuda, and GMT tax law changes can also affect the Company's strategic risk related to taxes • Reputational risk can materially impact the current and ongoing strategic interests of the Company	• Strategic plan is evaluated whether it can be executed without jeopardizing its primary objectives of satisfying the Risk Appetite Statement • Risks related to acquisitions are managed by establishing a framework for business development and directly reflecting the impact of acquisitions on the Risk Appetite Framework and capital management plan • The Tax and Legal teams ensure that the Company adheres to tax laws and regularly conduct tax planning to minimize strategic risk resulting from current and expected taxation changes • Reputational risk managed through the risk framework by all three lines of defense ensuring appropriate controls and escalations are in place

As part of the Company's semiannual operational risk assessments, certain areas have been highlighted to exhibit heightened residual risk. In line with the 2024 strategic initiatives, we will focus on enhancing governance and management in the following areas:

- Model Risk
- Financial Operations
- Human Resources

3. Risk Profile

In addition to the above, in the ever-changing regulatory environment, the company faces increased challenges. In 2024, strategic measures will tackle emerging regulations, resulting in heightened residual risk. Key focus areas include:

- US GAAP Long Duration Targeted Improvements
- Bermuda Consultation Paper for the Scenario Based Approach
- Bermuda Corporate Income Tax and Global Minimum Tax

Future rulings, guidance, or interpretations may negatively impact TR Re; necessitating considerable operational effort from TR Re to develop processes addressing current complexity and potential future changes.

Investment in Assets in accordance with the Prudent Person Principles of the Insurance Code of Conduct

The Company manages its market risks by holding a mix of assets diversified across issuers, geographic regions, asset types and fixed income sectors among other risk factors. The investment portfolios are managed by third-party asset managers and Sixth Street who, to a large extent, make individual credit/investment decisions subject to their respective comprehensive IMA with the Company that have been established with each asset manager. Investments which fall outside the guidelines of the IMA are subject to review by the Investment Management team before inclusion in the portfolios. The Company only invests in assets where the risks can be properly identified, measured, managed, monitored, controlled, and reported on. The IMA's include the essential elements of the Investment Management Policy, Investment Guidelines, and Portfolio specific Investment Strategy Statements. The Investment Team oversee adherence to these guidelines and on a monthly basis, the ERM team performs an independent check and monitors the portfolios metrics such as aggregate quality, sector allocation, and durations against thresholds established in the IMA.

Furthermore, the Company's market risks and investment decisions are governed by the Risk Appetite and Financial Risk Management policies. Market risks are managed subject to the Company goals, risk appetite objectives, tolerances, and exposure limits stated in the policies. As stated in the Company's financial risk management policy, counterparty risk is actively managed through single issuer limits by ratings.

Stress Testing and Sensitivity Analysis

The Company has established risk tolerances on key metrics such as BSCR ratio based on a confidence level to ensure that the enterprise will have enough surplus to meet all stakeholder obligations over time and even after a severe market stress. As part of the annual risk appetite framework review, the Company determines the set of stresses (standalone and combined) to run based on the Company's risk profile to test the risk appetite limits. For combined stresses, individual risk factors and correlations are calibrated based on history. At least quarterly, the Company conducts deterministic scenario testing to quantify the impact across financial risk exposures and in aggregate to identify potential vulnerabilities in the risk profile of the enterprise.

Additionally, capital adequacy is evaluated in business as usual and adverse economic scenarios across a series of potential economic, business and market conditions. A set of multi-year deterministic scenarios focusing on market and investment-related impacts are defined by executive management and reviewed quarterly. The projections include forecasts of surplus and required capital over a multi-year period and include items such as: operating income, investment and credit-related impacts, and other surplus changes. Planned capital management initiatives and proposed regulatory changes are integrated across capital, surplus and liquidity analyses.

Other Material Information

As of December 31, 2023, there is no other material information regarding the Company's risk profile required to be disclosed for purposes of this FCR.

4. Solvency Valuation

The Company's solvency basis is the Bermuda Economic Balance Sheet ("EBS"), where all assets and liability values are calculated in accordance to the Bermuda EBS rules and regulations.

a. Valuation Bases, Assumptions and Methods used to derive the value of each Asset Class

Assets are held at fair value, as outlined by the BMA's "Guidance Note for Statutory Reporting Regime". Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market in an orderly transaction between market participants. Our fair value framework includes a hierarchy that gives the highest priority to the use of quoted prices in active markets, followed by the use of market observable inputs, followed by the use of unobservable inputs. The fair value hierarchy levels are as follows:

Level 1 - Fair values based primarily on unadjusted quoted prices for identical assets, in active markets that the Company has the ability to access at the measurement date.

Level 2 - Fair values primarily based on observable inputs, other than quoted prices included in Level 1, or based on prices for similar assets.

Level 3 - Fair values derived when one or more of the significant inputs are unobservable (including assumptions about risk). With little or no observable market, the determination of fair values uses considerable judgment and represents the Company's best estimate of an amount that could be realized in a market exchange for the asset. Also included are securities that are traded within illiquid markets and/or priced by independent brokers.

The following valuation methods and assumptions were used for the various asset classes:

Investments

U.S. Treasuries, money market funds, exchange-traded equity securities, open-ended mutual funds and certain short-term investments utilize Level 1 quoted prices for identical assets in active markets.

Structured securities (includes ABS, CLO's, CMBS and RMBS), corporate bonds, redeemable preferred stock and commercial paper utilize prices from third-party pricing services, which primarily utilize a combination of techniques. These services utilize recently reported trades of identical, similar, or benchmark securities making adjustments for market observable inputs available through the reporting date. If there are no recently reported trades, they may use a discounted cash flow technique to develop a price using expected cash flows based upon the anticipated future performance of the underlying collateral discounted at an estimated market rate. Both techniques develop prices that consider the time value of future cash flows and provide a margin for risk, including liquidity and credit risk. Most prices provided by third-party pricing services are classified as Level 2 because the inputs used in pricing the securities are observable. However, some securities that are less liquid or trade less actively are classified as Level 3. Additionally, certain long-dated securities, such as municipal securities and bank loans, include benchmark interest rate or credit spread assumptions that are not observable in the marketplace and are thus classified as Level 3.

Mortgage loans and policy loans are carried at the outstanding balance with principle adjusted for amortization of premiums or discounts if applicable.

Derivative instruments fair value is determined primarily using a discounted cash flow model or option model technique and incorporates counterparty credit risk. In some cases, quoted market prices for exchange-traded and OTC-cleared derivatives may be used and in other cases independent broker quotes may be used. The pricing valuation models primarily use inputs that are observable in the market or can be corroborated by observable market data. The valuation of certain derivatives may include significant inputs that are unobservable, such as volatility levels, and reflect the Company's view of what other market participants would use when pricing such instruments.

Reinsurance recoverables

Amounts recoverable from reinsurers are estimated in a manner consistent with assumptions used for the underlying policy benefits.

Income taxes

The Company recognizes taxes payable or refundable for the current year and deferred taxes for the tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities.

4. Solvency Valuation

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. For deferred tax assets, the Company records a valuation allowance that is adequate to reduce the total deferred tax asset to an amount that will more likely than not be realized.

Separate account assets

The Company records the variable account value portion of VA, variable life insurance products and individual, institutional, and governmental investment contracts within separate accounts. Separate account assets are reported at fair value and separate account liabilities are reported at amounts consistent with separate account assets.

b. Valuation Bases, Assumptions and Methods used to derive the value of Technical Provisions and the amount of the Best Estimate

The Company's technical provisions for products other than variable annuities were derived using the BMA's Scenario Based Approach. The best estimate cash flows are projected under each alternative stress scenario to determine the revised amount of asset required to cover the liability cash flows. The reserve is set equal to the highest asset requirement across all scenarios. Total best estimate liabilities are $16,179 million for the period ended December 31, 2023. The Company holds a risk margin to reflect the uncertainty associated with probability-weighted cash flows, which is calculated using the cost of capital approach and a risk-free discount rate term structure. The total risk margin held is $323 million for the period ended December 31, 2023. The discount rate term structures are based on rates supplied by the BMA for each reporting period. Technical provisions for variable annuities comply with the Variable Annuity Guarantees section of the BMA's "Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime" published on 30th November 2016.

The technical provisions for long-term contracts are established using accepted actuarial valuation methods which require us to make certain actuarial assumptions regarding for example expenses, mortality, and persistency at the date of issue or acquisition. For the variable annuity and fixed indexed annuity businesses with guaranteed life withdrawal benefit and guaranteed minimum withdrawal benefit riders, the methods used to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of the benefit riders, mortality and market conditions affecting the account balance growth.

c. Description of Recoverables from Reinsurance Contracts

Reinsurance recoverables are measured at fair value and include balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses and are presented net of an adjustment for counterparty default. The adjustment represents an estimate of expected credit losses over the lifetime of the contracts that reflect management's best estimate of reinsurance cessions that may be uncollectible in the future due to reinsurers' inability to pay. Reinsurance recoverables include an estimate of the amount of policyholder benefits that may be ceded under the terms of the reinsurance agreements. Amounts recoverable from reinsurers are estimated in a manner consistent with assumptions used for the underlying policy benefits. Accordingly, the Company's estimate of reinsurance recoverables is subject to similar risks and uncertainties as the estimate of the gross best estimate reserve.

d. Valuation Bases, Assumptions and Methods used to derive the value of Other Liabilities

Liabilities are held at fair value, as outlined by the BMA's "Guidance Note for Statutory Reporting Regime".

e. Other Material Information

As of December 31, 2023, there is no other material information regarding solvency valuation required to be disclosed for purposes of this FCR.

5. Capital Management

a. Eligible Capital:

i. Capital Management Policy and Process for Capital Needs, how Capital is Managed and Material Changes During the Period

The Company has a Capital Management process to ensure an appropriate level and form of capital. The Company's capital position is benchmarked against its projected risk exposures to ensure that it is adequate to support planned business operations as well as certain stressed loss events. The form of the capital is designed to provide a balance between security, flexibility and liquidity. In addition, the Company ensures that it meets the appropriate levels/standards as defined under the Bermuda Insurance Act of 1978 (as amended (“the Act”) using the Economic Balance Sheet (“EBS”) framework to derive the Company’s statutory economic capital and surplus, its Enhanced Capital Requirement (“ECR”) and its target capital levels as defined therein. There are appropriate levels of oversight from the Board, Risk and Compliance, Finance and Treasury to ensure appropriate capital levels are managed and maintained.

ii. Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules

Under the Bermuda Insurance Act, a Class E insurer is required to maintain statutory capital and surplus at least equal to the minimum margin of solvency ("MMS"), which is equal to the greater of $8 million or the sum of 2% of the first $500 million of statutory assets plus 1.5% of statutory assets in excess of $500 million, or 25% of the ECR. The ECR is a risk-based capital calculation used to measure the risk associated with assets and liabilities and premiums of the insurer.

To enable the BMA to better assess the quality of the insurer’s capital resources, a Class E insurer is required to disclose the makeup of its capital in accordance with a 3-tiered capital system. Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. The capital supporting the Company’s ECR must be at least 50% Tier 1 capital. Additionally, no more than 50% of the Company’s ECR can be made up for Tier 2 capital and no more than 17.65% of the aggregate amount of the Company’s Tier 1 and Tier 2 capital can be classified as Tier 3 provided that the Tier 2 and Tier 3 capital do not exceed the amount of Tier 1 capital. As of December 31, 2023 and 2023 all of TR Re's eligible capital used to meet the ECR was Tier 1 Capital.

While not specifically referred to in the Bermuda Insurance Act, Target Capital Level (“TCL”) is also an important threshold for statutory capital and surplus. TCL is equal to 120% of ECR as calculated pursuant to the BSCR formula. TCL serves as an early warning tool for the BMA. If TR Re fails to maintain statutory economic capital and surplus at least equal to the TCL, such failure will likely result in increased regulatory oversight by the BMA.

iii. Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules used to meet the Enhanced Capital Requirement (ECR) and the Minimum Margin of Solvency (MSM) Requirements of the Insurance Act

As of December 31, 2023 all of the Company’s eligible capital used to meet the MSM and ECR was Tier 1 Capital.

iv. Confirmation of Eligible Capital that is subject to Transitional Arrangements as required under the Eligible Capital Rules

N/A

v. Identification of any Factors Affecting Encumbrances Affecting the Availability and Transferability of Capital to Meet the ECR

N/A

vi. Identification of Ancillary Capital Instruments that have been Approved by the Authority

N/A

vii. Identification of Differences in Shareholders' Equity as Stated in the Financial Statements Versus the Available Statutory Capital and Surplus

For the year ended December 31, 2023, the Company has received approval from the BMA to record certain investments at amortized cost instead of fair value. The following represents the effect of the permitted practice to the statutory financial statements:

(in millions)	**For the Year Ended December 31, 2023**
Change to capital and surplus due to permitted practice	1,866

5. Capital Management

b. Regulatory Capital Requirements:

i. Identification of the amount of the ECR and MSM at the end of the reporting period

	For the Year Ended December 31, 2023		
(In millions)	GAAP	SFS	EBS
Actual capital and surplus	2,022	3,735	4,122
Required capital and surplus [1]	N/A	235	941
BSCR ratio	N/A	N/A	438 %

[1] Represents the MSM for SFS and the ECR for EBS.

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

The Company was in compliance with the MSM and ECR requirements at the end of the reporting period.

iii. A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and their Effectiveness

N/A

iv. Where the Non-Compliance is Not Resolved, A Description of The Amount of The Non-Compliance

N/A

c. Approved Internal Capital Model used to derive the ECR

i. Description of the Purpose and Scope of the Business and Risk Areas where the Internal Model is used

The Company utilizes an internal model to project its liability and hedge asset cash flows for TR Re's consolidated variable annuity block. The results from the internal model are used to determine the BSCR Long-Term Variable Annuity Guarantee Risk required capital amount.

ii. Where a Partial Internal Model is Used, a Description of the Integration with the BSCR Model.

N/A

iii. Description of Methods Used in the Internal Model to Calculate the ECR

Output is aggregated and processed using an in-house Excel-based tool to determine Conditional Tail Expectations ("CTEs").

iv. Description of Aggregation Methodologies and Diversification Effects

The stochastic run is calculated on a seriatim basis so there is no adjustment for compression/grouping of contracts.

v. Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model Versus the BSCR Model

Best Estimate assumptions used for valuation are consistent with those used for other company risk assessment and strategic processes.

vi. Description of the Nature and Suitability of the Data Used in the Internal Model

The source data used for variable annuity inforce construction is the VISTA system, which is the Talcott Resolution variable annuity administration system.

vii. Other Material Information
N/A

6. Subsequent Events

On January 1, 2024, the Company sold its subsidiary American Maturity Life Insurance Company ("AML") to TLI. AML paid TL a dividend of $36 million prior to the sale.

On January 24, 2024, the Company paid $575 million in dividends to TLI. On the same date, TLI repaid an intercompany borrowing to TR Re for $250 million, including accrued interest.

7. Declarations

We certify that, to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of TR Re, Ltd. in all material respects for the period ended December 31, 2023.

Stephen E. Cernich
Director and Chief Executive Officer

Sean Voien
Chief Risk Officer