

REFINITIV

# DELTA REPORT

## 10-Q

PRH - PRUDENTIAL FINANCIAL INC  
10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

|              |      |
|--------------|------|
| TOTAL DELTAS | 2428 |
| CHANGES      | 639  |
| DELETIONS    | 851  |
| ADDITIONS    | 938  |

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023** **September 30, 2023**  
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File Number 001-16707

**Prudential Financial, Inc.**

(Exact Name of Registrant as Specified in its Charter)

New Jersey  
(State or Other Jurisdiction of  
Incorporation or Organization)

22-3703799  
(I.R.S. Employer  
Identification Number)

751 Broad Street  
Newark, NJ 07102  
(973) 802-6000

(Address and Telephone Number of Registrant's Principal Executive Offices)  
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| Title of Each Class              | Trading Symbols(s) | Name of Each Exchange on Which Registered |
|----------------------------------|--------------------|-------------------------------------------|
| Common Stock, Par Value \$.01    | PRU                | New York Stock Exchange                   |
| 5.950% Junior Subordinated Notes | PRH                | New York Stock Exchange                   |
| 5.625% Junior Subordinated Notes | PRS                | New York Stock Exchange                   |
| 4.125% Junior Subordinated Notes | PFH                | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of the Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated Filer         | <input type="checkbox"/> |
| Non-accelerated Filer   | <input type="checkbox"/>            | Smaller Reporting Company | <input type="checkbox"/> |
|                         |                                     | Emerging Growth Company   | <input type="checkbox"/> |

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of **July 31, 2023** **October 31, 2023**, **363 million** **361 million** shares of the registrant's Common Stock (par value \$0.01) were outstanding.

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### Forward-Looking Statements

Certain of the statements included in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "includes," "plans," "assumes," "estimates," "projects," "intends," "should," "will," "shall" or variations of such words are generally part of forward-looking statements. Forward-looking statements are made

based on management's current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. There can be no assurance that future developments affecting Prudential Financial, Inc. and its subsidiaries will be those anticipated by management. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (1) rapidly rising interest rates and equity market declines and their impact on our liquidity, capital positions, cash flows, results of operations and financial position; (2) losses on investments or financial contracts due to deterioration in credit quality or value, or counterparty default; (3) losses on insurance products due to mortality experience, morbidity experience or policyholder behavior experience that differs significantly from our expectations when we price our products; (4) changes in interest rates, equity prices and foreign currency exchange rates that may (a) adversely impact the profitability of our products, the value of separate accounts supporting these products or the value of assets we manage, (b) result in losses on derivatives we use to hedge risk or increase collateral posting requirements and (c) limit opportunities to invest at appropriate returns; (5) guarantees within certain of our products which are market sensitive and may decrease our earnings or increase the volatility of our results of operations or financial position; (6) liquidity needs resulting from (a) derivative collateral market exposure, (b) asset/liability mismatches, (c) the lack of available funding in the financial markets or (d) unexpected cash demands due to severe mortality calamity or lapse events; (7) financial or customer losses, or regulatory and legal actions, due to inadequate or failed processes or systems, external events, and human error or misconduct such as (a) disruption of our systems and data, (b) an information security breach, (c) a failure to protect the privacy of sensitive data, (d) reliance on third-parties or (e) labor and employment matters; (8) changes in the regulatory landscape, including related to (a) financial sector regulatory reform, (b) changes in tax laws, (c) fiduciary rules and other standards of care, (d) U.S. state insurance laws and developments regarding group-wide supervision, capital and reserves, (e) insurer capital standards outside the U.S. and (f) privacy and cybersecurity regulation; (9) technological changes which may adversely impact companies in our investment portfolio or cause insurance experience to deviate from our assumptions; (10) an inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (11) ratings downgrades; (12) market conditions that may adversely affect the sales or persistency of our products; (13) competition; (14) reputational damage; (15) the costs, effects, timing, or success of our plans to execute our strategy; and (16) the risks related to COVID-19 could reemerge. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document. See "Risk Factors" included in the Annual Report on Form 10-K for the year ended December 31, 2022 for discussion of certain risks relating to our businesses and investment in our securities.

## PART I - FINANCIAL INFORMATION

### ITEM 1. Financial Statements

#### PRUDENTIAL FINANCIAL, INC.

##### Unaudited Interim Consolidated Statements of Financial Position

June September 30, 2023 and December 31, 2022 (in millions, except share amounts)

|                                                                                                                                                                                                                                        |                                                                              | June 30,<br>2023 | December 31,<br>2022 |                                                                              |            | September 30,<br>2023 | December 31,<br>2022 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------|----------------------|------------------------------------------------------------------------------|------------|-----------------------|----------------------|
| ASSETS                                                                                                                                                                                                                                 | ASSETS                                                                       |                  |                      | ASSETS                                                                       |            |                       |                      |
| Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2023-\$276; 2022-\$138) (amortized cost: 2023-\$333,311; 2022-\$335,447)(1)                                                                          |                                                                              | \$ 312,230       | \$ 307,719           |                                                                              |            |                       |                      |
| Fixed maturities, held-to-maturity, at amortized cost, net of allowance for credit losses (allowance for credit losses: 2023-\$2; 2022-\$2) (fair value: 2023-\$1,329; 2022-\$1,455)(1)                                                |                                                                              | 1,171            | 1,296                |                                                                              |            |                       |                      |
| Fixed maturities, trading, at fair value (amortized cost: 2023-\$7,596; 2022-\$7,303)(1)                                                                                                                                               |                                                                              | 6,349            | 5,951                |                                                                              |            |                       |                      |
| Fixed maturities, available-for-sale, at fair value (allowance for credit losses: 2023-\$239; 2022-\$138) (amortized cost: 2023-\$332,035; 2022-\$335,447)(1)                                                                          |                                                                              |                  |                      |                                                                              | \$ 295,318 | \$ 307,719            |                      |
| Fixed maturities, held-to-maturity, at amortized cost, net of allowance for credit losses (allowance for credit losses: 2023-\$0; 2022-\$2) (fair value: 2023-\$0; 2022-\$1,455)(1)                                                    |                                                                              |                  |                      |                                                                              | 0          |                       | 1,296                |
| Fixed maturities, trading, at fair value (amortized cost: 2023-\$8,671; 2022-\$7,303)(1)                                                                                                                                               |                                                                              |                  |                      |                                                                              | 7,129      |                       | 5,951                |
| Assets supporting experience-rated contractholder liabilities, at fair value                                                                                                                                                           | Assets supporting experience-rated contractholder liabilities, at fair value | 3,019            | 2,844                | Assets supporting experience-rated contractholder liabilities, at fair value |            | 2,943                 | 2,844                |
| Equity securities, at fair value (cost: 2023-\$5,939; 2022-\$5,306)(1)                                                                                                                                                                 |                                                                              | 8,359            | 7,150                |                                                                              |            |                       |                      |
| Commercial mortgage and other loans (net of \$241 and \$203 allowance for credit losses; includes \$323 and \$137 of loans measured at fair value under the fair value option at June 30, 2023 and December 31, 2022, respectively)(1) |                                                                              | 57,689           | 56,745               |                                                                              |            |                       |                      |
| Equity securities, at fair value (cost: 2023-\$4,895; 2022-\$5,306)(1)                                                                                                                                                                 |                                                                              |                  |                      | Equity securities, at fair value (cost: 2023-\$4,895; 2022-\$5,306)(1)       |            | 7,039                 | 7,150                |

|                                                                                                                                                                                                                                             |                                                |                   |                   |                                                                                                                                                                                                                                             |                   |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Commercial mortgage and other loans (net of \$332 and \$203 allowance for credit losses; includes \$387 and \$137 of loans measured at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)(1) |                                                |                   |                   | Commercial mortgage and other loans (net of \$332 and \$203 allowance for credit losses; includes \$387 and \$137 of loans measured at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)(1) | 57,908            | 56,745            |
| Policy loans                                                                                                                                                                                                                                | Policy loans                                   | 9,983             | 10,046            | Policy loans                                                                                                                                                                                                                                | 9,959             | 10,046            |
| Other invested assets (net of \$1 and \$1 allowance for credit losses; includes \$5,902 and \$5,682 of assets measured at fair value at June 30, 2023 and December 31, 2022, respectively)(1)                                               |                                                | 21,473            | 21,099            |                                                                                                                                                                                                                                             |                   |                   |
| Short-term investments (net of allowance for credit losses: 2023-\$7; 2022-\$6)                                                                                                                                                             |                                                | 5,059             | 4,591             |                                                                                                                                                                                                                                             |                   |                   |
| Other invested assets (net of \$1 and \$1 allowance for credit losses; includes \$5,549 and \$5,682 of assets measured at fair value at September 30, 2023 and December 31, 2022, respectively)(1)                                          |                                                |                   |                   | Other invested assets (net of \$1 and \$1 allowance for credit losses; includes \$5,549 and \$5,682 of assets measured at fair value at September 30, 2023 and December 31, 2022, respectively)(1)                                          | 21,868            | 21,099            |
| Short-term investments (net of allowance for credit losses: 2023-\$0; 2022-\$6)                                                                                                                                                             |                                                |                   |                   | Short-term investments (net of allowance for credit losses: 2023-\$0; 2022-\$6)                                                                                                                                                             | 5,072             | 4,591             |
| Total investments                                                                                                                                                                                                                           | Total investments                              | 425,332           | 417,441           | Total investments                                                                                                                                                                                                                           | 407,236           | 417,441           |
| Cash and cash equivalents(1)                                                                                                                                                                                                                | Cash and cash equivalents(1)                   | 14,652            | 17,251            | Cash and cash equivalents(1)                                                                                                                                                                                                                | 16,892            | 17,251            |
| Accrued investment income(1)                                                                                                                                                                                                                | Accrued investment income(1)                   | 3,142             | 3,012             | Accrued investment income(1)                                                                                                                                                                                                                | 3,191             | 3,012             |
| Deferred policy acquisition costs(2)                                                                                                                                                                                                        | Deferred policy acquisition costs(2)           | 20,320            | 20,546            | Deferred policy acquisition costs(2)                                                                                                                                                                                                        | 20,394            | 20,546            |
| Value of business acquired(2)                                                                                                                                                                                                               | Value of business acquired(2)                  | 542               | 621               | Value of business acquired(2)                                                                                                                                                                                                               | 514               | 621               |
| Income tax assets                                                                                                                                                                                                                           | Income tax assets                              | 803               | 0                 | Income tax assets                                                                                                                                                                                                                           | 1,108             | 0                 |
| Market risk benefit assets(2)                                                                                                                                                                                                               | Market risk benefit assets(2)                  | 1,951             | 800               | Market risk benefit assets(2)                                                                                                                                                                                                               | 2,200             | 800               |
| Other assets (net of allowance for credit losses: 2023-\$25; 2022-\$26)(1)(2)                                                                                                                                                               |                                                | 29,691            | 31,679            |                                                                                                                                                                                                                                             |                   |                   |
| Other assets (net of allowance for credit losses: 2023-\$15; 2022-\$26)(1)(2)                                                                                                                                                               |                                                |                   |                   | Other assets (net of allowance for credit losses: 2023-\$15; 2022-\$26)(1)(2)                                                                                                                                                               | 39,077            | 31,679            |
| Separate account assets                                                                                                                                                                                                                     | Separate account assets                        | 200,871           | 197,679           | Separate account assets                                                                                                                                                                                                                     | 190,642           | 197,679           |
| <b>TOTAL ASSETS</b>                                                                                                                                                                                                                         | <b>TOTAL ASSETS</b>                            | <b>\$ 697,304</b> | <b>\$ 689,029</b> | <b>TOTAL ASSETS</b>                                                                                                                                                                                                                         | <b>\$ 681,254</b> | <b>\$ 689,029</b> |
| <b>LIABILITIES AND EQUITY</b>                                                                                                                                                                                                               | <b>LIABILITIES AND EQUITY</b>                  |                   |                   | <b>LIABILITIES AND EQUITY</b>                                                                                                                                                                                                               |                   |                   |
| <b>LIABILITIES</b>                                                                                                                                                                                                                          | <b>LIABILITIES</b>                             |                   |                   | <b>LIABILITIES</b>                                                                                                                                                                                                                          |                   |                   |
| Future policy benefits(2)                                                                                                                                                                                                                   | Future policy benefits(2)                      | \$ 268,649        | \$ 261,773        | Future policy benefits(2)                                                                                                                                                                                                                   | \$ 253,551        | \$ 261,773        |
| Policyholders' account balances(2)                                                                                                                                                                                                          | Policyholders' account balances(2)             | 138,743           | 135,624           | Policyholders' account balances(2)                                                                                                                                                                                                          | 140,788           | 135,624           |
| Market risk benefit liabilities(2)                                                                                                                                                                                                          | Market risk benefit liabilities(2)             | 5,462             | 5,864             | Market risk benefit liabilities(2)                                                                                                                                                                                                          | 4,660             | 5,864             |
| Policyholders' dividends                                                                                                                                                                                                                    | Policyholders' dividends                       | 1,058             | 694               | Policyholders' dividends                                                                                                                                                                                                                    | 657               | 694               |
| Securities sold under agreements to repurchase                                                                                                                                                                                              | Securities sold under agreements to repurchase | 6,097             | 6,589             | Securities sold under agreements to repurchase                                                                                                                                                                                              | 5,547             | 6,589             |
| Cash collateral for loaned securities                                                                                                                                                                                                       | Cash collateral for loaned securities          | 5,207             | 6,100             | Cash collateral for loaned securities                                                                                                                                                                                                       | 6,067             | 6,100             |
| Income tax liabilities(2)                                                                                                                                                                                                                   | Income tax liabilities(2)                      | 0                 | 277               | Income tax liabilities(2)                                                                                                                                                                                                                   | 0                 | 277               |
| Short-term debt                                                                                                                                                                                                                             | Short-term debt                                | 763               | 775               | Short-term debt                                                                                                                                                                                                                             | 615               | 775               |
| Long-term debt                                                                                                                                                                                                                              | Long-term debt                                 | 18,876            | 19,908            | Long-term debt                                                                                                                                                                                                                              | 18,877            | 19,908            |
| Other liabilities (including allowance for credit losses: 2023-\$16; 2022-\$18 )(1)(2)                                                                                                                                                      |                                                | 21,721            | 21,824            |                                                                                                                                                                                                                                             |                   |                   |
| Notes issued by consolidated variable interest entities(1)                                                                                                                                                                                  |                                                | 402               | 374               |                                                                                                                                                                                                                                             |                   |                   |

|                                                                                                                                                                                                  |                                                                                                                                            |            |            |                                                                                                                                                                                                  |            |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Other liabilities (including allowance for credit losses: 2023-\$15; 2022-\$18 )(1)(2)                                                                                                           |                                                                                                                                            |            |            | Other liabilities (including allowance for credit losses: 2023-\$15; 2022-\$18 )(1)(2)                                                                                                           | 32,112     | 21,824     |
| Notes issued by consolidated variable interest entities (includes \$392 and \$0 measured at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)(1) |                                                                                                                                            |            |            | Notes issued by consolidated variable interest entities (includes \$392 and \$0 measured at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)(1) | 791        | 374        |
| Separate account liabilities                                                                                                                                                                     | Separate account liabilities                                                                                                               | 200,871    | 197,679    | Separate account liabilities                                                                                                                                                                     | 190,642    | 197,679    |
| Total liabilities                                                                                                                                                                                | Total liabilities                                                                                                                          | 667,849    | 657,481    | Total liabilities                                                                                                                                                                                | 654,307    | 657,481    |
| COMMITMENTS AND CONTINGENT LIABILITIES (See Note 20)                                                                                                                                             | COMMITMENTS AND CONTINGENT LIABILITIES (See Note 20)                                                                                       |            |            | COMMITMENTS AND CONTINGENT LIABILITIES (See Note 20)                                                                                                                                             |            |            |
| EQUITY                                                                                                                                                                                           | EQUITY                                                                                                                                     |            |            | EQUITY                                                                                                                                                                                           |            |            |
| Preferred Stock (\$0.01 par value; 10,000,000 shares authorized; none issued)                                                                                                                    | Preferred Stock (\$0.01 par value; 10,000,000 shares authorized; none issued)                                                              | 0          | 0          | Preferred Stock (\$0.01 par value; 10,000,000 shares authorized; none issued)                                                                                                                    | 0          | 0          |
| Common Stock (\$0.01 par value; 1,500,000,000 shares authorized; 666,305,189 shares issued as of both June 30, 2023 and December 31, 2022)                                                       | Common Stock (\$0.01 par value; 1,500,000,000 shares authorized; 666,305,189 shares issued as of both June 30, 2023 and December 31, 2022) | 6          | 6          | Common Stock (\$0.01 par value; 1,500,000,000 shares authorized; 666,305,189 shares issued as of both September 30, 2023 and December 31, 2022)                                                  | 6          | 6          |
| Additional paid-in capital                                                                                                                                                                       | Additional paid-in capital                                                                                                                 | 25,676     | 25,747     | Additional paid-in capital                                                                                                                                                                       | 25,714     | 25,747     |
| Common Stock held in treasury, at cost (302,857,740 and 300,342,458 shares at June 30, 2023 and December 31, 2022, respectively)                                                                 | Common Stock held in treasury, at cost (304,991,645 and 300,342,458 shares at September 30, 2023 and December 31, 2022, respectively)      | (23,355)   | (23,068)   | Common Stock held in treasury, at cost (304,991,645 and 300,342,458 shares at September 30, 2023 and December 31, 2022, respectively)                                                            | (23,568)   | (23,068)   |
| Accumulated other comprehensive income (loss)(2)                                                                                                                                                 | Accumulated other comprehensive income (loss)(2)                                                                                           | (6,649)    | (3,806)    | Accumulated other comprehensive income (loss)(2)                                                                                                                                                 | (7,831)    | (3,806)    |
| Retained earnings(2)                                                                                                                                                                             | Retained earnings(2)                                                                                                                       | 32,756     | 31,714     | Retained earnings(2)                                                                                                                                                                             | 31,493     | 31,714     |
| Total Prudential Financial, Inc. equity                                                                                                                                                          | Total Prudential Financial, Inc. equity                                                                                                    | 28,434     | 30,593     | Total Prudential Financial, Inc. equity                                                                                                                                                          | 25,814     | 30,593     |
| Noncontrolling interests                                                                                                                                                                         | Noncontrolling interests                                                                                                                   | 1,021      | 955        | Noncontrolling interests                                                                                                                                                                         | 1,133      | 955        |
| Total equity                                                                                                                                                                                     | Total equity                                                                                                                               | 29,455     | 31,548     | Total equity                                                                                                                                                                                     | 26,947     | 31,548     |
| TOTAL LIABILITIES AND EQUITY                                                                                                                                                                     | TOTAL LIABILITIES AND EQUITY                                                                                                               | \$ 697,304 | \$ 689,029 | TOTAL LIABILITIES AND EQUITY                                                                                                                                                                     | \$ 681,254 | \$ 689,029 |

(1) See Note 4 for details of balances associated with variable interest entities, entities ("VIEs").

(2) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.

See Notes to Unaudited Interim Consolidated Financial Statements

## PRUDENTIAL FINANCIAL, INC.

### Unaudited Interim Consolidated Statements of Operations

Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (in millions, except per share amounts)

|          | Three Months Ended |      |      |      | Six Months Ended |      |      |      | Three Months Ended |      |      |      | Nine Months Ended |      |      |      |
|----------|--------------------|------|------|------|------------------|------|------|------|--------------------|------|------|------|-------------------|------|------|------|
|          | June 30,           |      |      |      | June 30,         |      |      |      | September 30,      |      |      |      | September 30,     |      |      |      |
|          | 2023               | 2022 | 2023 | 2022 | 2023             | 2022 | 2023 | 2022 | 2023               | 2022 | 2023 | 2022 | 2023              | 2022 | 2023 | 2022 |
| REVENUES | REVENUES           |      |      |      |                  |      |      |      | REVENUES           |      |      |      |                   |      |      |      |

|                                                                                                                                                                                                                                                                       |                                                                                      |    |        |    |         |                                                                                                                                                                                                                                                                       |        |       |         |                                                                                      |    |         |    |        |  |         |  |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----|--------|----|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------|---------|--------------------------------------------------------------------------------------|----|---------|----|--------|--|---------|--|---------|
| Premiums (includes 2023-\$275 and 2022-\$448) for gain (loss) from changes in estimates on deferred profit liability amortization)(1)                                                                                                                                 |                                                                                      | \$ | 6,909  | \$ | 6,477   | \$                                                                                                                                                                                                                                                                    | 16,272 | \$    | 14,166  |                                                                                      |    |         |    |        |  |         |  |         |
| Premiums (includes \$36, \$34, \$311 and \$(414) of gains (losses) from changes in estimates on deferred profit liability amortization for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively)(1) |                                                                                      |    |        |    |         | Premiums (includes \$36, \$34, \$311 and \$(414) of gains (losses) from changes in estimates on deferred profit liability amortization for the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, respectively)(1) | \$     | 4,173 | \$      | 15,845                                                                               | \$ | 20,445  | \$ | 30,011 |  |         |  |         |
| Policy charges and fee income(1)                                                                                                                                                                                                                                      | Policy charges and fee income(1)                                                     |    | 1,073  |    | 975     |                                                                                                                                                                                                                                                                       | 2,207  |       | 2,274   | Policy charges and fee income(1)                                                     |    | 1,112   |    | 1,143  |  | 3,319   |  | 3,417   |
| Net investment income                                                                                                                                                                                                                                                 | Net investment income                                                                |    | 4,476  |    | 3,938   |                                                                                                                                                                                                                                                                       | 8,796  |       | 8,296   | Net investment income                                                                |    | 4,571   |    | 3,631  |  | 13,367  |  | 11,927  |
| Asset management and service fees                                                                                                                                                                                                                                     | Asset management and service fees                                                    |    | 918    |    | 987     |                                                                                                                                                                                                                                                                       | 1,835  |       | 2,120   | Asset management and service fees                                                    |    | 952     |    | 966    |  | 2,787   |  | 3,086   |
| Other income (loss)(1)                                                                                                                                                                                                                                                | Other income (loss)(1)                                                               |    |        |    |         |                                                                                                                                                                                                                                                                       |        |       |         | Other income (loss) (1)                                                              |    | 197     |    | (896)  |  | 2,260   |  | (845)   |
|                                                                                                                                                                                                                                                                       |                                                                                      |    | 1,044  |    | 1,361   |                                                                                                                                                                                                                                                                       | 2,063  |       | 51      |                                                                                      |    |         |    |        |  |         |  |         |
| Realized investment gains (losses), net(1)                                                                                                                                                                                                                            | Realized investment gains (losses), net(1)                                           |    | (938)  |    | (1,636) |                                                                                                                                                                                                                                                                       | (721)  |       | (2,680) | Realized investment gains (losses), net(1)                                           |    | (2,402) |    | (430)  |  | (3,123) |  | (3,110) |
| Change in value of market risk benefits, net of related hedging gains (losses)(1)                                                                                                                                                                                     | Change in value of market risk benefits, net of related hedging gains (losses)(1)    |    | 16     |    | (710)   |                                                                                                                                                                                                                                                                       | 91     |       | (980)   | Change in value of market risk benefits, net of related hedging gains (losses)(1)    |    | (251)   |    | (58)   |  | (160)   |  | (1,038) |
| Total revenues                                                                                                                                                                                                                                                        | Total revenues                                                                       |    | 13,498 |    | 11,392  |                                                                                                                                                                                                                                                                       | 30,543 |       | 23,247  | Total revenues                                                                       |    | 8,352   |    | 20,201 |  | 38,895  |  | 43,448  |
| BENEFITS AND EXPENSES                                                                                                                                                                                                                                                 | BENEFITS AND EXPENSES                                                                |    |        |    |         |                                                                                                                                                                                                                                                                       |        |       |         | BENEFITS AND EXPENSES                                                                |    |         |    |        |  |         |  |         |
| Policyholders' benefits(1)                                                                                                                                                                                                                                            | Policyholders' benefits(1)                                                           |    | 7,661  |    | 7,958   |                                                                                                                                                                                                                                                                       | 17,965 |       | 16,733  | Policyholders' benefits(1)                                                           |    | 5,163   |    | 16,152 |  | 23,128  |  | 32,885  |
| Change in estimates of liability for future policy benefits(1)                                                                                                                                                                                                        | Change in estimates of liability for future policy benefits(1)                       |    | 255    |    | 777     |                                                                                                                                                                                                                                                                       | 280    |       | 632     | Change in estimates of liability for future policy benefits(1)                       |    | (49)    |    | (35)   |  | 231     |  | 597     |
| Interest credited to policyholders' account balances(1)                                                                                                                                                                                                               | Interest credited to policyholders' account balances(1)                              |    | 1,149  |    | 644     |                                                                                                                                                                                                                                                                       | 2,130  |       | 704     | Interest credited to policyholders' account balances(1)                              |    | 872     |    | 691    |  | 3,002   |  | 1,395   |
| Dividends to policyholders                                                                                                                                                                                                                                            | Dividends to policyholders                                                           |    | 303    |    | (207)   |                                                                                                                                                                                                                                                                       | 622    |       | 28      | Dividends to policyholders                                                           |    | (3)     |    | 90     |  | 619     |  | 118     |
| Amortization of deferred policy acquisition costs(1)                                                                                                                                                                                                                  | Amortization of deferred policy acquisition costs(1)                                 |    | 366    |    | 358     |                                                                                                                                                                                                                                                                       | 731    |       | 729     | Amortization of deferred policy acquisition costs(1)                                 |    | 361     |    | 363    |  | 1,092   |  | 1,092   |
| General and administrative expenses(1)                                                                                                                                                                                                                                | General and administrative expenses(1)                                               |    | 3,143  |    | 2,930   |                                                                                                                                                                                                                                                                       | 6,347  |       | 6,147   | General and administrative expenses(1)                                               |    | 3,066   |    | 3,066  |  | 9,413   |  | 9,213   |
| Total benefits and expenses                                                                                                                                                                                                                                           | Total benefits and expenses                                                          |    | 12,877 |    | 12,460  |                                                                                                                                                                                                                                                                       | 28,075 |       | 24,973  | Total benefits and expenses                                                          |    | 9,410   |    | 20,327 |  | 37,485  |  | 45,300  |
| INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES                                                                                                                                                                                  | INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES |    | 621    |    | (1,068) |                                                                                                                                                                                                                                                                       | 2,468  |       | (1,726) | INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES |    | (1,058) |    | (126)  |  | 1,410   |  | (1,852) |
| Total income tax expense (benefit)(1)                                                                                                                                                                                                                                 | Total income tax expense (benefit)(1)                                                |    | 123    |    | (119)   |                                                                                                                                                                                                                                                                       | 505    |       | (263)   | Total income tax expense (benefit)(1)                                                |    | (251)   |    | (11)   |  | 254     |  | (274)   |

|                                                                                 |                                                                                 |         |            |          |            |                                                                                 |           |           |          |            |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------|------------|----------|------------|---------------------------------------------------------------------------------|-----------|-----------|----------|------------|
| INCOME (LOSS)<br>BEFORE EQUITY<br>IN EARNINGS OF<br>OPERATING<br>JOINT VENTURES | INCOME (LOSS)<br>BEFORE EQUITY<br>IN EARNINGS OF<br>OPERATING<br>JOINT VENTURES | 498     | (949)      | 1,963    | (1,463)    | INCOME (LOSS)<br>BEFORE EQUITY<br>IN EARNINGS OF<br>OPERATING<br>JOINT VENTURES | (807)     | (115)     | 1,156    | (1,578)    |
| Equity in earnings of<br>operating joint<br>ventures, net of taxes              | Equity in earnings of<br>operating joint<br>ventures, net of taxes              | (2)     | (68)       | 10       | (60)       | Equity in earnings of<br>operating joint<br>ventures, net of taxes              | 16        | 7         | 26       | (53)       |
| NET INCOME (LOSS)                                                               | NET INCOME (LOSS)                                                               | 496     | (1,017)    | 1,973    | (1,523)    | NET INCOME<br>(LOSS)                                                            | (791)     | (108)     | 1,182    | (1,631)    |
| Less: Income (loss)<br>attributable to<br>noncontrolling<br>interests           | Less: Income (loss)<br>attributable to<br>noncontrolling<br>interests           | (15)    | (7)        | 0        | (20)       | Less: Income (loss)<br>attributable to<br>noncontrolling<br>interests           | 11        | (16)      | 11       | (36)       |
| NET INCOME (LOSS)<br>ATTRIBUTABLE<br>TO PRUDENTIAL<br>FINANCIAL, INC.           | NET INCOME (LOSS)<br>ATTRIBUTABLE<br>TO PRUDENTIAL<br>FINANCIAL, INC.           | \$ 511  | \$ (1,010) | \$ 1,973 | \$ (1,503) | NET INCOME<br>(LOSS)<br>ATTRIBUTABLE<br>TO PRUDENTIAL<br>FINANCIAL, INC.        | \$ (802)  | \$ (92)   | \$ 1,171 | \$ (1,595) |
| EARNINGS PER<br>SHARE                                                           | EARNINGS PER<br>SHARE                                                           |         |            |          |            | EARNINGS PER<br>SHARE                                                           |           |           |          |            |
| Basic earnings<br>per share-<br>Common Stock:                                   | Basic earnings<br>per share-<br>Common Stock:                                   |         |            |          |            | Basic earnings<br>per share-<br>Common Stock:                                   |           |           |          |            |
| Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | \$ 1.38 | \$ (2.71)  | \$ 5.33  | \$ (4.04)  | Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | \$ (2.23) | \$ (0.26) | \$ 3.17  | \$ (4.32)  |
| Diluted<br>earnings per<br>share-Common<br>Stock:                               | Diluted<br>earnings per<br>share-Common<br>Stock:                               |         |            |          |            | Diluted earnings<br>per share-<br>Common Stock:                                 |           |           |          |            |
| Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | \$ 1.38 | \$ (2.71)  | \$ 5.31  | \$ (4.04)  | Net income<br>(loss)<br>attributable to<br>Prudential<br>Financial, Inc.        | \$ (2.23) | \$ (0.26) | \$ 3.15  | \$ (4.32)  |

(1) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.

See Notes to Unaudited Interim Consolidated Financial Statements

#### PRUDENTIAL FINANCIAL, INC.

#### Unaudited Interim Consolidated Statements of Comprehensive Income Three and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (in millions)

|                                                |                                                | Three Months Ended |            | Six Months Ended |            |                                                | Three Months Ended |          | Nine Months Ended |            |
|------------------------------------------------|------------------------------------------------|--------------------|------------|------------------|------------|------------------------------------------------|--------------------|----------|-------------------|------------|
|                                                |                                                | June 30,           |            | June 30,         |            |                                                | September 30,      |          | September 30,     |            |
|                                                |                                                | 2023               | 2022       | 2023             | 2022       |                                                | 2023               | 2022     | 2023              | 2022       |
| NET INCOME (LOSS)                              | NET INCOME (LOSS)                              | \$ 496             | \$ (1,017) | \$ 1,973         | \$ (1,523) | NET INCOME (LOSS)                              | \$ (791)           | \$ (108) | \$ 1,182          | \$ (1,631) |
| Other comprehensive income (loss), before tax: | Other comprehensive income (loss), before tax: |                    |            |                  |            | Other comprehensive income (loss), before tax: |                    |          |                   |            |

|                                                                                    |                                                                                    |            |          |          |          |                                                                                    |            |          |            |          |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------|----------|----------|----------|------------------------------------------------------------------------------------|------------|----------|------------|----------|
| Foreign currency translation adjustments for the period(1)                         | Foreign currency translation adjustments for the period(1)                         | (371)      | (912)    | (358)    | (1,301)  | Foreign currency translation adjustments for the period(1)                         | (291)      | (586)    | (649)      | (1,887)  |
| Net unrealized investment gains (losses)(1)                                        | Net unrealized investment gains (losses)(1)                                        | (2,814)    | (19,154) | 5,565    | (41,987) | Net unrealized investment gains (losses)(1)                                        | (15,044)   | (14,147) | (9,479)    | (56,134) |
| Interest rate remeasurement of future policy benefits(1)                           | Interest rate remeasurement of future policy benefits(1)                           | (196)      | 25,029   | (8,901)  | 48,618   | Interest rate remeasurement of future policy benefits(1)                           | 14,430     | 15,469   | 5,529      | 64,087   |
| Gain (loss) from changes in non-performance risk on market risk benefits(1)        | Gain (loss) from changes in non-performance risk on market risk benefits(1)        | (263)      | 200      | (77)     | 1,307    | Gain (loss) from changes in non-performance risk on market risk benefits(1)        | (451)      | (8)      | (528)      | 1,299    |
| Defined benefit pension and postretirement unrecognized periodic benefit (cost)    | Defined benefit pension and postretirement unrecognized periodic benefit (cost)    | 26         | 388      | 45       | 453      | Defined benefit pension and postretirement unrecognized periodic benefit (cost)    | 22         | 52       | 67         | 505      |
| Total                                                                              | Total                                                                              | (3,618)    | 5,551    | (3,726)  | 7,090    | Total                                                                              | (1,334)    | 780      | (5,060)    | 7,870    |
| Less: Income tax expense (benefit) related to other comprehensive income (loss)(1) | Less: Income tax expense (benefit) related to other comprehensive income (loss)(1) | (793)      | 1,701    | (883)    | 2,301    | Less: Income tax expense (benefit) related to other comprehensive income (loss)(1) | (152)      | 307      | (1,035)    | 2,608    |
| Other comprehensive income (loss), net of taxes                                    | Other comprehensive income (loss), net of taxes                                    | (2,825)    | 3,850    | (2,843)  | 4,789    | Other comprehensive income (loss), net of taxes                                    | (1,182)    | 473      | (4,025)    | 5,262    |
| Comprehensive income (loss)                                                        | Comprehensive income (loss)                                                        | (2,329)    | 2,833    | (870)    | 3,266    | Comprehensive income (loss)                                                        | (1,973)    | 365      | (2,843)    | 3,631    |
| Less: Comprehensive income (loss) attributable to noncontrolling interests         | Less: Comprehensive income (loss) attributable to noncontrolling interests         | (16)       | (7)      | 0        | (21)     | Less: Comprehensive income (loss) attributable to noncontrolling interests         | 11         | (16)     | 11         | (37)     |
| Comprehensive income (loss) attributable to Prudential Financial, Inc.             | Comprehensive income (loss) attributable to Prudential Financial, Inc.             | \$ (2,313) | \$ 2,840 | \$ (870) | \$ 3,287 | Comprehensive income (loss) attributable to Prudential Financial, Inc.             | \$ (1,984) | \$ 381   | \$ (2,854) | \$ 3,668 |

(1) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.

See Notes to Unaudited Interim Consolidated Financial Statements

#### PRUDENTIAL FINANCIAL, INC.

##### Unaudited Interim Consolidated Statements of Equity

Three and Six Nine Months Ended June 30, 2023 September 30, 2023 (in millions)

|                                   |                                   |
|-----------------------------------|-----------------------------------|
| Prudential Financial, Inc. Equity | Prudential Financial, Inc. Equity |
|-----------------------------------|-----------------------------------|

|                                                               |                                                               | Additional |           | Common    |             | Accumulated   | Total           |            | Noncontrolling | Total                                                         |      | Additional |           | Common      |            | Accumulated   | Total           |            |
|---------------------------------------------------------------|---------------------------------------------------------------|------------|-----------|-----------|-------------|---------------|-----------------|------------|----------------|---------------------------------------------------------------|------|------------|-----------|-------------|------------|---------------|-----------------|------------|
|                                                               |                                                               | Common     | Paid-in   | Retained  | Stock       | Other         | Financial, Inc. | Prudential |                |                                                               |      | Common     | Paid-in   | Retained    | Stock      | Other         | Financial, Inc. | Prudential |
|                                                               |                                                               | Stock      | Capital   | Earnings  | Held In     | Income (Loss) | Equity          | Equity     |                |                                                               |      | Stock      | Capital   | Earnings    | Treasury   | Income (Loss) | Equity          | Equity     |
| <b>Balance, December 31, 2022(1)</b>                          | <b>Balance, December 31, 2022(1)</b>                          | \$ 6       | \$ 25,747 | \$ 31,714 | \$ (23,068) | \$ (3,806)    | \$ 30,593       | \$ 955     | \$ 31,548      | <b>Balance, December 31, 2022(1)</b>                          | \$ 6 | \$ 25,747  | \$ 31,714 | \$ (23,068) | \$ (3,806) | \$ 30,593     | \$ 955          | \$ 31,548  |
| Common Stock acquired                                         | Common Stock acquired                                         |            |           |           | (250)       |               | (250)           |            | (250)          | Common Stock acquired                                         |      |            |           | (250)       |            | (250)         |                 | (250)      |
| Contributions from noncontrolling interests                   | Contributions from noncontrolling interests                   |            |           |           |             |               |                 | 93         | 93             | Contributions from noncontrolling interests                   |      |            |           |             |            |               |                 |            |
| Distributions to noncontrolling interests                     | Distributions to noncontrolling interests                     |            |           |           |             |               |                 | (2)        | (2)            | Distributions to noncontrolling interests                     |      |            |           |             |            |               |                 |            |
| Stock-based compensation programs                             | Stock-based compensation programs                             |            | (104)     |           | 171         |               | 67              |            | 67             | Stock-based compensation programs                             |      | (104)      |           | 171         |            |               |                 | 67         |
| Dividends declared on Common Stock                            | Dividends declared on Common Stock                            |            |           | (468)     |             |               | (468)           |            | (468)          | Dividends declared on Common Stock                            |      |            | (468)     |             |            |               |                 | (468)      |
| Comprehensive income:                                         | Comprehensive income:                                         |            |           |           |             |               |                 |            |                | Comprehensive income:                                         |      |            |           |             |            |               |                 |            |
| Net income (loss)                                             | Net income (loss)                                             |            |           | 1,462     |             |               | 1,462           | 15         | 1,477          | Net income (loss)                                             |      |            | 1,462     |             |            |               | 15              | 1,477      |
| Other comprehensive income (loss), net of tax                 | Other comprehensive income (loss), net of tax                 |            |           |           |             | (19)          | (19)            | 1          | (18)           | Other comprehensive income (loss), net of tax                 |      |            |           |             |            | (19)          | 1               | (18)       |
| Total comprehensive income (loss)                             | Total comprehensive income (loss)                             |            |           |           |             |               | 1,443           | 16         | 1,459          | Total comprehensive income (loss)                             |      |            |           |             |            |               | 16              | 1,443      |
| <b>Balance, March 31, 2023</b>                                | <b>Balance, March 31, 2023</b>                                | 6          | 25,643    | 32,708    | (23,147)    | (3,825)       | 31,385          | 1,062      | 32,447         | <b>Balance, March 31, 2023</b>                                | 6    | 25,643     | 32,708    | (23,147)    | (3,825)    | 31,385        | 1,062           | 32,447     |
| Common Stock acquired                                         | Common Stock acquired                                         |            |           |           | (252)       |               | (252)           |            | (252)          | Common Stock acquired                                         |      |            |           | (252)       |            | (252)         |                 | (252)      |
| Contributions from noncontrolling interests                   | Contributions from noncontrolling interests                   |            |           |           |             |               |                 | 30         | 30             | Contributions from noncontrolling interests                   |      |            |           |             |            |               |                 |            |
| Distributions to noncontrolling interests                     | Distributions to noncontrolling interests                     |            |           |           |             |               |                 | (19)       | (19)           | Distributions to noncontrolling interests                     |      |            |           |             |            |               |                 |            |
| Consolidations (deconsolidations) of noncontrolling interests | Consolidations (deconsolidations) of noncontrolling interests |            |           |           |             |               |                 | (36)       | (36)           | Consolidations (deconsolidations) of noncontrolling interests |      |            |           |             |            |               |                 |            |
| Stock-based compensation programs                             | Stock-based compensation programs                             |            | 33        |           | 44          |               | 77              |            | 77             | Stock-based compensation programs                             |      | 33         |           | 44          |            |               |                 | 77         |
| Dividends declared on Common Stock                            | Dividends declared on Common Stock                            |            |           | (463)     |             |               | (463)           |            | (463)          | Dividends declared on Common Stock                            |      |            | (463)     |             |            |               |                 | (463)      |
| Comprehensive income:                                         | Comprehensive income:                                         |            |           |           |             |               |                 |            |                | Comprehensive income:                                         |      |            |           |             |            |               |                 |            |
| Net income (loss)                                             | Net income (loss)                                             |            |           | 511       |             |               | 511             | (15)       | 496            | Net income (loss)                                             |      |            | 511       |             |            |               | (15)            | 496        |

|                                                               |                                                               |    |   |    |        |         |         |      |          |                                                               |         |    |        |    |       |         |         |
|---------------------------------------------------------------|---------------------------------------------------------------|----|---|----|--------|---------|---------|------|----------|---------------------------------------------------------------|---------|----|--------|----|-------|---------|---------|
| Other comprehensive income (loss), net of tax                 | Other comprehensive income (loss), net of tax                 |    |   |    |        | (2,824) | (2,824) | (1)  | (2,825)  | Other comprehensive income (loss), net of tax                 |         |    |        |    |       | (2,824) | (2,825) |
| Total comprehensive income (loss)                             | Total comprehensive income (loss)                             |    |   |    |        |         |         | (16) | (2,329)  | Total comprehensive income (loss)                             |         |    |        |    |       |         | (2,311) |
| Balance, June 30, 2023                                        | Balance, June 30, 2023                                        | \$ | 6 | \$ | 25,676 | \$      | 32,756  | \$   | (23,355) | \$                                                            | (6,649) | \$ | 28,434 | \$ | 1,021 | \$      | 29,455  |
| Common Stock acquired                                         | Common Stock acquired                                         |    |   |    |        |         |         |      |          | Common Stock acquired                                         |         |    |        |    |       | (252)   | (252)   |
| Contributions from noncontrolling interests                   | Contributions from noncontrolling interests                   |    |   |    |        |         |         |      |          | Contributions from noncontrolling interests                   |         |    |        |    |       |         |         |
| Distributions to noncontrolling interests                     | Distributions to noncontrolling interests                     |    |   |    |        |         |         |      |          | Distributions to noncontrolling interests                     |         |    |        |    |       |         |         |
| Consolidations (deconsolidations) of noncontrolling interests | Consolidations (deconsolidations) of noncontrolling interests |    |   |    |        |         |         |      |          | Consolidations (deconsolidations) of noncontrolling interests |         |    |        |    |       |         |         |
| Stock-based compensation programs                             | Stock-based compensation programs                             |    |   |    |        |         |         |      |          | Stock-based compensation programs                             |         |    | 38     |    | 39    |         | 7       |
| Dividends declared on Common Stock                            | Dividends declared on Common Stock                            |    |   |    |        |         |         |      |          | Dividends declared on Common Stock                            |         |    |        |    | (461) |         | (461)   |
| Comprehensive income:                                         | Comprehensive income:                                         |    |   |    |        |         |         |      |          | Comprehensive income:                                         |         |    |        |    |       |         |         |
| Net income (loss)                                             | Net income (loss)                                             |    |   |    |        |         |         |      |          | Net income (loss)                                             |         |    |        |    | (802) |         | (802)   |
| Other comprehensive income (loss), net of tax                 | Other comprehensive income (loss), net of tax                 |    |   |    |        |         |         |      |          | Other comprehensive income (loss), net of tax                 |         |    |        |    |       | (1,182) | (1,182) |
| Total comprehensive income (loss)                             | Total comprehensive income (loss)                             |    |   |    |        |         |         |      |          | Total comprehensive income (loss)                             |         |    |        |    |       |         | (1,984) |
| Balance, September 30, 2023                                   | Balance, September 30, 2023                                   | \$ | 6 | \$ | 25,714 | \$      | 31,493  | \$   | (23,568) | \$                                                            | (7,831) | \$ | 25,811 | \$ |       |         |         |

(1) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.

**PRUDENTIAL FINANCIAL, INC.**  
**Unaudited Interim Consolidated Statements of Equity—Continued**  
**Three and Six Nine Months Ended June 30, 2022 September 30, 2022 (in millions)**

| Prudential Financial, Inc. Equity |         |          |          |               |                 |                |        |  | Prudential Financial, Inc. Equity |         |          |          |               |                 |                |        |  |
|-----------------------------------|---------|----------|----------|---------------|-----------------|----------------|--------|--|-----------------------------------|---------|----------|----------|---------------|-----------------|----------------|--------|--|
| Additional                        |         |          | Common   | Accumulated   | Total           |                |        |  | Additional                        |         |          | Common   | Accumulated   | Total           |                |        |  |
| Common                            | Paid-in | Retained | Held In  | Comprehensive | Financial, Inc. | Noncontrolling | Total  |  | Common                            | Paid-in | Retained | Held In  | Comprehensive | Financial, Inc. | Noncontrolling | Total  |  |
| Stock                             | Capital | Earnings | Treasury | Income (Loss) | Equity          | Interests      | Equity |  | Stock                             | Capital | Earnings | Treasury | Income (Loss) | Equity          | Interests      | Equity |  |

| Balance,<br>December 31,<br>2021(1)                    | Balance,<br>December 31,<br>2021(1)                    | \$ | 6 | \$ 25,732 | \$35,183 | \$(21,838) | \$      | (9,493) | \$    | 29,590  | \$   | 732     | \$30,322                      | Balance,<br>December 31,<br>2021(1)                    | \$ | 6      | \$ 25,732 | \$35,183 | \$(21,838) | \$     | (9,493) | \$      | 29,590 |
|--------------------------------------------------------|--------------------------------------------------------|----|---|-----------|----------|------------|---------|---------|-------|---------|------|---------|-------------------------------|--------------------------------------------------------|----|--------|-----------|----------|------------|--------|---------|---------|--------|
| Common Stock<br>acquired                               | Common Stock<br>acquired                               |    |   |           |          | (375)      |         |         |       | (375)   |      |         | (375)                         | Common Stock<br>acquired                               |    |        |           |          |            | (375)  |         |         | (375)  |
| Contributions from<br>noncontrolling<br>interests      | Contributions from<br>noncontrolling<br>interests      |    |   |           |          |            |         |         |       |         | 3    | 3       |                               | Contributions<br>from<br>noncontrolling<br>interests   |    |        |           |          |            |        |         |         |        |
| Distributions to<br>noncontrolling<br>interests        | Distributions to<br>noncontrolling<br>interests        |    |   |           |          |            |         |         |       |         | (21) | (21)    |                               | Distributions to<br>noncontrolling<br>interests        |    |        |           |          |            |        |         |         |        |
| Stock-based<br>compensation<br>programs                | Stock-based<br>compensation<br>programs                |    |   | (73)      |          | 162        |         |         |       | 89      |      | 89      |                               | Stock-based<br>compensation<br>programs                |    |        | (73)      |          | 162        |        |         | 89      |        |
| Dividends declared<br>on Common Stock                  | Dividends declared<br>on Common Stock                  |    |   |           | (462)    |            |         |         |       | (462)   |      | (462)   |                               | Dividends<br>declared on<br>Common Stock               |    |        |           | (462)    |            |        |         | (462)   |        |
| Comprehensive<br>income:                               | Comprehensive<br>income:                               |    |   |           |          |            |         |         |       |         |      |         |                               | Comprehensive<br>income:                               |    |        |           |          |            |        |         |         |        |
| Net income<br>(loss)                                   | Net income<br>(loss)                                   |    |   |           | (493)    |            |         |         |       | (493)   | (13) | (506)   |                               | Net income<br>(loss)                                   |    |        |           | (493)    |            |        |         | (493)   |        |
| Other<br>comprehensive<br>income (loss),<br>net of tax | Other<br>comprehensive<br>income (loss),<br>net of tax |    |   |           |          |            |         | 940     | 940   |         | (1)  | 939     |                               | Other<br>comprehensive<br>income (loss),<br>net of tax |    |        |           |          |            | 940    | 940     |         |        |
| Total<br>comprehensive<br>income (loss)                | Total<br>comprehensive<br>income (loss)                |    |   |           |          |            |         |         | 447   |         | (14) | 433     |                               | Total<br>comprehensive<br>income (loss)                |    |        |           |          |            |        |         | 447     |        |
| Balance, March<br>31, 2022(1)                          | Balance, March<br>31, 2022(1)                          |    | 6 | 25,659    | 34,228   | (22,051)   | (8,553) | 29,289  | 700   | 29,989  |      |         | Balance, March<br>31, 2022(1) |                                                        | 6  | 25,659 | 34,228    | (22,051) | (8,553)    | 29,289 |         |         |        |
| Common Stock<br>acquired                               | Common Stock<br>acquired                               |    |   |           |          | (375)      |         |         |       | (375)   |      | (375)   |                               | Common Stock<br>acquired                               |    |        |           |          |            | (375)  |         |         | (375)  |
| Contributions from<br>noncontrolling<br>interests      | Contributions from<br>noncontrolling<br>interests      |    |   |           |          |            |         |         |       |         | 26   | 26      |                               | Contributions<br>from<br>noncontrolling<br>interests   |    |        |           |          |            |        |         |         |        |
| Distributions to<br>noncontrolling<br>interests        | Distributions to<br>noncontrolling<br>interests        |    |   |           |          |            |         |         |       |         | (36) | (36)    |                               | Distributions to<br>noncontrolling<br>interests        |    |        |           |          |            |        |         |         |        |
| Stock-based<br>compensation<br>programs                | Stock-based<br>compensation<br>programs                |    |   | 2         |          | 35         |         |         |       | 37      |      | 37      |                               | Stock-based<br>compensation<br>programs                |    |        | 2         |          | 35         |        |         | 37      |        |
| Dividends declared<br>on Common Stock                  | Dividends declared<br>on Common Stock                  |    |   |           | (457)    |            |         |         |       | (457)   |      | (457)   |                               | Dividends<br>declared on<br>Common Stock               |    |        |           | (457)    |            |        |         | (457)   |        |
| Comprehensive<br>income:                               | Comprehensive<br>income:                               |    |   |           |          |            |         |         |       |         |      |         |                               | Comprehensive<br>income:                               |    |        |           |          |            |        |         |         |        |
| Net income<br>(loss)                                   | Net income<br>(loss)                                   |    |   |           | (1,010)  |            |         |         |       | (1,010) | (7)  | (1,017) |                               | Net income<br>(loss)                                   |    |        |           | (1,010)  |            |        |         | (1,010) |        |
| Other<br>comprehensive<br>income (loss),<br>net of tax | Other<br>comprehensive<br>income (loss),<br>net of tax |    |   |           |          |            |         | 3,850   | 3,850 |         | 0    | 3,850   |                               | Other<br>comprehensive<br>income (loss),<br>net of tax |    |        |           |          |            | 3,850  | 3,850   |         |        |
| Total<br>comprehensive<br>income (loss)                | Total<br>comprehensive<br>income (loss)                |    |   |           |          |            |         |         | 2,840 |         | (7)  | 2,833   |                               | Total<br>comprehensive<br>income (loss)                |    |        |           |          |            |        |         | 2,840   |        |

| Balance, June 30, 2022(1)                     | Balance, June 30, 2022(1) |   |           |           |             |            |           |        |           | Balance, June 30, 2022(1)                     |    |        |           |           |             |            |           |
|-----------------------------------------------|---------------------------|---|-----------|-----------|-------------|------------|-----------|--------|-----------|-----------------------------------------------|----|--------|-----------|-----------|-------------|------------|-----------|
|                                               | \$                        | 6 | \$ 25,661 | \$ 32,761 | \$ (22,391) | \$ (4,703) | \$ 31,334 | \$ 683 | \$ 32,017 |                                               | 6  | 25,661 | 32,761    | (22,391)  | (4,703)     | 31,334     |           |
| Common Stock acquired                         |                           |   |           |           |             |            |           |        |           | Common Stock acquired                         |    |        |           | (375)     |             | (375)      |           |
| Contributions from noncontrolling interests   |                           |   |           |           |             |            |           |        |           | Contributions from noncontrolling interests   |    |        |           |           |             |            |           |
| Distributions to noncontrolling interests     |                           |   |           |           |             |            |           |        |           | Distributions to noncontrolling interests     |    |        |           |           |             |            |           |
| Stock-based compensation programs             |                           |   |           |           |             |            |           |        |           | Stock-based compensation programs             |    | 46     |           | 30        |             | 76         |           |
| Dividends declared on Common Stock            |                           |   |           |           |             |            |           |        |           | Dividends declared on Common Stock            |    |        | (454)     |           |             | (454)      |           |
| Comprehensive income:                         |                           |   |           |           |             |            |           |        |           | Comprehensive income:                         |    |        |           |           |             |            |           |
| Net income (loss)                             |                           |   |           |           |             |            |           |        |           | Net income (loss)                             |    |        | (92)      |           |             | (92)       |           |
| Other comprehensive income (loss), net of tax |                           |   |           |           |             |            |           |        |           | Other comprehensive income (loss), net of tax |    |        |           |           | 473         | 473        |           |
| Total comprehensive income (loss)             |                           |   |           |           |             |            |           |        |           | Total comprehensive income (loss)             |    |        |           |           |             | 381        |           |
| Balance, September 30, 2022(1)                |                           |   |           |           |             |            |           |        |           | Balance, September 30, 2022(1)                | \$ | 6      | \$ 25,707 | \$ 32,215 | \$ (22,736) | \$ (4,230) | \$ 30,962 |

(1) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.

See Notes to Unaudited Interim Consolidated Financial Statements

## PRUDENTIAL FINANCIAL, INC.

### Unaudited Interim Consolidated Statements of Cash Flows

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (in millions)

|                                                                                          |       |      |                                                                                          |       |      | Six Months Ended |         |    |                                                                                          |                                                                                   |      | Nine Months Ended |    |         |      |         |  |
|------------------------------------------------------------------------------------------|-------|------|------------------------------------------------------------------------------------------|-------|------|------------------|---------|----|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------|-------------------|----|---------|------|---------|--|
|                                                                                          |       |      |                                                                                          |       |      | June 30,         |         |    |                                                                                          |                                                                                   |      | September 30,     |    |         |      |         |  |
|                                                                                          |       |      |                                                                                          |       |      |                  |         |    |                                                                                          |                                                                                   |      |                   |    |         |      |         |  |
|                                                                                          |       |      |                                                                                          |       |      | 2023             |         |    | 2022                                                                                     |                                                                                   |      | 2023              |    |         | 2022 |         |  |
| CASH                                                                                     | FLOWS | FROM | CASH                                                                                     | FLOWS | FROM |                  |         |    | CASH                                                                                     | FLOWS                                                                             | FROM |                   |    |         |      |         |  |
| OPERATING ACTIVITIES                                                                     |       |      | OPERATING ACTIVITIES                                                                     |       |      |                  |         |    | OPERATING ACTIVITIES                                                                     |                                                                                   |      |                   |    |         |      |         |  |
| Net income (loss)(1)                                                                     |       |      | Net income (loss)(1)                                                                     |       |      | \$               | 1,973   | \$ | (1,523)                                                                                  | Net income (loss)(1)                                                              |      |                   | \$ | 1,182   | \$   | (1,631) |  |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |       |      | Adjustments to reconcile net income (loss) to net cash provided by operating activities: |       |      |                  |         |    | Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                                                                                   |      |                   |    |         |      |         |  |
| Realized investment (gains) losses, net(1)                                               |       |      | Realized investment (gains) losses, net(1)                                               |       |      |                  | 721     |    | 2,680                                                                                    | Realized investment (gains) losses, net(1)                                        |      |                   |    | 3,123   |      | 3,110   |  |
| Change in value of market risk benefits, net of related hedging (gains) losses(1)        |       |      | Change in value of market risk benefits, net of related hedging (gains) losses(1)        |       |      |                  | (91)    |    | 980                                                                                      | Change in value of market risk benefits, net of related hedging (gains) losses(1) |      |                   |    | 160     |      | 1,038   |  |
| Policy charges and fee income(1)                                                         |       |      | Policy charges and fee income(1)                                                         |       |      |                  | (1,073) |    | (1,104)                                                                                  | Policy charges and fee income(1)                                                  |      |                   |    | (1,626) |      | (1,665) |  |

|                                                                                      |                                                                                      |              |              |                                                                                      |              |              |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------|--------------|--------------------------------------------------------------------------------------|--------------|--------------|
| Interest credited to policyholders' account balances(1)                              | Interest credited to policyholders' account balances(1)                              | 2,130        | 704          | Interest credited to policyholders' account balances(1)                              | 3,002        | 1,395        |
| Depreciation and amortization(1)                                                     | Depreciation and amortization(1)                                                     | 46           | 182          | Depreciation and amortization(1)                                                     | 1            | 58           |
| (Gains) losses on assets supporting experience-rated contractholder liabilities, net | (Gains) losses on assets supporting experience-rated contractholder liabilities, net | (422)        | 1,080        | (Gains) losses on assets supporting experience-rated contractholder liabilities, net | (426)        | 1,100        |
| Change in:                                                                           | Change in:                                                                           |              |              | Change in:                                                                           |              |              |
| Deferred policy acquisition costs(1)                                                 | Deferred policy acquisition costs(1)                                                 | (385)        | (357)        | Deferred policy acquisition costs(1)                                                 | (600)        | (521)        |
| Future policy benefits and other insurance liabilities(1)                            | Future policy benefits and other insurance liabilities(1)                            | 2,738        | 4,092        | Future policy benefits and other insurance liabilities(1)                            | 4,729        | 5,997        |
| Income taxes(1)                                                                      | Income taxes(1)                                                                      | (196)        | (1,576)      | Income taxes(1)                                                                      | (282)        | (1,505)      |
| Derivatives, net(1)                                                                  | Derivatives, net(1)                                                                  | (333)        | (1,969)      | Derivatives, net(1)                                                                  | (737)        | (472)        |
| Other, net(1)                                                                        | Other, net(1)                                                                        | (2,541)      | (1,687)      | Other, net(1)                                                                        | (3,119)      | (1,124)      |
| <b>Cash flows from (used in) operating activities</b>                                | <b>Cash flows from (used in) operating activities</b>                                | <b>2,567</b> | <b>1,502</b> | <b>Cash flows from (used in) operating activities</b>                                | <b>5,407</b> | <b>5,780</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                          | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                          |              |              | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                          |              |              |
| Proceeds from the sale/maturity/prepayment of:                                       | Proceeds from the sale/maturity/prepayment of:                                       |              |              | Proceeds from the sale/maturity/prepayment of:                                       |              |              |
| Fixed maturities, available-for-sale                                                 | Fixed maturities, available-for-sale                                                 | 22,234       | 28,636       | Fixed maturities, available-for-sale                                                 | 32,743       | 38,851       |
| Fixed maturities, held-to-maturity                                                   | Fixed maturities, held-to-maturity                                                   | 17           | 17           | Fixed maturities, held-to-maturity                                                   | 22           | 24           |
| Fixed maturities, trading                                                            | Fixed maturities, trading                                                            | 344          | 1,206        | Fixed maturities, trading                                                            | 862          | 1,421        |
| Assets supporting experience-rated contractholder liabilities                        | Assets supporting experience-rated contractholder liabilities                        | 1,256        | 10,235       | Assets supporting experience-rated contractholder liabilities                        | 1,693        | 11,011       |
| Equity securities                                                                    | Equity securities                                                                    | 1,192        | 2,535        | Equity securities                                                                    | 3,237        | 3,070        |
| Commercial mortgage and other loans                                                  | Commercial mortgage and other loans                                                  | 1,685        | 3,004        | Commercial mortgage and other loans                                                  | 2,722        | 4,294        |
| Policy loans                                                                         | Policy loans                                                                         | 880          | 869          | Policy loans                                                                         | 1,319        | 1,278        |
| Other invested assets                                                                | Other invested assets                                                                | 532          | 1,155        | Other invested assets                                                                | 797          | 1,427        |
| Short-term investments                                                               | Short-term investments                                                               | 15,065       | 20,616       | Short-term investments                                                               | 24,197       | 30,119       |
| Payments for the purchase/origination of:                                            | Payments for the purchase/origination of:                                            |              |              | Payments for the purchase/origination of:                                            |              |              |
| Fixed maturities, available-for-sale                                                 | Fixed maturities, available-for-sale                                                 | (25,467)     | (33,244)     | Fixed maturities, available-for-sale                                                 | (36,969)     | (45,004)     |
| Fixed maturities, trading                                                            | Fixed maturities, trading                                                            | (583)        | (225)        | Fixed maturities, trading                                                            | (1,774)      | (385)        |
| Assets supporting experience-rated contractholder liabilities                        | Assets supporting experience-rated contractholder liabilities                        | (1,283)      | (10,592)     | Assets supporting experience-rated contractholder liabilities                        | (1,741)      | (11,346)     |
| Equity securities                                                                    | Equity securities                                                                    | (1,524)      | (1,361)      | Equity securities                                                                    | (2,393)      | (2,992)      |
| Commercial mortgage and other loans                                                  | Commercial mortgage and other loans                                                  | (2,457)      | (2,778)      | Commercial mortgage and other loans                                                  | (3,938)      | (3,832)      |
| Policy loans                                                                         | Policy loans                                                                         | (780)        | (593)        | Policy loans                                                                         | (1,151)      | (904)        |
| Other invested assets                                                                | Other invested assets                                                                | (1,044)      | (1,320)      | Other invested assets                                                                | (1,949)      | (2,127)      |
| Short-term investments                                                               | Short-term investments                                                               | (15,380)     | (20,079)     | Short-term investments                                                               | (24,512)     | (27,823)     |
| Dispositions, net of cash disposed                                                   | Dispositions, net of cash disposed                                                   | 0            | 422          | Dispositions, net of cash disposed                                                   | 0            | 422          |

|                                                                                                                                                          |                                                                                                                                                          |         |          |                                                                                                                                                          |          |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| Derivatives, net                                                                                                                                         | Derivatives, net                                                                                                                                         | (700)   | (1,802)  | Derivatives, net                                                                                                                                         | (1,909)  | (1,701)  |
| Other, net                                                                                                                                               | Other, net                                                                                                                                               | (130)   | 59       | Other, net                                                                                                                                               | (280)    | (65)     |
| <b>Cash flows from (used in) investing activities</b>                                                                                                    | <b>Cash flows from (used in) investing activities</b>                                                                                                    | (6,143) | (3,240)  | <b>Cash flows from (used in) investing activities</b>                                                                                                    | (9,024)  | (4,262)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                                              | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                                              |         |          | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                                              |          |          |
| Policyholders' account deposits                                                                                                                          | Policyholders' account deposits                                                                                                                          | 13,402  | 13,969   | Policyholders' account deposits                                                                                                                          | 20,690   | 22,108   |
| Policyholders' account withdrawals                                                                                                                       | Policyholders' account withdrawals                                                                                                                       | (8,791) | (12,764) | Policyholders' account withdrawals                                                                                                                       | (13,646) | (18,212) |
| Net change in securities sold under agreements to repurchase and cash collateral for loaned securities                                                   | Net change in securities sold under agreements to repurchase and cash collateral for loaned securities                                                   | (1,384) | (483)    | Net change in securities sold under agreements to repurchase and cash collateral for loaned securities                                                   | (1,075)  | (142)    |
| Cash dividends paid on Common Stock                                                                                                                      | Cash dividends paid on Common Stock                                                                                                                      | (933)   | (921)    | Cash dividends paid on Common Stock                                                                                                                      | (1,391)  | (1,371)  |
| Net change in financing arrangements (maturities 90 days or less)                                                                                        | Net change in financing arrangements (maturities 90 days or less)                                                                                        | 3       | (258)    | Net change in financing arrangements (maturities 90 days or less)                                                                                        | (77)     | (245)    |
| Common Stock acquired                                                                                                                                    | Common Stock acquired                                                                                                                                    | (504)   | (738)    | Common Stock acquired                                                                                                                                    | (754)    | (1,113)  |
| Common Stock reissued for exercise of stock options                                                                                                      | Common Stock reissued for exercise of stock options                                                                                                      | 63      | 99       | Common Stock reissued for exercise of stock options                                                                                                      | 91       | 128      |
| Proceeds from the issuance of debt (maturities longer than 90 days)                                                                                      | Proceeds from the issuance of debt (maturities longer than 90 days)                                                                                      | 495     | 1,024    | Proceeds from the issuance of debt (maturities longer than 90 days)                                                                                      | 662      | 2,538    |
| Repayments of debt (maturities longer than 90 days)                                                                                                      | Repayments of debt (maturities longer than 90 days)                                                                                                      | (1,604) | (124)    | Repayments of debt (maturities longer than 90 days)                                                                                                      | (1,948)  | (1,181)  |
| Proceeds from notes issued by consolidated VIEs                                                                                                          | Proceeds from notes issued by consolidated VIEs                                                                                                          | 67      | 0        | Proceeds from notes issued by consolidated VIEs                                                                                                          | 484      | 0        |
| Repayments of notes issued by consolidated VIEs                                                                                                          | Repayments of notes issued by consolidated VIEs                                                                                                          | (18)    | 0        | Repayments of notes issued by consolidated VIEs                                                                                                          | (39)     | 0        |
| Other, net                                                                                                                                               | Other, net                                                                                                                                               | 318     | 1,660    | Other, net                                                                                                                                               | 470      | 1,565    |
| <b>Cash flows from (used in) financing activities</b>                                                                                                    | <b>Cash flows from (used in) financing activities</b>                                                                                                    | 1,114   | 1,464    | <b>Cash flows from (used in) financing activities</b>                                                                                                    | 3,467    | 4,075    |
| Effect of foreign exchange rate changes on cash balances                                                                                                 | Effect of foreign exchange rate changes on cash balances                                                                                                 | (143)   | (317)    | Effect of foreign exchange rate changes on cash balances                                                                                                 | (220)    | (446)    |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS INCLUDING BALANCES CLASSIFIED AS HELD-FOR-SALE</b> | <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS INCLUDING BALANCES CLASSIFIED AS HELD-FOR-SALE</b> | (2,605) | (591)    | <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS INCLUDING BALANCES CLASSIFIED AS HELD-FOR-SALE</b> | (370)    | 5,147    |
| <b>NET CHANGE IN CASH BALANCES CLASSIFIED AS HELD-FOR-SALE(2)</b>                                                                                        | <b>NET CHANGE IN CASH BALANCES CLASSIFIED AS HELD-FOR-SALE(2)</b>                                                                                        | 0       | (2,071)  | <b>NET CHANGE IN CASH BALANCES CLASSIFIED AS HELD-FOR-SALE(2)</b>                                                                                        | 0        | (2,071)  |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS</b>                                                | <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS</b>                                                | (2,605) | 1,480    | <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS</b>                                                | (370)    | 7,218    |

| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR | CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR | CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
|                                                                                            | 17,299                                                                                     | 12,934                                                                                     |
| CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD     | CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD     | CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD     |
|                                                                                            | \$ 14,694                                                                                  | \$ 14,414                                                                                  |
|                                                                                            | 16,929                                                                                     | 20,152                                                                                     |

PRUDENTIAL FINANCIAL, INC.

Unaudited Interim Consolidated Statements of Cash Flows

Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (in millions)

|                                                                       |                                                                       | Six Months Ended |              | Nine Months Ended                     |              |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------|--------------|---------------------------------------|--------------|
|                                                                       |                                                                       | June 30,         |              | September 30,                         |              |
|                                                                       |                                                                       | 2023             | 2022         | 2023                                  | 2022         |
| <b>HELD-FOR-SALE</b>                                                  | <b>HELD-FOR-SALE</b>                                                  |                  |              | <b>HELD-FOR-SALE</b>                  |              |
| <b>CLASSIFICATION(1)(2)</b>                                           | <b>CLASSIFICATION(1)(2)</b>                                           |                  |              | <b>CLASSIFICATION(1)(2)</b>           |              |
| Change in assets classified as held-for-sale                          | Change in assets classified as held-for-sale                          | \$ 0             | \$ (153,935) | \$ 0                                  | \$ (153,935) |
| Change in liabilities classified as held-for-sale                     | Change in liabilities classified as held-for-sale                     | 0                | (151,508)    | 0                                     | (151,508)    |
| Change in net assets classified as held-for-sale                      | Change in net assets classified as held-for-sale                      | \$ 0             | \$ (2,427)   | \$ 0                                  | \$ (2,427)   |
| <b>NON-CASH</b>                                                       | <b>NON-CASH</b>                                                       |                  |              | <b>NON-CASH</b>                       |              |
| <b>TRANSACTIONS DURING THE PERIOD</b>                                 | <b>TRANSACTIONS DURING THE PERIOD</b>                                 |                  |              | <b>TRANSACTIONS DURING THE PERIOD</b> |              |
| Treasury Stock shares issued for stock-based compensation programs    | Treasury Stock shares issued for stock-based compensation programs    | \$ 272           | \$ 229       | \$ 276                                | \$ 232       |
| Novation of annuity contracts(3)                                      | Novation of annuity contracts(3)                                      | \$ 343           | \$ 0         | \$ 491                                | \$ 2,611     |
| Assets transferred upon surrender of IRA contracts(4)                 | Assets transferred upon surrender of IRA contracts(4)                 |                  |              | \$ 2,019                              | \$ 0         |
| Significant Pension Risk Transfer transactions:                       | Significant Pension Risk Transfer transactions:                       |                  |              |                                       |              |
| Assets received, excluding cash and cash equivalents                  | Assets received, excluding cash and cash equivalents                  | \$ 1,506         | \$ 502       |                                       |              |
| Liabilities assumed                                                   | Liabilities assumed                                                   | 2,409            | 505          | 3,257                                 | 8,764        |
| Net cash received                                                     | Net cash received                                                     | \$ 903           | \$ 3         | \$ 993                                | \$ 518       |
| Prismic Re reinsurance transaction(5):                                | Prismic Re reinsurance transaction(5):                                |                  |              |                                       |              |
| Net assets transferred, excluding Cash and cash equivalents           | Net assets transferred, excluding Cash and cash equivalents           |                  |              | \$ 1,351                              | \$ 0         |
| Payable established under coinsurance with funds withheld             | Payable established under coinsurance with funds withheld             |                  |              | 8,184                                 | 0            |
| Reinsurance recoverables established for Future policy benefits ceded | Reinsurance recoverables established for Future policy benefits ceded |                  |              | (5,584)                               | 0            |
| Deposit assets established for Policyholders' account balances ceded  | Deposit assets established for Policyholders' account balances ceded  |                  |              | (3,723)                               | 0            |
| Unwind of Deferred policy acquisition costs ceded                     | Unwind of Deferred policy acquisition costs ceded                     |                  |              | 23                                    | 0            |
| Deferred reinsurance loss                                             | Deferred reinsurance loss                                             |                  |              | (393)                                 | 0            |

|                                                                                       |                                                                                       |    |        |                                                                                       |        |                                                                               |           |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----|--------|---------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------|-----------|
| Net cash paid                                                                         |                                                                                       |    |        | Net cash paid                                                                         |        |                                                                               |           |
|                                                                                       |                                                                                       |    |        | \$                                                                                    |        | (142)                                                                         | \$ 0      |
| RECONCILIATION TO THE UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | RECONCILIATION TO THE UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION |    |        | RECONCILIATION TO THE UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION |        |                                                                               |           |
| Cash and cash equivalents                                                             | Cash and cash equivalents                                                             | \$ | 14,652 | \$                                                                                    | 14,359 | Cash and cash equivalents                                                     | \$ 16,892 |
| Restricted cash and restricted cash equivalents (included in "Other assets")          | Restricted cash and restricted cash equivalents (included in "Other assets")          |    | 42     |                                                                                       | 55     | Restricted cash and restricted cash equivalents (included in "Other assets")  | 37        |
| Total cash, cash equivalents, restricted cash and restricted cash equivalents         | Total cash, cash equivalents, restricted cash and restricted cash equivalents         | \$ | 14,694 | \$                                                                                    | 14,414 | Total cash, cash equivalents, restricted cash and restricted cash equivalents | \$ 16,929 |
|                                                                                       |                                                                                       |    |        |                                                                                       |        |                                                                               | \$ 20,104 |
|                                                                                       |                                                                                       |    |        |                                                                                       |        |                                                                               | 48        |
|                                                                                       |                                                                                       |    |        |                                                                                       |        |                                                                               | 20,152    |

- (1) Prior period amounts adjusted for the implementation of ASU 2018-12: Targeted Improvements to the Accounting for Long-Duration Contracts.
- (2) See Note 1 for additional information regarding the dispositions.
- (3) "Cash flows from (used in) operating activities" and "Cash flows from (used in) investing activities" exclude certain non-cash activities related to the novation of certain, previously reinsured, annuity products, from Fortitude Group Holdings, LLC to the Company. See Note 1 for additional information.
- (4) "Cash flows from (used in) operating activities" exclude certain non-cash activities related to the sale of the Full Service Retirement business as a result of the surrender of certain Stable Value Individual Retirement Account ("IRA") contracts from the Company to Great-West Life & Annuity Insurance Company. See Note 1 for additional information regarding this sale.
- (5) See Note 12 for additional information regarding the reinsurance agreement with Prismic Life Reinsurance, Ltd ("Prismic Re").

See Notes to Unaudited Interim Consolidated Financial Statements

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements**

## 1. BUSINESS AND BASIS OF PRESENTATION

Prudential Financial, Inc. ("Prudential Financial") and its subsidiaries (collectively, "Prudential" or the "Company") provide a wide range of insurance, investment management, and other financial products and services to both individual and institutional customers throughout the United States and in many other countries. Principal products and services provided include life insurance, annuities, retirement solutions, mutual funds and investment management.

Effective January 1, 2023, the Company made the following segment reporting changes, which do not impact the Company's consolidated financial statements:

- Based on the write-down of Assurance IQ's ("AIQ") goodwill asset, and that its financial results and operations are not considered significant, AIQ no longer represents a separately reportable segment and is now included within the Company's Corporate and Other operations.
- Since Prudential Advisors, the Company's proprietary nationwide distribution business, is no longer managed through the Individual Life segment and its financial results and operations are not considered significant, it is now included within the Company's Corporate and Other operations.

Historical segment results have been updated to conform to the current period presentation.

The Company's principal operations consist of PGIM (the Company's global investment management business), the U.S. Businesses (consisting of the Retirement Strategies, Group Insurance and Individual Life businesses), the International Businesses, the Closed Block division, and the Company's Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included within Corporate and Other operations. Divested and Run-off Businesses consist of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP. The Company's Corporate and Other operations include corporate items and initiatives that are not allocated to business segments, as well as the Divested and Run-off Businesses described above.

In September 2023, the Company, through its Corporate and Other operations, invested approximately \$200 million, and acquired a 20% equity interest as a limited partner, in Prismic Life Holding Company, LP ("Prismic HoldCo"), a Bermuda exempted limited partnership that owns all of the outstanding capital stock of Prismic Life Reinsurance, Ltd ("Prismic Re"), a licensed Bermuda-based life and annuity reinsurance company. As this investment is accounted for under the equity method, Prismic Re is considered a related party. Beginning with the fourth quarter of 2023, the operating results of Corporate and Other will reflect the Company's share of earnings in Prismic HoldCo on a quarter lag. For information regarding the Company's initial reinsurance transaction with Prismic Re, effective September 2023, see Note 12.

### Basis of Presentation

On January 1, 2023, the Company adopted Accounting Standard Update ("ASU") 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, which provided new authoritative guidance impacting the accounting and disclosure requirements for long-duration insurance and investment contracts issued by the Company. See "Adoption of ASU 2018-12" below for additional information regarding this adoption, including the impacts to the Company's 2022

financial statements from implementing the new accounting standard as well as the transition impacts recorded as of January 1, 2021. See Note 2 for additional details regarding the key policy changes effected by this ASU and updated accounting policies resulting from the adoption of this ASU for all periods presented in the Unaudited Interim Consolidated Financial Statements.

The Unaudited Interim Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). The Unaudited Interim Consolidated Financial Statements include the accounts of Prudential Financial, entities over which the Company exercises control, including majority-owned subsidiaries and minority-owned entities such as limited partnerships in which the Company is the general partner, and variable interest entities ("VIEs") in which the Company is considered the primary beneficiary. See Note 4 for additional information regarding the Company's consolidated variable interest entities. Intercompany balances and transactions have been eliminated.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

In the opinion of management, all adjustments necessary for a fair statement of the financial position and results of operations have been made. All such adjustments are of a normal, recurring nature. Interim results are not necessarily indicative of the results that may be expected for the full year. These financial statements should be read in conjunction with the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Adoption of ASU 2018-12**

In August 2018, the FASB issued ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* which provides new authoritative guidance impacting the accounting and disclosure requirements for long-duration insurance and investment contracts issued by the Company. The Company adopted this guidance, effective January 1, 2023, using the modified retrospective transition method, where permitted, for changes to the liability for future policy benefits and deferred policy acquisition costs ("DAC") and related balances, and using the retrospective transition method, as required, for market risk benefits. The Company applied the guidance as of the transition date of January 1, 2021 and retrospectively adjusted prior period amounts shown in the 2023 financial statements to reflect the new guidance.

The following tables present amounts as previously reported in 2022, the effect upon those amounts from the adoption of the new guidance under ASU 2018-12, and the adjusted amounts that are reflected in the Unaudited Interim Consolidated Financial Statements included herein.

**Unaudited Interim Consolidated Statements of Financial Position:**

|                                                | December 31, 2022 |                  |                       |
|------------------------------------------------|-------------------|------------------|-----------------------|
|                                                | As Previously     |                  |                       |
|                                                | Reported          | Effect of Change | As Currently Reported |
|                                                | (in millions)     |                  |                       |
| <b>IMPACTED LINES ONLY</b>                     |                   |                  |                       |
| Deferred policy acquisition costs              | \$ 19,537         | \$ 1,009         | \$ 20,546             |
| Value of business acquired                     | 595               | 26               | 621                   |
| Income tax assets                              | 4,214             | (4,214)          | 0                     |
| Market risk benefit assets                     | 0                 | 800              | 800                   |
| Other assets                                   | 30,188            | 1,491            | 31,679                |
| <b>TOTAL ASSETS</b>                            | <b>689,917</b>    | <b>(888)</b>     | <b>689,029</b>        |
| Future policy benefits                         | 284,452           | (22,679)         | 261,773               |
| Policyholders' account balances                | 135,602           | 22               | 135,624               |
| Market risk benefit liabilities                | 0                 | 5,864            | 5,864                 |
| Income taxes                                   | 0                 | 277              | 277                   |
| Other liabilities                              | 20,536            | 1,288            | 21,824                |
| <b>Total liabilities</b>                       | <b>672,709</b>    | <b>(15,228)</b>  | <b>657,481</b>        |
| Accumulated other comprehensive income (loss)  | (19,827)          | 16,021           | (3,806)               |
| Retained earnings                              | 33,392            | (1,678)          | 31,714                |
| <b>Total Prudential Financial, Inc. equity</b> | <b>16,250</b>     | <b>14,343</b>    | <b>30,593</b>         |
| Noncontrolling interests                       | 958               | (3)              | 955                   |
| <b>Total equity</b>                            | <b>17,208</b>     | <b>14,340</b>    | <b>31,548</b>         |

TOTAL LIABILITIES AND EQUITY

\$ 689,917 \$ (888) \$ 689,029

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Unaudited Interim Consolidated Statements of Operations:**

| <b>IMPACTED LINES ONLY</b>                                                                  | <b>IMPACTED LINES ONLY</b>                                                                  | Three Months Ended June 30, 2022        |                  |                       | <b>IMPACTED LINES ONLY</b>                                                                  | Three Months Ended September 30, 2022   |                  |                       |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------|------------------|-----------------------|---------------------------------------------------------------------------------------------|-----------------------------------------|------------------|-----------------------|
|                                                                                             |                                                                                             | As Previously Reported                  | Effect of Change | As Currently Reported |                                                                                             | As Previously Reported                  | Effect of Change | As Currently Reported |
|                                                                                             |                                                                                             | (in millions, except per share amounts) |                  |                       |                                                                                             | (in millions, except per share amounts) |                  |                       |
| <b>REVENUES</b>                                                                             | <b>REVENUES</b>                                                                             |                                         |                  |                       | <b>REVENUES</b>                                                                             |                                         |                  |                       |
| Premiums                                                                                    | Premiums                                                                                    | \$ 7,112                                | \$ (635)         | \$ 6,477              | Premiums                                                                                    | \$ 16,247                               | \$ (402)         | \$ 15,845             |
| Policy charges and fee income                                                               | Policy charges and fee income                                                               | 1,551                                   | (576)            | 975                   | Policy charges and fee income                                                               | 1,233                                   | (90)             | 1,143                 |
| Other income (loss)                                                                         | Other income (loss)                                                                         | 580                                     | 781              | 1,361                 | Other income (loss)                                                                         | (1,083)                                 | 187              | (896)                 |
| Realized investment gains (losses), net                                                     | Realized investment gains (losses), net                                                     | (1,147)                                 | (489)            | (1,636)               | Realized investment gains (losses), net                                                     | (514)                                   | 84               | (430)                 |
| Change in value of market risk benefits, net of related hedging gain                        | Change in value of market risk benefits, net of related hedging gain                        | 0                                       | (710)            | (710)                 | Change in value of market risk benefits, net of related hedging gain                        | 0                                       | (58)             | (58)                  |
| Total revenues                                                                              | Total revenues                                                                              | 13,021                                  | (1,629)          | 11,392                | Total revenues                                                                              | 20,480                                  | (279)            | 20,201                |
| <b>BENEFITS AND EXPENSES</b>                                                                | <b>BENEFITS AND EXPENSES</b>                                                                |                                         |                  |                       | <b>BENEFITS AND EXPENSES</b>                                                                |                                         |                  |                       |
| Policyholders' benefits                                                                     | Policyholders' benefits                                                                     | 9,612                                   | (1,654)          | 7,958                 | Policyholders' benefits                                                                     | 16,581                                  | (429)            | 16,152                |
| Change in estimates of liability for future policy benefits                                 | Change in estimates of liability for future policy benefits                                 | 0                                       | 777              | 777                   | Change in estimates of liability for future policy benefits                                 | 0                                       | (35)             | (35)                  |
| Interest credited to policyholders' account balances                                        | Interest credited to policyholders' account balances                                        | 665                                     | (21)             | 644                   | Interest credited to policyholders' account balances                                        | 703                                     | (12)             | 691                   |
| Amortization of deferred policy acquisition costs                                           | Amortization of deferred policy acquisition costs                                           | 581                                     | (223)            | 358                   | Amortization of deferred policy acquisition costs                                           | 485                                     | (122)            | 363                   |
| General and administrative expenses                                                         | General and administrative expenses                                                         | 2,881                                   | 49               | 2,930                 | General and administrative expenses                                                         | 3,058                                   | 8                | 3,066                 |
| Total benefits and expenses                                                                 | Total benefits and expenses                                                                 | 13,532                                  | (1,072)          | 12,460                | Total benefits and expenses                                                                 | 20,917                                  | (590)            | 20,327                |
| <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | (511)                                   | (557)            | (1,068)               | <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | (437)                                   | 311              | (126)                 |
| Total income tax expense (benefit)                                                          | Total income tax expense (benefit)                                                          | 11                                      | (130)            | (119)                 | Total income tax expense (benefit)                                                          | (148)                                   | 137              | (11)                  |

|                                                                                        |                                                                                        |           |           |            |                                                                                        |           |         |           |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------|-----------|------------|----------------------------------------------------------------------------------------|-----------|---------|-----------|
| <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>             | <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>             | (522)     | (427)     | (949)      | <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>             | (289)     | 174     | (115)     |
| Equity in earnings of operating joint ventures, net of taxes                           | Equity in earnings of operating joint ventures, net of taxes                           | (50)      | (18)      | (68)       | Equity in earnings of operating joint ventures, net of taxes                           | (1)       | 8       | 7         |
| <b>NET INCOME (LOSS)</b>                                                               | <b>NET INCOME (LOSS)</b>                                                               | (572)     | (445)     | (1,017)    | <b>NET INCOME (LOSS)</b>                                                               | (290)     | 182     | (108)     |
| Less: Income attributable to noncontrolling interests                                  |                                                                                        |           |           |            | Less: Income attributable to noncontrolling interests                                  | (6)       | (10)    | (16)      |
| <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b> | <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b> | \$ (565)  | \$ (445)  | \$ (1,010) | <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b> | \$ (284)  | \$ 192  | \$ (92)   |
| <b>Basic earnings per share- Common Stock:</b>                                         | <b>Basic earnings per share- Common Stock:</b>                                         |           |           |            | <b>Basic earnings per share- Common Stock:</b>                                         |           |         |           |
| Net income (loss) attributable to Prudential Financial, Inc.                           | Net income (loss) attributable to Prudential Financial, Inc.                           | \$ (1.53) | \$ (1.18) | \$ (2.71)  | Net income (loss) attributable to Prudential Financial, Inc.                           | \$ (0.78) | \$ 0.52 | \$ (0.26) |
| <b>Diluted earnings per share- Common Stock:</b>                                       | <b>Diluted earnings per share- Common Stock:</b>                                       |           |           |            | <b>Diluted earnings per share- Common Stock:</b>                                       |           |         |           |
| Net income (loss) attributable to Prudential Financial, Inc.                           | Net income (loss) attributable to Prudential Financial, Inc.                           | \$ (1.53) | \$ (1.18) | \$ (2.71)  | Net income (loss) attributable to Prudential Financial, Inc.                           | \$ (0.78) | \$ 0.52 | \$ (0.26) |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                         | Six Months Ended June 30, 2022          |                                         |                  |                       |                                         | Nine Months Ended September 30, 2022    |                  |                       |
|-----------------------------------------|-----------------------------------------|-----------------------------------------|------------------|-----------------------|-----------------------------------------|-----------------------------------------|------------------|-----------------------|
| IMPACTED LINES ONLY                     | IMPACTED LINES ONLY                     | As Previously Reported                  | Effect of Change | As Currently Reported | IMPACTED LINES ONLY                     | As Previously Reported                  | Effect of Change | As Currently Reported |
|                                         |                                         | (in millions, except per share amounts) |                  |                       |                                         | (in millions, except per share amounts) |                  |                       |
| REVENUES                                | REVENUES                                |                                         |                  |                       | REVENUES                                |                                         |                  |                       |
| Premiums                                | Premiums                                | \$ 15,064                               | \$ (898)         | \$ 14,166             | Premiums                                | \$ 31,311                               | \$ (1,300)       | \$ 30,011             |
| Policy charges and fee income           | Policy charges and fee income           | 3,010                                   | (736)            | 2,274                 | Policy charges and fee income           | 4,243                                   | (826)            | 3,417                 |
| Other income (loss)                     | Other income (loss)                     | (791)                                   | 842              | 51                    | Other income (loss)                     | (1,874)                                 | 1,029            | (845)                 |
| Realized investment gains (losses), net | Realized investment gains (losses), net | (1,463)                                 | (1,217)          | (2,680)               | Realized investment gains (losses), net | (1,977)                                 | (1,133)          | (3,110)               |

|                                                                                             |                                                                                             |          |          |            |                                                                                             |          |          |            |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------|----------|------------|---------------------------------------------------------------------------------------------|----------|----------|------------|
| Change in value of market risk benefits, net of related hedging gain                        | Change in value of market risk benefits, net of related hedging gain                        | 0        | (980)    | (980)      | Change in value of market risk benefits, net of related hedging gain                        | 0        | (1,038)  | (1,038)    |
| Total revenues                                                                              | Total revenues                                                                              | 26,236   | (2,989)  | 23,247     | Total revenues                                                                              | 46,716   | (3,268)  | 43,448     |
| <b>BENEFITS AND EXPENSES</b>                                                                | <b>BENEFITS AND EXPENSES</b>                                                                |          |          |            | <b>BENEFITS AND EXPENSES</b>                                                                |          |          |            |
| Policyholders' benefits                                                                     | Policyholders' benefits                                                                     | 18,480   | (1,747)  | 16,733     | Policyholders' benefits                                                                     | 35,061   | (2,176)  | 32,885     |
| Change in estimates of liability for future policy benefits                                 | Change in estimates of liability for future policy benefits                                 | 0        | 632      | 632        | Change in estimates of liability for future policy benefits                                 | 0        | 597      | 597        |
| Interest credited to policyholders' account balances                                        | Interest credited to policyholders' account balances                                        | 834      | (130)    | 704        | Interest credited to policyholders' account balances                                        | 1,537    | (142)    | 1,395      |
| Amortization of deferred policy acquisition costs                                           | Amortization of deferred policy acquisition costs                                           | 1,428    | (699)    | 729        | Amortization of deferred policy acquisition costs                                           | 1,913    | (821)    | 1,092      |
| General and administrative expenses                                                         | General and administrative expenses                                                         | 6,092    | 55       | 6,147      | General and administrative expenses                                                         | 9,150    | 63       | 9,213      |
| Total benefits and expenses                                                                 | Total benefits and expenses                                                                 | 26,862   | (1,889)  | 24,973     | Total benefits and expenses                                                                 | 47,779   | (2,479)  | 45,300     |
| <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | (626)    | (1,100)  | (1,726)    | <b>INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b> | (1,063)  | (789)    | (1,852)    |
| Total income tax expense (benefit)                                                          | Total income tax expense (benefit)                                                          | (58)     | (205)    | (263)      | Total income tax expense (benefit)                                                          | (206)    | (68)     | (274)      |
| <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>                  | <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>                  | (568)    | (895)    | (1,463)    | <b>INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF OPERATING JOINT VENTURES</b>                  | (857)    | (721)    | (1,578)    |
| Equity in earnings of operating joint ventures, net of taxes                                | Equity in earnings of operating joint ventures, net of taxes                                | (48)     | (12)     | (60)       | Equity in earnings of operating joint ventures, net of taxes                                | (49)     | (4)      | (53)       |
| <b>NET INCOME (LOSS)</b>                                                                    | <b>NET INCOME (LOSS)</b>                                                                    | (616)    | (907)    | (1,523)    | <b>NET INCOME (LOSS)</b>                                                                    | (906)    | (725)    | (1,631)    |
| Less: Income attributable to noncontrolling interests                                       |                                                                                             |          |          |            | Less: Income attributable to noncontrolling interests                                       | (26)     | (10)     | (36)       |
| <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b>      | <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b>      | \$ (596) | \$ (907) | \$ (1,503) | <b>NET INCOME (LOSS) ATTRIBUTABLE TO PRUDENTIAL FINANCIAL, INC. EARNINGS PER SHARE</b>      | \$ (880) | \$ (715) | \$ (1,595) |

|                                                              |                                                                                            |                                                                                            |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Basic earnings per share-Common Stock:</b>                | <b>Basic earnings per share-Common Stock:</b>                                              | <b>Basic earnings per share-Common Stock:</b>                                              |
| Net income (loss) attributable to Prudential Financial, Inc. | Net income (loss) attributable to Prudential Financial, Inc. \$ (1.62) \$ (2.42) \$ (4.04) | Net income (loss) attributable to Prudential Financial, Inc. \$ (2.41) \$ (1.91) \$ (4.32) |
| <b>Diluted earnings per share-Common Stock:</b>              | <b>Diluted earnings per share-Common Stock:</b>                                            | <b>Diluted earnings per share-Common Stock:</b>                                            |
| Net income (loss) attributable to Prudential Financial, Inc. | Net income (loss) attributable to Prudential Financial, Inc. \$ (1.62) \$ (2.42) \$ (4.04) | Net income (loss) attributable to Prudential Financial, Inc. \$ (2.41) \$ (1.91) \$ (4.32) |

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Unaudited Interim Consolidated Statements of Comprehensive Income:**

| IMPACTED LINES ONLY                                                             | IMPACTED LINES ONLY                                                             | Three Months Ended June 30, 2022 |                  |                       | IMPACTED LINES ONLY                                                             | Three Months Ended September 30, 2022 |                  |                       |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------|------------------|-----------------------|---------------------------------------------------------------------------------|---------------------------------------|------------------|-----------------------|
|                                                                                 |                                                                                 | As Previously Reported           | Effect of Change | As Currently Reported |                                                                                 | As Previously Reported                | Effect of Change | As Currently Reported |
|                                                                                 |                                                                                 | (in millions)                    |                  |                       |                                                                                 | (in millions)                         |                  |                       |
| NET INCOME (LOSS)                                                               | NET INCOME (LOSS)                                                               | \$ (572)                         | \$ (445)         | \$ (1,017)            | NET INCOME (LOSS)                                                               | \$ (290)                              | \$ 182           | \$ (108)              |
| Other comprehensive income (loss), before tax:                                  | Other comprehensive income (loss), before tax:                                  |                                  |                  |                       | Other comprehensive income (loss), before tax:                                  |                                       |                  |                       |
| Foreign currency translation adjustments for the period                         | Foreign currency translation adjustments for the period                         | (984)                            | 72               | (912)                 | Foreign currency translation adjustments for the period                         | (592)                                 | 6                | (586)                 |
| Net unrealized investment gains (losses)                                        | Net unrealized investment gains (losses)                                        | (17,740)                         | (1,414)          | (19,154)              | Net unrealized investment gains (losses)                                        | (13,182)                              | (965)            | (14,147)              |
| Interest rate remeasurement of future policy benefits                           | Interest rate remeasurement of future policy benefits                           | 0                                | 25,029           | 25,029                | Interest rate remeasurement of future policy benefits                           | 0                                     | 15,469           | 15,469                |
| Gain (loss) from changes in non-performance risk on market risk benefits        | Gain (loss) from changes in non-performance risk on market risk benefits        | 0                                | 200              | 200                   | Gain (loss) from changes in non-performance risk on market risk benefits        | 0                                     | (8)              | (8)                   |
| Total                                                                           | Total                                                                           | (18,336)                         | 23,887           | 5,551                 | Total                                                                           | (13,722)                              | 14,502           | 780                   |
| Less: Income tax expense (benefit) related to other comprehensive income (loss) | Less: Income tax expense (benefit) related to other comprehensive income (loss) | (3,953)                          | 5,654            | 1,701                 | Less: Income tax expense (benefit) related to other comprehensive income (loss) | (3,025)                               | 3,332            | 307                   |

|                                                                               |                                                                               |                    |                  |                 |                                                                               |                    |                  |               |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------|------------------|-----------------|-------------------------------------------------------------------------------|--------------------|------------------|---------------|
| Other comprehensive income (loss), net of taxes                               | Other comprehensive income (loss), net of taxes                               | (14,383)           | 18,233           | 3,850           | Other comprehensive income (loss), net of taxes                               | (10,697)           | 11,170           | 473           |
| Comprehensive income (loss)                                                   | Comprehensive income (loss)                                                   | (14,955)           | 17,788           | 2,833           | Comprehensive income (loss)                                                   | (10,987)           | 11,352           | 365           |
| Less: Comprehensive income (loss) attributable to noncontrolling interests    |                                                                               |                    |                  |                 | Less: Comprehensive income (loss) attributable to noncontrolling interests    | (7)                | (9)              | (16)          |
| <b>Comprehensive income (loss) attributable to Prudential Financial, Inc.</b> | <b>Comprehensive income (loss) attributable to Prudential Financial, Inc.</b> | <b>\$ (14,948)</b> | <b>\$ 17,788</b> | <b>\$ 2,840</b> | <b>Comprehensive income (loss) attributable to Prudential Financial, Inc.</b> | <b>\$ (10,980)</b> | <b>\$ 11,361</b> | <b>\$ 381</b> |

|                                                                                 |  |  |  |  | Nine Months Ended September 30, 2022 |                  |                       |
|---------------------------------------------------------------------------------|--|--|--|--|--------------------------------------|------------------|-----------------------|
|                                                                                 |  |  |  |  | As Previously Reported               | Effect of Change | As Currently Reported |
| <b>IMPACTED LINES ONLY</b>                                                      |  |  |  |  |                                      |                  |                       |
|                                                                                 |  |  |  |  | (in millions)                        |                  |                       |
| <b>NET INCOME (LOSS)</b>                                                        |  |  |  |  | \$ (906)                             | \$ (725)         | \$ (1,631)            |
| Other comprehensive income (loss), before tax:                                  |  |  |  |  |                                      |                  |                       |
| Foreign currency translation adjustments for the period                         |  |  |  |  | (1,928)                              | 41               | (1,887)               |
| Net unrealized investment gains (losses)                                        |  |  |  |  | (52,692)                             | (3,442)          | (56,134)              |
| Interest rate remeasurement of future policy benefits                           |  |  |  |  | 0                                    | 64,087           | 64,087                |
| Gain (loss) from changes in non-performance risk on market risk benefits        |  |  |  |  | 0                                    | 1,299            | 1,299                 |
| Total                                                                           |  |  |  |  | (54,115)                             | 61,985           | 7,870                 |
| Less: Income tax expense (benefit) related to other comprehensive income (loss) |  |  |  |  | (11,915)                             | 14,523           | 2,608                 |
| Other comprehensive income (loss), net of taxes                                 |  |  |  |  | (42,200)                             | 47,462           | 5,262                 |
| Comprehensive income (loss)                                                     |  |  |  |  | (43,106)                             | 46,737           | 3,631                 |
| Less: Comprehensive income (loss) attributable to noncontrolling interests      |  |  |  |  | (28)                                 | (9)              | (37)                  |
| <b>Comprehensive income (loss) attributable to Prudential Financial, Inc.</b>   |  |  |  |  | <b>\$ (43,078)</b>                   | <b>\$ 46,746</b> | <b>\$ 3,668</b>       |

**PRUDENTIAL FINANCIAL, INC.**  
Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                                                                 |  |  |  |  | Six Months Ended June 30, 2022 |                  |                       |
|---------------------------------------------------------------------------------|--|--|--|--|--------------------------------|------------------|-----------------------|
|                                                                                 |  |  |  |  | As Previously Reported         | Effect of Change | As Currently Reported |
| <b>IMPACTED LINES ONLY</b>                                                      |  |  |  |  |                                |                  |                       |
|                                                                                 |  |  |  |  | (in millions)                  |                  |                       |
| <b>NET INCOME (LOSS)</b>                                                        |  |  |  |  | \$ (616)                       | \$ (907)         | \$ (1,523)            |
| Other comprehensive income (loss), before tax:                                  |  |  |  |  |                                |                  |                       |
| Foreign currency translation adjustments for the period                         |  |  |  |  | (1,336)                        | 35               | (1,301)               |
| Net unrealized investment gains (losses)                                        |  |  |  |  | (39,510)                       | (2,477)          | (41,987)              |
| Interest rate remeasurement of future policy benefits                           |  |  |  |  | 0                              | 48,618           | 48,618                |
| Gain (loss) from changes in non-performance risk on market risk benefits        |  |  |  |  | 0                              | 1,307            | 1,307                 |
| Total                                                                           |  |  |  |  | (40,393)                       | 47,483           | 7,090                 |
| Less: Income tax expense (benefit) related to other comprehensive income (loss) |  |  |  |  | (8,890)                        | 11,191           | 2,301                 |
| Other comprehensive income (loss), net of taxes                                 |  |  |  |  | (31,503)                       | 36,292           | 4,789                 |
| Comprehensive income (loss)                                                     |  |  |  |  | (32,119)                       | 35,385           | 3,266                 |
| <b>Comprehensive income (loss) attributable to Prudential Financial, Inc.</b>   |  |  |  |  | <b>\$ (32,098)</b>             | <b>\$ 35,385</b> | <b>\$ 3,287</b>       |

**Unaudited Interim Consolidated Statements of Cash Flows:**

|                                                                                   |                                                                                   | Six Months Ended June 30, 2022 |                  |                       |                                                                                   | Nine Months Ended September 30, 2022 |                  |                       |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------|------------------|-----------------------|-----------------------------------------------------------------------------------|--------------------------------------|------------------|-----------------------|
| <u>IMPACTED LINES ONLY</u>                                                        | <u>IMPACTED LINES ONLY</u>                                                        | As Previously Reported         | Effect of Change | As Currently Reported | <u>IMPACTED LINES ONLY</u>                                                        | As Previously Reported               | Effect of Change | As Currently Reported |
|                                                                                   |                                                                                   | (in millions)                  |                  |                       |                                                                                   | (in millions)                        |                  |                       |
| CASH FLOWS FROM OPERATING ACTIVITIES                                              | CASH FLOWS FROM OPERATING ACTIVITIES                                              |                                |                  |                       | CASH FLOWS FROM OPERATING ACTIVITIES                                              |                                      |                  |                       |
| Net income (loss)                                                                 | Net income (loss)                                                                 | \$ (616)                       | \$ (907)         | \$ (1,523)            | Net income (loss)                                                                 | \$ (906)                             | \$ (725)         | \$ (1,631)            |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: |                                |                  |                       | Adjustments to reconcile net income to net cash provided by operating activities: |                                      |                  |                       |
| Realized investment (gains) losses, net                                           | Realized investment (gains) losses, net                                           | 1,463                          | 1,217            | 2,680                 | Realized investment (gains) losses, net                                           | 1,977                                | 1,133            | 3,110                 |
| Change in value of market risk benefits, net of related hedging (gain) loss       | Change in value of market risk benefits, net of related hedging (gain) loss       | 0                              | 980              | 980                   | Change in value of market risk benefits, net of related hedging (gain) loss       | 0                                    | 1,038            | 1,038                 |
| Policy charges and fee income                                                     | Policy charges and fee income                                                     | (1,334)                        | 230              | (1,104)               | Policy charges and fee income                                                     | (1,915)                              | 250              | (1,665)               |
| Interest credited to policyholders' account balances                              | Interest credited to policyholders' account balances                              | 834                            | (130)            | 704                   | Interest credited to policyholders' account balances                              | 1,537                                | (142)            | 1,395                 |
| Depreciation and amortization                                                     | Depreciation and amortization                                                     | 188                            | (6)              | 182                   | Depreciation and amortization                                                     | 62                                   | (4)              | 58                    |
| Change in:                                                                        | Change in:                                                                        |                                |                  |                       | Change in:                                                                        |                                      |                  |                       |
| Deferred policy acquisition costs                                                 | Deferred policy acquisition costs                                                 | 324                            | (681)            | (357)                 | Deferred policy acquisition costs                                                 | 277                                  | (798)            | (521)                 |
| Future policy benefits and other insurance liabilities                            | Future policy benefits and other insurance liabilities                            | 4,094                          | (2)              | 4,092                 | Future policy benefits and other insurance liabilities                            | 6,403                                | (406)            | 5,997                 |
| Income taxes                                                                      | Income taxes                                                                      | (1,371)                        | (205)            | (1,576)               | Income taxes                                                                      | (1,437)                              | (68)             | (1,505)               |
| Derivatives, net                                                                  | Derivatives, net                                                                  | (2,301)                        | 332              | (1,969)               | Derivatives, net                                                                  | (913)                                | 441              | (472)                 |
| Other, net                                                                        | Other, net                                                                        | (859)                          | (828)            | (1,687)               | Other, net                                                                        | (405)                                | (719)            | (1,124)               |
| Cash flows from (used in) operating activities                                    | Cash flows from (used in) operating activities                                    | \$ 1,502                       | \$ 0             | \$ 1,502              | Cash flows from (used in) operating activities                                    | \$ 5,780                             | \$ 0             | \$ 5,780              |

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following tables detail the January 1, 2021 transition adjustments by providing a rollforward of the ending reported balances as of December 31, 2020 to the opening balances as of January 1, 2021 for retained earnings, accumulated other comprehensive income ("AOCI") and the impacted insurance-related balances.

|                                                                                     | January 1, 2021   |
|-------------------------------------------------------------------------------------|-------------------|
|                                                                                     | Retained Earnings |
|                                                                                     | (in millions)     |
| Balance after-tax, prior to transition                                              | \$ 30,749         |
| Reclassification of market risk benefits non-performance risk to AOCI(1)            | (1,588)           |
| Updates to certain universal life contract liabilities(2)                           | (1,025)           |
| Change in non-participating traditional and limited-payment contract liabilities(3) | (543)             |
| Other                                                                               | (271)             |
| Total pre-tax adjustments                                                           | (3,427)           |
| Tax impacts                                                                         | 815               |
| Balance after-tax, after transition                                                 | \$ 28,137         |

- (1) Reflects the cumulative impact of changes in the fair value of market risk benefits ("MRB") non-performance risk ("NPR") from the date of contract issuance to January 1, 2021. These amounts were previously recorded in retained earnings but are now reflected in AOCI under the new guidance.
- (2) Reflects the impact on additional insurance reserves ("AIR") and other related balances primarily related to the no-lapse guarantee features on certain universal life contracts in the Individual Life segment. For additional information, see Note 2.
- (3) Reflects the impact on in-force contract liabilities where expected benefits exceed expected gross premiums and/or exhausts any deferred profit liabilities at any issue-year cohort level as a result of updating to current best estimate cash flow assumptions as of transition date, as well as the impact of flooring the liability for future policy benefits at zero at the issue-year cohort level as of transition date.

At transition, there was a pre-tax charge to retained earnings of \$402 million for certain issue-year cohorts related to non-participating traditional and limited-payment products where the expected benefits exceeded the expected gross premiums and/or exhausted any deferred profit liabilities. The charge is primarily driven by the loss of the aggregation benefit as sufficiencies in issue-year cohorts cannot offset issue-year cohorts with deficiencies. For additional information regarding the liability for future policy benefits, see Note 2.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                        | January 1, 2021                        |
|------------------------------------------------------------------------|----------------------------------------|
|                                                                        | Accumulated Other Comprehensive Income |
|                                                                        | (in millions)                          |
| Balance after-tax, prior to transition                                 | \$ 30,738                              |
| Unwinding amounts related to unrealized investment gains and losses(1) | 5,534                                  |
| Reclassification of MRB NPR to AOCI(2)                                 | 1,588                                  |
| Interest rate remeasurement of future policy benefits(3)               | (62,711)                               |
| Change in operating joint ventures                                     | (12)                                   |
| Total pre-tax adjustments                                              | (55,601)                               |
| Tax impacts                                                            | 13,205                                 |
| Balance after-tax, after transition                                    | \$ (11,658)                            |

- (1) Primarily reflects i) the removal of amounts related to the impact of unrealized investment gains and losses on premium deficiency reserves for non-participating traditional and limited-payment contracts and ii) amounts related to DAC and other balances as unrealized investment gains or losses no longer impact the amortization pattern of such balances under the new guidance. Also includes the impacts from updates to reserves and other related balances for certain universal life contracts. For additional information, see Note 2.
- (2) Reflects the cumulative impact of changes in NPR on the fair value of market risk benefits from the date of contract issuance to January 1, 2021. These amounts were previously recorded in retained earnings but are now reflected in AOCI under the new guidance.
- (3) Reflects the impact of remeasuring in-force non-participating traditional and limited-payment contract liabilities using current upper-medium grade fixed income instrument yields. This adjustment largely reflects the difference between discount rates locked-in at contract inception versus current discount rates as of January 1, 2021.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| January 1, 2021                   |                 |                          |                  |       |
|-----------------------------------|-----------------|--------------------------|------------------|-------|
| Deferred Policy Acquisition Costs |                 |                          |                  |       |
| Retirement Strategies             | Individual Life | International Businesses | Other Businesses | Total |
|                                   |                 |                          |                  |       |

|                                                                                        | Individual Variable | Term Life       | Variable/<br>Universal<br>Life | Life<br>Planner | Gibraltar<br>Life<br>and Other |               |                  |  |  |
|----------------------------------------------------------------------------------------|---------------------|-----------------|--------------------------------|-----------------|--------------------------------|---------------|------------------|--|--|
|                                                                                        | (in millions)       |                 |                                |                 |                                |               |                  |  |  |
| Balance prior to transition                                                            | \$ 4,643            | \$ 2,417        | \$ 3,779                       | \$ 4,278        | \$ 3,390                       | \$ 520        | \$ 19,027        |  |  |
| Unwinding amounts related to unrealized investment gains and losses and other activity | 273                 | 0               | 450                            | 337             | 570                            | 106           | 1,736            |  |  |
| Balance after transition                                                               | <u>\$ 4,916</u>     | <u>\$ 2,417</u> | <u>\$ 4,229</u>                | <u>\$ 4,615</u> | <u>\$ 3,960</u>                | <u>\$ 626</u> | <u>\$ 20,763</u> |  |  |

|                                                                     | January 1, 2021               |                     |               |
|---------------------------------------------------------------------|-------------------------------|---------------------|---------------|
|                                                                     | Deferred Sales Inducements(1) |                     |               |
|                                                                     | Retirement Strategies         | Other<br>Businesses | Total         |
|                                                                     | Individual Variable           |                     |               |
|                                                                     | (in millions)                 |                     |               |
| Balance prior to transition                                         | \$ 781                        | \$ 39               | \$ 820        |
| Unwinding amounts related to unrealized investment gains and losses | 85                            | 2                   | 87            |
| Balance after transition                                            | <u>\$ 866</u>                 | <u>\$ 41</u>        | <u>\$ 907</u> |

(1) Deferred sales inducements ("DSI") are included in "Other assets".

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                        | January 1, 2021            |                     |                 |
|----------------------------------------------------------------------------------------|----------------------------|---------------------|-----------------|
|                                                                                        | Value of Business Acquired |                     |                 |
|                                                                                        | International Businesses   |                     |                 |
|                                                                                        | Gibraltar Life and Other   | Other Businesses(1) | Total           |
|                                                                                        | (in millions)              |                     |                 |
| Balance prior to transition                                                            | \$ 852                     | \$ 251              | \$ 1,103        |
| Unwinding amounts related to unrealized investment gains and losses and other activity | 59                         | 1                   | 60              |
| Balance after transition                                                               | <u>\$ 911</u>              | <u>\$ 252</u>       | <u>\$ 1,163</u> |

(1) Primarily represents value of business acquired ("VOBA") for the Full Service Retirement business.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                    | January 1, 2021          |                    |                             |                                |                       |                     |            |
|--------------------------------------------------------------------|--------------------------|--------------------|-----------------------------|--------------------------------|-----------------------|---------------------|------------|
|                                                                    | Benefit Reserves(1)      |                    |                             |                                |                       |                     |            |
|                                                                    | Retirement<br>Strategies | Individual<br>Life | International<br>Businesses | Corporate<br>and Other         |                       |                     |            |
|                                                                    |                          |                    |                             |                                |                       |                     |            |
|                                                                    | Institutional            | Term<br>Life       | Life<br>Planner             | Gibraltar<br>Life<br>and Other | Long-<br>Term<br>Care | Other Businesses(2) | Total      |
|                                                                    | (in millions)            |                    |                             |                                |                       |                     |            |
| Balance prior to transition                                        | \$ 65,383                | \$ 7,887           | \$ 51,607                   | \$ 69,542                      | \$ 7,975              | \$ 6,624            | \$ 209,018 |
| Changes in cash flow assumptions and other activity                | (3,805)                  | 0                  | 10                          | (523)                          | (18)                  | 1                   | (4,335)    |
| Balance after transition, at original discount rate                | 61,578                   | 7,887              | 51,617                      | 69,019                         | 7,957                 | 6,625               | 204,683    |
| Cumulative changes in discount rate assumptions and other activity | 13,548                   | 2,662              | 22,590                      | 13,784                         | 4,905                 | 5,381               | 62,870     |

|                                                          |           |          |           |           |           |           |            |
|----------------------------------------------------------|-----------|----------|-----------|-----------|-----------|-----------|------------|
| Balance after transition, at current discount rate       | 75,126    | 10,549   | 74,207    | 82,803    | 12,862    | 12,006    | 267,553    |
| Less: Reinsurance recoverable                            | 0         | 799      | 160       | 307       | 0         | 13        | 1,279      |
| Balance after transition, net of reinsurance recoverable | \$ 75,126 | \$ 9,750 | \$ 74,047 | \$ 82,496 | \$ 12,862 | \$ 11,993 | \$ 266,274 |

- (1) Benefit reserves, excluding amounts for reinsurance recoverable, are included in "Future policy benefits." For additional information regarding the liability for future policy benefits, see Note 9.
- (2) Primarily represents benefit reserves related to the Prudential of Taiwan business that was sold in the second quarter of 2021. The Company did not choose to apply ASU 2022-05 to this disposal transaction. See Note 2 for additional information.

|                                                          | January 1, 2021              |                          |                          |                  |           |
|----------------------------------------------------------|------------------------------|--------------------------|--------------------------|------------------|-----------|
|                                                          | Deferred Profit Liability(1) |                          |                          |                  |           |
|                                                          | Retirement Strategies        | International Businesses |                          |                  |           |
|                                                          |                              | Life Planner             | Gibraltar Life and Other | Other Businesses | Total     |
|                                                          | Institutional                |                          |                          |                  |           |
|                                                          | (in millions)                |                          |                          |                  |           |
| Balance prior to transition                              | \$ 1,315                     | \$ 1,964                 | \$ 3,746                 | \$ 349           | \$ 7,374  |
| Changes in benefit reserves                              | 3,801                        | 110                      | 730                      | 148              | 4,789     |
| Balance after transition                                 | 5,116                        | 2,074                    | 4,476                    | 497              | 12,163    |
| Less: Reinsurance recoverable                            | 0                            | 7                        | 15                       | 0                | 22        |
| Balance after transition, net of reinsurance recoverable | \$ 5,116                     | \$ 2,067                 | \$ 4,461                 | \$ 497           | \$ 12,141 |

- (1) Deferred profit liability ("DPL"), excluding amounts for reinsurance recoverable, is included in "Future policy benefits." For additional information regarding the liability for future policy benefits, see Note 9.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                                  | January 1, 2021                  |                          |                  |           |
|--------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|------------------|-----------|
|                                                                                                  | Additional Insurance Reserves(1) |                          |                  |           |
|                                                                                                  | Retirement Strategies            | Individual Life          |                  |           |
|                                                                                                  | Individual Variable              | Variable/ Universal Life | Other Businesses | Total     |
|                                                                                                  | (in millions)                    |                          |                  |           |
| Balance prior to transition                                                                      | \$ 889                           | \$ 9,415                 | \$ 483           | \$ 10,787 |
| Unwinding amounts related to unrealized investment gains and losses                              | (65)                             | (1,444)                  | (106)            | (1,615)   |
| Balance prior to transition, excluding amounts related to unrealized investment gains and losses | 824                              | 7,971                    | 377              | 9,172     |
| Reclassification of future policy benefits AIR to MRB                                            | (824)                            | 0                        | (92)             | (916)     |
| Reclassification of policyholders' account balances AIR to MRB                                   | 0                                | 0                        | (48)             | (48)      |
| Updates to certain universal life contract liabilities(2)                                        | 0                                | 1,772                    | 7                | 1,779     |
| Change in discount rate for annuitization benefits                                               | 0                                | 0                        | 116              | 116       |
| Balance after transition, excluding amounts related to unrealized investment gains and losses    | 0                                | 9,743                    | 360              | 10,103    |
| Amounts related to unrealized investment gains and losses after transition                       | 0                                | 1,186                    | 0                | 1,186     |
| Balance after transition                                                                         | 0                                | 10,929                   | 360              | 11,289    |
| Less: Reinsurance recoverable                                                                    | 0                                | 4,387                    | 0                | 4,387     |
| Balance after transition, net of reinsurance recoverable                                         | \$ 0                             | \$ 6,542                 | \$ 360           | \$ 6,902  |

- (1) Additional insurance reserves ("AIR"), excluding amounts for reinsurance recoverable, are included in "Future policy benefits". For additional information regarding the liability for future policy benefits, see Note 9.
- (2) For additional information regarding updates to reserves and other related balances for certain universal life contracts, see Note 2.

January 1, 2021

| Universal Life Loss Recognition Reserves/Profit Followed by Losses Liability(1)                  |                 |                  |          |
|--------------------------------------------------------------------------------------------------|-----------------|------------------|----------|
|                                                                                                  | Individual Life | Other Businesses | Total    |
| (in millions)                                                                                    |                 |                  |          |
| Balance prior to transition                                                                      | \$ 1,823        | \$ 6             | \$ 1,829 |
| Unwinding amounts related to unrealized investment gains and losses                              | (1,149)         | 0                | (1,149)  |
| Balance prior to transition, excluding amounts related to unrealized investment gains and losses | 674             | 6                | 680      |
| Derecognizing LRR & PFL                                                                          | (674)           | 0                | (674)    |
| Balance after transition, excluding amounts related to unrealized investment gains and losses    | 0               | 6                | 6        |
| Amounts related to unrealized investment gains and losses after transition                       | 1,018           | 0                | 1,018    |
| Balance after transition                                                                         | \$ 1,018        | \$ 6             | \$ 1,024 |

(1) Universal life loss recognition reserves ("LRR") / profit followed by losses liability ("PFL") are included in "Future policy benefits". For additional information regarding the liability for future policy benefits, see Note 9.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                                  |    | January 1, 2021                                                                                                    |    |                |                     |           |    |                  |    |       |    |         |
|--------------------------------------------------------------------------------------------------|----|--------------------------------------------------------------------------------------------------------------------|----|----------------|---------------------|-----------|----|------------------|----|-------|----|---------|
|                                                                                                  |    | Non-Participating Traditional and Limited-Payment Loss Recognition Reserves/Profit Followed by Losses Liability(1) |    |                |                     |           |    |                  |    |       |    |         |
| Retirement Strategies                                                                            |    | International Businesses                                                                                           |    |                | Corporate and Other |           |    |                  |    |       |    |         |
|                                                                                                  |    | Life                                                                                                               |    | Gibraltar Life |                     | Long-Term |    |                  |    |       |    |         |
| Institutional                                                                                    |    | Planner                                                                                                            |    | and Other      |                     | Care      |    | Other Businesses |    |       |    |         |
|                                                                                                  |    |                                                                                                                    |    |                |                     |           |    | Total            |    |       |    |         |
|                                                                                                  |    | (in millions)                                                                                                      |    |                |                     |           |    |                  |    |       |    |         |
| Balance prior to transition                                                                      | \$ | 1,985                                                                                                              | \$ | 181            | \$                  | 670       | \$ | 734              | \$ | 145   | \$ | 3,715   |
| Unwinding amounts related to unrealized investment gains and losses                              |    | (1,985)                                                                                                            |    | (169)          |                     | (670)     |    | (734)            |    | (105) |    | (3,663) |
| Balance prior to transition, excluding amounts related to unrealized investment gains and losses |    | 0                                                                                                                  |    | 12             |                     | 0         |    | 0                |    | 40    |    | 52      |
| Derecognizing LRR & PFL                                                                          |    | 0                                                                                                                  |    | (12)           |                     | 0         |    | 0                |    | (40)  |    | (52)    |
| Balance after transition                                                                         | \$ | 0                                                                                                                  | \$ | 0              | \$                  | 0         | \$ | 0                | \$ | 0     | \$ | 0       |

(1) Prior to the adoption of ASU 2018-12, non-participating traditional and limited-payment loss recognition reserves / profit followed by losses liabilities were included in "Future policy benefits".

|                                                                                        | January 1, 2021                |           |              |        |
|----------------------------------------------------------------------------------------|--------------------------------|-----------|--------------|--------|
|                                                                                        | Terminal Dividend Liability(1) |           |              |        |
|                                                                                        | Individual Life                |           |              |        |
|                                                                                        | Variable/ Universal            |           | Closed Block |        |
|                                                                                        | Life                           | Term Life | Division     | Total  |
|                                                                                        | (in millions)                  |           |              |        |
| Balance prior to transition                                                            | \$ 212                         | \$ 4      | \$ 375       | \$ 591 |
| Unwinding amounts related to unrealized investment gains and losses and other activity | (11)                           | 0         | 0            | (11)   |
| Balance after transition                                                               | 201                            | 4         | 375          | 580    |
| Less: Reinsurance recoverable                                                          | 0                              | 0         | 0            | 0      |
| Balance after transition, net of reinsurance recoverable                               | \$ 201                         | \$ 4      | \$ 375       | \$ 580 |

(1) Terminal dividend liability is included in "Future policy benefits".

| January 1, 2021              |                          |
|------------------------------|--------------------------|
| Unearned Revenue Reserves(1) |                          |
| Individual Life              | International Businesses |

|                                                                                        | Variable/Universal<br>Life | Life Planner | Gibraltar Life<br>and Other | Corporate and<br>Other | Other<br>Businesses | Total    |
|----------------------------------------------------------------------------------------|----------------------------|--------------|-----------------------------|------------------------|---------------------|----------|
| (in millions)                                                                          |                            |              |                             |                        |                     |          |
| Balance prior to transition                                                            | \$ 2,204                   | \$ 161       | \$ 45                       | \$ 152                 | \$ 30               | \$ 2,592 |
| Unwinding amounts related to unrealized investment gains and losses and other activity | 539                        | 2            | 5                           | 38                     | 0                   | 584      |
| Balance after transition                                                               | 2,743                      | 163          | 50                          | 190                    | 30                  | 3,176    |
| Less: Reinsurance recoverable                                                          | 0                          | 0            | 0                           | 0                      | 0                   | 0        |
| Balance after transition, net of reinsurance recoverable                               | \$ 2,743                   | \$ 163       | \$ 50                       | \$ 190                 | \$ 30               | \$ 3,176 |

(1) Unearned revenue reserves ("URR") are included in "Policyholders' account balances".

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                                                         | January 1, 2021          |                     |           |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|-----------|
|                                                                                                                         | Market Risk Benefits(1)  |                     |           |
|                                                                                                                         | Retirement<br>Strategies | Other<br>Businesses | Total     |
|                                                                                                                         | Individual Variable      |                     |           |
| (in millions)                                                                                                           |                          |                     |           |
| Liability for guaranteed benefits recorded at fair value, prior to transition                                           | \$ 18,731                | \$ 148              | \$ 18,879 |
| AIR to be reclassified to MRB, prior to transition, excluding amounts related to unrealized investment gains and losses | 824                      | 140                 | 964       |
| Total liability prior to transition                                                                                     | 19,555                   | 288                 | 19,843    |
| Change in reserve basis to MRB framework                                                                                | 122                      | 98                  | 220       |
| MRB after transition, at current NPR value                                                                              | 19,677                   | 386                 | 20,063    |
| Less: Reinsured MRB                                                                                                     | 204                      | 7                   | 211       |
| MRB after transition, net of reinsurance                                                                                | 19,473                   | 379                 | 19,852    |
| MRB after transition, at contract inception NPR value                                                                   | 21,259                   | 392                 | 21,651    |
| Cumulative change in NPR                                                                                                | 1,582                    | 6                   | 1,588     |
| MRB after transition, at current NPR value                                                                              | \$ 19,677                | \$ 386              | \$ 20,063 |

(1) For additional information regarding market risk benefits, see Note 11.

|                                                                                                  | January 1, 2021         |
|--------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                  | Cost of Reinsurance(1)  |
|                                                                                                  | Individual Life         |
|                                                                                                  | Variable/Universal Life |
| (in millions)                                                                                    |                         |
| Balance prior to transition                                                                      | \$ 3,058                |
| Unwinding amounts related to unrealized investment gains and losses                              | (659)                   |
| Balance prior to transition, excluding amounts related to unrealized investment gains and losses | 2,399                   |
| Impact from updates to certain universal life contract liabilities(2)                            | 860                     |
| Balance after transition, excluding amounts related to unrealized investment gains and losses    | 3,259                   |
| Amounts related to unrealized investment gains and losses after transition                       | 580                     |
| Balance after transition                                                                         | \$ 3,839                |

(1) Cost of reinsurance is included in "Other liabilities."

(2) For additional information regarding updates to reserves and other related balances for certain universal life contracts, see Note 2.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates include those used in determining future policy benefits; policyholders' account balances related to the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products; market risk benefits; the measurement of goodwill and any related impairment; the valuation of investments including derivatives, the measurement of allowance for credit losses, and the recognition of other-than-temporary impairments ("OTTI"); pension and other postretirement benefits; any provision for income taxes and valuation of deferred tax assets; and accruals for contingent liabilities, including estimates for losses in connection with unresolved legal and regulatory matters.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Reclassifications**

Certain amounts in prior periods have been reclassified for reasons unrelated to the adoption of ASU 2018-12 to conform to the current period presentation.

**Business Dispositions**

*Prudential Annuities Life Assurance Corporation, Representing a Portion of Individual Annuities' Traditional Variable Annuity Block of Business*

On April 1, 2022, the Company completed the sale of Prudential Annuities Life Assurance Corporation ("PALAC"), a wholly owned subsidiary, representing a portion of its in-force traditional variable annuity block of business, to Fortitude Group Holdings, LLC ("Fortitude"). The PALAC block primarily consisted of non-New York traditional variable annuities with guaranteed living benefits that were issued prior to 2011, which constituted approximately \$30 billion of Prudential's total in-force individual annuity account values at the closing of the transaction. The Company, through co-insurance coinsurance and modified co-insurance coinsurance agreements, has retained the economics of certain variable annuities, indexed annuities, and fixed annuities with a guaranteed lifetime withdrawal income feature issued by PALAC.

The Company recognized a pre-tax gain on sale of \$1,448 million within "Other income", which is included in adjusted operating income within the Retirement Strategies segment.

*Full Service Retirement Business*

On April 1, 2022, the Company completed the sale of its Full Service Retirement business to Great-West Life & Annuity Insurance Company ("Great-West"), primarily through a combination of (i) the sale of all of the outstanding equity interests of certain legal entities, including Prudential Retirement Insurance and Annuity Company ("PRIAC"); (ii) the ceding of certain insurance policies through reinsurance; and (iii) the sale, transfer and/or novation of certain in-scope contracts and brokerage accounts.

The Company recognized a net pre-tax gain on sale of \$650 million, composed of (i) an \$850 million gain recorded in "Other income"; (ii) \$150 million of realized losses recorded in "Realized investment gains (losses), net", related to assets transferred as part of the reinsurance of certain retained policies to Great-West; and (iii) \$50 million of indirect expenses and charges recorded in "General and administrative expenses" on the Consolidated Statements of Operations. These amounts reflect certain post-closing adjustments in accordance with the terms of the transaction agreement. The net gain was excluded from adjusted operating income and reported within Divested Businesses as part of Corporate and Other operations. In addition, the Company recognized a deferred gain of approximately \$400 million, including a post-closing true-up, for the ceding of certain insurance policies through reinsurance to Great-West. This deferred reinsurance gain will be recognized in income over the term of the ceded policies.

Excluding the gain on sale, the Full Service Retirement business generated pre-tax income/(loss) of \$0 million and \$(218) million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively. This amount excludes the impact of overhead costs retained in the Company's Corporate and Other operations and not transferred to Great-West.

**2. SIGNIFICANT ACCOUNTING POLICIES AND PRONOUNCEMENTS**

**Recent Accounting Pronouncements**

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of ASUs to the FASB Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. ASUs listed below include those that have been adopted during the current fiscal year and/or those that have been issued but not yet adopted as of June 30, 2023 September 30, 2023, and as of the date of this filing. ASUs not listed below were assessed and determined to be either not applicable or not material.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Adoption of ASU 2018-12**

Effective January 1, 2023, the Company adopted ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. Adoption of this ASU impacted, at least to some extent, the accounting and disclosure requirements for all long-duration insurance and investment contracts issued by the Company and had a significant financial impact on the Consolidated Financial Statements and disclosures. See Note 1 for additional information.

As of the January 1, 2021 transition date, the adoption of the standard resulted in a decrease to "Retained earnings" of \$2.6 billion primarily from reclassifying the cumulative effect of changes in non-performance risk on market risk benefits from "Retained earnings" to "Accumulated other comprehensive income" ("AOCI") as well as from a net increase in additional insurance reserves and other related balances primarily related to the no-lapse guarantee features on certain universal life contracts. AOCI decreased \$42.4 billion as of the January 1, 2021 transition date largely from remeasuring in-force contract liabilities using upper-medium grade fixed income instrument yields as of the transition date. As of the January 1, 2023 adoption date, the impacts amounted to a decrease to "Retained earnings" of \$1.7 billion and an increase to AOCI of \$16.0 billion. The changes in the impacts from January 1, 2021 to January 1, 2023 primarily reflect the increase in interest rates during 2021 and 2022.

Outlined below are: (1) key accounting policy changes effected by the ASU and (2) updated accounting policies for all of the periods presented in the Unaudited Interim Consolidated Financial Statements.

(1) Key Accounting Policy Changes

| Area of Change                                                                                                                                                 | Description                                                                                                                                                                                                                                                                                                                                                                         | Method of adoption                                                                                                                                                                                                                                                                                                                                                                                   | Effect on the financial statements or other significant matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Cash flow assumptions used to measure the liability for future policy benefits for non-participating traditional and limited-payment insurance products</i> | Requires an entity to review and, if necessary, update the cash flow assumptions used to measure the liability for future policy benefits, for both changes in future assumptions and actual experience, at least annually using a retrospective update method with a cumulative catch-up adjustment recorded in a separate line item in the Consolidated Statements of Operations. | Effective January 1, 2023 using the modified retrospective transition method, which includes a cumulative effect adjustment to the balance sheet as of January 1, 2021 (the "transition date"). Under this method, the amendments to contracts in force were applied as of January 1, 2021 on the basis of their existing carrying amounts, adjusted for the removal of any related amounts in AOCI. | The impact upon transition reflects the impact on in-force contract liabilities in instances where expected net premiums exceeded expected gross premiums at an issue-year cohort level as a result of updating to current best estimate cash flow assumptions as of the transition date. As a result of the modified retrospective transition method, the vast majority of the impact of updating cash flow assumptions to best estimates as of the transition date will be reflected in the pattern of earnings in subsequent periods. See Note 1 for additional information regarding the effect on the financial statements. Adoption of the standard also resulted in additional required disclosures. See Note 9 for additional information. |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Discount rate assumption used to measure the liability for future policy benefits for non-participating traditional and limited-payment insurance products</i> | Requires discount rate assumptions to be based on upper-medium grade fixed income instrument yields, which will be updated each quarter with the impact recorded through OCI. An entity shall maximize the use of relevant observable information and minimize the use of unobservable information in determining the discount rate assumptions.                                                                                                                                                                                                                                                                                            | As noted above, the guidance for the liability for future policy benefits was adopted effective January 1, 2023 using the modified retrospective transition method, which includes a cumulative effect adjustment to the balance sheet as of January 1, 2021. Under this method, for balance sheet remeasurement purposes, the liability for future policy benefits is remeasured using discount rates as of January 1, 2021 with the impact recorded as a cumulative effect adjustment to AOCI. | Adoption of the ASU resulted in a significant impact to AOCI as a result of remeasuring in-force contract liabilities using current upper-medium grade fixed income instrument yields. This adjustment largely reflects the difference between discount rates locked-in at contract inception versus current discount rates. See Note 1 for additional information regarding the effect on the financial statements. Adoption of the standard also resulted in additional required disclosures. See Note 9 for additional information.                                      |
| <i>Amortization of deferred acquisition costs ("DAC") and other balances</i>                                                                                      | Requires DAC and other balances, such as unearned revenue reserves and DSI, to be amortized on a constant level basis over the expected term of the related contract, independent of expected profitability.                                                                                                                                                                                                                                                                                                                                                                                                                                | Effective January 1, 2023 using the modified retrospective transition method, which includes a cumulative effect adjustment to the balance sheet as of January 1, 2021. Under this method, the amendments to contracts in force were applied as of January 1, 2021 on the basis of their existing carrying amounts, adjusted for the removal of any related amounts in AOCI.                                                                                                                     | Adoption of the ASU did not have a significant impact on DAC and other balances upon transition, other than the impact of the removal of any related amounts in AOCI. See Note 1 for additional information regarding the effect on the financial statements. Adoption of the standard also resulted in additional required disclosures. See Note 7 for additional information.                                                                                                                                                                                             |
| <i>Market Risk Benefits ("MRB")</i>                                                                                                                               | Requires an entity to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value, and record MRB assets and liabilities separately on the Consolidated Statements of Financial Position. Changes in the fair value of market risk benefits are recorded in net income, except for the portion attributable to changes in an entity's NPR, which is recognized in OCI. An entity shall maximize the use of relevant observable information and minimize the use of unobservable information in determining the balance of the market risk benefits upon adoption. | Effective January 1, 2023 using the retrospective transition method, which includes a cumulative effect adjustment to the balance sheet as of January 1, 2021.                                                                                                                                                                                                                                                                                                                                   | Adoption of the ASU resulted in an adjustment to retained earnings for the difference between the fair value and carrying value of benefits not measured at fair value prior to the adoption of the ASU (e.g., guaranteed minimum death benefits on variable annuities) and a reclass of the cumulative effect of changes in NPR from retained earnings to AOCI. See Note 1 for additional information regarding the effect on the financial statements. Adoption of the standard also resulted in additional required disclosures. See Note 11 for additional information. |

In addition to the significant key accounting changes noted above, ASU 2018-12 also clarified the definition of assessments used to accrue additional insurance reserves and other related balances, primarily for no-lapse guarantee features on certain universal life contracts in the Individual Life segment. Application of the new guidance changed the pattern of

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

reserve recognition for these guarantees and resulted in an increase to the net contract liabilities related to these products at transition. See Note 1 for additional information regarding the effect on the financial statements.

ASU 2022-05, *Financial Services – Insurance (Topic 944) Transition for Sold Contracts* was issued on December 15, 2022, to amend the transition guidance in ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. The amendment allows an insurance entity to make an accounting policy election to not apply ASU 2018-12 to contracts or legal entities sold or disposed of before the effective date, and in which the insurance entity has no significant continuing involvement with the derecognized contracts. An insurance entity is permitted to apply the policy election on a transaction by transaction basis to each sale or disposal transaction. An insurance entity is required to disclose whether it has chosen to apply this accounting policy election and provide a qualitative description of the sale or disposal transactions to which the accounting policy election is applied. The Company did not choose to apply this accounting policy election to any of its eligible sale or disposal transactions.

**(2) Updated Accounting Policies**

This section includes the updated accounting policies resulting from the adoption of ASU 2018-12, which are applicable to all of the periods presented in the Unaudited Interim Consolidated Financial Statements. This section is meant to serve as an update to, and should be read in conjunction with, Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## ASSETS

**Deferred policy acquisition costs ("DAC")** represents costs directly related to the successful acquisition of new and renewal insurance and annuity business. Such DAC primarily includes commissions, costs of policy issuance and underwriting, and certain other expenses that are directly related to successfully acquired contracts. In each reporting period, previously capitalized DAC is amortized and included in "Amortization of deferred policy acquisition costs", and . Upon the adoption of ASU 2018-02, the carrying amount of DAC for long-duration contracts is not no longer subject to recoverability testing upon adoption of ASU 2018-12, testing.

DAC for most long-duration contracts is amortized on a constant-level basis at a grouped contract level over the expected life of the underlying insurance contracts. Contracts are grouped consistent with the groupings used to estimate the liability for future policy benefits (or other related balances) for the corresponding contracts. Since contracts within a grouping may be of different sizes, contracts within a group are weighted to achieve appropriate amortization and to ensure that DAC is derecognized when a policy is no longer in force. The constant-level basis used to weight contracts within a grouping and amortize DAC is generally defined as follows:

- *Life insurance contracts* – DAC associated with life insurance contracts is generally amortized in proportion to the initial face amount of life insurance in force. This is applicable to traditional and universal life insurance products in the Individual Life and International Insurance segments and Closed Block division, and group corporate- and bank-owned life insurance contracts in the Group Insurance segment.
- *Payout annuity contracts* – DAC associated with payout annuity contracts in the Retirement Strategies segment is amortized in proportion to annual benefit payments.
- *Deferred annuity contracts* – DAC associated with fixed and variable deferred annuity contracts in the Retirement Strategies and International Insurance segments is amortized in proportion to deposits.
- *Health contracts* – DAC associated with health contracts in the International Insurance segment is generally amortized in proportion to maximum lifetime benefits.

For funding agreement note contracts, single premium structured settlement contracts without life contingencies, and single premium immediate annuities without life contingencies, acquisition expenses are deferred and amortized over the expected life of the contracts using the interest method. For other group life and disability insurance contracts and guaranteed investment contracts ("GICs"), acquisition costs are expensed as incurred.

Current period DAC amortization reflects the impact of changes in actual insurance in force during the period and changes in future assumptions effected as of the end of the quarter, where applicable. The Company typically updates actuarial assumptions annually in the second quarter (see "Annual Assumptions Review" below), unless a material change is observed in

### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

an interim period that is indicative of a long-term trend. Generally, the Company does not expect trends to change significantly

### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

in the short-term and, to the extent these trends may change, the Company expects such changes to be gradual over the long-term.

Assumptions used for DAC are consistent with those used in estimating the liability for future policy benefits (or any other related balance) for the corresponding contract. Determining the level of aggregation and actuarial assumptions used in projecting in-force terminations requires judgment. Internal criteria are developed to determine the level of aggregation by considering both qualitative and quantitative materiality thresholds.

The assumptions used in projecting in-force terminations are mortality, mortality improvement, and lapse assumptions. These assumptions are generally based on the Company's experience, industry experience and/or other factors, as applicable. For variable deferred annuity contracts, lapse rates are adjusted at the contract level based on the in-the-moneyness of the living benefits and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates are also generally assumed to be lower for the period where surrender charges apply.

For some products, policyholders can elect to modify product benefits, features, rights or coverages by exchanging a contract for a new contract or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. These transactions are known as internal replacements. If policyholders surrender traditional life insurance policies in exchange for life insurance policies that do not have fixed and guaranteed terms, the Company immediately charges to expense the remaining unamortized DAC on the surrendered policies. For other internal replacement transactions, except those that involve the addition of a non-integrated contract feature that does not change the existing base contract, the unamortized DAC is immediately charged to expense if the terms of the new policies are not substantially similar to those of the former policies. If the new terms are substantially similar to those of the earlier policies, the DAC is retained with respect to the new policies and amortized over the expected life of the new policies. See Note 7 for additional information regarding DAC.

**Value of business acquired ("VOBA")** represents identifiable intangible assets to which a portion of the purchase price in a business acquisition is attributed under the application of purchase accounting. VOBA represents an adjustment to the stated value of in-force insurance contract liabilities to present them at fair value, determined as of the acquisition date. VOBA balances are subject to recoverability testing in the manner in which they were acquired. The Company has established a VOBA asset primarily for its

acquired life insurance products and accident and health products with fixed benefits. As of **June 30, 2023** **September 30, 2023**, the majority of the VOBA balance relates to the 2011 acquisition of AIG Star Life Insurance Co., Ltd, AIG Edison Life Insurance Company, AIG Financial Assurance Japan K.K. and AIG Edison Service Co., Ltd. (collectively, the "Star and Edison Businesses"). The Company records amortization of VOBA in "General and administrative expenses" and amortizes it over the anticipated life of the acquired contracts using the same methodology, factors, and assumptions used to amortize DAC and deferred sales inducements ("DSI"). See Note 7 for additional information regarding VOBA.

**Market risk benefits assets** represents market risk benefits ("MRBs") in an asset position and are presented separately from MRBs in a liability position. See "Market risk benefit liabilities" below. MRB assets also reflect ceded MRBs resulting from reinsurance of the Company's Prudential Defined Income ("PDI") traditional variable annuity contracts. See Note 12 for additional information regarding the reinsurance of PDI.

**Other assets** consists primarily of prepaid pension benefit costs, certain restricted assets (e.g., cash and cash equivalents), trade receivables, goodwill and other intangible assets, "right-of-use" lease assets (see "Other liabilities" below), DSI, the Company's investments in operating joint ventures, property and equipment, reinsurance recoverables (see "Reinsurance" below), and receivables resulting from sales of securities that had not yet settled at the balance sheet date.

Deferred Sales Inducements are amounts that are credited to a policyholders' account balance primarily as an inducement to purchase fixed and/or variable deferred annuity contracts. The Company defers sales inducements and amortizes them over the expected life of the policy using the same methodology, factors and assumptions used to amortize DAC. The Company records amortization of DSI in "Interest credited to policyholders' account balances." Unlike DAC, DSI are considered contractual cash flows and, as a result, are subject to periodic recoverability testing. See Note 7 for additional information regarding DSI.

**Separate account assets** represents segregated funds that are invested for certain policyholders, pension funds and other customers. The assets consist primarily of equity securities, fixed maturities, real estate-related investments, real estate mortgage loans, short-term investments and derivative instruments and are reported at fair value. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. Investment risks associated

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

respect to certain accounts. The investment income and realized investment gains or losses from separate account assets generally accrue to the policyholders and are not included in the Company's results of operations. Mortality, policy administration and surrender charges assessed against the accounts are included in "Policy charges and fee income." Asset management fees charged to the accounts are included in "Asset management and service fees." Seed money that the Company invests in separate accounts is reported in the appropriate general account asset line. Investment income and realized investment gains or losses from seed money invested in separate accounts accrue to the Company and are included in the Company's results of operations. See Note 8 for additional information regarding separate account arrangements with contractual guarantees. See also "Separate account liabilities" below.

## LIABILITIES

**Future policy benefits** is primarily comprised of the present value of expected future payments to or on behalf of policyholders, where the timing and amount of such payments depend on policyholder mortality or morbidity, less the present value of expected future net premiums (where net premiums are gross premiums multiplied by the Net-To-Gross ("NTG") ratio discussed below). The liability for future policy benefits is accrued over time as premium revenue is recognized. See Note 9 for additional information regarding future policy benefits.

The reserving methodology used for non-participating traditional and limited-payment contracts include the following:

- **Cash Flow Assumptions.** In measuring the liability for future policy benefits, the net premium valuation methodology is utilized. Under this methodology, a liability for future policy benefits is established using current best estimate insurance assumptions and interest rate assumptions locked-in at contract issuance date. The NTG ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums. The liability is then determined as the present value of expected future policy benefits and non-level claim settlement expenses less the present value of expected future net premiums. For purposes of liability measurement, contracts are grouped into cohorts based primarily on issue year, reportable segment and major product line.

The NTG ratio is generally updated quarterly for actual experience and annually for future cash flow assumption updates during the Company's annual assumptions review process in the second quarter of each year unless a material change is observed in an interim period that is indicative of a long-term trend (see "Annual Assumptions Review" below), with the exception of claim settlement expense assumptions which the Company has made an entity-wide election to lock-in as of contract issuance. The NTG ratio is subject to a retrospective unlocking method whereby the Company updates its best estimate of cash flows expected over the life of the cohort using actual historical experience and updated future cash flow assumptions. These updated cash flows are used to calculate the revised NTG ratio, which is used to derive an updated liability for future policy benefits as of the beginning of the current reporting period, discounted at the original contract issuance discount rate. The updated liability for future policy benefit amount as of the beginning of the quarter is then compared to the carrying amount of the liability as of that same date, before the updates for actual experience or future cash flow assumptions, to determine the current period change in liability estimate. This current period change in the liability is the liability

remeasurement gain or loss that is recorded through current period earnings in "Change in estimates of liability for future policy benefits." In subsequent periods, the revised NTG ratio is used to measure the liability for future policy benefits, subject to future revisions.

If a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for expected future policy benefits and non-level claim settlement expenses, the NTG ratio is capped at 100%. In these instances, all changes in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately. While the liability for future policy benefits cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring"), the NTG ratio may be negative. This would be the case whereby conditions have improved such that the present value of future net premiums plus the existing liability for future policy benefits as of the valuation date exceed the present value of expected future policy benefits and non-level claim settlement expenses. In this case, the negative NTG ratio would be applied going forward to gross premiums received, effectively amortizing the gain into income and reducing the liability over time.

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**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

In addition, for limited-payment contracts, the liability for future policy benefits also includes a Deferred Profit Liability ("DPL") representing gross premiums received in excess of net premiums and is generally recognized in

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

revenue in a constant relationship with insurance in force for life contracts or with the amount of expected future benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits discussed above. The DPL cannot be less than zero (i.e., a contra-liability) at the cohort level and thus the balance is floored at zero (i.e., "flooring").

For contracts issued prior to January 1, 2021, the modified retrospective transition method was used to transition to ASU 2018-12. Under this method, the transition date of January 1, 2021 serves as the new issue date of the contracts in force for purposes of retrospectively unlocking the NTG ratio and DPL, as described above.

- **Discount Rate Assumption.** The locked-in discount rate is generally based on expected investment returns at contract inception for contracts issued prior to January 1, 2021 and the upper medium grade fixed income corporate instrument yield (i.e., global single A) at contract inception for contracts issued after January 1, 2021. The discount rate in effect at contract inception is locked-in for the calculation of the NTG ratio and accretion of interest cost on the liability through net income. However, for balance sheet remeasurement purposes, the discount rate is updated using the current single A rate at each reporting period, with the effect on the liability resulting from such update recorded in "Interest rate remeasurement of future policy benefits" in OCI.

The methodology used in constructing the single A discount rate curve for discounting cash flows used to calculate the liability for future policy benefits is intended to be reflective of the characteristics of the applicable insurance liabilities. The single A discount rate curve is developed by reference to upper medium grade (low credit risk) fixed income instrument yields that reflect the duration characteristics of the applicable insurance liabilities. The single A discount curve for the United States and foreign economies, such as Japan, with observable corporate A spreads, is developed using government bond rates, plus globally equivalent public corporate A spreads in the observable periods. The definition of upper medium grade is based on Moody's definition which includes the spectrum of A (i.e., A- to A+). The rate used in foreign operations (with the exception of certain emerging markets, as discussed below) is based on the equivalent of a single A rate from a global rating agency for corporate bonds issued in the same currency and country in which the insurance contract is written. Liquidity is considered in defining the observable period and linear extrapolation is performed to the Company's ultimate long-term economic assumptions. See "Annual Assumptions Review" below for further discussion regarding the Company's long-term economic assumption setting process.

The Company has foreign currency denominated insurance obligations to policyholders in certain emerging markets where there is limited or no observable market data on upper medium grade (low credit risk) fixed income instrument yields. As a proxy for the upper medium grade fixed income instrument yield, the Company estimates an equivalent global single A yield in the currency of the emerging economy by converting a global single A U.S. dollar bond yield curve based on the relationship between market observable U.S. Treasury and foreign sovereign yield curves of similar duration as the insurance liability cash flows. The derived global single A curves in the foreign currency are evaluated against available evidence of observable global single A corporate bond rates in similar emerging economies. The Company uses interpolation and extrapolation techniques to complete the discount rate construction for the duration of the insurance liabilities to calculate the liability for future policy benefits denominated in the local currencies.

The Company's liability for future policy benefits also includes net liabilities for guaranteed benefits related to certain long-duration life contracts, such as no-lapse guarantee contract features (Additional Insurance Reserves or "AIR" liability), for which a liability is established when associated assessments are recognized (which include investment margin on policyholders' account balances in the general account and all policy charges including charges for administration, mortality, expense, surrender and other charges). This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (i.e., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio).

For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions as of the testing date. If the liabilities determined based on these best estimate assumptions are greater than the net reserves (i.e., GAAP reserves including URR, net of reinsurance, and any DSI or VOBA asset), the existing net reserves are adjusted by first reducing these assets by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than these asset balances for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings included in "policyholders' benefits". Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in AOCI.

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**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

In certain instances, for universal life type contracts and participating contracts, the policyholder liability for a particular line of business may not be deficient in the aggregate to trigger loss recognition, but the pattern of earnings may be such that profits are expected to be recognized in earlier years followed by losses in later years. In these situations, accounting standards require that an additional liability (Profits Followed by Losses or "PFL" liability) be recognized by an amount necessary to sufficiently offset the losses that would be recognized in later years. Historically, PFL liabilities have been predominately associated with certain universal life contracts that measure GAAP reserves using a dynamic approach, and accordingly, are updated each quarter, using current in-force and market data, and as part of the annual assumption update, such that the liability as of each measurement date represents the Company's current estimate of the present value of the amount necessary to offset anticipated future losses.

The Company's liability for future policy benefits also includes a liability for unpaid claims and claim adjustment expenses. The Company does not establish claim liabilities until a loss has been incurred. However, unpaid claims and claim adjustment expenses include estimates of claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date.

**Policyholders' account balances** represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. These policyholders' account balances also include provision for benefits under non-life contingent payout annuities and certain unearned revenues. The unearned revenue liability represents policy charges for services to be provided in future periods. The charges are deferred as incurred and are generally amortized over the expected life of the contract using the same methodology, factors, and assumption used to amortize DAC. See Note 10 for additional information regarding policyholders' account balances. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. For additional information regarding the valuation of these embedded derivatives, see Note 6.

**Market risk benefit liabilities** represents contracts or contract features that provide protection to the contractholder and exposes the Company to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits in the Retirement Strategies segment including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The benefits are accounted for using a fair value measurement framework. If a contract contains multiple market risk benefits, the benefits are bundled together and accounted for as a single compound market risk benefit. Market risk benefits in an asset position are presented separately from those in a liability position as there is no legal right of offset between contracts. The fair value of market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefit. The fair value of market risk benefits is based on assumptions a market participant would use in valuing market risk benefits. For additional information regarding the valuation of market risk benefits, see Note 6. On a quarterly basis, changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)", except for the portion of the change attributable to changes in the Company's NPR which is recorded in OCI. See Note 11 for additional information regarding market risk benefits. See "Reinsurance" below for information regarding the reinsurance of MRBs.

**Policyholders' dividends** includes dividends payable to policyholders and the policyholder dividend obligation associated with the participating policies included in the Closed Block. The dividends payable for participating policies included in the Closed Block are determined at the end of each year for the following year by the Board of Directors of The Prudential Insurance Company of America ("PICA") based on its statutory results, capital position, ratings, and the emerging experience of the Closed Block. The policyholder dividend obligation represents amounts expected to be paid to Closed Block policyholders as an additional policyholder dividend unless otherwise offset by future Closed Block performance. Any adjustments to the policyholder dividend obligation related to net unrealized gains (losses) on securities classified as available-for-sale are included in AOCI. For additional information regarding the policyholder dividend obligation, see Note 13. The dividends payable for policies other than the participating policies included in the Closed Block include dividends payable in accordance with certain group and individual insurance policies.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Separate account liabilities** primarily represents the contractholders' account balances in separate account assets and to a lesser extent borrowings of the separate account, and will be equal and offsetting to total separate account assets. See also "Separate account assets" above.

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**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**REVENUES, BENEFITS AND EXPENSES**

**Insurance Revenue and Expense Recognition**

Premiums from individual life products, other than universal and variable life contracts, and health insurance and long-term care products are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium (i.e., the portion of the gross premium required to provide for all expected future policy benefits and non-level claim settlement expenses) is generally deferred and recognized into revenue in a constant relationship to insurance in force. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Premiums from non-participating group annuities with life contingencies, single premium structured settlements with life contingencies and single premium immediate annuities with life contingencies are recognized when due. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium is generally deferred and recognized into revenue based on expected future benefit payments. Benefits are recorded as an expense when they are incurred. A liability for future policy benefits is recorded when premiums are recognized as described in "Future policy benefits" above.

Certain individual annuity contracts provide the contractholder a guarantee that the benefit received upon death or annuitization will be no less than a minimum prescribed amount. These benefits are generally accounted for as market risk benefits (see "Market risk benefits" above).

Amounts received from policyholders as payment for universal or variable group and individual life contracts, deferred fixed or variable annuities, structured settlements and other contracts without life contingencies, and participating group annuities are reported as deposits to "Policyholders' account balances" and/or "Separate account liabilities." Revenues from these contracts are reflected in "Policy charges and fee income" consisting primarily of fees assessed during the period against the policyholders' account balances for mortality and other benefit charges, policy administration charges and surrender charges. In addition to fees, the Company earns investment income from the investment of deposits in the Company's general account portfolio. Fees assessed that represent compensation to the Company for services to be provided in future periods and certain other fees are generally deferred and amortized into revenue over the life of the related contracts using the same methodology, factors, and assumption used to amortize DAC as described above. Benefits and expenses for these products include claims in excess of related account balances, expenses of contract administration, interest credited to policyholders' account balances and amortization of DAC, DSI and VOBA.

Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products where changes in the value of the embedded derivatives are recorded through "Realized investment gains (losses), net". For additional information regarding the valuation of these embedded derivatives, see Note 6.

For group life, other than universal and variable group life contracts, and disability insurance, premiums are generally recognized over the period to which the premiums relate in proportion to the amount of insurance protection provided. Claim and claim adjustment expenses are recognized when incurred.

## OTHER ACCOUNTING POLICIES

### Reinsurance

For each of its reinsurance contracts, the Company determines if the contract provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. The Company reviews all contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject, or features that delay the timely reimbursement of claims.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

The Company participates in reinsurance arrangements in various capacities as either the ceding entity or as the reinsurer (i.e., assuming entity). See Note 12 for additional information regarding the Company's reinsurance arrangements. Reinsurance assumed business is generally accounted for consistent with direct business. Amounts currently recoverable under reinsurance agreements are included in "Other assets" and amounts payable are included in "Other liabilities." "Other assets" also includes

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

recoverables from assumed modified coinsurance arrangements which generally reflect the fair value of the invested assets retained by the cedant and contain an embedded derivative that is bifurcated and accounted for at fair value separately from the host contract. Under coinsurance with funds withheld ceded arrangements, invested assets are retained by the Company. "Other liabilities" includes amounts payable to the reinsurer, which generally reflect the fair value of the invested assets retained by the Company and contain an embedded derivative that is bifurcated and accounted for at fair value separately from the host contract. Revenues and benefits and expenses include amounts assumed under reinsurance agreements and are reflected net of reinsurance ceded.

Reinsurance ceded arrangements do not discharge the Company as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. Reinsurance recoverables are reported net of the CECL allowance. The CECL allowance considers the credit quality of the reinsurance counterparty and is generally determined based on the probability of default and loss given default assumptions, after considering any applicable collateral arrangements. Additions to or releases of the allowance are reported in "Policyholders' benefits". Reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured long-duration contracts under coinsurance arrangements are accounted for over the life of the underlying reinsured contracts using assumptions consistent with those used to account for the underlying contracts. For reinsurance of in-force blocks of non-participating traditional and limited-payment contracts, the current value of the direct liability as of inception of the reinsurance agreement is used to calculate the reinsurance recoverable and cost of reinsurance such that there is no immediate other comprehensive income or loss from recognition of the reinsurance recoverable at inception. Consistent with the direct liability, the reinsurance recoverable for non-participating traditional and limited-payment contracts is remeasured each period using current single A rates with the effect on the liability resulting

from such updates recorded in "Interest rate remeasurement of future policy benefits" in OCI. For reinsurance of limited-payment contracts, the Company establishes a cost of reinsurance asset relating to the direct DPL and amortizes this balance through "Premiums" using the same methodology and assumptions used to amortize the direct DPL.

Consistent with direct contracts, reinsurance arrangements may also include features that meet the definition of an MRB and, if so, are accounted for at fair value. The fair value of direct or assumed MRBs reflects the Company's NPR, while the fair value of ceded MRBs reflects the counterparty credit risk of the reinsurer. Changes in the fair value of ceded MRBs, including the impact of changes in counterparty credit risk, are recorded in net income in "Change in value of market risk benefits, net of related hedging gains (losses)".

Coinurance arrangements contrast with the Company's yearly renewable term arrangements, where only mortality risk is transferred to the reinsurer and premiums are paid to the reinsurer to reinsure that risk. The mortality risk that is reinsured under yearly renewable term arrangements represents the difference between the stated death benefits in the underlying reinsured contracts and the corresponding reserves or account value carried by the Company on those same contracts. The premiums paid to the reinsurer are based upon negotiated amounts, not on the actual premiums paid by the underlying contractholders to the Company. As yearly renewable term arrangements are usually entered into by the Company with the expectation that the contracts will be in force for the lives of the underlying policies, they are considered to be long-duration reinsurance contracts. The cost of reinsurance for universal life products is generally recognized based on the gross assessments of the underlying direct policies. The cost of reinsurance for term insurance products is generally recognized in proportion to direct premiums over the life of the underlying policies. The cost of reinsurance related to short-duration reinsurance contracts is accounted for over the reinsurance contract period.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits received are included in "Other liabilities" and deposits made are included in "Other assets". As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as "Net investment income" or "General and administrative expenses," as appropriate.

#### **Annual Assumptions Review**

Annually, the Company performs a comprehensive review of the assumptions set for purposes of estimating future premiums, benefits, and other cash flows. Assumptions include those that are economic and those that are insurance related.

#### **PRUDENTIAL FINANCIAL, INC.**

#### **Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Insurance related assumptions are based on the Company's best estimates of future rates of mortality, morbidity, lapse, surrender, annuitization, expenses and other items. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either in the Company or the industry. Mortality rate assumptions are generally based on Company experience, sometimes blending Company experience with an industry table where the Company experience alone is not sufficiently credible. The Company sets mortality and morbidity assumptions that vary by major type of business. Within type of business, rates vary by age and gender. The Company applies an adjustment for future mortality improvement, consistent with observed long-term trends of population mortality over time. Lapse and

#### **PRUDENTIAL FINANCIAL, INC.**

#### **Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

surrender assumptions are based on Company and industry experience, where available. The Company sets rates that vary by product type, taking into account features specific to the product.

As part of this review, the Company may update these assumptions and make refinements to its models based upon emerging experience, future expectations and other data, including any observable market data it feels is indicative of a long-term trend. These assumptions are generally updated annually, unless a material change is observed in an interim period that the Company feels is also indicative of a long-term trend. Generally, the Company does not expect trends to change significantly in the short-term and, to the extent these trends may change, it expects such changes to be gradual over the long-term.

The Company also performs a comprehensive review of the economic assumptions, including long-term interest rate assumptions and equity return assumptions, that impact reserve calculations. The Company generally utilizes relevant economic outlook information and industry surveys as the primary basis for these assumptions.

#### **Other ASUs adopted during the six nine months ended June 30, 2023 September 30, 2023**

The Company adopted ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosure*, effective January 1, 2023, on a prospective basis. This ASU eliminates the accounting guidance for Troubled Debt Restructurings ("TDR") for creditors and adds enhanced disclosure requirements. Following adoption of the ASU, all loan refinancings and restructurings are subject to the modification guidance in ASC 310-20. Specific to the accounting policy for commercial mortgage and other loans, adoption of the ASU resulted in the elimination of TDRs such that, on a prospective basis, all modifications are evaluated under the existing modification guidance in ASC 310-20 to determine whether a modification results in a new financial instrument or a continuation of the existing financial instrument. Furthermore, for modifications of loans that have a CECL allowance and result in a continuation of the existing loan, the CECL allowance of the loan is remeasured using the modified terms and the post-modification effective yield. Prior to the adoption of the ASU, if a loan modification was a TDR, the CECL allowance of the loan was remeasured using the modified terms and the loan's original effective yield. Adoption of the ASU did not have a significant impact on the Company's Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

#### **PRUDENTIAL FINANCIAL, INC.**

## 3. INVESTMENTS

## Fixed Maturity Securities

The following tables set forth the composition of fixed maturity securities (excluding investments classified as trading), as of the dates indicated:

|                                                                                      |                                                                                      | June 30, 2023     |                              |                               |                                   |               |                                                                                      | September 30, 2023 |                              |                               |                                   |               |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------|------------------------------|-------------------------------|-----------------------------------|---------------|--------------------------------------------------------------------------------------|--------------------|------------------------------|-------------------------------|-----------------------------------|---------------|
|                                                                                      |                                                                                      | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Allowance<br>for Credit<br>Losses | Fair<br>Value |                                                                                      | Amortized<br>Cost  | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Allowance<br>for Credit<br>Losses | Fair<br>Value |
|                                                                                      |                                                                                      |                   |                              |                               |                                   |               |                                                                                      |                    |                              |                               |                                   |               |
|                                                                                      |                                                                                      |                   | (in millions)                |                               |                                   |               |                                                                                      |                    | (in millions)                |                               |                                   |               |
| Fixed maturities, available-for-sale:                                                | Fixed maturities, available-for-sale:                                                |                   |                              |                               |                                   |               | Fixed maturities, available-for-sale:                                                |                    |                              |                               |                                   |               |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 27,215         | \$ 1,122                     | \$ 3,795                      | \$ 0                              | \$ 24,542     | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 25,359          | \$ 747                       | \$ 6,157                      | \$ 0                              | \$ 19,949     |
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          | 10,205            | 256                          | 575                           | 0                                 | 9,886         | Obligations of U.S. states and their political subdivisions                          | 8,905              | 154                          | 1,062                         | 0                                 | 7,997         |
| Foreign government bonds                                                             | Foreign government bonds                                                             | 70,205            | 5,149                        | 3,090                         | 56                                | 72,208        | Foreign government bonds                                                             | 68,510             | 3,387                        | 5,324                         | 64                                | 66,509        |
| U.S. public corporate securities                                                     | U.S. public corporate securities                                                     | 103,794           | 1,492                        | 12,068                        | 78                                | 93,140        | U.S. public corporate securities                                                     | 105,698            | 942                          | 17,276                        | 93                                | 89,271        |
| U.S. private corporate securities(1)                                                 | U.S. private corporate securities(1)                                                 | 40,327            | 686                          | 3,295                         | 45                                | 37,673        | U.S. private corporate securities(1)                                                 | 41,659             | 637                          | 4,078                         | 27                                | 38,191        |
| Foreign public corporate securities                                                  | Foreign public corporate securities                                                  | 21,345            | 407                          | 1,659                         | 56                                | 20,037        | Foreign public corporate securities                                                  | 20,618             | 297                          | 2,207                         | 47                                | 18,661        |
| Foreign private corporate securities                                                 | Foreign private corporate securities                                                 | 33,390            | 261                          | 4,602                         | 40                                | 29,009        | Foreign private corporate securities                                                 | 34,563             | 177                          | 5,421                         | 6                                 | 29,313        |
| Asset-backed securities(2)                                                           | Asset-backed securities(2)                                                           | 13,301            | 216                          | 204                           | 1                                 | 13,312        | Asset-backed securities(2)                                                           | 13,349             | 216                          | 201                           | 2                                 | 13,362        |
| Commercial mortgage-backed securities                                                | Commercial mortgage-backed securities                                                | 11,029            | 5                            | 909                           | 0                                 | 10,125        | Commercial mortgage-backed securities                                                | 10,932             | 5                            | 1,027                         | 0                                 | 9,910         |
| Residential mortgage-backed securities(3)                                            | Residential mortgage-backed securities(3)                                            | 2,500             | 18                           | 220                           | 0                                 | 2,298         | Residential mortgage-backed securities(3)                                            | 2,442              | 17                           | 304                           | 0                                 | 2,155         |

|                                               |                                               |            |          |           |        |            |                                               |            |          |           |        |            |
|-----------------------------------------------|-----------------------------------------------|------------|----------|-----------|--------|------------|-----------------------------------------------|------------|----------|-----------|--------|------------|
| Total fixed maturities, available-for-sale(1) | Total fixed maturities, available-for-sale(1) | \$ 333,311 | \$ 9,612 | \$ 30,417 | \$ 276 | \$ 312,230 | Total fixed maturities, available-for-sale(1) | \$ 332,035 | \$ 6,579 | \$ 43,057 | \$ 239 | \$ 295,318 |
|-----------------------------------------------|-----------------------------------------------|------------|----------|-----------|--------|------------|-----------------------------------------------|------------|----------|-----------|--------|------------|

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                             |                                             | June 30, 2023 |        |        |          |           |           |           |                                             | September 30, 2023 |        |      |           |           |      |            |
|---------------------------------------------|---------------------------------------------|---------------|--------|--------|----------|-----------|-----------|-----------|---------------------------------------------|--------------------|--------|------|-----------|-----------|------|------------|
|                                             |                                             |               |        |        |          |           |           | Amortized |                                             |                    |        |      |           |           |      | Amortized  |
|                                             |                                             | Amortized     | Gross  | Gross  | Fair     | Allowance | Cost,     | Amortized |                                             | Gross              | Gross  | Fair | Allowance | Cost,     |      |            |
|                                             |                                             |               |        |        |          |           |           |           |                                             |                    |        |      |           |           | Cost | Unrealized |
|                                             |                                             |               | Gains  | Losses |          | Losses    | Allowance |           |                                             | Gains              | Losses |      | Losses    | Allowance |      |            |
|                                             |                                             | (in millions) |        |        |          |           |           |           |                                             | (in millions)      |        |      |           |           |      |            |
| Fixed maturities, held-to-maturity:         | Fixed maturities, held-to-maturity:         |               |        |        |          |           |           |           | Fixed maturities, held-to-maturity:         |                    |        |      |           |           |      |            |
| Foreign government bonds                    | Foreign government bonds                    | \$ 661        | \$ 129 | \$ 0   | \$ 790   | \$ 0      | \$ 661    |           | Foreign government bonds                    | \$ 0               | \$ 0   | \$ 0 | \$ 0      | \$ 0      | \$ 0 |            |
| Foreign public corporate securities         | Foreign public corporate securities         | 395           | 21     | 0      | 416      | 2         | 393       |           | Foreign public corporate securities         | 0                  | 0      | 0    | 0         | 0         | 0    |            |
| Residential mortgage-backed securities(3)   | Residential mortgage-backed securities(3)   | 117           | 6      | 0      | 123      | 0         | 117       |           | Residential mortgage-backed securities(3)   | 0                  | 0      | 0    | 0         | 0         | 0    |            |
| Total fixed maturities, held-to-maturity(4) | Total fixed maturities, held-to-maturity(4) | \$ 1,173      | \$ 156 | \$ 0   | \$ 1,329 | \$ 2      | \$ 1,171  |           | Total fixed maturities, held-to-maturity(4) | \$ 0               | \$ 0   | \$ 0 | \$ 0      | \$ 0      | \$ 0 |            |

(1) Excludes notes with amortized cost of **\$8,290 million** **\$12,290 million** (fair value, **\$8,290 million** **\$12,290 million**), which have been offset with the associated debt under a netting agreement.

(2) Includes credit-tranching securities collateralized by loan obligations, auto loans, education loans, home equity loans and other asset types.

(3) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

(4) **Excludes notes with amortized cost** **In the third quarter of \$4,000 million (fair value, \$4,000 million), 2023, the Company changed its intent to hold a portion of its held-to-maturity portfolio, which have been offset with** **will be redeemed as part of a recently announced reinsurance transaction. As a result, the associated debt under a netting agreement, entire held-to-maturity portfolio was reclassified to available-for-sale and recorded at fair value.**

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| December 31, 2022                                                                    |                |                        |                         |                             |            |  |
|--------------------------------------------------------------------------------------|----------------|------------------------|-------------------------|-----------------------------|------------|--|
|                                                                                      | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Allowance for Credit Losses | Fair Value |  |
| (in millions)                                                                        |                |                        |                         |                             |            |  |
| <b>Fixed maturities, available-for-sale:</b>                                         |                |                        |                         |                             |            |  |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 29,372      | \$ 1,110               | \$ 4,413                | \$ 0                        | \$ 26,069  |  |
| Obligations of U.S. states and their political subdivisions                          | 10,179         | 238                    | 728                     | 0                           | 9,689      |  |
| Foreign government bonds                                                             | 74,103         | 4,503                  | 5,379                   | 1                           | 73,226     |  |
| U.S. public corporate securities                                                     | 99,854         | 1,311                  | 13,563                  | 16                          | 87,586     |  |
| U.S. private corporate securities(1)                                                 | 39,867         | 507                    | 3,438                   | 57                          | 36,879     |  |

|                                               |            |          |           |        |            |
|-----------------------------------------------|------------|----------|-----------|--------|------------|
| Foreign public corporate securities           | 22,235     | 416      | 1,945     | 19     | 20,687     |
| Foreign private corporate securities          | 32,755     | 150      | 5,201     | 44     | 27,660     |
| Asset-backed securities(2)                    | 12,972     | 166      | 286       | 1      | 12,851     |
| Commercial mortgage-backed securities         | 11,497     | 19       | 861       | 0      | 10,655     |
| Residential mortgage-backed securities(3)     | 2,613      | 29       | 225       | 0      | 2,417      |
| Total fixed maturities, available-for-sale(1) | \$ 335,447 | \$ 8,449 | \$ 36,039 | \$ 138 | \$ 307,719 |

| December 31, 2022                           |                |                        |                         |            |                             |                                  |  |
|---------------------------------------------|----------------|------------------------|-------------------------|------------|-----------------------------|----------------------------------|--|
|                                             | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Allowance for Credit Losses | Amortized Cost, Net of Allowance |  |
| (in millions)                               |                |                        |                         |            |                             |                                  |  |
| <b>Fixed maturities, held-to-maturity:</b>  |                |                        |                         |            |                             |                                  |  |
| Foreign government bonds                    | \$ 725         | \$ 128                 | \$ 0                    | \$ 853     | \$ 0                        | \$ 725                           |  |
| Foreign public corporate securities         | 430            | 24                     | 0                       | 454        | 2                           | 428                              |  |
| Residential mortgage-backed securities(3)   | 143            | 5                      | 0                       | 148        | 0                           | 143                              |  |
| Total fixed maturities, held-to-maturity(4) | \$ 1,298       | \$ 157                 | \$ 0                    | \$ 1,455   | \$ 2                        | \$ 1,296                         |  |

(1) Excludes notes with amortized cost of \$8,040 million (fair value, \$8,040 million), which have been offset with the associated debt under a netting agreement.

(2) Includes credit-tranched securities collateralized by loan obligations, education loans, auto loans, home equity loans and other asset types.

(3) Includes publicly-traded agency pass-through securities and collateralized mortgage obligations.

(4) Excludes notes with amortized cost of \$4,250 million (fair value, \$4,250 million), which have been offset with the associated debt under a netting agreement.

#### PRUDENTIAL FINANCIAL, INC.

**Notes** In the third quarter of 2023, the Company changed its intent to Unaudited Interim Consolidated Financial Statements—(Continued) hold a portion of its held-to-maturity portfolio, which will be redeemed as part of a recently announced reinsurance transaction. As a result, the entire held-to-maturity portfolio (amortized cost, net of allowance of \$1,212 million) was reclassified to fixed maturities available-for-sale and recorded at fair value, while the \$136 million net unrealized gain on the portfolio was recorded in "Accumulated other comprehensive income" as of September 30, 2023.

The following tables set forth the fair value and gross unrealized losses on available-for-sale fixed maturity securities without an allowance for credit losses aggregated by investment category and length of time that individual fixed maturity securities had been in a continuous unrealized loss position, as of the dates indicated:

| June 30, 2023                                                                        |                         |                       |                         |            |                         |           |  |
|--------------------------------------------------------------------------------------|-------------------------|-----------------------|-------------------------|------------|-------------------------|-----------|--|
| Less Than Twelve Months                                                              |                         | Twelve Months or More |                         | Total      |                         |           |  |
| Fair Value                                                                           | Gross Unrealized Losses | Fair Value            | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |           |  |
| (in millions)                                                                        |                         |                       |                         |            |                         |           |  |
| <b>Fixed maturities, available-for-sale:</b>                                         |                         |                       |                         |            |                         |           |  |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 6,904                | \$ 344                | \$ 10,618               | \$ 3,451   | \$ 17,522               | \$ 3,795  |  |
| Obligations of U.S. states and their political subdivisions                          | 2,585                   | 77                    | 3,382                   | 498        | 5,967                   | 575       |  |
| Foreign government bonds                                                             | 2,866                   | 75                    | 20,263                  | 3,011      | 23,129                  | 3,086     |  |
| U.S. public corporate securities                                                     | 23,856                  | 1,046                 | 51,160                  | 11,015     | 75,016                  | 12,061    |  |
| U.S. private corporate securities                                                    | 9,775                   | 459                   | 22,094                  | 2,836      | 31,869                  | 3,295     |  |
| Foreign public corporate securities                                                  | 4,938                   | 138                   | 9,496                   | 1,504      | 14,434                  | 1,642     |  |
| Foreign private corporate securities                                                 | 4,701                   | 370                   | 20,340                  | 4,229      | 25,041                  | 4,599     |  |
| Asset-backed securities                                                              | 1,663                   | 31                    | 7,730                   | 173        | 9,393                   | 204       |  |
| Commercial mortgage-backed securities                                                | 1,898                   | 84                    | 8,136                   | 825        | 10,034                  | 909       |  |
| Residential mortgage-backed securities                                               | 558                     | 32                    | 1,198                   | 188        | 1,756                   | 220       |  |
| Total fixed maturities, available-for-sale                                           | \$ 59,744               | \$ 2,656              | \$ 154,417              | \$ 27,730  | \$ 214,161              | \$ 30,386 |  |

December 31, 2022

|                                                                                      | Less Than     |                         | Twelve Months |                         | Total      |                         |
|--------------------------------------------------------------------------------------|---------------|-------------------------|---------------|-------------------------|------------|-------------------------|
|                                                                                      | Twelve Months |                         | or More       |                         |            |                         |
|                                                                                      | Fair Value    | Gross Unrealized Losses | Fair Value    | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| (in millions)                                                                        |               |                         |               |                         |            |                         |
| <b>Fixed maturities, available-for-sale:</b>                                         |               |                         |               |                         |            |                         |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 18,009     | \$ 3,143                | \$ 2,563      | \$ 1,270                | \$ 20,572  | \$ 4,413                |
| Obligations of U.S. states and their political subdivisions                          | 5,510         | 526                     | 558           | 202                     | 6,068      | 728                     |
| Foreign government bonds                                                             | 16,932        | 2,384                   | 9,877         | 2,971                   | 26,809     | 5,355                   |
| U.S. public corporate securities                                                     | 58,816        | 7,790                   | 15,780        | 5,726                   | 74,596     | 13,516                  |
| U.S. private corporate securities                                                    | 24,610        | 2,065                   | 6,705         | 1,373                   | 31,315     | 3,438                   |
| Foreign public corporate securities                                                  | 10,168        | 932                     | 4,098         | 993                     | 14,266     | 1,925                   |
| Foreign private corporate securities                                                 | 16,909        | 2,521                   | 8,196         | 2,678                   | 25,105     | 5,199                   |
| Asset-backed securities                                                              | 5,385         | 130                     | 5,059         | 156                     | 10,444     | 286                     |
| Commercial mortgage-backed securities                                                | 9,289         | 655                     | 1,080         | 206                     | 10,369     | 861                     |
| Residential mortgage-backed securities                                               | 1,322         | 130                     | 402           | 93                      | 1,724      | 223                     |
| Total fixed maturities, available-for-sale                                           | \$ 166,950    | \$ 20,276               | \$ 54,318     | \$ 15,668               | \$ 221,268 | \$ 35,944               |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      | September 30, 2023 |                         |               |                         |            |                         |
|--------------------------------------------------------------------------------------|--------------------|-------------------------|---------------|-------------------------|------------|-------------------------|
|                                                                                      | Less Than          |                         | Twelve Months |                         | Total      |                         |
|                                                                                      | Twelve Months      |                         | or More       |                         |            |                         |
|                                                                                      | Fair Value         | Gross Unrealized Losses | Fair Value    | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| (in millions)                                                                        |                    |                         |               |                         |            |                         |
| <b>Fixed maturities, available-for-sale:</b>                                         |                    |                         |               |                         |            |                         |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 6,499           | \$ 565                  | \$ 11,344     | \$ 5,592                | \$ 17,843  | \$ 6,157                |
| Obligations of U.S. states and their political subdivisions                          | 3,297              | 215                     | 3,696         | 847                     | 6,993      | 1,062                   |
| Foreign government bonds                                                             | 10,240             | 574                     | 18,507        | 4,745                   | 28,747     | 5,319                   |
| U.S. public corporate securities                                                     | 23,484             | 1,702                   | 57,332        | 15,566                  | 80,816     | 17,268                  |
| U.S. private corporate securities                                                    | 7,695              | 370                     | 25,553        | 3,708                   | 33,248     | 4,078                   |
| Foreign public corporate securities                                                  | 4,073              | 198                     | 10,574        | 1,987                   | 14,647     | 2,185                   |
| Foreign private corporate securities                                                 | 6,311              | 414                     | 20,938        | 5,005                   | 27,249     | 5,419                   |
| Asset-backed securities                                                              | 2,114              | 45                      | 7,564         | 156                     | 9,678      | 201                     |
| Commercial mortgage-backed securities                                                | 1,301              | 38                      | 8,399         | 989                     | 9,700      | 1,027                   |
| Residential mortgage-backed securities                                               | 350                | 13                      | 1,500         | 291                     | 1,850      | 304                     |
| Total fixed maturities, available-for-sale                                           | \$ 65,364          | \$ 4,134                | \$ 165,407    | \$ 38,886               | \$ 230,771 | \$ 43,020               |

|                                              | December 31, 2022 |                         |               |                         |            |                         |
|----------------------------------------------|-------------------|-------------------------|---------------|-------------------------|------------|-------------------------|
|                                              | Less Than         |                         | Twelve Months |                         | Total      |                         |
|                                              | Twelve Months     |                         | or More       |                         |            |                         |
|                                              | Fair Value        | Gross Unrealized Losses | Fair Value    | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| (in millions)                                |                   |                         |               |                         |            |                         |
| <b>Fixed maturities, available-for-sale:</b> |                   |                         |               |                         |            |                         |

|                                                                                      |    |         |    |        |    |        |    |        |    |         |    |        |
|--------------------------------------------------------------------------------------|----|---------|----|--------|----|--------|----|--------|----|---------|----|--------|
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ | 18,009  | \$ | 3,143  | \$ | 2,563  | \$ | 1,270  | \$ | 20,572  | \$ | 4,413  |
| Obligations of U.S. states and their political subdivisions                          |    | 5,510   |    | 526    |    | 558    |    | 202    |    | 6,068   |    | 728    |
| Foreign government bonds                                                             |    | 16,932  |    | 2,384  |    | 9,877  |    | 2,971  |    | 26,809  |    | 5,355  |
| U.S. public corporate securities                                                     |    | 58,816  |    | 7,790  |    | 15,780 |    | 5,726  |    | 74,596  |    | 13,516 |
| U.S. private corporate securities                                                    |    | 24,610  |    | 2,065  |    | 6,705  |    | 1,373  |    | 31,315  |    | 3,438  |
| Foreign public corporate securities                                                  |    | 10,168  |    | 932    |    | 4,098  |    | 993    |    | 14,266  |    | 1,925  |
| Foreign private corporate securities                                                 |    | 16,909  |    | 2,521  |    | 8,196  |    | 2,678  |    | 25,105  |    | 5,199  |
| Asset-backed securities                                                              |    | 5,385   |    | 130    |    | 5,059  |    | 156    |    | 10,444  |    | 286    |
| Commercial mortgage-backed securities                                                |    | 9,289   |    | 655    |    | 1,080  |    | 206    |    | 10,369  |    | 861    |
| Residential mortgage-backed securities                                               |    | 1,322   |    | 130    |    | 402    |    | 93     |    | 1,724   |    | 223    |
| Total fixed maturities, available-for-sale                                           | \$ | 166,950 | \$ | 20,276 | \$ | 54,318 | \$ | 15,668 | \$ | 221,268 | \$ | 35,944 |

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the gross unrealized losses on fixed maturity available-for-sale securities without an allowance **were composed of \$28,952 million \$41,394 million** and \$33,778 million, respectively, related to "1" highest quality or "2" high quality securities based on the National Association of Insurance Commissioners ("NAIC") or equivalent rating and **\$1,434 million \$1,626 million** and \$2,166 million, respectively, related to other than high or highest quality securities based on NAIC or equivalent rating. As of **June 30, 2023** **September 30, 2023**, the **\$27,730 million \$38,886 million** of gross unrealized losses of twelve months or more were concentrated in the finance, consumer non-cyclical and utility sectors within corporate securities and both U.S. and foreign government securities. As of December 31, 2022, the \$15,668 million of gross unrealized losses of twelve months or more were concentrated in consumer non-cyclical, finance and utility sectors within corporate securities and foreign government securities.

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

In accordance with its policy described in Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, the Company concluded that an adjustment to earnings for credit losses related to these fixed maturity securities was not warranted at **June 30, 2023** **September 30, 2023**. This conclusion was based on **a** detailed analysis of the underlying credit and cash flows **on for** each security. Gross unrealized losses are primarily attributable to increases in interest rates, general credit spread widening and foreign currency exchange rate movements and the financial condition or near-term prospects of the issuer. movements. As of **June 30, 2023** **September 30, 2023**, the Company did not intend to sell these securities, and it was not more likely than not that the Company would be required to sell these securities before the anticipated recovery of the **remaining** amortized cost basis.

The following table sets forth the amortized cost **or amortized cost, net of allowance** and fair value of fixed maturities by contractual maturities, as of the date indicated:

|                                        |                                        | June 30, 2023      |            |                     |            |                                        | September 30, 2023 |            |
|----------------------------------------|----------------------------------------|--------------------|------------|---------------------|------------|----------------------------------------|--------------------|------------|
|                                        |                                        | Available-for-Sale |            | Held-to-Maturity    |            |                                        | Available-for-Sale |            |
|                                        |                                        |                    |            | Amortized Cost, Net |            |                                        |                    |            |
|                                        |                                        | Amortized Cost     | Fair Value | of Allowance        | Fair Value |                                        | Amortized Cost     | Fair Value |
|                                        |                                        | (in millions)      |            |                     |            |                                        | (in millions)      |            |
| Fixed maturities:                      | Fixed maturities:                      |                    |            |                     |            | Fixed maturities:                      |                    |            |
| Due in one year or less                | Due in one year or less                | \$ 11,902          | \$ 11,900  | \$ 0                | \$ 0       | Due in one year or less                | \$ 10,091          | \$ 10,169  |
| Due after one year through five years  | Due after one year through five years  | 51,624             | 50,214     | 393                 | 416        | Due after one year through five years  | 51,618             | 49,759     |
| Due after five years through ten years | Due after five years through ten years | 61,584             | 59,818     | 14                  | 15         | Due after five years through ten years | 61,821             | 58,437     |
| Due after ten years(1)                 | Due after ten years(1)                 | 181,371            | 164,563    | 647                 | 775        | Due after ten years(1)                 | 181,782            | 151,526    |
| Asset-backed securities                | Asset-backed securities                | 13,301             | 13,312     | 0                   | 0          | Asset-backed securities                | 13,349             | 13,362     |
| Commercial mortgage-backed securities  | Commercial mortgage-backed securities  | 11,029             | 10,125     | 0                   | 0          | Commercial mortgage-backed securities  | 10,932             | 9,910      |

|                                        |                                        |            |            |          |          |                                        |            |            |
|----------------------------------------|----------------------------------------|------------|------------|----------|----------|----------------------------------------|------------|------------|
| Residential mortgage-backed securities | Residential mortgage-backed securities | 2,500      | 2,298      | 117      | 123      | Residential mortgage-backed securities | 2,442      | 2,155      |
| Total                                  | Total                                  | \$ 333,311 | \$ 312,230 | \$ 1,171 | \$ 1,329 | Total                                  | \$ 332,035 | \$ 295,318 |

(1) Excludes available-for-sale notes with amortized cost of \$8,290 million \$12,290 million (fair value, \$8,290 million) and held-to-maturity notes with amortized cost of \$4,000 million (fair value, \$4,000 million \$12,290 million), which have been offset with the associated debt under a netting agreement.

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Asset-backed, commercial mortgage-backed and residential mortgage-backed securities are shown separately in the table above, as they do not have a single maturity date.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following table sets forth the sources of fixed maturity proceeds and related investment gains (losses), as well as losses on write-downs and the allowance for credit losses of fixed maturities, for the periods indicated:

|                                                      |                                                      | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |           |                                                      | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|------------------------------------------------------|------------------------------------------------------|--------------------------------|----------|------------------------------|-----------|------------------------------------------------------|-------------------------------------|----------|------------------------------------|-----------|
|                                                      |                                                      | 2023                           | 2022     | 2023                         | 2022      |                                                      | 2023                                | 2022     | 2023                               | 2022      |
|                                                      |                                                      | (in millions)                  |          |                              |           |                                                      | (in millions)                       |          |                                    |           |
| Fixed maturities, available-for-sale:                | Fixed maturities, available-for-sale:                |                                |          |                              |           | Fixed maturities, available-for-sale:                |                                     |          |                                    |           |
| Proceeds from sales(1)                               | Proceeds from sales(1)                               | \$ 6,773                       | \$ 9,995 | \$ 14,123                    | \$ 19,078 | Proceeds from sales(1)                               | \$ 6,619                            | \$ 4,978 | \$ 20,741                          | \$ 24,056 |
| Proceeds from maturities/prepayments                 | Proceeds from maturities/prepayments                 | 4,053                          | 4,301    | 8,041                        | 9,606     | Proceeds from maturities/prepayments                 | 4,051                               | 5,186    | 12,092                             | 14,792    |
| Gross investment gains from sales and maturities     | Gross investment gains from sales and maturities     | 139                            | 374      | 429                          | 615       | Gross investment gains from sales and maturities     | 295                                 | 325      | 724                                | 940       |
| Gross investment losses from sales and maturities    | Gross investment losses from sales and maturities    | (397)                          | (1,017)  | (702)                        | (1,587)   | Gross investment losses from sales and maturities    | (734)                               | (376)    | (1,436)                            | (1,963)   |
| Write-downs recognized in earnings(2)                | Write-downs recognized in earnings(2)                | (1)                            | (86)     | (10)                         | (92)      | Write-downs recognized in earnings(2)                | (53)                                | (21)     | (63)                               | (113)     |
| (Addition to) release of allowance for credit losses | (Addition to) release of allowance for credit losses | (7)                            | 82       | (138)                        | 5         | (Addition to) release of allowance for credit losses | 37                                  | (42)     | (101)                              | (37)      |
| Fixed maturities, held-to-maturity:                  | Fixed maturities, held-to-maturity:                  |                                |          |                              |           | Fixed maturities, held-to-maturity:                  |                                     |          |                                    |           |
| Proceeds from maturities/prepayments(3)              | Proceeds from maturities/prepayments(3)              | \$ 10                          | \$ 8     | \$ 17                        | \$ 17     | Proceeds from maturities/prepayments(3)              | \$ 4                                | \$ 7     | \$ 21                              | \$ 24     |
| (Addition to) release of allowance for credit losses | (Addition to) release of allowance for credit losses | 0                              | 1        | 0                            | 2         | (Addition to) release of allowance for credit losses | 2                                   | 1        | 2                                  | 3         |

(1) Excludes activity from non-cash related proceeds due to the timing of trade settlements of \$70 million \$(90) million and \$(48) million \$3 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

(2) Amounts represent write-downs on credit adverse securities and securities actively marketed for sale.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

(3) Excludes activity from non-cash related proceeds due to the timing of trade settlements of \$1 million and less than \$1 million for both the six nine months ended June 30, 2023 September 30, 2023 and 2022, 2022, respectively.

The following tables set forth the activity in the allowance for credit losses for fixed maturity securities, as of the dates indicated:

| Three Months Ended June 30, 2023 | Three Months Ended September 30, 2023 |
|----------------------------------|---------------------------------------|
|----------------------------------|---------------------------------------|

|                                                                  |                                                                  | U.S. Treasury Securities and Obligations of U.S. States |                                       |                         |                                       |                                        |       |                          |                                                                  |                         |                                       | U.S. Treasury Securities and Obligations of U.S. States |                                        |       |      |       |  |  |  |  |  |
|------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------|-------------------------|---------------------------------------|----------------------------------------|-------|--------------------------|------------------------------------------------------------------|-------------------------|---------------------------------------|---------------------------------------------------------|----------------------------------------|-------|------|-------|--|--|--|--|--|
|                                                                  |                                                                  | Foreign Government Bonds                                | U.S. and Foreign Corporate Securities | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total | Foreign Government Bonds | U.S. and Foreign Corporate Securities                            | Asset-Backed Securities |                                       | Commercial Mortgage-Backed Securities                   | Residential Mortgage-Backed Securities | Total |      |       |  |  |  |  |  |
|                                                                  |                                                                  |                                                         |                                       |                         |                                       |                                        |       |                          |                                                                  |                         |                                       |                                                         |                                        |       |      |       |  |  |  |  |  |
|                                                                  |                                                                  |                                                         |                                       |                         |                                       |                                        |       |                          |                                                                  |                         |                                       |                                                         |                                        |       |      |       |  |  |  |  |  |
| (in millions)                                                    |                                                                  |                                                         |                                       |                         |                                       |                                        |       |                          |                                                                  |                         |                                       |                                                         |                                        |       |      |       |  |  |  |  |  |
| Fixed maturities, available-for-sale:                            | Fixed maturities, available-for-sale:                            |                                                         |                                       |                         |                                       |                                        |       |                          |                                                                  |                         | Fixed maturities, available-for-sale: |                                                         |                                        |       |      |       |  |  |  |  |  |
| Balance, beginning of period                                     | Balance, beginning of period                                     | \$ 0                                                    | \$ 62                                 | \$ 206                  | \$ 1                                  | \$ 0                                   | \$ 0  | \$269                    | Balance, beginning of period                                     | \$ 0                    | \$ 56                                 | \$ 219                                                  | \$ 1                                   | \$ 0  | \$ 0 | \$276 |  |  |  |  |  |
| Additions to allowance for credit losses not previously recorded | Additions to allowance for credit losses not previously recorded | 0                                                       | 0                                     | 3                       | 0                                     | 0                                      | 0     | 3                        | Additions to allowance for credit losses not previously recorded | 0                       | 0                                     | 9                                                       | 0                                      | 0     | 0    | 9     |  |  |  |  |  |
| Reductions for securities sold during the period                 | Reductions for securities sold during the period                 | 0                                                       | 0                                     | (5)                     | 0                                     | 0                                      | 0     | (5)                      | Reductions for securities sold during the period                 | 0                       | 0                                     | (71)                                                    | 0                                      | 0     | 0    | (71)  |  |  |  |  |  |
| Additions (reductions) on securities with previous allowance     | Additions (reductions) on securities with previous allowance     | 0                                                       | (6)                                   | 15                      | 0                                     | 0                                      | 0     | 9                        | Additions (reductions) on securities with previous allowance     | 0                       | 8                                     | 16                                                      | 1                                      | 0     | 0    | 25    |  |  |  |  |  |
| Balance, end of period                                           | Balance, end of period                                           | \$ 0                                                    | \$ 56                                 | \$ 219                  | \$ 1                                  | \$ 0                                   | \$ 0  | \$276                    | Balance, end of period                                           | \$ 0                    | \$ 64                                 | \$ 173                                                  | \$ 2                                   | \$ 0  | \$ 0 | \$239 |  |  |  |  |  |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                  | Three Months Ended June 30, 2022                        |   |                          |                                       |    |                         |                                       |                                        |       |   |    |   |    |      |
|------------------------------------------------------------------|---------------------------------------------------------|---|--------------------------|---------------------------------------|----|-------------------------|---------------------------------------|----------------------------------------|-------|---|----|---|----|------|
|                                                                  | U.S. Treasury Securities and Obligations of U.S. States |   | Foreign Government Bonds | U.S. and Foreign Corporate Securities |    | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total |   |    |   |    |      |
|                                                                  |                                                         |   |                          |                                       |    |                         |                                       |                                        |       |   |    |   |    |      |
|                                                                  |                                                         |   |                          |                                       |    |                         |                                       |                                        |       |   |    |   |    |      |
|                                                                  | (in millions)                                           |   |                          |                                       |    |                         |                                       |                                        |       |   |    |   |    |      |
| Fixed maturities, available-for-sale:                            |                                                         |   |                          |                                       |    |                         |                                       |                                        |       |   |    |   |    |      |
| Balance, beginning of period                                     | \$                                                      | 0 | \$                       | 12                                    | \$ | 180                     | \$                                    | 0                                      | \$    | 0 | \$ | 0 | \$ | 192  |
| Additions to allowance for credit losses not previously recorded |                                                         | 0 |                          | 1                                     |    | 11                      |                                       | 1                                      |       | 0 |    | 0 |    | 13   |
| Reductions for securities sold during the period                 |                                                         | 0 |                          | 0                                     |    | (25)                    |                                       | 0                                      |       | 0 |    | 0 |    | (25) |
| Reductions for securities with intent to sell                    |                                                         | 0 |                          | (9)                                   |    | (67)                    |                                       | 0                                      |       | 0 |    | 0 |    | (76) |
| Additions (reductions) on securities with previous allowance     |                                                         | 0 |                          | 2                                     |    | 4                       |                                       | 0                                      |       | 0 |    | 0 |    | 6    |
| Reclassified to / (from) "Assets held-for-sale"(1)               |                                                         | 0 |                          | 0                                     |    | (1)                     |                                       | 0                                      |       | 0 |    | 0 |    | (1)  |

|                        |      |      |        |      |      |      |        |
|------------------------|------|------|--------|------|------|------|--------|
| Balance, end of period | \$ 0 | \$ 6 | \$ 102 | \$ 1 | \$ 0 | \$ 0 | \$ 109 |
|------------------------|------|------|--------|------|------|------|--------|

(1) See Note 1 for additional information.

|                                                                  | Six Months Ended June 30, 2023                                                                                                                                                    |    |   |    |     |    |      |    |               | Three Months Ended September 30, 2022                                                                                                                                             |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|----|-----|----|------|----|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|---|----|---|-------|------------------------------------------------------------------|----|---|----|-----|----|-----|----|---|----|---|----|---|-------|
|                                                                  | U.S. Treasury Securities and U.S. and Foreign Government Bonds, Corporate Securities, Asset-Backed Securities, Mortgage-Backed Securities, Residential Mortgage-Backed Securities |    |   |    |     |    |      |    |               | U.S. Treasury Securities and U.S. and Foreign Government Bonds, Corporate Securities, Asset-Backed Securities, Mortgage-Backed Securities, Residential Mortgage-Backed Securities |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
|                                                                  |                                                                                                                                                                                   |    |   |    |     |    |      |    |               |                                                                                                                                                                                   |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
|                                                                  |                                                                                                                                                                                   |    |   |    |     |    |      |    |               |                                                                                                                                                                                   |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
|                                                                  |                                                                                                                                                                                   |    |   |    |     |    |      |    |               |                                                                                                                                                                                   |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
| (in millions)                                                    |                                                                                                                                                                                   |    |   |    |     |    |      |    | (in millions) |                                                                                                                                                                                   |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
| Fixed maturities, available-for-sale:                            | Fixed maturities, available-for-sale:                                                                                                                                             |    |   |    |     |    |      |    |               | Fixed maturities, available-for-sale:                                                                                                                                             |   |    |   |    |   |       |                                                                  |    |   |    |     |    |     |    |   |    |   |    |   |       |
| Balance, beginning of period                                     | Balance, beginning of period                                                                                                                                                      | \$ | 0 | \$ | 1   | \$ | 136  | \$ | 1             | \$                                                                                                                                                                                | 0 | \$ | 0 | \$ | 0 | \$138 | Balance, beginning of period                                     | \$ | 0 | \$ | 6   | \$ | 102 | \$ | 1 | \$ | 0 | \$ | 0 | \$109 |
| Additions to allowance for credit losses not previously recorded | Additions to allowance for credit losses not previously recorded                                                                                                                  |    | 0 |    | 62  |    | 78   |    | 0             |                                                                                                                                                                                   | 0 |    | 0 |    | 0 | 140   | Additions to allowance for credit losses not previously recorded |    | 0 |    | 0   |    | 30  |    | 4 |    | 0 |    | 0 | 34    |
| Reductions for securities sold during the period                 | Reductions for securities sold during the period                                                                                                                                  |    | 0 |    | 0   |    | (45) |    | 0             |                                                                                                                                                                                   | 0 |    | 0 |    | 0 | (45)  | Reductions for securities sold during the period                 |    | 0 |    | (3) |    | (2) |    | 0 |    | 0 |    | 0 | (5)   |
| Reductions for securities with intent to sell                    |                                                                                                                                                                                   |    |   |    |     |    |      |    |               |                                                                                                                                                                                   |   |    |   |    |   |       | Reductions for securities with intent to sell                    |    | 0 |    | 0   |    | 0   |    | 0 |    | 0 |    | 0 |       |
| Additions (reductions) on securities with previous allowance     | Additions (reductions) on securities with previous allowance                                                                                                                      |    | 0 |    | (7) |    | 50   |    | 0             |                                                                                                                                                                                   | 0 |    | 0 |    | 0 | 43    | Additions (reductions) on securities with previous allowance     |    | 0 |    | (2) |    | 15  |    | 0 |    | 0 |    | 0 | 13    |
| Balance, end of period                                           | Balance, end of period                                                                                                                                                            | \$ | 0 | \$ | 56  | \$ | 219  | \$ | 1             | \$                                                                                                                                                                                | 0 | \$ | 0 | \$ | 0 | \$276 | Balance, end of period                                           | \$ | 0 | \$ | 1   | \$ | 145 | \$ | 5 | \$ | 0 | \$ | 0 | \$151 |

PRUDENTIAL FINANCIAL, INC.  
Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

| Six Months Ended June 30, 2022                          |                          |                                       |                         |                                       |                                        |       |
|---------------------------------------------------------|--------------------------|---------------------------------------|-------------------------|---------------------------------------|----------------------------------------|-------|
| U.S. Treasury Securities and Obligations of U.S. States | Foreign Government Bonds | U.S. and Foreign Corporate Securities | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total |
| (in millions)                                           |                          |                                       |                         |                                       |                                        |       |
| Fixed maturities, available-for-sale:                   |                          |                                       |                         |                                       |                                        |       |

|                                                                  |    |   |    |      |    |      |    |   |    |   |    |   |    |      |
|------------------------------------------------------------------|----|---|----|------|----|------|----|---|----|---|----|---|----|------|
| Balance, beginning of period                                     | \$ | 0 | \$ | 7    | \$ | 107  | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 114  |
| Additions to allowance for credit losses not previously recorded |    | 0 |    | 11   |    | 73   |    | 1 |    | 0 |    | 0 |    | 85   |
| Reductions for securities sold during the period                 |    | 0 |    | (2)  |    | (53) |    | 0 |    | 0 |    | 0 |    | (55) |
| Reductions for securities with intent to sell                    |    | 0 |    | (13) |    | (67) |    | 0 |    | 0 |    | 0 |    | (80) |
| Additions (reductions) on securities with previous allowance     |    | 0 |    | 3    |    | 42   |    | 0 |    | 0 |    | 0 |    | 45   |
| Reclassified to / (from) "Assets held-for-sale"(1)               |    | 0 |    | 0    |    | 0    |    | 0 |    | 0 |    | 0 |    | 0    |
| Balance, end of period                                           | \$ | 0 | \$ | 6    | \$ | 102  | \$ | 1 | \$ | 0 | \$ | 0 | \$ | 109  |

(1) See Note 1 for additional information.

|                                                                  | Nine Months Ended September 30, 2023                    |   |                          |    |                                       |       |                                       |   |                                        |   |       |   |    |       |
|------------------------------------------------------------------|---------------------------------------------------------|---|--------------------------|----|---------------------------------------|-------|---------------------------------------|---|----------------------------------------|---|-------|---|----|-------|
|                                                                  | U.S. Treasury Securities and Obligations of U.S. States |   | Foreign Government Bonds |    | U.S. and Foreign Corporate Securities |       | Commercial Mortgage-Backed Securities |   | Residential Mortgage-Backed Securities |   | Total |   |    |       |
|                                                                  |                                                         |   |                          |    |                                       |       |                                       |   |                                        |   |       |   |    |       |
|                                                                  | (in millions)                                           |   |                          |    |                                       |       |                                       |   |                                        |   |       |   |    |       |
| Fixed maturities, available-for-sale:                            |                                                         |   |                          |    |                                       |       |                                       |   |                                        |   |       |   |    |       |
| Balance, beginning of period                                     | \$                                                      | 0 | \$                       | 1  | \$                                    | 136   | \$                                    | 1 | \$                                     | 0 | \$    | 0 | \$ | 138   |
| Additions to allowance for credit losses not previously recorded |                                                         | 0 |                          | 62 |                                       | 87    |                                       | 0 |                                        | 0 |       | 0 |    | 149   |
| Reductions for securities sold during the period                 |                                                         | 0 |                          | 0  |                                       | (116) |                                       | 0 |                                        | 0 |       | 0 |    | (116) |
| Additions (reductions) on securities with previous allowance     |                                                         | 0 |                          | 1  |                                       | 66    |                                       | 1 |                                        | 0 |       | 0 |    | 68    |
| Balance, end of period                                           | \$                                                      | 0 | \$                       | 64 | \$                                    | 173   | \$                                    | 2 | \$                                     | 0 | \$    | 0 | \$ | 239   |

|                                              | Three Months Ended June 30, 2023                        |                          |                                       |                         |                                       |   |                                        |   |       |   |
|----------------------------------------------|---------------------------------------------------------|--------------------------|---------------------------------------|-------------------------|---------------------------------------|---|----------------------------------------|---|-------|---|
|                                              | U.S. Treasury Securities and Obligations of U.S. States |                          | U.S. and Foreign Corporate Securities |                         | Commercial Mortgage-Backed Securities |   | Residential Mortgage-Backed Securities |   | Total |   |
|                                              |                                                         | Foreign Government Bonds |                                       | Asset-Backed Securities |                                       |   |                                        |   |       |   |
|                                              | (in millions)                                           |                          |                                       |                         |                                       |   |                                        |   |       |   |
| Fixed maturities, held-to-maturity:          |                                                         |                          |                                       |                         |                                       |   |                                        |   |       |   |
| Balance, beginning of period                 | \$                                                      | 0                        | \$                                    | 0                       | \$                                    | 2 | \$                                     | 0 | \$    | 2 |
| Current period provision for expected losses |                                                         | 0                        |                                       | 0                       |                                       | 0 |                                        | 0 |       | 0 |
| Change in foreign exchange                   |                                                         | 0                        |                                       | 0                       |                                       | 0 |                                        | 0 |       | 0 |
| Balance, end of period                       | \$                                                      | 0                        | \$                                    | 0                       | \$                                    | 2 | \$                                     | 0 | \$    | 2 |

|                                              | Three Months Ended June 30, 2022                        |   |                                       |                         |                                       |     |                                        |   |       |   |    |   |    |     |
|----------------------------------------------|---------------------------------------------------------|---|---------------------------------------|-------------------------|---------------------------------------|-----|----------------------------------------|---|-------|---|----|---|----|-----|
|                                              | U.S. Treasury Securities and Obligations of U.S. States |   | U.S. and Foreign Corporate Securities |                         | Commercial Mortgage-Backed Securities |     | Residential Mortgage-Backed Securities |   | Total |   |    |   |    |     |
|                                              | Foreign Government Bonds                                |   |                                       | Asset-Backed Securities |                                       |     |                                        |   |       |   |    |   |    |     |
|                                              |                                                         |   |                                       |                         |                                       |     |                                        |   |       |   |    |   |    |     |
|                                              |                                                         |   |                                       |                         |                                       |     |                                        |   |       |   |    |   |    |     |
|                                              | (in millions)                                           |   |                                       |                         |                                       |     |                                        |   |       |   |    |   |    |     |
| Fixed maturities, held-to-maturity:          |                                                         |   |                                       |                         |                                       |     |                                        |   |       |   |    |   |    |     |
| Balance, beginning of period                 | \$                                                      | 0 | \$                                    | 0                       | \$                                    | 4   | \$                                     | 0 | \$    | 0 | \$ | 0 | \$ | 4   |
| Current period provision for expected losses |                                                         | 0 |                                       | 0                       |                                       | (1) |                                        | 0 |       | 0 |    | 0 |    | (1) |
| Change in foreign exchange                   |                                                         | 0 |                                       | 0                       |                                       | 0   |                                        | 0 |       | 0 |    | 0 |    | 0   |
| Balance, end of period                       | \$                                                      | 0 | \$                                    | 0                       | \$                                    | 3   | \$                                     | 0 | \$    | 0 | \$ | 0 | \$ | 3   |

Nine Months Ended September 30, 2022

|                                                                  | Fixed maturities, available-for-sale:                   |                          |                                       |                         |                                       |      |                                        |       |    |   |    |   |    |      |
|------------------------------------------------------------------|---------------------------------------------------------|--------------------------|---------------------------------------|-------------------------|---------------------------------------|------|----------------------------------------|-------|----|---|----|---|----|------|
|                                                                  | U.S. Treasury Securities and Obligations of U.S. States |                          | U.S. and Foreign Corporate Securities |                         | Commercial Mortgage-Backed Securities |      | Residential Mortgage-Backed Securities |       |    |   |    |   |    |      |
|                                                                  |                                                         | Foreign Government Bonds |                                       | Asset-Backed Securities |                                       |      |                                        |       |    |   |    |   |    |      |
|                                                                  |                                                         |                          |                                       |                         |                                       |      |                                        | Total |    |   |    |   |    |      |
|                                                                  | (in millions)                                           |                          |                                       |                         |                                       |      |                                        |       |    |   |    |   |    |      |
| Balance, beginning of period                                     | \$                                                      | 0                        | \$                                    | 7                       | \$                                    | 107  | \$                                     | 0     | \$ | 0 | \$ | 0 | \$ | 114  |
| Additions to allowance for credit losses not previously recorded |                                                         | 0                        |                                       | 11                      |                                       | 103  |                                        | 5     |    | 0 |    | 0 |    | 119  |
| Reductions for securities sold during the period                 |                                                         | 0                        |                                       | (5)                     |                                       | (55) |                                        | 0     |    | 0 |    | 0 |    | (60) |
| Reductions for securities with intent to sell                    |                                                         | 0                        |                                       | (13)                    |                                       | (67) |                                        | 0     |    | 0 |    | 0 |    | (80) |
| Additions (reductions) on securities with previous allowance     |                                                         | 0                        |                                       | 1                       |                                       | 57   |                                        | 0     |    | 0 |    | 0 |    | 58   |
| Balance, end of period                                           | \$                                                      | 0                        | \$                                    | 1                       | \$                                    | 145  | \$                                     | 5     | \$ | 0 | \$ | 0 | \$ | 151  |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                  |                                                  | Six Months Ended June 30, 2023                                                                                                                                                                                                                                                                                              |             |             |             |             |             |             | Three Months Ended September 30, 2023                                                                                                                                                                                                                                                                                       |             |             |             |             |             |             |
|--------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                  |                                                  | <div> <div>U.S. Treasury Securities and Obligations of U.S. States</div> <div>Foreign Government Bonds</div> <div>U.S. and Foreign Corporate Securities</div> <div>Asset-Backed Securities</div> <div>Commercial Mortgage-Backed Securities</div> <div>Residential Mortgage-Backed Securities</div> <div>Total</div> </div> |             |             |             |             |             |             | <div> <div>U.S. Treasury Securities and Obligations of U.S. States</div> <div>Foreign Government Bonds</div> <div>U.S. and Foreign Corporate Securities</div> <div>Asset-Backed Securities</div> <div>Commercial Mortgage-Backed Securities</div> <div>Residential Mortgage-Backed Securities</div> <div>Total</div> </div> |             |             |             |             |             |             |
|                                                  |                                                  | (in millions)                                                                                                                                                                                                                                                                                                               |             |             |             |             |             |             | (in millions)                                                                                                                                                                                                                                                                                                               |             |             |             |             |             |             |
| <b>Fixed maturities, held-to-maturity:</b>       | <b>Fixed maturities, held-to-maturity:</b>       |                                                                                                                                                                                                                                                                                                                             |             |             |             |             |             |             | <b>Fixed maturities, held-to-maturity:</b>                                                                                                                                                                                                                                                                                  |             |             |             |             |             |             |
| Balance, beginning of period                     | Balance, beginning of period                     | \$ 0                                                                                                                                                                                                                                                                                                                        | \$ 0        | \$ 2        | \$ 0        | \$ 0        | \$ 0        | \$ 2        | Balance, beginning of period                                                                                                                                                                                                                                                                                                | \$ 0        | \$ 0        | \$ 2        | \$ 0        | \$ 0        | \$ 2        |
| Current period provision for expected losses (1) | Current period provision for expected losses (1) | 0                                                                                                                                                                                                                                                                                                                           | 0           | 0           | 0           | 0           | 0           | 0           | Current period provision for expected losses (1)                                                                                                                                                                                                                                                                            | 0           | 0           | (2)         | 0           | 0           | (2)         |
| Change in foreign exchange                       | Change in foreign exchange                       | 0                                                                                                                                                                                                                                                                                                                           | 0           | 0           | 0           | 0           | 0           | 0           | Change in foreign exchange                                                                                                                                                                                                                                                                                                  | 0           | 0           | 0           | 0           | 0           | 0           |
| Balance, end of period                           | Balance, end of period                           | <u>\$ 0</u>                                                                                                                                                                                                                                                                                                                 | <u>\$ 0</u> | <u>\$ 2</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2</u> | Balance, end of period                                                                                                                                                                                                                                                                                                      | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

(1) In the third quarter of 2023, the Company changed its intent to hold a portion of its held-to-maturity portfolio, which will be redeemed as part of a recently announced reinsurance transaction. As a result, the entire held-to-maturity portfolio was reclassified to available-for-sale and recorded at fair value.

| Six Months Ended June 30, 2022 | Three Months Ended September 30, 2022 |
|--------------------------------|---------------------------------------|
|--------------------------------|---------------------------------------|

|                                              |                                              | U.S. Treasury Securities and Obligations of U.S. States |                                       |                         |                                       |                                        |       |      |                                              |                          | U.S. Treasury Securities and Obligations of U.S. States |                         |                                       |                                        |       |      |  |  |  |
|----------------------------------------------|----------------------------------------------|---------------------------------------------------------|---------------------------------------|-------------------------|---------------------------------------|----------------------------------------|-------|------|----------------------------------------------|--------------------------|---------------------------------------------------------|-------------------------|---------------------------------------|----------------------------------------|-------|------|--|--|--|
|                                              |                                              | Foreign Government Bonds                                | U.S. and Foreign Corporate Securities | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total |      |                                              | Foreign Government Bonds | U.S. and Foreign Corporate Securities                   | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total |      |  |  |  |
|                                              |                                              | (in millions)                                           |                                       |                         |                                       |                                        |       |      |                                              |                          | (in millions)                                           |                         |                                       |                                        |       |      |  |  |  |
| Fixed maturities, held-to-maturity:          | Fixed maturities, held-to-maturity:          |                                                         |                                       |                         |                                       |                                        |       |      | Fixed maturities, held-to-maturity:          |                          |                                                         |                         |                                       |                                        |       |      |  |  |  |
| Balance, beginning of period                 | Balance, beginning of period                 | \$ 0                                                    | \$ 0                                  | \$ 5                    | \$ 0                                  | \$ 0                                   | \$ 0  | \$ 5 | Balance, beginning of period                 | \$ 0                     | \$ 0                                                    | \$ 3                    | \$ 0                                  | \$ 0                                   | \$ 0  | \$ 3 |  |  |  |
| Current period provision for expected losses | Current period provision for expected losses | 0                                                       | 0                                     | (1)                     | 0                                     | 0                                      | 0     | (1)  | Current period provision for expected losses | 0                        | 0                                                       | (1)                     | 0                                     | 0                                      | 0     | (1)  |  |  |  |
| Change in foreign exchange                   | Change in foreign exchange                   | 0                                                       | 0                                     | (1)                     | 0                                     | 0                                      | 0     | (1)  | Change in foreign exchange                   | 0                        | 0                                                       | 0                       | 0                                     | 0                                      | 0     | 0    |  |  |  |
| Balance, end of period                       | Balance, end of period                       | \$ 0                                                    | \$ 0                                  | \$ 3                    | \$ 0                                  | \$ 0                                   | \$ 0  | \$ 3 | Balance, end of period                       | \$ 0                     | \$ 0                                                    | \$ 2                    | \$ 0                                  | \$ 0                                   | \$ 0  | \$ 2 |  |  |  |

|                                                 | Nine Months Ended September 30, 2023                    |                          |                                       |   |                                       |     |                                        |   |       |     |
|-------------------------------------------------|---------------------------------------------------------|--------------------------|---------------------------------------|---|---------------------------------------|-----|----------------------------------------|---|-------|-----|
|                                                 | U.S. Treasury Securities and Obligations of U.S. States |                          | U.S. and Foreign Corporate Securities |   | Commercial Mortgage-Backed Securities |     | Residential Mortgage-Backed Securities |   | Total |     |
|                                                 |                                                         | Foreign Government Bonds |                                       |   |                                       |     |                                        |   |       |     |
|                                                 | (in millions)                                           |                          |                                       |   |                                       |     |                                        |   |       |     |
| Fixed maturities, held-to-maturity:             |                                                         |                          |                                       |   |                                       |     |                                        |   |       |     |
| Balance, beginning of period                    | \$                                                      | 0                        | \$                                    | 0 | \$                                    | 2   | \$                                     | 0 | \$    | 2   |
| Current period provision for expected losses(1) |                                                         | 0                        |                                       | 0 |                                       | (2) |                                        | 0 |       | (2) |
| Change in foreign exchange                      |                                                         | 0                        |                                       | 0 |                                       | 0   |                                        | 0 |       | 0   |
| Balance, end of period                          | \$                                                      | 0                        | \$                                    | 0 | \$                                    | 0   | \$                                     | 0 | \$    | 0   |

(1) In the third quarter of 2023, the Company changed its intent to hold a portion of its held-to-maturity portfolio, which will be redeemed as part of a recently announced reinsurance transaction. As a result, the entire held-to-maturity portfolio was reclassified to available-for-sale and recorded at fair value.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                              | Nine Months Ended September 30, 2022                    |    |                          |                                       |   |                         |                                       |                                        |       |    |     |
|----------------------------------------------|---------------------------------------------------------|----|--------------------------|---------------------------------------|---|-------------------------|---------------------------------------|----------------------------------------|-------|----|-----|
|                                              | U.S. Treasury Securities and Obligations of U.S. States |    | Foreign Government Bonds | U.S. and Foreign Corporate Securities |   | Asset-Backed Securities | Commercial Mortgage-Backed Securities | Residential Mortgage-Backed Securities | Total |    |     |
|                                              | (in millions)                                           |    |                          |                                       |   |                         |                                       |                                        |       |    |     |
|                                              | Fixed maturities, held-to-maturity:                     |    |                          |                                       |   |                         |                                       |                                        |       |    |     |
|                                              | Balance, beginning of period                            | \$ | 0                        | \$                                    | 0 | \$                      | 5                                     | \$                                     | 0     | \$ | 5   |
| Current period provision for expected losses |                                                         | 0  |                          | 0                                     |   | (2)                     |                                       | 0                                      |       | 0  | (2) |

|                            |      |      |      |      |      |      |      |
|----------------------------|------|------|------|------|------|------|------|
| Change in foreign exchange | 0    | 0    | (1)  | 0    | 0    | 0    | (1)  |
| Balance, end of period     | \$ 0 | \$ 0 | \$ 2 | \$ 0 | \$ 0 | \$ 0 | \$ 2 |

For additional information regarding the Company's methodology for developing its allowance and expected losses, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

For the three months ended June 30, 2023 September 30, 2023, the net decrease in the allowance for credit losses on available-for-sale securities was primarily related to a net release in the capital goods and utilities sectors within corporate securities due to investment restructurings. Partially offsetting the release, was a net addition within foreign government securities due to adverse projected cash flows. For the three months ended September 30, 2022, the net increase in the allowance for credit losses on available-for-sale securities was primarily related to net additions in the basic industry and technology sectors within corporate securities due to adverse projected cash flows. Partially offsetting the additions was a net release within the consumer non-cyclical, sector within corporate securities as well as foreign government securities. For the three months ended June 30, 2022, the net decrease in the allowance for credit losses on available-for-sale securities was primarily related to net reductions in the communications, foreign agencies capital goods and utility sectors within corporate securities, partially offset by a net addition release within the capital goods transportation sector.

For the six nine months ended June 30, 2023 September 30, 2023, the net increase in the allowance for credit losses on available-for-sale securities was primarily related to net additions in the communications and technology sectors within corporate securities as well as foreign government securities due to adverse projected cash flows. Partially offsetting the additions was a net release within the utility capital goods and capital goods utility sectors within corporate securities. For the six nine months ended June 30, 2022 September 30, 2022, the net decrease increase in the allowance for credit losses on available-for-sale securities was primarily related to net reductions additions in the communications capital goods, consumer non-cyclical and transportation utility sectors within corporate securities, partially offset by net additions releases in the capital goods communications and utility transportation sectors.

The Company did not have any fixed maturity securities purchased with credit deterioration, as of June 30, 2023 September 30, 2023 or December 31, 2022.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Assets Supporting Experience-Rated Contractholder Liabilities**

The following table sets forth the composition of "Assets supporting experience-rated contractholder liabilities," as of the dates indicated:

|                                                                         |                                                                         | June 30, 2023 |          | December 31, 2022 |          |                                                                         | September 30, 2023 |          | December 31, 2022 |          |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------|----------|-------------------|----------|-------------------------------------------------------------------------|--------------------|----------|-------------------|----------|
|                                                                         |                                                                         | Amortized     | Fair     | Amortized         | Fair     |                                                                         | Amortized          | Fair     | Amortized         | Fair     |
|                                                                         |                                                                         | Cost or Cost  | Value    | Cost or Cost      | Value    |                                                                         | Cost or Cost       | Value    | Cost or Cost      | Value    |
|                                                                         |                                                                         | (in millions) |          |                   |          |                                                                         | (in millions)      |          |                   |          |
| Fixed maturities:                                                       | Fixed maturities:                                                       |               |          |                   |          | Fixed maturities:                                                       |                    |          |                   |          |
| Corporate securities                                                    | Corporate securities                                                    | \$ 80         | \$ 79    | \$ 91             | \$ 88    | Corporate securities                                                    | \$ 77              | \$ 75    | \$ 91             | \$ 88    |
| Foreign government bonds                                                | Foreign government bonds                                                | 638           | 640      | 705               | 668      | Foreign government bonds                                                | 625                | 609      | 705               | 668      |
| U.S. government authorities and agencies and obligations of U.S. states | U.S. government authorities and agencies and obligations of U.S. states | 191           | 206      | 188               | 189      | U.S. government authorities and agencies and obligations of U.S. states | 192                | 204      | 188               | 189      |
| Total fixed maturities(1)                                               | Total fixed maturities(1)                                               | 909           | 925      | 984               | 945      | Total fixed maturities(1)                                               | 894                | 888      | 984               | 945      |
| Equity securities                                                       | Equity securities                                                       | 1,510         | 2,094    | 1,628             | 1,899    | Equity securities                                                       | 1,476              | 2,055    | 1,628             | 1,899    |
| Total assets supporting experience-rated contractholder liabilities(2)  | Total assets supporting experience-rated contractholder liabilities(2)  | \$ 2,419      | \$ 3,019 | \$ 2,612          | \$ 2,844 | Total assets supporting experience-rated contractholder liabilities(2)  | \$ 2,370           | \$ 2,943 | \$ 2,612          | \$ 2,844 |

(1) As a percentage of amortized cost, 99% and 98% of the portfolio was considered high or highest quality based on NAIC or equivalent ratings, as of both June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(2) As a percentage of amortized cost, 100% of the portfolio consisted of public securities, as of both June 30, 2023 September 30, 2023 and December 31, 2022.

The net change in unrealized gains (losses) from assets supporting experience-rated contractholder liabilities still held at period end, recorded within "Other income (loss)," was \$234 million \$(27) million and \$281 million \$(52) million during the three months ended June 30, 2023 September 30, 2023 and 2022, respectively and \$368 \$341 million and \$(691) \$(743) million during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

#### Fixed Maturities, Trading

The net change in unrealized gains (losses) from fixed maturities, trading still held at period end, recorded within "Other income (loss)," was \$(89) \$(295) million and \$(524) \$(496) million during the three months ended June 30, 2023 September 30, 2023 and 2022, respectively and \$105 \$(190) million and \$(1,157) \$(1,653) million during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

#### Equity Securities

The net change in unrealized gains (losses) from equity securities still held at period end, recorded within "Other income (loss)," was \$279 million \$(276) million and \$(601) \$(396) million during the three months ended June 30, 2023 September 30, 2023 and 2022, respectively and \$576 \$300 million and \$(858) \$(1,253) million during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

#### Concentrations of Financial Instruments

The Company monitors its concentrations of financial instruments and mitigates credit risk by maintaining a diversified investment portfolio which limits exposure to any single issuer.

As of the dates indicated, the Company's exposure to concentrations of credit risk of single issuers greater than 10% of the Company's equity included securities of the U.S. government and certain U.S. government agencies and securities guaranteed by the U.S. government, as well as the securities disclosed below:

### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                                                      |                                                                      | June 30, 2023     |                   | December 31, 2022  |                   |                                                                      |           | September 30, 2023 |               | December 31, 2022 |               |
|----------------------------------------------------------------------|----------------------------------------------------------------------|-------------------|-------------------|--------------------|-------------------|----------------------------------------------------------------------|-----------|--------------------|---------------|-------------------|---------------|
|                                                                      |                                                                      | Amortized<br>Cost | Fair<br>Value     | Amortized<br>Cost  | Fair<br>Value     |                                                                      |           | Amortized<br>Cost  | Fair<br>Value | Amortized<br>Cost | Fair<br>Value |
|                                                                      |                                                                      | (in millions)     |                   |                    |                   |                                                                      |           | (in millions)      |               |                   |               |
| Investments in Japanese government and government agency securities: | Investments in Japanese government and government agency securities: |                   |                   |                    |                   | Investments in Japanese government and government agency securities: |           |                    |               |                   |               |
| Fixed maturities, available-for-sale                                 | Fixed maturities, available-for-sale                                 | \$ 60,842         | \$ 63,235         | \$ 65,198          | \$ 64,959         | Fixed maturities, available-for-sale                                 | \$ 59,682 | \$ 58,439          | \$ 65,198     | \$ 64,959         |               |
| Fixed maturities, held-to-maturity                                   | Fixed maturities, held-to-maturity                                   | 643               | 770               | 706                | 831               | Fixed maturities, held-to-maturity                                   | 0         | 0                  | 706           | 831               |               |
| Fixed maturities, trading                                            | Fixed maturities, trading                                            | 18                | 18                | 20                 | 19                | Fixed maturities, trading                                            | 18        | 17                 | 20            | 19                |               |
| Assets supporting experience-rated contractholder liabilities        | Assets supporting experience-rated contractholder liabilities        | 548               | 547               | 613                | 587               | Assets supporting experience-rated contractholder liabilities        | 537       | 521                | 613           | 587               |               |
| Total                                                                | Total                                                                | \$ 62,051         | \$ 64,570         | \$ 66,537          | \$ 66,396         | Total                                                                | \$ 60,237 | \$ 58,977          | \$ 66,537     | \$ 66,396         |               |
|                                                                      |                                                                      | June 30, 2023     | December 31, 2022 | September 30, 2023 | December 31, 2022 |                                                                      |           |                    |               |                   |               |

|                                                                           |                                                                           | Amortized<br>Cost | Fair<br>Value   | Amortized<br>Cost | Fair<br>Value   |                                                                           | Amortized<br>Cost | Fair<br>Value   | Amortized<br>Cost | Fair<br>Value   |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|---------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
|                                                                           |                                                                           | (in millions)     |                 |                   |                 |                                                                           | (in millions)     |                 |                   |                 |
| <b>Investments in Brazil government and government agency securities:</b> | <b>Investments in Brazil government and government agency securities:</b> |                   |                 |                   |                 | <b>Investments in Brazil government and government agency securities:</b> |                   |                 |                   |                 |
| Fixed maturities, available-for-sale                                      | Fixed maturities, available-for-sale                                      | \$ 2,933          | \$ 2,881        | \$ 2,264          | \$ 2,010        | Fixed maturities, available-for-sale                                      | \$ 2,838          | \$ 2,673        | \$ 2,264          | \$ 2,010        |
| Short-term investments                                                    | Short-term investments                                                    | 1                 | 1               | 60                | 61              | Short-term investments                                                    | 1                 | 1               | 60                | 61              |
| Cash equivalents                                                          | Cash equivalents                                                          | 326               | 326             | 210               | 210             | Cash equivalents                                                          | 437               | 437             | 210               | 210             |
| <b>Total</b>                                                              | <b>Total</b>                                                              | <b>\$ 3,260</b>   | <b>\$ 3,208</b> | <b>\$ 2,534</b>   | <b>\$ 2,281</b> | <b>Total</b>                                                              | <b>\$ 3,276</b>   | <b>\$ 3,111</b> | <b>\$ 2,534</b>   | <b>\$ 2,281</b> |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Commercial Mortgage and Other Loans**

The following table sets forth the composition of "Commercial mortgage and other loans," as of the dates indicated:

|                                                                              |                                                                              | June 30, 2023           |                | December 31, 2022       |                |                                                                              | September 30, 2023      |                | December 31, 2022       |                |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------|----------------|-------------------------|----------------|------------------------------------------------------------------------------|-------------------------|----------------|-------------------------|----------------|
|                                                                              |                                                                              | Amount<br>(in millions) | % of<br>Total  | Amount<br>(in millions) | % of<br>Total  |                                                                              | Amount<br>(in millions) | % of<br>Total  | Amount<br>(in millions) | % of<br>Total  |
| <b>Commercial mortgage and agricultural property loans by property type:</b> | <b>Commercial mortgage and agricultural property loans by property type:</b> |                         |                |                         |                | <b>Commercial mortgage and agricultural property loans by property type:</b> |                         |                |                         |                |
| Office                                                                       | Office                                                                       | \$ 8,681                | 15.1 %         | \$ 9,096                | 16.2 %         | Office                                                                       | \$ 8,403                | 14.6 %         | \$ 9,096                | 16.2 %         |
| Retail                                                                       | Retail                                                                       | 6,018                   | 10.5           | 6,103                   | 10.8           | Retail                                                                       | 5,869                   | 10.2           | 6,103                   | 10.8           |
| Apartments/Multi-Family                                                      | Apartments/Multi-Family                                                      | 15,955                  | 27.8           | 15,381                  | 27.3           | Apartments/Multi-Family                                                      | 15,985                  | 27.7           | 15,381                  | 27.3           |
| Industrial                                                                   | Industrial                                                                   | 13,812                  | 24.1           | 13,079                  | 23.2           | Industrial                                                                   | 14,430                  | 25.0           | 13,079                  | 23.2           |
| Hospitality                                                                  | Hospitality                                                                  | 2,161                   | 3.8            | 2,027                   | 3.6            | Hospitality                                                                  | 2,139                   | 3.7            | 2,027                   | 3.6            |
| Other                                                                        | Other                                                                        | 3,860                   | 6.7            | 3,791                   | 6.7            | Other                                                                        | 3,939                   | 6.8            | 3,791                   | 6.7            |
| <b>Total commercial mortgage loans</b>                                       | <b>Total commercial mortgage loans</b>                                       | <b>50,487</b>           | <b>88.0</b>    | <b>49,477</b>           | <b>87.8</b>    | <b>Total commercial mortgage loans</b>                                       | <b>50,765</b>           | <b>88.0</b>    | <b>49,477</b>           | <b>87.8</b>    |
| <b>Agricultural property loans</b>                                           | <b>Agricultural property loans</b>                                           | <b>6,884</b>            | <b>12.0</b>    | <b>6,857</b>            | <b>12.2</b>    | <b>Agricultural property loans</b>                                           | <b>6,939</b>            | <b>12.0</b>    | <b>6,857</b>            | <b>12.2</b>    |
| <b>Total commercial mortgage and agricultural property loans</b>             | <b>Total commercial mortgage and agricultural property loans</b>             | <b>57,371</b>           | <b>100.0 %</b> | <b>56,334</b>           | <b>100.0 %</b> | <b>Total commercial mortgage and agricultural property loans</b>             | <b>57,704</b>           | <b>100.0 %</b> | <b>56,334</b>           | <b>100.0 %</b> |
| <b>Allowance for credit losses</b>                                           | <b>Allowance for credit losses</b>                                           | <b>(240)</b>            |                | <b>(201)</b>            |                | <b>Allowance for credit losses</b>                                           | <b>(331)</b>            |                | <b>(201)</b>            |                |

|                                                               |                                                               |           |           |                                                               |           |           |
|---------------------------------------------------------------|---------------------------------------------------------------|-----------|-----------|---------------------------------------------------------------|-----------|-----------|
| Total net commercial mortgage and agricultural property loans | Total net commercial mortgage and agricultural property loans | 57,131    | 56,133    | Total net commercial mortgage and agricultural property loans | 57,373    | 56,133    |
| <b>Other loans:</b>                                           | <b>Other loans:</b>                                           |           |           | <b>Other loans:</b>                                           |           |           |
| Uncollateralized loans                                        | Uncollateralized loans                                        | 421       | 463       | Uncollateralized loans                                        | 406       | 463       |
| Residential property loans                                    | Residential property loans                                    | 34        | 43        | Residential property loans                                    | 30        | 43        |
| Other collateralized loans                                    | Other collateralized loans                                    | 104       | 108       | Other collateralized loans                                    | 100       | 108       |
| Total other loans                                             | Total other loans                                             | 559       | 614       | Total other loans                                             | 536       | 614       |
| Allowance for credit losses                                   | Allowance for credit losses                                   | (1)       | (2)       | Allowance for credit losses                                   | (1)       | (2)       |
| Total net other loans                                         | Total net other loans                                         | 558       | 612       | Total net other loans                                         | 535       | 612       |
| Total net commercial mortgage and other loans(1)              | Total net commercial mortgage and other loans(1)              | \$ 57,689 | \$ 56,745 | Total net commercial mortgage and other loans(1)              | \$ 57,908 | \$ 56,745 |

(1) Includes loans which are carried at fair value under the fair value option and are collateralized primarily by apartment complexes. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the net carrying value of these loans were **\$323 million** **\$387 million** and \$137 million, respectively.

As of **June 30, 2023** **September 30, 2023**, the commercial mortgage and agricultural property loans were secured by properties geographically dispersed throughout the United States with the largest concentrations in California **(30%) (31%)**, Texas (8%) and New York (6%), and included loans secured by properties in Europe (6%), Asia (1%), Mexico (1%) and Australia (1%).

The following tables set forth the activity in the allowance for credit losses for commercial mortgage and other loans, as of the dates indicated:

|                                                        |                                                        | Three Months Ended June 30, 2023 |              |             |                |                  |          |                                                        |        |       | Three Months Ended September 30, 2023 |                |                  |        |       |  |  |
|--------------------------------------------------------|--------------------------------------------------------|----------------------------------|--------------|-------------|----------------|------------------|----------|--------------------------------------------------------|--------|-------|---------------------------------------|----------------|------------------|--------|-------|--|--|
|                                                        |                                                        | Commercial                       | Agricultural | Residential | Other          |                  |          | Commercial                                             |        |       | Agricultural                          | Residential    | Other            |        |       |  |  |
|                                                        |                                                        | Mortgage                         | Property     | Property    | Collateralized | Uncollateralized | Mortgage | Property                                               |        |       | Property                              | Collateralized | Uncollateralized |        |       |  |  |
|                                                        |                                                        | Loans                            | Loans        | Loans       | Loans          | Loans            | Loans    | Loans                                                  |        |       | Loans                                 | Loans          | Loans            | Loans  | Total |  |  |
| (in millions)                                          |                                                        |                                  |              |             |                |                  |          |                                                        |        |       |                                       |                |                  |        |       |  |  |
| Allowance, beginning of period                         | Allowance, beginning of period                         | \$ 205                           | \$ 15        | \$ 0        | \$ 0           | \$ 1             | \$ 221   | Allowance, beginning of period                         | \$ 224 | \$ 16 | \$ 0                                  | \$ 0           | \$ 1             | \$ 241 |       |  |  |
| Addition to (release of) allowance for expected losses | Addition to (release of) allowance for expected losses | 18                               | 1            | 0           | 0              | 0                | 19       | Addition to (release of) allowance for expected losses | 90     | 0     | 0                                     | 0              | 0                | 0      | 90    |  |  |
| Reduction for loans sold during the period             | Reduction for loans sold during the period             | 0                                | 0            | 0           | 0              | 0                | 0        | Reduction for loans sold during the period             | 0      | 0     | 0                                     | 0              | 0                | 0      | 0     |  |  |
| Change in foreign exchange                             | Change in foreign exchange                             | 1                                | 0            | 0           | 0              | 0                | 1        | Change in foreign exchange                             | 1      | 0     | 0                                     | 0              | 0                | 0      | 1     |  |  |
| Allowance, end of period                               | Allowance, end of period                               | \$ 224                           | \$ 16        | \$ 0        | \$ 0           | \$ 1             | \$ 241   | Allowance, end of period                               | \$ 315 | \$ 16 | \$ 0                                  | \$ 0           | \$ 1             | \$ 332 |       |  |  |

PRUDENTIAL FINANCIAL, INC.

Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                                        | Three Months Ended June 30, 2022                       |          |              |                |                  |       |        |                                                        | Three Months Ended September 30, 2022 |               |                |                  |             |        |       |  |  |
|--------------------------------------------------------|--------------------------------------------------------|----------|--------------|----------------|------------------|-------|--------|--------------------------------------------------------|---------------------------------------|---------------|----------------|------------------|-------------|--------|-------|--|--|
|                                                        | Commercial                                             |          | Agricultural |                | Residential      |       | Other  |                                                        | Commercial                            |               | Agricultural   |                  | Residential |        | Other |  |  |
|                                                        | Mortgage                                               | Property | Property     | Collateralized | Uncollateralized |       |        | Mortgage                                               | Property                              | Property      | Collateralized | Uncollateralized |             |        |       |  |  |
|                                                        | Loans                                                  | Loans    | Loans        | Loans          | Loans            | Total |        | Loans                                                  | Loans                                 | Loans         | Loans          | Loans            | Total       |        |       |  |  |
|                                                        | (in millions)                                          |          |              |                |                  |       |        |                                                        |                                       | (in millions) |                |                  |             |        |       |  |  |
| Allowance, beginning of period                         | Allowance, beginning of period                         | \$ 113   | \$ 4         | \$ 0           | \$ 0             | \$ 4  | \$ 121 | Allowance, beginning of period                         | \$ 156                                | \$ 8          | \$ 0           | \$ 0             | \$ 32       | \$ 196 |       |  |  |
| Addition to (release of) allowance for expected losses | Addition to (release of) allowance for expected losses | 44       | 4            | 0              | 0                | 28    | 76     | Addition to (release of) allowance for expected losses | 22                                    | 2             | 0              | 0                | 0           | 24     |       |  |  |
| Reclassified (to) from "Assets held-for-sale"(1)       | Reclassified (to) from "Assets held-for-sale"(1)       | 0        | 0            | 0              | 0                | 0     | 0      | Reclassified (to) from "Assets held-for-sale"(1)       | (6)                                   | 0             | 0              | 0                | 0           | (6)    |       |  |  |
| Other                                                  | Other                                                  | (1)      | 0            | 0              | 0                | 0     | (1)    | Other                                                  | 4                                     | 0             | 0              | 0                | 0           | 4      |       |  |  |
| Allowance, end of period                               | Allowance, end of period                               | \$ 156   | \$ 8         | \$ 0           | \$ 0             | \$ 32 | \$ 196 | Allowance, end of period                               | \$ 176                                | \$ 10         | \$ 0           | \$ 0             | \$ 32       | \$ 218 |       |  |  |

|                                                        | Six Months Ended June 30, 2023                         |              |             |                |                  |       |        | Nine Months Ended September 30, 2023                   |              |             |                |                  |       |        |
|--------------------------------------------------------|--------------------------------------------------------|--------------|-------------|----------------|------------------|-------|--------|--------------------------------------------------------|--------------|-------------|----------------|------------------|-------|--------|
|                                                        | Commercial                                             | Agricultural | Residential | Other          |                  |       |        | Commercial                                             | Agricultural | Residential | Other          |                  |       |        |
|                                                        | Mortgage                                               | Property     | Property    | Collateralized | Uncollateralized |       |        | Mortgage                                               | Property     | Property    | Collateralized | Uncollateralized |       |        |
|                                                        | Loans                                                  | Loans        | Loans       | Loans          | Loans            | Total |        | Loans                                                  | Loans        | Loans       | Loans          | Loans            | Total |        |
|                                                        | (in millions)                                          |              |             |                |                  |       |        | (in millions)                                          |              |             |                |                  |       |        |
| Allowance, beginning of period                         | Allowance, beginning of period                         | \$ 188       | \$ 13       | \$ 0           | \$ 0             | \$ 2  | \$ 203 | Allowance, beginning of period                         | \$ 188       | \$ 13       | \$ 0           | \$ 0             | \$ 2  | \$ 203 |
| Addition to (release of) allowance for expected losses | Addition to (release of) allowance for expected losses | 35           | 3           | 0              | 0                | 0     | 38     | Addition to (release of) allowance for expected losses | 125          | 3           | 0              | 0                | 0     | 128    |
| Reduction for loans sold during the period             | Reduction for loans sold during the period             | 0            | 0           | 0              | 0                | (1)   | (1)    | Reduction for loans sold during the period             | 0            | 0           | 0              | 0                | (1)   | (1)    |
| Change in foreign exchange                             | Change in foreign exchange                             | 1            | 0           | 0              | 0                | 0     | 1      | Change in foreign exchange                             | 2            | 0           | 0              | 0                | 0     | 2      |
| Allowance, end of period                               | Allowance, end of period                               | \$ 224       | \$ 16       | \$ 0           | \$ 0             | \$ 1  | \$ 241 | Allowance, end of period                               | \$ 315       | \$ 16       | \$ 0           | \$ 0             | \$ 1  | \$ 332 |

|                                |  | Six Months Ended June 30, 2022  |                                   |                                  |                                  |                           |        |
|--------------------------------|--|---------------------------------|-----------------------------------|----------------------------------|----------------------------------|---------------------------|--------|
|                                |  | Commercial<br>Mortgage<br>Loans | Agricultural<br>Property<br>Loans | Residential<br>Property<br>Loans | Other<br>Collateralized<br>Loans | Uncollateralized<br>Loans | Total  |
|                                |  | (in millions)                   |                                   |                                  |                                  |                           |        |
| Allowance, beginning of period |  | \$ 111                          | \$ 4                              | \$ 0                             | \$ 0                             | \$ 4                      | \$ 119 |

|                                                        |               |             |             |             |              |               |
|--------------------------------------------------------|---------------|-------------|-------------|-------------|--------------|---------------|
| Addition to (release of) allowance for expected losses | 40            | 4           | 0           | 0           | 28           | 72            |
| Reclassified (to) from "Assets held-for-sale"(1)       | 6             | 0           | 0           | 0           | 0            | 6             |
| Other                                                  | (1)           | 0           | 0           | 0           | 0            | (1)           |
| <b>Allowance, end of period</b>                        | <b>\$ 156</b> | <b>\$ 8</b> | <b>\$ 0</b> | <b>\$ 0</b> | <b>\$ 32</b> | <b>\$ 196</b> |

(1) See Note 1 for additional information.

|                                                        | Nine Months Ended September 30, 2022 |                                   |                                  |                                  |                           |               |
|--------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------------------|----------------------------------|---------------------------|---------------|
|                                                        | Commercial<br>Mortgage<br>Loans      | Agricultural<br>Property<br>Loans | Residential<br>Property<br>Loans | Other<br>Collateralized<br>Loans | Uncollateralized<br>Loans | Total         |
|                                                        | (in millions)                        |                                   |                                  |                                  |                           |               |
| <b>Allowance, beginning of period</b>                  | \$ 111                               | \$ 4                              | \$ 0                             | \$ 0                             | \$ 4                      | \$ 119        |
| Addition to (release of) allowance for expected losses | 62                                   | 6                                 | 0                                | 0                                | 28                        | 96            |
| Reclassified (to) from "Assets held-for-sale"          | 0                                    | 0                                 | 0                                | 0                                | 0                         | 0             |
| Other                                                  | 3                                    | 0                                 | 0                                | 0                                | 0                         | 3             |
| <b>Allowance, end of period</b>                        | <b>\$ 176</b>                        | <b>\$ 10</b>                      | <b>\$ 0</b>                      | <b>\$ 0</b>                      | <b>\$ 32</b>              | <b>\$ 218</b> |

For additional information regarding the Company's methodology for developing its allowance and expected losses, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

For the three months ended **June 30, 2023** **September 30, 2023**, the net addition to the allowance for credit losses on commercial mortgage and other loans was due to an increase in loan-specific reserves. reserves and increases to the portfolio reserve to reflect declining market conditions. For the three months ended **June 30, 2022** **September 30, 2022**, the net addition to the allowance for credit losses on commercial mortgage and other loans was due to increases in loan-specific reserves as well as increases to reserves the portfolio reserve to reflect current declining market conditions.

For the **six nine** months ended **June 30, 2023** **September 30, 2023**, the net addition to the allowance for credit losses on commercial mortgage and other loans was due to an increase in loan-specific reserves and increases to reserves the portfolio reserve to reflect declining market conditions. For the **six nine** months ended **June 30, 2022** **September 30, 2022**, the net addition to the allowance for credit losses on commercial mortgage and other loans was due to increases in loan-specific reserves as well as increases to reserves the portfolio reserve to reflect current declining market conditions.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following tables set forth key credit quality indicators based upon the recorded investment gross of allowance for credit losses, as of the dates indicated:

|                              | June 30, 2023                      |          |          |          |          |          |           |           |           |                | September 30, 2023                 |               |          |          |          |           |           |           |  |  |  |
|------------------------------|------------------------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|----------------|------------------------------------|---------------|----------|----------|----------|-----------|-----------|-----------|--|--|--|
|                              | Amortized Cost by Origination Year |          |          |          |          |          |           |           |           |                | Amortized Cost by Origination Year |               |          |          |          |           |           |           |  |  |  |
|                              |                                    |          |          |          |          |          |           | Revolving |           |                |                                    |               |          |          |          |           | Revolving |           |  |  |  |
|                              | 2023                               | 2022     | 2021     | 2020     | 2019     | Prior    | Loans     | Total     |           | 2023           | 2022                               | 2021          | 2020     | 2019     | Prior    | Loans     | To        |           |  |  |  |
|                              | (in millions)                      |          |          |          |          |          |           |           |           |                |                                    | (in millions) |          |          |          |           |           |           |  |  |  |
| Commercial mortgage loans    | Commercial mortgage loans          |          |          |          |          |          |           |           |           |                | Commercial mortgage loans          |               |          |          |          |           |           |           |  |  |  |
| Loan-to-Value Ratio:         | Loan-to-Value Ratio:               |          |          |          |          |          |           |           |           |                | Loan-to-Value Ratio:               |               |          |          |          |           |           |           |  |  |  |
| 0%-59.99%                    | 0%-59.99%                          | \$ 774   | \$ 672   | \$ 1,693 | \$ 1,336 | \$ 3,114 | \$ 18,602 | \$ 0      | \$ 26,191 | 0%-59.99%      | \$ 1,340                           | \$ 946        | \$ 2,243 | \$ 1,393 | \$ 3,454 | \$ 18,461 | \$ 0      | \$ 27,191 |  |  |  |
| 60%-69.99%                   | 60%-69.99%                         | 1,021    | 2,040    | 3,533    | 1,467    | 2,247    | 5,791     | 0         | 16,099    | 60%-69.99%     | 1,600                              | 1,636         | 2,846    | 1,542    | 2,113    | 4,089     | 0         | 13,089    |  |  |  |
| 70%-79.99%                   | 70%-79.99%                         | 562      | 1,037    | 1,073    | 493      | 1,268    | 1,745     | 0         | 6,178     | 70%-79.99%     | 833                                | 966           | 1,003    | 46       | 939      | 1,824     | 0         | 5,611     |  |  |  |
| 80% or greater               | 80% or greater                     | 77       | 36       | 24       | 7        | 118      | 1,757     | 0         | 2,019     | 80% or greater | 85                                 | 130           | 148      | 282      | 185      | 2,661     | 0         | 3,111     |  |  |  |
| Total                        | Total                              | \$ 2,434 | \$ 3,785 | \$ 6,323 | \$ 3,303 | \$ 6,747 | \$ 27,895 | \$ 0      | \$ 50,487 | Total          | \$ 3,858                           | \$ 3,678      | \$ 6,240 | \$ 3,263 | \$ 6,691 | \$ 27,035 | \$ 0      | \$ 50,487 |  |  |  |
| Debt Service Coverage Ratio: | Debt Service Coverage Ratio:       |          |          |          |          |          |           |           |           |                | Debt Service Coverage Ratio:       |               |          |          |          |           |           |           |  |  |  |

|                                            |                                            |                |                |                |                |                |                 |              |                 |                                            |                |                |                |                |                |                 |              |              |
|--------------------------------------------|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------|-----------------|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------|--------------|
| Greater or<br>Equal to<br>1.2x             | Greater or<br>Equal to<br>1.2x             | \$2,110        | \$3,242        | \$6,118        | \$3,126        | \$5,977        | \$24,297        | \$ 0         | \$44,870        | Greater or<br>Equal to<br>1.2x             | \$3,494        | \$3,161        | \$6,078        | \$3,169        | \$6,063        | \$23,697        | \$ 0         | \$45,        |
| 1.0 - 1.2x                                 | 1.0 - 1.2x                                 | 97             | 366            | 134            | 72             | 428            | 2,037           | 0            | 3,134           | 1.0 - 1.2x                                 | 214            | 365            | 84             | 39             | 307            | 1,762           | 0            | 2,           |
| Less than<br>1.0x                          | Less than<br>1.0x                          | 227            | 177            | 71             | 105            | 342            | 1,561           | 0            | 2,483           | Less than<br>1.0x                          | 150            | 152            | 78             | 55             | 321            | 1,576           | 0            | 2,           |
| <b>Total</b>                               | <b>Total</b>                               | <b>\$2,434</b> | <b>\$3,785</b> | <b>\$6,323</b> | <b>\$3,303</b> | <b>\$6,747</b> | <b>\$27,895</b> | <b>\$ 0</b>  | <b>\$50,487</b> | <b>Total</b>                               | <b>\$3,858</b> | <b>\$3,678</b> | <b>\$6,240</b> | <b>\$3,263</b> | <b>\$6,691</b> | <b>\$27,035</b> | <b>\$ 0</b>  | <b>\$50,</b> |
| <b>Agricultural<br/>property<br/>loans</b> | <b>Agricultural<br/>property<br/>loans</b> |                |                |                |                |                |                 |              |                 | <b>Agricultural<br/>property<br/>loans</b> |                |                |                |                |                |                 |              |              |
| Loan-to-<br>Value Ratio:                   | Loan-to-<br>Value Ratio:                   |                |                |                |                |                |                 |              |                 | Loan-to-<br>Value Ratio:                   |                |                |                |                |                |                 |              |              |
| 0%-59.99%                                  | 0%-59.99%                                  | \$ 131         | \$ 901         | \$2,005        | \$ 768         | \$ 456         | \$ 1,563        | \$ 86        | \$ 5,910        | 0%-59.99%                                  | \$ 194         | \$ 891         | \$2,020        | \$ 784         | \$ 460         | \$ 1,593        | \$ 86        | \$ 6,        |
| 60%-69.99%                                 | 60%-69.99%                                 | 69             | 671            | 63             | 76             | 27             | 53              | 0            | 959             | 60%-69.99%                                 | 98             | 671            | 40             | 56             | 20             | 4               | 0            |              |
| 70%-79.99%                                 | 70%-79.99%                                 | 0              | 0              | 0              | 0              | 15             | 0               | 0            | 15              | 70%-79.99%                                 | 7              | 0              | 0              | 0              | 15             | 0               | 0            |              |
| 80% or<br>greater                          | 80% or<br>greater                          | 0              | 0              | 0              | 0              | 0              | 0               | 0            | 0               | 80% or<br>greater                          | 0              | 0              | 0              | 0              | 0              | 0               | 0            |              |
| <b>Total</b>                               | <b>Total</b>                               | <b>\$ 200</b>  | <b>\$1,572</b> | <b>\$2,068</b> | <b>\$ 844</b>  | <b>\$ 498</b>  | <b>\$ 1,616</b> | <b>\$ 86</b> | <b>\$ 6,884</b> | <b>Total</b>                               | <b>\$ 299</b>  | <b>\$1,562</b> | <b>\$2,060</b> | <b>\$ 840</b>  | <b>\$ 495</b>  | <b>\$ 1,597</b> | <b>\$ 86</b> | <b>\$ 6,</b> |
| Debt Service<br>Coverage<br>Ratio:         | Debt Service<br>Coverage<br>Ratio:         |                |                |                |                |                |                 |              |                 | Debt Service<br>Coverage<br>Ratio:         |                |                |                |                |                |                 |              |              |
| Greater or<br>Equal to<br>1.2x             | Greater or<br>Equal to<br>1.2x             | \$ 195         | \$1,559        | \$2,025        | \$ 813         | \$ 497         | \$ 1,528        | \$ 86        | \$ 6,703        | Greater or<br>Equal to<br>1.2x             | \$ 294         | \$1,549        | \$2,017        | \$ 809         | \$ 494         | \$ 1,510        | \$ 86        | \$ 6,        |
| 1.0 - 1.2x                                 | 1.0 - 1.2x                                 | 0              | 5              | 43             | 31             | 0              | 75              | 0            | 154             | 1.0 - 1.2x                                 | 0              | 5              | 43             | 31             | 0              | 74              | 0            |              |
| Less than<br>1.0x                          | Less than<br>1.0x                          | 5              | 8              | 0              | 0              | 1              | 13              | 0            | 27              | Less than<br>1.0x                          | 5              | 8              | 0              | 0              | 1              | 13              | 0            |              |
| <b>Total</b>                               | <b>Total</b>                               | <b>\$ 200</b>  | <b>\$1,572</b> | <b>\$2,068</b> | <b>\$ 844</b>  | <b>\$ 498</b>  | <b>\$ 1,616</b> | <b>\$ 86</b> | <b>\$ 6,884</b> | <b>Total</b>                               | <b>\$ 299</b>  | <b>\$1,562</b> | <b>\$2,060</b> | <b>\$ 840</b>  | <b>\$ 495</b>  | <b>\$ 1,597</b> | <b>\$ 86</b> | <b>\$ 6,</b> |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                              | December 31, 2022                  |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
|------------------------------|------------------------------------|-------|------|-------|------|-------|--------------------|-------|----|-------|----|--------|----|----|----|--------|
|                              | Amortized Cost by Origination Year |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
|                              | 2022                               | 2021  | 2020 | 2019  | 2018 | Prior | Revolving<br>Loans | Total |    |       |    |        |    |    |    |        |
|                              | (in millions)                      |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| Commercial mortgage loans    |                                    |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| Loan-to-Value Ratio:         |                                    |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| 0%-59.99%                    | \$                                 | 971   | \$   | 1,747 | \$   | 1,282 | \$                 | 2,831 | \$ | 4,697 | \$ | 15,111 | \$ | 0  | \$ | 26,639 |
| 60%-69.99%                   |                                    | 1,997 |      | 3,502 |      | 1,553 |                    | 2,804 |    | 1,732 |    | 3,780  |    | 0  |    | 15,368 |
| 70%-79.99%                   |                                    | 865   |      | 1,127 |      | 519   |                    | 1,025 |    | 645   |    | 1,445  |    | 0  |    | 5,626  |
| 80% or greater               |                                    | 2     |      | 26    |      | 7     |                    | 119   |    | 24    |    | 1,666  |    | 0  |    | 1,844  |
| Total                        | \$                                 | 3,835 | \$   | 6,402 | \$   | 3,361 | \$                 | 6,779 | \$ | 7,098 | \$ | 22,002 | \$ | 0  | \$ | 49,477 |
| Debt Service Coverage Ratio: |                                    |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| Greater or Equal to 1.2x     | \$                                 | 3,249 | \$   | 6,135 | \$   | 3,013 | \$                 | 5,749 | \$ | 6,505 | \$ | 18,318 | \$ | 0  | \$ | 42,969 |
| 1.0 - 1.2x                   |                                    | 586   |      | 252   |      | 164   |                    | 454   |    | 383   |    | 2,183  |    | 0  |    | 4,022  |
| Less than 1.0x               |                                    | 0     |      | 15    |      | 184   |                    | 576   |    | 210   |    | 1,501  |    | 0  |    | 2,486  |
| Total                        | \$                                 | 3,835 | \$   | 6,402 | \$   | 3,361 | \$                 | 6,779 | \$ | 7,098 | \$ | 22,002 | \$ | 0  | \$ | 49,477 |
| Agricultural property loans  |                                    |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| Loan-to-Value Ratio:         |                                    |       |      |       |      |       |                    |       |    |       |    |        |    |    |    |        |
| 0%-59.99%                    | \$                                 | 931   | \$   | 1,994 | \$   | 853   | \$                 | 461   | \$ | 326   | \$ | 1,348  | \$ | 74 | \$ | 5,987  |

|                              |                 |                 |               |               |               |                 |              |                 |
|------------------------------|-----------------|-----------------|---------------|---------------|---------------|-----------------|--------------|-----------------|
| 60%-69.99%                   | 675             | 85              | 8             | 47            | 8             | 0               | 0            | 823             |
| 70%-79.99%                   | 0               | 0               | 0             | 0             | 0             | 0               | 0            | 0               |
| 80% or greater               | 0               | 0               | 0             | 0             | 13            | 34              | 0            | 47              |
| <b>Total</b>                 | <b>\$ 1,606</b> | <b>\$ 2,079</b> | <b>\$ 861</b> | <b>\$ 508</b> | <b>\$ 347</b> | <b>\$ 1,382</b> | <b>\$ 74</b> | <b>\$ 6,857</b> |
| Debt Service Coverage Ratio: |                 |                 |               |               |               |                 |              |                 |
| Greater or Equal to 1.2x     | \$ 1,593        | \$ 2,035        | \$ 781        | \$ 507        | \$ 323        | \$ 1,272        | \$ 74        | \$ 6,585        |
| 1.0 - 1.2x                   | 5               | 44              | 80            | 0             | 6             | 68              | 0            | 203             |
| Less than 1.0x               | 8               | 0               | 0             | 1             | 18            | 42              | 0            | 69              |
| <b>Total</b>                 | <b>\$ 1,606</b> | <b>\$ 2,079</b> | <b>\$ 861</b> | <b>\$ 508</b> | <b>\$ 347</b> | <b>\$ 1,382</b> | <b>\$ 74</b> | <b>\$ 6,857</b> |

For additional information regarding the Company's commercial mortgage and other loans credit quality monitoring process, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following tables set forth an aging of past due commercial mortgage and other loans based upon the recorded investment gross of allowance for credit losses, as well as the amount of commercial mortgage and other loans on non-accrual status, as of the dates indicated:

|                             |                             | June 30, 2023                              |      |        |            |       |           |         |                              |           | September 30, 2023                         |            |       |       |           |        |  |                              |
|-----------------------------|-----------------------------|--------------------------------------------|------|--------|------------|-------|-----------|---------|------------------------------|-----------|--------------------------------------------|------------|-------|-------|-----------|--------|--|------------------------------|
|                             |                             | 90<br>Days<br>or<br>30-<br>59 Days<br>Past |      |        |            |       |           |         | Non-<br>Accrual<br>Status(3) |           | 90<br>Days<br>or<br>30-<br>59 Days<br>Past |            |       |       |           |        |  | Non-<br>Accrual<br>Status(3) |
|                             |                             | Past                                       | Past | Due(1) | Total Past | Total | Past      | Past    |                              |           | Due(1)                                     | Total Past | Total |       |           |        |  |                              |
|                             |                             | Current                                    | Due  | Due    | (2)        | Due   | Loans     | Current |                              |           | Due                                        | Due        | (2)   | Due   | Loans     |        |  |                              |
|                             |                             | (in millions)                              |      |        |            |       |           |         |                              |           | (in millions)                              |            |       |       |           |        |  |                              |
|                             |                             |                                            |      |        |            |       |           |         |                              |           |                                            |            |       |       |           |        |  |                              |
| Commercial mortgage loans   | Commercial mortgage loans   | \$ 50,418                                  | \$ 0 | \$ 0   | \$ 69      | \$ 69 | \$ 50,487 | \$ 72   | Commercial mortgage loans    | \$ 50,707 | \$ 0                                       | \$ 0       | \$ 58 | \$ 58 | \$ 50,765 | \$ 61  |  |                              |
| Agricultural property loans | Agricultural property loans | 6,884                                      | 0    | 0      | 0          | 0     | 6,884     | 25      | Agricultural property loans  | 6,935     | 0                                          | 4          | 0     | 4     | 6,939     | 25     |  |                              |
| Residential property loans  | Residential property loans  | 34                                         | 0    | 0      | 0          | 0     | 34        | 0       | Residential property loans   | 30        | 0                                          | 0          | 0     | 0     | 30        | 0      |  |                              |
| Other collateralized loans  | Other collateralized loans  | 104                                        | 0    | 0      | 0          | 0     | 104       | 0       | Other collateralized loans   | 100       | 0                                          | 0          | 0     | 0     | 100       | 0      |  |                              |
| Uncollateralized loans      | Uncollateralized loans      | 421                                        | 0    | 0      | 0          | 0     | 421       | 25      | Uncollateralized loans       | 406       | 0                                          | 0          | 0     | 0     | 406       | 25     |  |                              |
| Total                       | Total                       | \$ 57,861                                  | \$ 0 | \$ 0   | \$ 69      | \$ 69 | \$ 57,930 | \$ 122  | Total                        | \$ 58,178 | \$ 0                                       | \$ 4       | \$ 58 | \$ 62 | \$ 58,240 | \$ 111 |  |                              |

(1) As of **June 30, 2023** **September 30, 2023**, there were no loans in this category accruing interest.

(2) Primarily includes loans for which no credit losses are expected due to U.S. agency guarantees.

(3) For additional information regarding the Company's policies for accruing interest on loans, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

|                             |  | December 31, 2022 |                     |                     |                             |                |             |                       |
|-----------------------------|--|-------------------|---------------------|---------------------|-----------------------------|----------------|-------------|-----------------------|
|                             |  | Current           | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days or More Past Due(1) | Total Past Due | Total Loans | Non-Accrual Status(2) |
|                             |  | (in millions)     |                     |                     |                             |                |             |                       |
| Commercial mortgage loans   |  | \$ 49,465         | \$ 0                | \$ 3                | \$ 9                        | \$ 12          | \$ 49,477   | \$ 11                 |
| Agricultural property loans |  | 6,844             | 0                   | 11                  | 2                           | 13             | 6,857       | 17                    |
| Residential property loans  |  | 43                | 0                   | 0                   | 0                           | 0              | 43          | 0                     |
| Other collateralized loans  |  | 108               | 0                   | 0                   | 0                           | 0              | 108         | 0                     |

|                        |           |      |       |       |       |           |       |
|------------------------|-----------|------|-------|-------|-------|-----------|-------|
| Uncollateralized loans | 463       | 0    | 0     | 0     | 0     | 463       | 0     |
| Total                  | \$ 56,923 | \$ 0 | \$ 14 | \$ 11 | \$ 25 | \$ 56,948 | \$ 28 |

(1) As of December 31, 2022, there were no loans in this category accruing interest.

(2) For additional information regarding the Company's policies for accruing interest on loans, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Loans on non-accrual status recognized interest of less than \$1 million for both the three months ended **June 30, 2023** **September 30, 2023** and 2022 and \$1 million and less than \$1 million for both the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022. Loans on non-accrual status that did not have a related allowance for credit losses were **\$120 million** **\$108 million** and \$27 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively.

The Company did not have any significant losses on commercial mortgage and other loans purchased with credit deterioration as of both **June 30, 2023** **September 30, 2023** and December 31, 2022.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Other Invested Assets**

The following table sets forth the composition of "Other invested assets," as of the dates indicated:

|                                              |                                              | June 30, 2023 | December 31, 2022 |                                              |           | September 30, 2023 | December 31, 2022 |
|----------------------------------------------|----------------------------------------------|---------------|-------------------|----------------------------------------------|-----------|--------------------|-------------------|
|                                              |                                              | (in millions) |                   |                                              |           | (in millions)      |                   |
| <b>LPs/LLCs:</b>                             | <b>LPs/LLCs:</b>                             |               |                   | <b>LPs/LLCs:</b>                             |           |                    |                   |
| Equity method:                               | Equity method:                               |               |                   | Equity method:                               |           |                    |                   |
| Private equity                               | Private equity                               | \$ 7,881      | \$ 7,215          | Private equity                               | \$ 8,556  | \$ 7,215           |                   |
| Hedge funds                                  | Hedge funds                                  | 3,133         | 3,220             | Hedge funds                                  | 3,145     | 3,220              |                   |
| Real estate-related                          | Real estate-related                          | 2,544         | 2,793             | Real estate-related                          | 2,592     | 2,793              |                   |
| Subtotal equity method                       | Subtotal equity method                       | 13,558        | 13,228            | Subtotal equity method                       | 14,293    | 13,228             |                   |
| Fair value:                                  | Fair value:                                  |               |                   | Fair value:                                  |           |                    |                   |
| Private equity                               | Private equity                               | 1,412         | 1,476             | Private equity                               | 1,341     | 1,476              |                   |
| Hedge funds                                  | Hedge funds                                  | 2,099         | 1,908             | Hedge funds                                  | 2,068     | 1,908              |                   |
| Real estate-related                          | Real estate-related                          | 280           | 305               | Real estate-related                          | 276       | 305                |                   |
| Subtotal fair value                          | Subtotal fair value                          | 3,791         | 3,689             | Subtotal fair value                          | 3,685     | 3,689              |                   |
| Total LPs/LLCs                               | Total LPs/LLCs                               | 17,349        | 16,917            | Total LPs/LLCs                               | 17,978    | 16,917             |                   |
| Real estate held through direct ownership(1) | Real estate held through direct ownership(1) | 1,843         | 1,617             | Real estate held through direct ownership(1) | 1,821     | 1,617              |                   |
| Derivative instruments                       | Derivative instruments                       | 1,248         | 1,457             | Derivative instruments                       | 1,001     | 1,457              |                   |
| Other(2)                                     | Other(2)                                     | 1,033         | 1,108             | Other(2)                                     | 1,068     | 1,108              |                   |
| Total other invested assets                  | Total other invested assets                  | \$ 21,473     | \$ 21,099         | Total other invested assets                  | \$ 21,868 | \$ 21,099          |                   |

(1) As of **June 30, 2023** **September 30, 2023** and December 31, 2022, real estate held through direct ownership had mortgage debt of \$181 million and \$208 million, respectively.

(2) Primarily includes equity investments accounted for under the measurement alternative, strategic investments made by investment management operations, leveraged leases and member and activity stock held in the Federal Home Loan Bank of New York. For additional information regarding the Company's holdings in the Federal Home Loan Bank of New York, see Note 17 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## Accrued Investment Income

The following table sets forth the composition of "Accrued investment income," as of the dates indicated:

|                                             |                                             | June 30, 2023 | December 31, 2022 |                                             | September 30, 2023 | December 31, 2022 |
|---------------------------------------------|---------------------------------------------|---------------|-------------------|---------------------------------------------|--------------------|-------------------|
|                                             |                                             | (in millions) |                   |                                             | (in millions)      |                   |
| Fixed maturities                            | Fixed maturities                            | \$ 2,636      | \$ 2,517          | Fixed maturities                            | \$ 2,662           | \$ 2,517          |
| Equity securities                           | Equity securities                           | 5             | 6                 | Equity securities                           | 9                  | 6                 |
| Commercial mortgage and other loans         | Commercial mortgage and other loans         |               |                   | Commercial mortgage and other loans         |                    |                   |
|                                             |                                             | 196           | 190               |                                             | 203                | 190               |
| Policy loans                                | Policy loans                                | 246           | 253               | Policy loans                                | 253                | 253               |
| Other invested assets                       | Other invested assets                       |               |                   | Other invested assets                       |                    |                   |
|                                             |                                             | 17            | 18                |                                             | 16                 | 18                |
| Short-term investments and cash equivalents | Short-term investments and cash equivalents |               |                   | Short-term investments and cash equivalents |                    |                   |
|                                             |                                             | 42            | 28                |                                             | 48                 | 28                |
| Total accrued investment income             | Total accrued investment income             | \$ 3,142      | \$ 3,012          | Total accrued investment income             | \$ 3,191           | \$ 3,012          |

Write-downs on accrued investment income were less than \$1 million for both the three months ended **June 30, 2023** **September 30, 2023** and 2022, and less than \$1 million for both the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

## PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

## Net Investment Income

The following table sets forth "Net investment income" by investment type, for the periods indicated:

|                                                               |                                                               | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       | Three Months Ended<br>September 30, |       | Nine Months Ended<br>September 30, |       |
|---------------------------------------------------------------|---------------------------------------------------------------|--------------------------------|-------|------------------------------|-------|-------------------------------------|-------|------------------------------------|-------|
|                                                               |                                                               | 2023                           | 2022  | 2023                         | 2022  | 2023                                | 2022  | 2023                               | 2022  |
|                                                               |                                                               | (in millions)                  |       | (in millions)                |       | (in millions)                       |       | (in millions)                      |       |
| Fixed maturities, available-for-sale(1)                       | Fixed maturities, available-for-sale(1)                       | \$                             | 3,296 | \$                           | 2,861 | \$                                  | 6,531 | \$                                 | 5,830 |
| Fixed maturities, held-to-maturity(1)                         | Fixed maturities, held-to-maturity(1)                         |                                | 50    |                              | 54    |                                     | 100   |                                    | 108   |
| Fixed maturities, trading                                     | Fixed maturities, trading                                     |                                | 57    |                              | 53    |                                     | 112   |                                    | 115   |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities |                                | 12    |                              | 9     |                                     | 25    |                                    | 144   |
| Equity securities                                             | Equity securities                                             |                                | 64    |                              | 50    |                                     | 104   |                                    | 76    |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           |                                | 560   |                              | 525   |                                     | 1,103 |                                    | 1,113 |
| Policy loans                                                  | Policy loans                                                  |                                | 124   |                              | 126   |                                     | 248   |                                    | 251   |
| Other invested assets(2)                                      | Other invested assets(2)                                      |                                | 384   |                              | 377   |                                     | 694   |                                    | 932   |

| Short-term investments and cash equivalents | Short-term investments and cash equivalents | 222      | 58       | 460      | 75       | Short-term investments and cash equivalents | 260      | 143      | 720       | 218       |
|---------------------------------------------|---------------------------------------------|----------|----------|----------|----------|---------------------------------------------|----------|----------|-----------|-----------|
| Gross investment income                     | Gross investment income                     | 4,769    | 4,113    | 9,377    | 8,644    | Gross investment income                     | 4,864    | 3,853    | 14,241    | 12,497    |
| Less: investment expenses(2)                | Less: investment expenses(2)                | (293)    | (175)    | (581)    | (348)    | Less: investment expenses(2)                | (293)    | (222)    | (874)     | (570)     |
| Net investment income                       | Net investment income                       | \$ 4,476 | \$ 3,938 | \$ 8,796 | \$ 8,296 | Net investment income                       | \$ 4,571 | \$ 3,631 | \$ 13,367 | \$ 11,927 |

(1) Includes income on credit-linked notes which are reported on the same financial statement line items as related surplus notes, as conditions are met for right to offset.

(2) Prior period amounts reclassified to conform to current period presentation.

#### Realized Investment Gains (Losses), Net

The following table sets forth "Realized investment gains (losses), net" by investment type, for the periods indicated:

|                                         |                                         | Three Months Ended |            | Six Months Ended |            |                                         | Three Months Ended |          | Nine Months Ended |            |
|-----------------------------------------|-----------------------------------------|--------------------|------------|------------------|------------|-----------------------------------------|--------------------|----------|-------------------|------------|
|                                         |                                         | June 30,           |            | June 30,         |            |                                         | September 30,      |          | September 30,     |            |
|                                         |                                         | 2023               | 2022       | 2023             | 2022       |                                         | 2023               | 2022     | 2023              | 2022       |
|                                         |                                         | (in millions)      |            |                  |            |                                         | (in millions)      |          |                   |            |
| Fixed maturities(1)                     | Fixed maturities(1)                     | \$ (266)           | \$ (646)   | \$ (421)         | \$ (1,057) | Fixed maturities(1)                     | \$ (453)           | \$ (113) | \$ (874)          | \$ (1,170) |
| Commercial mortgage and other loans     | Commercial mortgage and other loans     | (14)               | (81)       | (26)             | (66)       | Commercial mortgage and other loans     | (83)               | (9)      | (109)             | (75)       |
| Investment real estate                  | Investment real estate                  | (5)                | 84         | 27               | 90         | Investment real estate                  | 22                 | (7)      | 49                | 83         |
| LPs/LLCs                                | LPs/LLCs                                | (1)                | 6          | (17)             | (6)        | LPs/LLCs                                | (4)                | (13)     | (21)              | (19)       |
| Derivatives                             | Derivatives                             | (663)              | (1,005)    | (305)            | (1,643)    | Derivatives                             | (1,972)            | (285)    | (2,277)           | (1,928)    |
| Other                                   | Other                                   | 11                 | 6          | 21               | 2          | Other                                   | 88                 | (3)      | 109               | (1)        |
| Realized investment gains (losses), net | Realized investment gains (losses), net | \$ (938)           | \$ (1,636) | \$ (721)         | \$ (2,680) | Realized investment gains (losses), net | \$ (2,402)         | \$ (430) | \$ (3,123)        | \$ (3,110) |

(1) Includes fixed maturity securities classified as available-for-sale and held-to-maturity and excludes fixed maturity securities classified as trading.

#### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

#### Net Unrealized Gains (Losses) on Investments within AOCI

The following table sets forth net unrealized gains (losses) on investments, as of the dates indicated:

|                                                                        |                                                                        | June 30, 2023 | December 31, 2022 |                                                                        | September 30, 2023 | December 31, 2022 |
|------------------------------------------------------------------------|------------------------------------------------------------------------|---------------|-------------------|------------------------------------------------------------------------|--------------------|-------------------|
|                                                                        |                                                                        | (in millions) |                   |                                                                        | (in millions)      |                   |
| Fixed maturity securities, available-for-sale with an allowance        | Fixed maturity securities, available-for-sale with an allowance        | \$ (68)       | \$ (45)           | Fixed maturity securities, available-for-sale with an allowance        | \$ (95)            | \$ (45)           |
| Fixed maturity securities, available-for-sale without an allowance (1) | Fixed maturity securities, available-for-sale without an allowance (1) | (20,737)      | (27,545)          | Fixed maturity securities, available-for-sale without an allowance (1) | (36,383)           | (27,545)          |

|                                                                |                                                                |                    |                    |                                                                |                    |                    |
|----------------------------------------------------------------|----------------------------------------------------------------|--------------------|--------------------|----------------------------------------------------------------|--------------------|--------------------|
| Derivatives designated as cash flow hedges <sup>(1) (2)</sup>  | Derivatives designated as cash flow hedges <sup>(1) (2)</sup>  | 2,097              | 2,616              | Derivatives designated as cash flow hedges <sup>(1) (2)</sup>  | 1,947              | 2,616              |
| Derivatives designated as fair value hedges <sup>(1) (2)</sup> | Derivatives designated as fair value hedges <sup>(1) (2)</sup> | (149)              | (54)               | Derivatives designated as fair value hedges <sup>(1) (2)</sup> | (18)               | (54)               |
| Other investments <sup>(2) (3)</sup>                           | Other investments <sup>(2) (3)</sup>                           | 40                 | 2                  | Other investments <sup>(2) (3)</sup>                           | 17                 | 2                  |
| Net unrealized gains (losses) on investments                   | Net unrealized gains (losses) on investments                   | <u>\$ (18,817)</u> | <u>\$ (25,026)</u> | Net unrealized gains (losses) on investments                   | <u>\$ (34,532)</u> | <u>\$ (25,026)</u> |

(1) Includes \$136 million of net unrealized gains related to the transfer of held-to-maturity securities to available-for-sale securities.

(2) For additional information regarding cash flow and fair value hedges, see Note 5.

(2) (3) As of June 30, 2023 there were no net unrealized losses on held-to-maturity securities that were previously transferred from available-for-sale. Includes net unrealized gains on certain joint ventures that are strategic in nature and are included in "Other assets."

### Repurchase Agreements and Securities Lending

In the normal course of business, the Company sells securities under agreements to repurchase and enters into securities lending transactions. The following table sets forth the composition of "Securities sold under agreements to repurchase," as of the dates indicated:

|                                                                                      | June 30, 2023                                      |               |               |                 | December 31, 2022                                  |               |               |                 |
|--------------------------------------------------------------------------------------|----------------------------------------------------|---------------|---------------|-----------------|----------------------------------------------------|---------------|---------------|-----------------|
|                                                                                      | Remaining Contractual Maturities of the Agreements |               |               |                 | Remaining Contractual Maturities of the Agreements |               |               |                 |
|                                                                                      | Overnight &                                        |               |               |                 | Overnight &                                        |               |               |                 |
|                                                                                      | Continuous                                         | Up to 30 Days | 30 to 90 Days | Total           | Continuous                                         | Up to 30 Days | 30 to 90 Days | Total           |
|                                                                                      | (in millions)                                      |               |               |                 |                                                    |               |               |                 |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 5,977                                           | \$ 0          | \$ 0          | \$ 5,977        | \$ 6,179                                           | \$ 200        | \$ 200        | \$ 6,579        |
| Commercial mortgage-backed securities                                                | 120                                                | 0             | 0             | 120             | 0                                                  | 0             | 0             | 0               |
| Residential mortgage-backed securities                                               | 0                                                  | 0             | 0             | 0               | 10                                                 | 0             | 0             | 10              |
| Total securities sold under agreements to repurchase                                 | <u>\$ 6,097</u>                                    | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 6,097</u> | <u>\$ 6,189</u>                                    | <u>\$ 200</u> | <u>\$ 200</u> | <u>\$ 6,589</u> |

|                                                                                      | September 30, 2023                                 |               |               |                 | December 31, 2022                                  |               |               |                 |
|--------------------------------------------------------------------------------------|----------------------------------------------------|---------------|---------------|-----------------|----------------------------------------------------|---------------|---------------|-----------------|
|                                                                                      | Remaining Contractual Maturities of the Agreements |               |               |                 | Remaining Contractual Maturities of the Agreements |               |               |                 |
|                                                                                      | Overnight &                                        |               |               |                 | Overnight &                                        |               |               |                 |
|                                                                                      | Continuous                                         | Up to 30 Days | 30 to 90 Days | Total           | Continuous                                         | Up to 30 Days | 30 to 90 Days | Total           |
|                                                                                      | (in millions)                                      |               |               |                 |                                                    |               |               |                 |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 5,149                                           | \$ 0          | \$ 0          | \$ 5,149        | \$ 6,179                                           | \$ 200        | \$ 200        | \$ 6,579        |
| U.S. public corporate securities                                                     | 0                                                  | 94            | 0             | 94              | 0                                                  | 0             | 0             | 0               |
| Foreign public corporate securities                                                  | 0                                                  | 22            | 0             | 22              | 0                                                  | 0             | 0             | 0               |
| Commercial mortgage-backed securities                                                | 282                                                | 0             | 0             | 282             | 0                                                  | 0             | 0             | 0               |
| Residential mortgage-backed securities                                               | 0                                                  | 0             | 0             | 0               | 10                                                 | 0             | 0             | 10              |
| Total securities sold under agreements to repurchase                                 | <u>\$ 5,431</u>                                    | <u>\$ 116</u> | <u>\$ 0</u>   | <u>\$ 5,547</u> | <u>\$ 6,189</u>                                    | <u>\$ 200</u> | <u>\$ 200</u> | <u>\$ 6,589</u> |

The following table sets forth the composition of "Cash collateral for loaned securities" which represents the liability to return cash collateral received for the following types of securities loaned, as of the dates indicated:

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      |                                                                                      | June 30, 2023         |       |          |     |            |       | December 31, 2022     |       |          |     |            |       |                                                                                      | September 30, 2023    |               |          |            |       |       | December 31, 2022     |       |          |     |       |       |  |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------|-------|----------|-----|------------|-------|-----------------------|-------|----------|-----|------------|-------|--------------------------------------------------------------------------------------|-----------------------|---------------|----------|------------|-------|-------|-----------------------|-------|----------|-----|-------|-------|--|
|                                                                                      |                                                                                      | Remaining Contractual |       |          |     |            |       | Remaining Contractual |       |          |     |            |       |                                                                                      | Remaining Contractual |               |          |            |       |       | Remaining Contractual |       |          |     |       |       |  |
|                                                                                      |                                                                                      | Maturities of the     |       |          |     |            |       | Maturities of the     |       |          |     |            |       |                                                                                      | Maturities of the     |               |          |            |       |       | Maturities of the     |       |          |     |       |       |  |
|                                                                                      |                                                                                      | Agreements            |       |          |     |            |       | Agreements            |       |          |     |            |       |                                                                                      | Agreements            |               |          |            |       |       | Agreements            |       |          |     |       |       |  |
|                                                                                      |                                                                                      | Overnight &           |       | Up to 30 |     | Total      |       | Overnight &           |       | Up to 30 |     | Total      |       |                                                                                      | Overnight &           |               | Up to 30 |            | Total |       | Overnight &           |       | Up to 30 |     | Total |       |  |
| Continuous                                                                           | Days                                                                                 |                       |       |          |     | Continuous | Days  |                       |       |          |     | Continuous | Days  |                                                                                      |                       |               |          | Continuous | Days  |       |                       |       |          |     |       |       |  |
|                                                                                      |                                                                                      | (in millions)         |       |          |     |            |       |                       |       |          |     |            |       |                                                                                      |                       | (in millions) |          |            |       |       |                       |       |          |     |       |       |  |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$                    | 1     | \$       | 0   | \$         | 1     | \$                    | 1     | \$       | 0   | \$         | 1     | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$                    | 1             | \$       | 0          | \$    | 1     | \$                    | 1     | \$       | 0   | \$    | 1     |  |
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          |                       | 46    |          | 0   |            | 46    |                       | 61    |          | 0   |            | 61    | Obligations of U.S. states and their political subdivisions                          |                       | 48            |          | 0          |       | 48    |                       | 61    |          | 0   |       | 61    |  |
| Foreign government bonds                                                             | Foreign government bonds                                                             |                       | 308   |          | 18  |            | 326   |                       | 285   |          | 14  |            | 299   | Foreign government bonds                                                             |                       | 236           |          | 1          |       | 237   |                       | 285   |          | 14  |       | 299   |  |
| U.S. public corporate securities                                                     | U.S. public corporate securities                                                     |                       | 3,422 |          | 464 |            | 3,886 |                       | 4,109 |          | 395 |            | 4,504 | U.S. public corporate securities                                                     |                       | 3,823         |          | 499        |       | 4,322 |                       | 4,109 |          | 395 |       | 4,504 |  |
| Foreign public corporate securities                                                  | Foreign public corporate securities                                                  |                       | 597   |          | 102 |            | 699   |                       | 806   |          | 69  |            | 875   | Foreign public corporate securities                                                  |                       | 589           |          | 93         |       | 682   |                       | 806   |          | 69  |       | 875   |  |
| Equity securities                                                                    | Equity securities                                                                    |                       | 249   |          | 0   |            | 249   |                       | 360   |          | 0   |            | 360   | Equity securities                                                                    |                       | 777           |          | 0          |       | 777   |                       | 360   |          | 0   |       | 360   |  |
| Total cash collateral for loaned securities(1)                                       | Total cash collateral for loaned securities(1)                                       | \$                    | 4,623 | \$       | 584 | \$         | 5,207 | \$                    | 5,622 | \$       | 478 | \$         | 6,100 | Total cash collateral for loaned securities(1)                                       | \$                    | 5,474         | \$       | 593        | \$    | 6,067 | \$                    | 5,622 | \$       | 478 | \$    | 6,100 |  |

(1) The Company did not have any agreements with remaining contractual maturities greater than thirty days, as of the dates indicated.

#### 4. VARIABLE INTEREST ENTITIES

In the normal course of its activities, the Company enters into relationships with various special-purpose entities and other entities that are deemed to be variable interest entities ("VIEs"). For additional information, see Note 4 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

##### Consolidated Variable Interest Entities

The table below reflects the carrying amount and balance sheet caption in which the assets and liabilities of consolidated VIEs are reported. The liabilities primarily comprise obligations under debt instruments issued by the VIEs. The creditors of these VIEs do not have recourse to the Company in excess of the assets contained within the VIEs.

| Consolidated VIEs for which the Company is the Investment |                   |                            |                   |  | Consolidated VIEs for which the Company is the Investment |                   |                            |                   |  |
|-----------------------------------------------------------|-------------------|----------------------------|-------------------|--|-----------------------------------------------------------|-------------------|----------------------------|-------------------|--|
| Manager(1)                                                |                   | Other Consolidated VIEs(1) |                   |  | Manager(1)                                                |                   | Other Consolidated VIEs(1) |                   |  |
| June 30, 2023                                             | December 31, 2022 | June 30, 2023              | December 31, 2022 |  | September 30, 2023                                        | December 31, 2022 | September 30, 2023         | December 31, 2022 |  |

|                                        |                                        | (in millions) |          |          |          |                                        | (in millions) |          |          |          |
|----------------------------------------|----------------------------------------|---------------|----------|----------|----------|----------------------------------------|---------------|----------|----------|----------|
| Fixed maturities, available-for-sale   | Fixed maturities, available-for-sale   | \$ 443        | \$ 398   | \$ 84    | \$ 90    | Fixed maturities, available-for-sale   | \$ 440        | \$ 398   | \$ 782   | \$ 90    |
| Fixed maturities, held-to-maturity     | Fixed maturities, held-to-maturity     | 0             | 0        | 629      | 689      | Fixed maturities, held-to-maturity     | 0             | 0        | 0        | 689      |
| Fixed maturities, trading              | Fixed maturities, trading              | 171           | 164      | 0        | 0        | Fixed maturities, trading              | 547           | 164      | 0        | 0        |
| Equity securities                      | Equity securities                      | 80            | 85       | 0        | 0        | Equity securities                      | 119           | 85       | 0        | 0        |
| Commercial mortgage and other loans    | Commercial mortgage and other loans    | 692           | 784      | 0        | 0        | Commercial mortgage and other loans    | 669           | 784      | 0        | 0        |
| Other invested assets                  | Other invested assets                  | 3,875         | 3,397    | 97       | 68       | Other invested assets                  | 4,019         | 3,397    | 438      | 68       |
| Cash and cash equivalents              | Cash and cash equivalents              | 165           | 375      | 0        | 0        | Cash and cash equivalents              | 342           | 375      | 0        | 0        |
| Accrued investment income              | Accrued investment income              | 3             | 2        | 3        | 3        | Accrued investment income              | 3             | 2        | 2        | 3        |
| Other assets                           | Other assets                           | 398           | 352      | 657      | 706      | Other assets                           | 591           | 352      | 600      | 706      |
| Total assets of consolidated VIEs      | Total assets of consolidated VIEs      | \$ 5,827      | \$ 5,557 | \$ 1,470 | \$ 1,556 | Total assets of consolidated VIEs      | \$ 6,730      | \$ 5,557 | \$ 1,822 | \$ 1,556 |
| Other liabilities                      | Other liabilities                      | \$ 497        | \$ 389   | \$ 0     | \$ 0     | Other liabilities                      | \$ 586        | \$ 389   | \$ 0     | \$ 0     |
| Notes issued by consolidated VIEs(2)   | Notes issued by consolidated VIEs(2)   | 402           | 374      | 0        | 0        | Notes issued by consolidated VIEs(2)   | 791           | 374      | 0        | 0        |
| Total liabilities of consolidated VIEs | Total liabilities of consolidated VIEs | \$ 899        | \$ 763   | \$ 0     | \$ 0     | Total liabilities of consolidated VIEs | \$ 1,377      | \$ 763   | \$ 0     | \$ 0     |

- (1) Total assets of consolidated VIEs reflect \$3,491 million \$3,771 million and \$3,403 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, related to VIEs whose beneficial interests are wholly-owned by consolidated subsidiaries.
- (2) Recourse is limited to the assets of the respective VIE and does not extend to the general credit of the Company. As of June 30, 2023 September 30, 2023, the maturities of these obligations were between 0 and 10 12 years.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Unconsolidated Variable Interest Entities**

The Company has determined that it is not the primary beneficiary of certain VIEs for which it is the investment manager. The Company's maximum exposure to loss resulting from its relationship with unconsolidated VIEs for which it is the investment manager is limited to its investment in the VIEs, which was \$836 million \$844 million and \$950 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. These investments are reflected in "Fixed maturities, available-for-sale," "Fixed maturities, trading," "Equity securities" and "Other invested assets." There are no liabilities associated with these unconsolidated VIEs on the Company's Unaudited Interim Consolidated Statements of Financial Position.

In the normal course of its activities, the Company will invest in limited partnerships and limited liability companies ("LPs/LLCs"), which include hedge funds, private equity funds and real estate-related funds and may or may not be VIEs. The Company's maximum exposure to loss on these investments, both VIEs and non-VIEs, is limited to the

amount of its investment. The Company classifies these investments as “Other invested assets” and its maximum exposure to loss associated with these entities was \$17,349 million \$17,978 million and \$16,917 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

In addition, in the normal course of its activities, the Company will invest in structured investments including VIEs for which it is not the investment manager. These structured investments typically invest in fixed income investments and are managed by third-parties and include asset-backed securities, commercial mortgage-backed securities and residential mortgage-backed securities. The Company’s maximum exposure to loss on these structured investments, both VIEs and non-VIEs, is limited to the amount of its investment. See Note 3 for details regarding the carrying amounts and classification of these assets. The Company has not provided material financial or other support that was not contractually required to these structures. The Company has determined that it is not the primary beneficiary of these structures due to the fact that it does not control these entities.

## 5. DERIVATIVES AND HEDGING

### Types of Derivative and Hedging Instruments

The Company utilizes various derivatives and hedging instruments to manage certain of its risks. Commonly used derivative and non-derivative hedging instruments include, but are not necessarily limited to:

- Interest rate contracts: futures, swaps, forwards, options, caps and floors
- Equity contracts: futures, options and total return swaps
- Foreign exchange contracts: futures, options, forwards, swaps, and foreign currency debt instruments
- Credit contracts: single and index reference credit default swaps

Other types of financial contracts that the Company accounts for as derivatives are:

- To-be-announced (“TBA”) forward contracts, loan commitments, embedded derivatives and synthetic guaranteed investment contracts (“GICs”).

For detailed information regarding these contracts and the related strategies, see Note 5 to the Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

### Primary Risks Managed by Derivatives

The table below provides a summary of the gross notional amount and fair value of derivative contracts by the primary underlying risks they are utilized to manage, excluding embedded derivatives. Many derivative instruments contain multiple underlying risks. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral. These netting impacts resulted in total derivative assets of \$1,248 million \$1,005 million and \$1,455 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and total derivative liabilities of \$3,065 million \$5,421 million and \$3,055 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, reflected in the Unaudited Interim Consolidated Statements of Financial Position.

#### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                                         |                                                         | June 30, 2023 |            |             | December 31, 2022 |            |             |                                                         | September 30, 2023 |            |             | December 31, 2022 |            |             |
|---------------------------------------------------------|---------------------------------------------------------|---------------|------------|-------------|-------------------|------------|-------------|---------------------------------------------------------|--------------------|------------|-------------|-------------------|------------|-------------|
|                                                         |                                                         | Gross         | Fair Value |             | Gross             | Fair Value |             |                                                         | Gross              | Fair Value |             | Gross             | Fair Value |             |
| Primary Underlying Risk /Instrument Type                | Primary Underlying Risk /Instrument Type                | Notional      | Assets     | Liabilities | Notional          | Assets     | Liabilities | Primary Underlying Risk /Instrument Type                | Notional           | Assets     | Liabilities | Notional          | Assets     | Liabilities |
|                                                         |                                                         | (in millions) |            |             |                   |            |             |                                                         | (in millions)      |            |             |                   |            |             |
| Derivatives Designated as Hedge Accounting Instruments: | Derivatives Designated as Hedge Accounting Instruments: |               |            |             |                   |            |             | Derivatives Designated as Hedge Accounting Instruments: |                    |            |             |                   |            |             |
| Interest Rate                                           | Interest Rate                                           |               |            |             |                   |            |             | Interest Rate                                           |                    |            |             |                   |            |             |
| Interest Rate Swaps                                     | Interest Rate Swaps                                     | \$ 3,742      | \$ 60      | \$ (249)    | \$ 3,627          | \$ 66      | \$ (245)    | Interest Rate Swaps                                     | \$ 3,743           | \$ 6       | \$ (437)    | \$ 3,627          | \$ 66      | \$ (245)    |
| Interest Rate Forwards                                  | Interest Rate Forwards                                  | 150           | 0          | (29)        | 398               | 0          | (85)        | Interest Rate Forwards                                  | 50                 | 0          | (18)        | 398               | 0          | (85)        |
| Foreign Currency                                        | Foreign Currency                                        |               |            |             |                   |            |             | Foreign Currency                                        |                    |            |             |                   |            |             |
| Foreign Currency Forwards                               | Foreign Currency Forwards                               | 4,767         | 129        | (239)       | 4,830             | 155        | (262)       | Foreign Currency Forwards                               | 4,707              | 116        | (183)       | 4,830             | 155        | (262)       |
| Currency/Interest Rate                                  | Currency/Interest Rate                                  |               |            |             |                   |            |             | Currency/Interest Rate                                  |                    |            |             |                   |            |             |
| Foreign Currency Swaps                                  | Foreign Currency Swaps                                  | 26,294        | 2,855      | (386)       | 25,636            | 3,469      | (333)       | Foreign Currency Swaps                                  | 27,436             | 2,896      | (390)       | 25,636            | 3,469      | (333)       |

|                                                                         |                                                                         |           |          |             |           |          |             |                                                                         |           |          |             |           |          |          |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------|----------|-------------|-----------|----------|-------------|-------------------------------------------------------------------------|-----------|----------|-------------|-----------|----------|----------|
| <b>Total Derivatives Designated as Hedge Accounting Instruments</b>     | <b>Total Derivatives Designated as Hedge Accounting Instruments</b>     | \$ 34,953 | \$ 3,044 | \$ (903)    | \$ 34,491 | \$ 3,690 | \$ (925)    | <b>Total Derivatives Designated as Hedge Accounting Instruments</b>     | \$ 35,936 | \$ 3,018 | \$ (1,028)  | \$ 34,491 | \$ 3,690 | \$ (9    |
| <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>      | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>      |           |          |             |           |          |             | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>      |           |          |             |           |          |          |
| <b>Interest Rate</b>                                                    | <b>Interest Rate</b>                                                    |           |          |             |           |          |             | <b>Interest Rate</b>                                                    |           |          |             |           |          |          |
| Interest Rate Swaps                                                     | Interest Rate Swaps                                                     | \$306,146 | \$ 8,517 | \$ (21,132) | \$212,934 | \$ 9,097 | \$ (21,154) | Interest Rate Swaps                                                     | \$224,304 | \$13,132 | \$ (28,286) | \$212,934 | \$ 9,097 | \$ (21,1 |
| Interest Rate Futures                                                   | Interest Rate Futures                                                   | 9,535     | 66       | (9)         | 18,080    | 13       | (24)        | Interest Rate Futures                                                   | 13,253    | 26       | (11)        | 18,080    | 13       | (        |
| Interest Rate Options                                                   | Interest Rate Options                                                   | 26,428    | 221      | (814)       | 9,778     | 224      | (280)       | Interest Rate Options                                                   | 32,398    | 523      | (1,638)     | 9,778     | 224      | (2       |
| Interest Rate Forwards                                                  | Interest Rate Forwards                                                  | 3,067     | 14       | (18)        | 2,354     | 21       | (42)        | Interest Rate Forwards                                                  | 3,084     | 88       | (188)       | 2,354     | 21       | (        |
| <b>Foreign Currency</b>                                                 | <b>Foreign Currency</b>                                                 |           |          |             |           |          |             | <b>Foreign Currency</b>                                                 |           |          |             |           |          |          |
| Foreign Currency Forwards                                               | Foreign Currency Forwards                                               | 30,713    | 2,212    | (2,430)     | 31,317    | 1,556    | (1,924)     | Foreign Currency Forwards                                               | 28,568    | 1,405    | (1,357)     | 31,317    | 1,556    | (1,9     |
| Foreign Currency Options                                                | Foreign Currency Options                                                | 0         | 0        | 0           | 0         | 0        | 0           | Foreign Currency Options                                                | 0         | 0        | 0           | 0         | 0        |          |
| <b>Currency/Interest Rate</b>                                           | <b>Currency/Interest Rate</b>                                           |           |          |             |           |          |             | <b>Currency/Interest Rate</b>                                           |           |          |             |           |          |          |
| Foreign Currency Swaps                                                  | Foreign Currency Swaps                                                  | 8,377     | 707      | (155)       | 8,410     | 813      | (170)       | Foreign Currency Swaps                                                  | 7,916     | 704      | (155)       | 8,410     | 813      | (1       |
| <b>Credit</b>                                                           | <b>Credit</b>                                                           |           |          |             |           |          |             | <b>Credit</b>                                                           |           |          |             |           |          |          |
| Credit Default Swaps                                                    | Credit Default Swaps                                                    | 5,133     | 35       | (21)        | 6,351     | 27       | (57)        | Credit Default Swaps                                                    | 6,407     | 29       | (39)        | 6,351     | 27       | (        |
| <b>Equity</b>                                                           | <b>Equity</b>                                                           |           |          |             |           |          |             | <b>Equity</b>                                                           |           |          |             |           |          |          |
| Equity Futures                                                          | Equity Futures                                                          | 996       | 7        | (1)         | 1,372     | 1        | (2)         | Equity Futures                                                          | 1,081     | 0        | (5)         | 1,372     | 1        |          |
| Equity Options                                                          | Equity Options                                                          | 45,804    | 1,325    | (1,469)     | 38,323    | 708      | (1,590)     | Equity Options                                                          | 48,867    | 896      | (1,462)     | 38,323    | 708      | (1,5     |
| Total Return Swaps                                                      | Total Return Swaps                                                      | 10,149    | 38       | (290)       | 11,806    | 106      | (184)       | Total Return Swaps                                                      | 10,701    | 361      | (135)       | 11,806    | 106      | (1       |
| <b>Other</b>                                                            | <b>Other</b>                                                            |           |          |             |           |          |             | <b>Other</b>                                                            |           |          |             |           |          |          |
| Other(1)                                                                | Other(1)                                                                | 1,250     | 0        | 0           | 1,250     | 0        | 0           | Other(1)                                                                | 1,250     | 0        | 0           | 1,250     | 0        |          |
| <b>Synthetic GICs</b>                                                   | <b>Synthetic GICs</b>                                                   | 82,181    | 1        | (1)         | 84,338    | 1        | (1)         | <b>Synthetic GICs</b>                                                   | 80,152    | 1        | (1)         | 84,338    | 1        |          |
| <b>Total Derivatives Not Qualifying as Hedge Accounting Instruments</b> | <b>Total Derivatives Not Qualifying as Hedge Accounting Instruments</b> | \$529,779 | \$13,143 | \$ (26,340) | \$426,313 | \$12,567 | \$ (25,428) | <b>Total Derivatives Not Qualifying as Hedge Accounting Instruments</b> | \$457,981 | \$17,165 | \$ (33,277) | \$426,313 | \$12,567 | \$ (25,4 |
| <b>Total Derivatives(2)(3)</b>                                          | <b>Total Derivatives(2)(3)</b>                                          | \$564,732 | \$16,187 | \$ (27,243) | \$460,804 | \$16,257 | \$ (26,353) | <b>Total Derivatives(2)(3)</b>                                          | \$493,917 | \$20,183 | \$ (34,305) | \$460,804 | \$16,257 | \$ (26,3 |

(1) "Other" primarily includes derivative contracts used to improve the balance of the Company's tail longevity and mortality risk. Under these contracts, the Company's gains (losses) are capped at the notional amount.

(2) Excludes embedded derivatives which contain multiple underlying risks. The fair value of these embedded derivatives was a net liability of \$5,004 million \$5,051 million and \$2,997 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, primarily included in "Policyholder account balances," balances" and "Other liabilities".

(3) Recorded in "Other invested assets" and "Other liabilities" on the Unaudited Interim Consolidated Statements of Financial Position.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

As of **June 30, 2023** **September 30, 2023**, the following amounts were recorded on the Unaudited Interim Consolidated Statements of Financial Position related to the carrying amount of the hedged assets (liabilities) and cumulative basis adjustments included in the carrying amount for fair value hedges.

|                                                     |                                                     | June 30, 2023   |                                                                | December 31, 2022 |                                                                |                                                     | September 30, 2023 |                                                                | December 31, 2022 |                                                                |
|-----------------------------------------------------|-----------------------------------------------------|-----------------|----------------------------------------------------------------|-------------------|----------------------------------------------------------------|-----------------------------------------------------|--------------------|----------------------------------------------------------------|-------------------|----------------------------------------------------------------|
|                                                     |                                                     |                 | Cumulative<br>Amount of<br>Fair Value<br>Hedging<br>Adjustment |                   | Cumulative<br>Amount of<br>Fair Value<br>Hedging<br>Adjustment |                                                     |                    | Cumulative<br>Amount of<br>Fair Value<br>Hedging<br>Adjustment |                   | Cumulative<br>Amount of<br>Fair Value<br>Hedging<br>Adjustment |
| <u>Balance Sheet</u>                                | <u>Balance Sheet</u>                                |                 | Included in the                                                |                   | Included in the                                                | <u>Balance Sheet</u>                                |                    | Included in the                                                |                   | Included in the                                                |
| <u>Line Item in</u>                                 | <u>Line Item in</u>                                 | Carrying Amount | Carrying Amount                                                | Carrying Amount   | Carrying Amount                                                | <u>Line Item in</u>                                 | Carrying           | Carrying Amount                                                | Carrying          | Carrying Amount                                                |
| <u>which Hedged</u>                                 | <u>which Hedged</u>                                 | of the Hedged   | of the Hedged                                                  | of the Hedged     | of the Hedged                                                  | <u>which Hedged</u>                                 | Amount of the      | of the Hedged                                                  | Amount of the     | of the Hedged                                                  |
| <u>Item is</u>                                      | <u>Item is</u>                                      | Assets          | Assets                                                         | Assets            | Assets                                                         | <u>Item is</u>                                      | Hedged Assets      | Assets                                                         | Hedged Assets     | Assets                                                         |
| <u>Recorded</u>                                     | <u>Recorded</u>                                     | (Liabilities)   | (Liabilities)(1)                                               | (Liabilities)     | (Liabilities)(1)                                               | <u>Recorded</u>                                     | (Liabilities)      | (Liabilities)(1)                                               | (Liabilities)     | (Liabilities)(1)                                               |
|                                                     |                                                     | (in millions)   |                                                                |                   |                                                                |                                                     | (in millions)      |                                                                |                   |                                                                |
| Fixed maturities, available-for-sale, at fair value | Fixed maturities, available-for-sale, at fair value | \$ 229          | \$ 19                                                          | \$ 297            | \$ 27                                                          | Fixed maturities, available-for-sale, at fair value | \$ 206             | \$ 10                                                          | \$ 297            | \$ 27                                                          |
| Commercial mortgage and other loans                 | Commercial mortgage and other loans                 | \$ 0            | \$ 0                                                           | \$ 0              | \$ 0                                                           | Commercial mortgage and other loans                 | \$ 0               | \$ 0                                                           | \$ 0              | \$ 0                                                           |
| Policyholders' account balances                     | Policyholders' account balances                     | \$ (793)        | \$ 217                                                         | \$ (966)          | \$ 217                                                         | Policyholders' account balances                     | \$ (742)           | \$ 322                                                         | \$ (966)          | \$ 217                                                         |
| Future policy benefits                              | Future policy benefits                              | \$ (2,455)      | \$ 289                                                         | \$ (2,354)        | \$ 391                                                         | Future policy benefits                              | \$ (2,238)         | \$ 502                                                         | \$ (2,354)        | \$ 391                                                         |

(1) There were no material fair value hedging adjustments for hedged assets and liabilities for which hedge accounting has been discontinued.

Most of the Company's derivatives do not qualify for hedge accounting for various reasons. For example: (i) derivatives that economically hedge embedded derivatives do not qualify for hedge accounting because changes in the fair value of the embedded derivatives are already recorded in net income; (ii) derivatives that are utilized as macro hedges of the Company's exposure to various risks typically do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedge accounting rules; and (iii) synthetic GICs, which are product standalone derivatives, do not qualify as hedging instruments under hedge accounting rules.

#### Offsetting Assets and Liabilities

The following tables present recognized derivative instruments (excluding embedded derivatives), and repurchase and reverse repurchase agreements that are offset in the Unaudited Interim Consolidated Statements of Financial Position, and/or are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in the Unaudited Interim Consolidated Statements of Financial Position.

|                                                            | June 30, 2023                                                 |                                                                             |                                                                              |                                            |               |               | September 30, 2023                                            |                                                                             |                                                                              |                                            |               |        |
|------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------|---------------|---------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------|---------------|--------|
|                                                            | Gross<br>Amounts of<br>Recognized<br>Financial<br>Instruments | Gross<br>Amounts<br>Offset in the<br>Statements<br>of Financial<br>Position | Net<br>Amounts<br>Presented in<br>the Statements<br>of Financial<br>Position | Financial<br>Instruments/<br>Collateral(1) | Net<br>Amount |               | Gross<br>Amounts of<br>Recognized<br>Financial<br>Instruments | Gross<br>Amounts<br>Offset in the<br>Statements<br>of Financial<br>Position | Net<br>Amounts<br>Presented in<br>the Statements<br>of Financial<br>Position | Financial<br>Instruments/<br>Collateral(1) | Net<br>Amount |        |
|                                                            |                                                               |                                                                             |                                                                              |                                            |               |               |                                                               |                                                                             |                                                                              |                                            |               |        |
|                                                            |                                                               |                                                                             |                                                                              |                                            |               |               |                                                               |                                                                             |                                                                              |                                            |               |        |
|                                                            |                                                               |                                                                             |                                                                              |                                            |               |               |                                                               |                                                                             |                                                                              |                                            |               |        |
| (in millions)                                              |                                                               |                                                                             |                                                                              |                                            |               | (in millions) |                                                               |                                                                             |                                                                              |                                            |               |        |
| Offsetting<br>of<br>Financial<br>Assets:                   | Offsetting<br>of<br>Financial<br>Assets:                      |                                                                             |                                                                              |                                            |               |               | Offsetting<br>of<br>Financial<br>Assets:                      |                                                                             |                                                                              |                                            |               |        |
| Derivatives                                                | Derivatives                                                   | \$ 16,083                                                                   | \$ (14,939)                                                                  | \$ 1,144                                   | \$ (249)      | \$ 895        | Derivatives                                                   | \$ 20,084                                                                   | \$ (19,178)                                                                  | \$ 906                                     | \$ (210)      | \$ 696 |
| Securities<br>purchased<br>under<br>agreement<br>to resell | Securities<br>purchased<br>under<br>agreement<br>to resell    | 22                                                                          | 0                                                                            | 22                                         | (22)          | 0             | Securities<br>purchased<br>under<br>agreement<br>to resell    | 607                                                                         | 0                                                                            | 607                                        | (467)         | 140    |

|                                               |                                               |           |             |          |            |        |                                               |           |             |           |             |        |
|-----------------------------------------------|-----------------------------------------------|-----------|-------------|----------|------------|--------|-----------------------------------------------|-----------|-------------|-----------|-------------|--------|
| Total assets                                  | Total assets                                  | \$ 16,105 | \$ (14,939) | \$ 1,166 | \$ (271)   | \$ 895 | Total assets                                  | \$ 20,691 | \$ (19,178) | \$ 1,513  | \$ (677)    | \$ 836 |
| <b>Offsetting of Financial Liabilities:</b>   | <b>Offsetting of Financial Liabilities:</b>   |           |             |          |            |        | <b>Offsetting of Financial Liabilities:</b>   |           |             |           |             |        |
| Derivatives                                   | Derivatives                                   | \$ 27,244 | \$ (24,178) | \$ 3,066 | \$ (3,051) | \$ 15  | Derivatives                                   | \$ 34,305 | \$ (28,884) | \$ 5,421  | \$ (5,175)  | \$ 246 |
| Securities sold under agreement to repurchase | Securities sold under agreement to repurchase | 6,097     | 0           | 6,097    | (5,977)    | 120    | Securities sold under agreement to repurchase | 5,547     | 0           | 5,547     | (5,265)     | 282    |
| Total liabilities                             | Total liabilities                             | \$ 33,341 | \$ (24,178) | \$ 9,163 | \$ (9,028) | \$ 135 | Total liabilities                             | \$ 39,852 | \$ (28,884) | \$ 10,968 | \$ (10,440) | \$ 528 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                | December 31, 2022                                             |                                                                             |                                                                              |                                            |               |
|------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------|---------------|
|                                                | Gross<br>Amounts of<br>Recognized<br>Financial<br>Instruments | Gross<br>Amounts<br>Offset in the<br>Statements<br>of Financial<br>Position | Net<br>Amounts<br>Presented in<br>the Statements<br>of Financial<br>Position | Financial<br>Instruments/<br>Collateral(1) | Net<br>Amount |
|                                                | (in millions)                                                 |                                                                             |                                                                              |                                            |               |
| Offsetting of Financial Assets:                |                                                               |                                                                             |                                                                              |                                            |               |
| Derivatives                                    | \$ 16,178                                                     | \$ (14,802)                                                                 | \$ 1,376                                                                     | \$ (702)                                   | \$ 674        |
| Securities purchased under agreement to resell | 385                                                           | 0                                                                           | 385                                                                          | (385)                                      | 0             |
| Total assets                                   | \$ 16,563                                                     | \$ (14,802)                                                                 | \$ 1,761                                                                     | \$ (1,087)                                 | \$ 674        |
| Offsetting of Financial Liabilities:           |                                                               |                                                                             |                                                                              |                                            |               |
| Derivatives                                    | \$ 26,352                                                     | \$ (23,298)                                                                 | \$ 3,054                                                                     | \$ (3,054)                                 | \$ 0          |
| Securities sold under agreement to repurchase  | 6,589                                                         | 0                                                                           | 6,589                                                                        | (6,589)                                    | 0             |
| Total liabilities                              | \$ 32,941                                                     | \$ (23,298)                                                                 | \$ 9,643                                                                     | \$ (9,643)                                 | \$ 0          |

(1) Amounts exclude the excess of collateral received/pledged from/to the counterparty.

For information regarding the rights of offset associated with the derivative assets and liabilities in the table above, see “—Counterparty Credit Risk” below. For securities purchased under agreements to resell and securities sold under agreements to repurchase, the Company monitors the value of the securities and maintains collateral, as appropriate, to protect against credit exposure. Where the Company has entered into repurchase and resale agreements with the same counterparty, in the event of default, the Company would generally be permitted to exercise rights of offset. For additional information regarding the Company's accounting policy for securities repurchase and resale agreements, see Note 2 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2022.

**Cash Flow, Fair Value and Net Investment Hedges**

The primary derivative and non-derivative instruments used by the Company in its fair value, cash flow and net investment hedge accounting relationships are interest rate swaps, currency swaps, currency forwards, and foreign currency denominated debts. These instruments are only designated for hedge accounting in instances where the appropriate criteria are met. The Company does not use futures, options, credit, or equity derivatives in any of its fair value, cash flow or net investment hedge accounting relationships.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following tables provide the financial statement classification and impact of derivatives used in qualifying and non-qualifying hedge relationships, including the offset of the hedged item in fair value hedge relationships.

|                                                                                  |                                                                                  | Three Months Ended June 30, 2023                                                   |                       |                     |                  |                                 |                         |                   |      |                                                                                  |                                                                               | Three Months Ended September 30, 2023                                              |                     |                  |                                 |                         |                   |  |  |  |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------|---------------------|------------------|---------------------------------|-------------------------|-------------------|------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------|------------------|---------------------------------|-------------------------|-------------------|--|--|--|
|                                                                                  |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                       |                     |                  |                                 |                         |                   |      |                                                                                  |                                                                               | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                     |                  |                                 |                         |                   |  |  |  |
|                                                                                  |                                                                                  | Hedging Gain (Loss)                                                                | Net Investment Income | Other Income (Loss) | Interest Expense | Account Policyholders' Balances | Policyholders' Benefits | Change in AOCI(1) |      |                                                                                  | Hedging Gain (Loss)                                                           | Net Investment Income                                                              | Other Income (Loss) | Interest Expense | Account Policyholders' Balances | Policyholders' Benefits | Change in AOCI(1) |  |  |  |
|                                                                                  |                                                                                  | (in millions)                                                                      |                       |                     |                  |                                 |                         |                   |      |                                                                                  |                                                                               | (in millions)                                                                      |                     |                  |                                 |                         |                   |  |  |  |
| Derivatives Designated as Hedge Accounting Instruments:                          | Derivatives Designated as Hedge Accounting Instruments:                          |                                                                                    |                       |                     |                  |                                 |                         |                   |      |                                                                                  | Derivatives Designated as Hedge Accounting Instruments:                       |                                                                                    |                     |                  |                                 |                         |                   |  |  |  |
| Fair value hedges                                                                | Fair value hedges                                                                |                                                                                    |                       |                     |                  |                                 |                         |                   |      |                                                                                  | Fair value hedges                                                             |                                                                                    |                     |                  |                                 |                         |                   |  |  |  |
| Gains (losses) on derivatives designated as hedge instruments:                   | Gains (losses) on derivatives designated as hedge instruments:                   |                                                                                    |                       |                     |                  |                                 |                         |                   |      |                                                                                  | Gains (losses) on derivatives designated as hedge instruments:                |                                                                                    |                     |                  |                                 |                         |                   |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | \$ 5                                                                               | \$ 0                  | \$ 0                | \$ 0             | \$ 0                            | \$ (53)                 | \$ (58)           | \$ 0 | Interest Rate                                                                    | \$ 10                                                                         | \$ 0                                                                               | \$ 0                | \$ 0             | \$ 0                            | \$ (110)                | \$ 0              |  |  |  |
| Currency                                                                         | Currency                                                                         | (1)                                                                                | 0                     | 0                   | 0                | 0                               | 0                       | 50                | 0    | Currency                                                                         | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                               | 0                       | 0                 |  |  |  |
| Total gains (losses) on derivatives designated as hedge instruments              | Total gains (losses) on derivatives designated as hedge instruments              | 4                                                                                  | 0                     | 0                   | 0                | 0                               | (53)                    | (8)               | 0    | Total gains (losses) on derivatives designated as hedge instruments              | 10                                                                            | 0                                                                                  | 0                   | 0                | 0                               | (110)                   | 0                 |  |  |  |
| Gains (losses) on the hedged item:                                               | Gains (losses) on the hedged item:                                               |                                                                                    |                       |                     |                  |                                 |                         |                   |      |                                                                                  | Gains (losses) on the hedged item:                                            |                                                                                    |                     |                  |                                 |                         |                   |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | (5)                                                                                | 0                     | 3                   | 0                | 0                               | 38                      | 44                | 0    | Interest Rate                                                                    | (9)                                                                           | 0                                                                                  | 3                   | 0                | 0                               | 104                     | 0                 |  |  |  |
| Currency                                                                         | Currency                                                                         | 1                                                                                  | 0                     | 1                   | 0                | 0                               | 0                       | (50)              | 0    | Currency                                                                         | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                               | 0                       | 0                 |  |  |  |
| Total gains (losses) on hedged item                                              | Total gains (losses) on hedged item                                              | (4)                                                                                | 0                     | 4                   | 0                | 0                               | 38                      | (6)               | 0    | Total gains (losses) on hedged item                                              | (9)                                                                           | 0                                                                                  | 3                   | 0                | 0                               | 104                     | 0                 |  |  |  |
| Amortization for gains (losses) excluded from assessment of the effectiveness    | Amortization for gains (losses) excluded from assessment of the effectiveness    |                                                                                    |                       |                     |                  |                                 |                         |                   |      |                                                                                  | Amortization for gains (losses) excluded from assessment of the effectiveness |                                                                                    |                     |                  |                                 |                         |                   |  |  |  |
| Currency                                                                         | Currency                                                                         | 0                                                                                  | 0                     | 0                   | 0                | 0                               | 0                       | (2)               | (75) | Currency                                                                         | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                               | 0                       | 0                 |  |  |  |
| Total Amortization for gain (loss) excluded from assessment of the effectiveness | Total Amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                     | 0                   | 0                | 0                               | 0                       | (2)               | (75) | Total Amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                               | 0                       | 0                 |  |  |  |

|                                                                                    |                                                                                    |          |            |       |         |      |         |         |          |                                                                                    |            |            |       |        |      |        |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------|------------|-------|---------|------|---------|---------|----------|------------------------------------------------------------------------------------|------------|------------|-------|--------|------|--------|
| Total gains (losses) on fair value hedges net of hedged item                       | Total gains (losses) on fair value hedges net of hedged item                       | 0        | 0          | 4     | 0       | 0    | (15)    | (16)    | (75)     | Total gains (losses) on fair value hedges net of hedged item                       | 1          | 0          | 3     | 0      | 0    | (6)    |
| <b>Cash flow hedges</b>                                                            | <b>Cash flow hedges</b>                                                            |          |            |       |         |      |         |         |          | <b>Cash flow hedges</b>                                                            |            |            |       |        |      |        |
| Interest Rate                                                                      | Interest Rate                                                                      | 0        | 0          | (6)   | 0       | 0    | 0       | 0       | (12)     | Interest Rate                                                                      | 0          | 0          | (3)   | 0      | 0    | 0      |
| Currency                                                                           | Currency                                                                           | 3        | 0          | 0     | 0       | 0    | 0       | 0       | (1)      | Currency                                                                           | 0          | 0          | 0     | 0      | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 13       | 0          | 80    | (66)    | 0    | 0       | 0       | (233)    | Currency/Interest Rate                                                             | 3          | 0          | 75    | 144    | 0    | 0      |
| Total gains (losses) on cash flow hedges                                           | Total gains (losses) on cash flow hedges                                           | 16       | 0          | 74    | (66)    | 0    | 0       | 0       | (246)    | Total gains (losses) on cash flow hedges                                           | 3          | 0          | 72    | 144    | 0    | 0      |
| <b>Net investment hedges</b>                                                       | <b>Net investment hedges</b>                                                       |          |            |       |         |      |         |         |          | <b>Net investment hedges</b>                                                       |            |            |       |        |      |        |
| Currency                                                                           | Currency                                                                           | 0        | 0          | 0     | 0       | 0    | 0       | 0       | 17       | Currency                                                                           | 0          | 0          | 0     | 0      | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 0        | 0          | 0     | 0       | 0    | 0       | 0       | 0        | Currency/Interest Rate                                                             | 0          | 0          | 0     | 0      | 0    | 0      |
| Total gains (losses) on net investment hedges                                      | Total gains (losses) on net investment hedges                                      | 0        | 0          | 0     | 0       | 0    | 0       | 0       | 17       | Total gains (losses) on net investment hedges                                      | 0          | 0          | 0     | 0      | 0    | 0      |
| <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |          |            |       |         |      |         |         |          | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |            |            |       |        |      |        |
| Interest Rate                                                                      | Interest Rate                                                                      | (322)    | (1,022)    | 0     | 0       | 0    | 0       | 0       | 0        | Interest Rate                                                                      | (1,918)    | (2,314)    | 0     | 0      | 0    | 0      |
| Currency                                                                           | Currency                                                                           | (349)    | 0          | 0     | 4       | 0    | 0       | 0       | 0        | Currency                                                                           | 70         | 0          | 0     | (1)    | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | (35)     | 0          | 0     | (1)     | 0    | 0       | 0       | 0        | Currency/Interest Rate                                                             | 34         | 0          | 0     | 1      | 0    | 0      |
| Credit                                                                             | Credit                                                                             | 38       | 0          | 0     | 0       | 0    | 0       | 0       | 0        | Credit                                                                             | 1          | 0          | 0     | 0      | 0    | 0      |
| Equity                                                                             | Equity                                                                             | 961      | (440)      | 0     | 0       | 0    | 0       | 0       | 0        | Equity                                                                             | (461)      | 314        | 0     | 0      | 0    | 0      |
| Other                                                                              | Other                                                                              | 0        | 0          | 0     | 0       | 0    | 0       | 0       | 0        | Other                                                                              | 0          | 0          | 0     | 0      | 0    | 0      |
| Embedded Derivatives                                                               | Embedded Derivatives                                                               | (970)    | 0          | 0     | 0       | 0    | 0       | 0       | 0        | Embedded Derivatives                                                               | 298        | 0          | 0     | 0      | 0    | 0      |
| Total gains (losses) on derivatives not qualifying as hedge accounting instruments | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (677)    | (1,462)    | 0     | 3       | 0    | 0       | 0       | 0        | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (1,976)    | (2,000)    | 0     | 0      | 0    | 0      |
| <b>Total</b>                                                                       | <b>Total</b>                                                                       | \$ (661) | \$ (1,462) | \$ 78 | \$ (63) | \$ 0 | \$ (15) | \$ (16) | \$ (304) | <b>Total</b>                                                                       | \$ (1,972) | \$ (2,000) | \$ 75 | \$ 144 | \$ 0 | \$ (6) |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Six Months Ended June 30, 2023

Nine Months Ended September 30, 2023

|                                                                                  |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                       |                     |                  |                           |                         |                   |      |                                                                                  |                                                                               | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                     |                  |                           |                   |  |  |  |  |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------|---------------------|------------------|---------------------------|-------------------------|-------------------|------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------|------------------|---------------------------|-------------------|--|--|--|--|
|                                                                                  |                                                                                  | Related Hedging Gain (Loss)                                                        | Net Investment Income | Other Income (Loss) | Interest Expense | Interest Account Balances | Policyholders' Benefits | Change in AOCI(1) |      |                                                                                  | Related Hedging Gain (Loss)                                                   | Net Investment Income                                                              | Other Income (Loss) | Interest Expense | Interest Account Balances | Change in AOCI(1) |  |  |  |  |
|                                                                                  |                                                                                  | (in millions)                                                                      |                       |                     |                  |                           |                         |                   |      |                                                                                  |                                                                               | (in millions)                                                                      |                     |                  |                           |                   |  |  |  |  |
| Derivatives Designated as Hedge Accounting Instruments:                          | Derivatives Designated as Hedge Accounting Instruments:                          |                                                                                    |                       |                     |                  |                           |                         |                   |      |                                                                                  | Derivatives Designated as Hedge Accounting Instruments:                       |                                                                                    |                     |                  |                           |                   |  |  |  |  |
| Fair value hedges                                                                | Fair value hedges                                                                |                                                                                    |                       |                     |                  |                           |                         |                   |      |                                                                                  | Fair value hedges                                                             |                                                                                    |                     |                  |                           |                   |  |  |  |  |
| Gains (losses) on derivatives designated as hedge instruments:                   | Gains (losses) on derivatives designated as hedge instruments:                   |                                                                                    |                       |                     |                  |                           |                         |                   |      |                                                                                  | Gains (losses) on derivatives designated as hedge instruments:                |                                                                                    |                     |                  |                           |                   |  |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | \$ 1                                                                               | \$ 0                  | \$ 0                | \$ 0             | \$ 0                      | \$ (16)                 | \$ (14)           | \$ 0 | Interest Rate                                                                    | \$ 11                                                                         | \$ 0                                                                               | \$ 0                | \$ 0             | \$ 0                      | \$ (12)           |  |  |  |  |
| Currency                                                                         | Currency                                                                         | (1)                                                                                | 0                     | (1)                 | 0                | 0                         | 0                       | 99                | 0    | Currency                                                                         | (1)                                                                           | 0                                                                                  | (1)                 | 0                | 0                         | 0                 |  |  |  |  |
| Total gains (losses) on derivatives designated as hedge instruments              | Total gains (losses) on derivatives designated as hedge instruments              | 0                                                                                  | 0                     | (1)                 | 0                | 0                         | (16)                    | 85                | 0    | Total gains (losses) on derivatives designated as hedge instruments              | 10                                                                            | 0                                                                                  | (1)                 | 0                | 0                         | (12)              |  |  |  |  |
| Gains (losses) on the hedged item:                                               | Gains (losses) on the hedged item:                                               |                                                                                    |                       |                     |                  |                           |                         |                   |      |                                                                                  | Gains (losses) on the hedged item:                                            |                                                                                    |                     |                  |                           |                   |  |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | (1)                                                                                | 0                     | 6                   | 0                | 0                         | 1                       | (4)               | 0    | Interest Rate                                                                    | (10)                                                                          | 0                                                                                  | 9                   | 0                | 0                         | 10                |  |  |  |  |
| Currency                                                                         | Currency                                                                         | 1                                                                                  | 0                     | 1                   | 0                | 0                         | 0                       | (97)              | 0    | Currency                                                                         | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                         | 0                 |  |  |  |  |
| Total gains (losses) on hedged item                                              | Total gains (losses) on hedged item                                              | 0                                                                                  | 0                     | 7                   | 0                | 0                         | 1                       | (101)             | 0    | Total gains (losses) on hedged item                                              | (10)                                                                          | 0                                                                                  | 9                   | 0                | 0                         | 10                |  |  |  |  |
| Amortization for gains (losses) excluded from assessment of the effectiveness    | Amortization for gains (losses) excluded from assessment of the effectiveness    |                                                                                    |                       |                     |                  |                           |                         |                   |      |                                                                                  | Amortization for gains (losses) excluded from assessment of the effectiveness |                                                                                    |                     |                  |                           |                   |  |  |  |  |
| Currency                                                                         | Currency                                                                         | 0                                                                                  | 0                     | 0                   | 0                | 0                         | 0                       | (4)               | (95) | Currency                                                                         | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                         | 0                 |  |  |  |  |
| Total Amortization for gain (loss) excluded from assessment of the effectiveness | Total Amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                     | 0                   | 0                | 0                         | 0                       | (4)               | (95) | Total Amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                             | 0                                                                                  | 0                   | 0                | 0                         | 0                 |  |  |  |  |

|                                                                                    |                                                                                    |          |            |        |          |      |         |         |          |                                                                                    |            |            |        |      |      |         |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------|------------|--------|----------|------|---------|---------|----------|------------------------------------------------------------------------------------|------------|------------|--------|------|------|---------|
| Total gains (losses) on fair value hedges net of hedged item                       | Total gains (losses) on fair value hedges net of hedged item                       | 0        | 0          | 6      | 0        | 0    | (15)    | (20)    | (95)     | Total gains (losses) on fair value hedges net of hedged item                       | 0          | 0          | 8      | 0    | 0    | (21)    |
| <b>Cash flow hedges</b>                                                            | <b>Cash flow hedges</b>                                                            |          |            |        |          |      |         |         |          | <b>Cash flow hedges</b>                                                            |            |            |        |      |      |         |
| Interest Rate                                                                      | Interest Rate                                                                      | (22)     | 0          | (7)    | 0        | 0    | 0       | 0       | 32       | Interest Rate                                                                      | (22)       | 0          | (10)   | 0    | 0    | 0       |
| Currency                                                                           | Currency                                                                           | 8        | 0          | 0      | 0        | 0    | 0       | 0       | (40)     | Currency                                                                           | 8          | 0          | 0      | 0    | 0    | 0       |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 48       | 0          | 163    | (146)    | 0    | 0       | 0       | (511)    | Currency/Interest Rate                                                             | 51         | 0          | 237    | (2)  | 0    | 0       |
| Total gains (losses) on cash flow hedges                                           | Total gains (losses) on cash flow hedges                                           | 34       | 0          | 156    | (146)    | 0    | 0       | 0       | (519)    | Total gains (losses) on cash flow hedges                                           | 37         | 0          | 227    | (2)  | 0    | 0       |
| <b>Net investment hedges</b>                                                       | <b>Net investment hedges</b>                                                       |          |            |        |          |      |         |         |          | <b>Net investment hedges</b>                                                       |            |            |        |      |      |         |
| Currency                                                                           | Currency                                                                           | 0        | 0          | 0      | 0        | 0    | 0       | 0       | 16       | Currency                                                                           | 0          | 0          | 0      | 0    | 0    | 0       |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 0        | 0          | 0      | 0        | 0    | 0       | 0       | 0        | Currency/Interest Rate                                                             | 0          | 0          | 0      | 0    | 0    | 0       |
| Total gains (losses) on net investment hedges                                      | Total gains (losses) on net investment hedges                                      | 0        | 0          | 0      | 0        | 0    | 0       | 0       | 16       | Total gains (losses) on net investment hedges                                      | 0          | 0          | 0      | 0    | 0    | 0       |
| <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |          |            |        |          |      |         |         |          | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |            |            |        |      |      |         |
| Interest Rate                                                                      | Interest Rate                                                                      | 225      | (755)      | 0      | 0        | 0    | 0       | 0       | 0        | Interest Rate                                                                      | (1,693)    | (3,069)    | 0      | 0    | 0    | 0       |
| Currency                                                                           | Currency                                                                           | (510)    | 0          | 0      | 5        | 0    | 0       | 0       | 0        | Currency                                                                           | (440)      | 0          | 0      | 4    | 0    | 0       |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | (63)     | 0          | 0      | (3)      | 0    | 0       | 0       | 0        | Currency/Interest Rate                                                             | (29)       | 0          | 0      | (1)  | 0    | 0       |
| Credit                                                                             | Credit                                                                             | 85       | 0          | 0      | 0        | 0    | 0       | 0       | 0        | Credit                                                                             | 86         | 0          | 0      | 0    | 0    | 0       |
| Equity                                                                             | Equity                                                                             | 1,150    | (678)      | 0      | 0        | 0    | 0       | 0       | 0        | Equity                                                                             | 689        | (363)      | 0      | 0    | 0    | 0       |
| Other                                                                              | Other                                                                              | 0        | 0          | 0      | 0        | 0    | 0       | 0       | 0        | Other                                                                              | 0          | 0          | 0      | 0    | 0    | 0       |
| Embedded Derivatives                                                               | Embedded Derivatives                                                               | (1,215)  | 0          | 0      | 0        | 0    | 0       | 0       | 0        | Embedded Derivatives                                                               | (918)      | 0          | 0      | 0    | 0    | 0       |
| Total gains (losses) on derivatives not qualifying as hedge accounting instruments | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (328)    | (1,433)    | 0      | 2        | 0    | 0       | 0       | 0        | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (2,305)    | (3,432)    | 0      | 3    | 0    | 0       |
| <b>Total</b>                                                                       | <b>Total</b>                                                                       | \$ (294) | \$ (1,433) | \$ 162 | \$ (144) | \$ 0 | \$ (15) | \$ (20) | \$ (598) | <b>Total</b>                                                                       | \$ (2,268) | \$ (3,432) | \$ 235 | \$ 1 | \$ 0 | \$ (21) |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                     |                                       |
|-------------------------------------|---------------------------------------|
| Three Months Ended June 30, 2022(2) | Three Months Ended September 30, 2022 |
|-------------------------------------|---------------------------------------|

|                                                                                  |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                     |                  |                                                      |      |          |  |  |  |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------|---------------------|------------------|------------------------------------------------------|-------------------------|-------------------|------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------|------------------|------------------------------------------------------|------|----------|--|--|--|
|                                                                                  |                                                                                  | Related Hedging Gain (Loss)                                                        | Net Investment Income | Other Income (Loss) | Interest Expense | Interest Credited to Policyholders' Account Balances | Policyholders' Benefits | Change in AOCI(1) |      | Related Hedging Gain (Loss)                                                      | Net Investment Income                                                              | Other Income (Loss) | Interest Expense | Interest Credited to Policyholders' Account Balances |      |          |  |  |  |
|                                                                                  |                                                                                  | (in millions)                                                                      |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | (in millions)                                                                      |                     |                  |                                                      |      |          |  |  |  |
| Derivatives Designated as Hedge Accounting Instruments:                          | Derivatives Designated as Hedge Accounting Instruments:                          |                                                                                    |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Derivatives Designated as Hedge Accounting Instruments:                            |                     |                  |                                                      |      |          |  |  |  |
| Fair value hedges                                                                | Fair value hedges                                                                |                                                                                    |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Fair value hedges                                                                  |                     |                  |                                                      |      |          |  |  |  |
| Gains (losses) on derivatives designated as hedge instruments:                   | Gains (losses) on derivatives designated as hedge instruments:                   |                                                                                    |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Gains (losses) on derivatives designated as hedge instruments:                     |                     |                  |                                                      |      |          |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | \$ 13                                                                              | \$ 0                  | \$ (1)              | \$ 0             | \$ 0                                                 | \$ (126)                | \$ (159)          | \$ 0 | Interest Rate                                                                    | \$ 11                                                                              | \$ 0                | \$ (1)           | \$ 0                                                 | \$ 0 | \$ (106) |  |  |  |
| Currency                                                                         | Currency                                                                         | (5)                                                                                | 0                     | 0                   | 0                | 0                                                    | 0                       | (151)             | 0    | Currency                                                                         | 1                                                                                  | 0                   | 0                | 0                                                    | 0    | 0        |  |  |  |
| Total gains (losses) on derivatives designated as hedge instruments              | Total gains (losses) on derivatives designated as hedge instruments              | 8                                                                                  | 0                     | (1)                 | 0                | 0                                                    | (126)                   | (310)             | 0    | Total gains (losses) on derivatives designated as hedge instruments              | 12                                                                                 | 0                   | (1)              | 0                                                    | 0    | (106)    |  |  |  |
| Gains (losses) on the hedged item:                                               | Gains (losses) on the hedged item:                                               |                                                                                    |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Gains (losses) on the hedged item:                                                 |                     |                  |                                                      |      |          |  |  |  |
| Interest Rate                                                                    | Interest Rate                                                                    | (13)                                                                               | 0                     | 3                   | 0                | 0                                                    | 138                     | 173               | 0    | Interest Rate                                                                    | (11)                                                                               | 0                   | 3                | 0                                                    | 0    | 104      |  |  |  |
| Currency                                                                         | Currency                                                                         | 7                                                                                  | 0                     | 3                   | 0                | 0                                                    | 0                       | 151               | 0    | Currency                                                                         | (1)                                                                                | 0                   | 2                | 0                                                    | 0    | 0        |  |  |  |
| Total gains (losses) on hedged item                                              | Total gains (losses) on hedged item                                              | (6)                                                                                | 0                     | 6                   | 0                | 0                                                    | 138                     | 324               | 0    | Total gains (losses) on hedged item                                              | (12)                                                                               | 0                   | 5                | 0                                                    | 0    | 104      |  |  |  |
| Amortization for gains (losses) excluded from assessment of the effectiveness    | Amortization for gains (losses) excluded from assessment of the effectiveness    |                                                                                    |                       |                     |                  |                                                      |                         |                   |      |                                                                                  | Amortization for gains (losses) excluded from assessment of the effectiveness      |                     |                  |                                                      |      |          |  |  |  |
| Currency                                                                         | Currency                                                                         | 0                                                                                  | 0                     | 0                   | 0                | 0                                                    | 0                       | 0                 | 52   | Currency                                                                         | 0                                                                                  | 0                   | 0                | 0                                                    | 0    | 0        |  |  |  |
| Total amortization for gain (loss) excluded from assessment of the effectiveness | Total amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                     | 0                   | 0                | 0                                                    | 0                       | 0                 | 52   | Total amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                   | 0                | 0                                                    | 0    | 0        |  |  |  |

|                                                                                    |                                                                                    |            |            |       |        |      |       |       |          |                                                                                    |          |            |       |        |      |        |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------|------------|-------|--------|------|-------|-------|----------|------------------------------------------------------------------------------------|----------|------------|-------|--------|------|--------|
| Total gains (losses) on fair value hedges net of hedged item                       | Total gains (losses) on fair value hedges net of hedged item                       | 2          | 0          | 5     | 0      | 0    | 12    | 14    | 52       | Total gains (losses) on fair value hedges net of hedged item                       | 0        | 0          | 4     | 0      | 0    | (2)    |
| <b>Cash flow hedges</b>                                                            | <b>Cash flow hedges</b>                                                            |            |            |       |        |      |       |       |          | <b>Cash flow hedges</b>                                                            |          |            |       |        |      |        |
| Interest Rate                                                                      | Interest Rate                                                                      | 0          | 0          | (1)   | 0      | 0    | 0     | 0     | (76)     | Interest Rate                                                                      | 1        | 0          | 1     | 0      | 0    | 0      |
| Currency                                                                           | Currency                                                                           | 4          | 0          | 0     | 0      | 0    | 0     | 0     | 114      | Currency                                                                           | 6        | 0          | 0     | 0      | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 44         | 0          | 68    | 391    | 0    | 0     | 0     | 1,253    | Currency/Interest Rate                                                             | 27       | 0          | 77    | 279    | 0    | 0      |
| Total gains (losses) on cash flow hedges                                           | Total gains (losses) on cash flow hedges                                           | 48         | 0          | 67    | 391    | 0    | 0     | 0     | 1,291    | Total gains (losses) on cash flow hedges                                           | 34       | 0          | 78    | 279    | 0    | 0      |
| <b>Net investment hedges</b>                                                       | <b>Net investment hedges</b>                                                       |            |            |       |        |      |       |       |          | <b>Net investment hedges</b>                                                       |          |            |       |        |      |        |
| Currency                                                                           | Currency                                                                           | 0          | 0          | 0     | 0      | 0    | 0     | 0     | 22       | Currency                                                                           | 0        | 0          | 0     | 0      | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 0          | 0          | 0     | 0      | 0    | 0     | 0     | 0        | Currency/Interest Rate                                                             | 0        | 0          | 0     | 0      | 0    | 0      |
| Total gains (losses) on net investment hedges                                      | Total gains (losses) on net investment hedges                                      | 0          | 0          | 0     | 0      | 0    | 0     | 0     | 22       | Total gains (losses) on net investment hedges                                      | 0        | 0          | 0     | 0      | 0    | 0      |
| <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |            |            |       |        |      |       |       |          | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |          |            |       |        |      |        |
| Interest Rate                                                                      | Interest Rate                                                                      | (1,481)    | (2,159)    | 0     | 0      | 0    | 0     | 0     | 0        | Interest Rate                                                                      | (695)    | (1,376)    | 0     | 0      | 0    | 0      |
| Currency                                                                           | Currency                                                                           | (162)      | 0          | 0     | 0      | 0    | 0     | 0     | 0        | Currency                                                                           | 2        | 0          | 0     | 2      | 0    | 0      |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 646        | 0          | 0     | 3      | 0    | 0     | 0     | 0        | Currency/Interest Rate                                                             | 501      | 0          | 0     | 4      | 0    | 0      |
| Credit                                                                             | Credit                                                                             | (126)      | 0          | 0     | 0      | 0    | 0     | 0     | 0        | Credit                                                                             | (11)     | 0          | 0     | 0      | 0    | 0      |
| Equity                                                                             | Equity                                                                             | 22         | 1,156      | 0     | 0      | 0    | 0     | 0     | 0        | Equity                                                                             | (331)    | 278        | 0     | 0      | 0    | 0      |
| Other                                                                              | Other                                                                              | 1          | 0          | 0     | 0      | 0    | 0     | 0     | 0        | Other                                                                              | 0        | 0          | 0     | 0      | 0    | 0      |
| Embedded Derivatives                                                               | Embedded Derivatives                                                               | 48         | 0          | 0     | 0      | 0    | 0     | 0     | 0        | Embedded Derivatives                                                               | 224      | 0          | 0     | 0      | 0    | 0      |
| Total gains (losses) on derivatives not qualifying as hedge accounting instruments | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (1,052)    | (1,003)    | 0     | 3      | 0    | 0     | 0     | 0        | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (310)    | (1,098)    | 0     | 6      | 0    | 0      |
| <b>Total</b>                                                                       | <b>Total</b>                                                                       | \$ (1,002) | \$ (1,003) | \$ 72 | \$ 394 | \$ 0 | \$ 12 | \$ 14 | \$ 1,365 | <b>Total</b>                                                                       | \$ (276) | \$ (1,098) | \$ 82 | \$ 285 | \$ 0 | \$ (2) |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Six Months Ended June 30, 2022(2)

Nine Months Ended September 30, 2022(2)

|                                                                                  |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                       |                     |                  |                           |                         |                   |      |                                                                                  | Change in Value of Market Risk Benefits, Net of Realized Investment Gains (Losses) |                     |                  |                           |                         |                   |   |  |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------|---------------------|------------------|---------------------------|-------------------------|-------------------|------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------|------------------|---------------------------|-------------------------|-------------------|---|--|
|                                                                                  |                                                                                  | Related Hedging Gain (Loss)                                                        | Net Investment Income | Other Income (Loss) | Interest Expense | Interest Account Balances | Policyholders' Benefits | Change in AOCI(1) |      | Related Hedging Gain (Loss)                                                      | Net Investment Income                                                              | Other Income (Loss) | Interest Expense | Interest Account Balances | Policyholders' Benefits | Change in AOCI(1) |   |  |
|                                                                                  |                                                                                  | (in millions)                                                                      |                       |                     |                  |                           |                         |                   |      |                                                                                  | (in millions)                                                                      |                     |                  |                           |                         |                   |   |  |
| Derivatives                                                                      | Derivatives                                                                      |                                                                                    |                       |                     |                  |                           |                         |                   |      | Derivatives                                                                      |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Designated as                                                                    | Designated as                                                                    |                                                                                    |                       |                     |                  |                           |                         |                   |      | Designated as                                                                    |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Hedge                                                                            | Hedge                                                                            |                                                                                    |                       |                     |                  |                           |                         |                   |      | Hedge                                                                            |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Accounting                                                                       | Accounting                                                                       |                                                                                    |                       |                     |                  |                           |                         |                   |      | Accounting                                                                       |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Instruments:                                                                     | Instruments:                                                                     |                                                                                    |                       |                     |                  |                           |                         |                   |      | Instruments:                                                                     |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Fair value hedges                                                                | Fair value hedges                                                                |                                                                                    |                       |                     |                  |                           |                         |                   |      | Fair value hedges                                                                |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Gains (losses) on derivatives designated as hedge instruments:                   | Gains (losses) on derivatives designated as hedge instruments:                   |                                                                                    |                       |                     |                  |                           |                         |                   |      | Gains (losses) on derivatives designated as hedge instruments:                   |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Interest Rate                                                                    | Interest Rate                                                                    | \$ 27                                                                              | \$ 0                  | \$ (3)              | \$ 0             | \$ 0                      | \$ (267)                | \$ (317)          | \$ 0 | Interest Rate                                                                    | \$ 39                                                                              | \$ 0                | \$ (4)           | \$ 0                      | \$ 0                    | \$ (373)          |   |  |
| Currency                                                                         | Currency                                                                         | (30)                                                                               | 0                     | (1)                 | 0                | 0                         | 0                       | (207)             | 0    | Currency                                                                         | (29)                                                                               | 0                   | (1)              | 0                         | 0                       | 0                 | 0 |  |
| Total gains (losses) on derivatives designated as hedge instruments              | Total gains (losses) on derivatives designated as hedge instruments              | (3)                                                                                | 0                     | (4)                 | 0                | 0                         | (267)                   | (524)             | 0    | Total gains (losses) on derivatives designated as hedge instruments              | 10                                                                                 | 0                   | (5)              | 0                         | 0                       | (373)             |   |  |
| Gains (losses) on the hedged item:                                               | Gains (losses) on the hedged item:                                               |                                                                                    |                       |                     |                  |                           |                         |                   |      | Gains (losses) on the hedged item:                                               |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Interest Rate                                                                    | Interest Rate                                                                    | (27)                                                                               | 0                     | 7                   | 0                | 0                         | 285                     | 332               | 0    | Interest Rate                                                                    | (39)                                                                               | 0                   | 10               | 0                         | 0                       | 389               |   |  |
| Currency                                                                         | Currency                                                                         | 32                                                                                 | 0                     | 3                   | 0                | 0                         | 0                       | 204               | 0    | Currency                                                                         | 31                                                                                 | 0                   | 8                | 0                         | 0                       | 0                 |   |  |
| Total gains (losses) on hedged item                                              | Total gains (losses) on hedged item                                              | 5                                                                                  | 0                     | 10                  | 0                | 0                         | 285                     | 536               | 0    | Total gains (losses) on hedged item                                              | (8)                                                                                | 0                   | 18               | 0                         | 0                       | 389               |   |  |
| Amortization for gains (losses) excluded from assessment of the effectiveness    | Amortization for gains (losses) excluded from assessment of the effectiveness    |                                                                                    |                       |                     |                  |                           |                         |                   |      | Amortization for gains (losses) excluded from assessment of the effectiveness    |                                                                                    |                     |                  |                           |                         |                   |   |  |
| Currency                                                                         | Currency                                                                         | 0                                                                                  | 0                     | 0                   | 0                | 0                         | 0                       | (2)               | 63   | Currency                                                                         | 0                                                                                  | 0                   | 0                | 0                         | 0                       | 0                 |   |  |
| Total amortization for gain (loss) excluded from assessment of the effectiveness | Total amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                     | 0                   | 0                | 0                         | 0                       | (2)               | 63   | Total amortization for gain (loss) excluded from assessment of the effectiveness | 0                                                                                  | 0                   | 0                | 0                         | 0                       | 0                 |   |  |

|                                                                                    |                                                                                    |            |            |        |        |      |       |       |          |                                                                                    |            |            |        |        |      |       |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------|------------|--------|--------|------|-------|-------|----------|------------------------------------------------------------------------------------|------------|------------|--------|--------|------|-------|
| Total gains (losses) on fair value hedges net of hedged item                       | Total gains (losses) on fair value hedges net of hedged item                       | 2          | 0          | 6      | 0      | 0    | 18    | 10    | 63       | Total gains (losses) on fair value hedges net of hedged item                       | 2          | 0          | 13     | 0      | 0    | 16    |
| <b>Cash flow hedges</b>                                                            | <b>Cash flow hedges</b>                                                            |            |            |        |        |      |       |       |          | <b>Cash flow hedges</b>                                                            |            |            |        |        |      |       |
| Interest Rate                                                                      | Interest Rate                                                                      | (5)        | 0          | 0      | 0      | 0    | 0     | 0     | (134)    | Interest Rate                                                                      | (5)        | 0          | 2      | 0      | 0    | 0     |
| Currency                                                                           | Currency                                                                           | 4          | 0          | 0      | 0      | 0    | 0     | 0     | 144      | Currency                                                                           | 10         | 0          | 0      | 0      | 0    | 0     |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 49         | 0          | 137    | 471    | 0    | 0     | 0     | 1,417    | Currency/Interest Rate                                                             | 76         | 0          | 214    | 750    | 0    | 0     |
| Total gains (losses) on cash flow hedges                                           | Total gains (losses) on cash flow hedges                                           | 48         | 0          | 137    | 471    | 0    | 0     | 0     | 1,427    | Total gains (losses) on cash flow hedges                                           | 81         | 0          | 216    | 750    | 0    | 0     |
| <b>Net investment hedges</b>                                                       | <b>Net investment hedges</b>                                                       |            |            |        |        |      |       |       |          | <b>Net investment hedges</b>                                                       |            |            |        |        |      |       |
| Currency                                                                           | Currency                                                                           | 0          | 0          | 0      | 0      | 0    | 0     | 0     | 10       | Currency                                                                           | 0          | 0          | 0      | 0      | 0    | 0     |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 0          | 0          | 0      | 0      | 0    | 0     | 0     | 0        | Currency/Interest Rate                                                             | 0          | 0          | 0      | 0      | 0    | 0     |
| Total gains (losses) on net investment hedges                                      | Total gains (losses) on net investment hedges                                      | 0          | 0          | 0      | 0      | 0    | 0     | 0     | 10       | Total gains (losses) on net investment hedges                                      | 0          | 0          | 0      | 0      | 0    | 0     |
| <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |            |            |        |        |      |       |       |          | <b>Derivatives Not Qualifying as Hedge Accounting Instruments:</b>                 |            |            |        |        |      |       |
| Interest Rate                                                                      | Interest Rate                                                                      | (2,387)    | (4,859)    | 0      | 0      | 0    | 0     | 0     | 0        | Interest Rate                                                                      | (3,081)    | (6,235)    | 0      | 0      | 0    | 0     |
| Currency                                                                           | Currency                                                                           | (371)      | 0          | 0      | (1)    | 0    | 0     | 0     | 0        | Currency                                                                           | (369)      | 0          | 0      | 1      | 0    | 0     |
| Currency/Interest Rate                                                             | Currency/Interest Rate                                                             | 786        | 0          | 0      | 4      | 0    | 0     | 0     | 0        | Currency/Interest Rate                                                             | 1,287      | 0          | 0      | 8      | 0    | 0     |
| Credit                                                                             | Credit                                                                             | (163)      | 0          | 0      | 0      | 0    | 0     | 0     | 0        | Credit                                                                             | (174)      | 0          | 0      | 0      | 0    | 0     |
| Equity                                                                             | Equity                                                                             | 133        | 1,521      | 0      | 0      | 0    | 0     | 0     | 0        | Equity                                                                             | (197)      | 1,799      | 0      | 0      | 0    | 0     |
| Other                                                                              | Other                                                                              | 2          | 0          | 0      | 0      | 0    | 0     | 0     | 0        | Other                                                                              | 2          | 0          | 0      | 0      | 0    | 0     |
| Embedded Derivatives                                                               | Embedded Derivatives                                                               | 311        | 0          | 0      | 0      | 0    | 0     | 0     | 0        | Embedded Derivatives                                                               | 535        | 0          | 0      | 0      | 0    | 0     |
| Total gains (losses) on derivatives not qualifying as hedge accounting instruments | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (1,689)    | (3,338)    | 0      | 3      | 0    | 0     | 0     | 0        | Total gains (losses) on derivatives not qualifying as hedge accounting instruments | (1,997)    | (4,436)    | 0      | 9      | 0    | 0     |
| <b>Total</b>                                                                       | <b>Total</b>                                                                       | \$ (1,639) | \$ (3,338) | \$ 143 | \$ 474 | \$ 0 | \$ 18 | \$ 10 | \$ 1,500 | <b>Total</b>                                                                       | \$ (1,914) | \$ (4,436) | \$ 229 | \$ 759 | \$ 0 | \$ 16 |

- (1) Excluding changes related to net investment hedges using non-derivative instruments of \$46 million \$15 million and \$45 million \$60 million for the three months ended and six nine months ended June 30, 2023 September 30, 2023, and \$102 million \$2 million and \$131 million \$134 million for three months ended and six nine months ended June 30, 2022 September 30, 2022, respectively
- (2) Prior period amounts have been updated to conform to current period presentation.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Presented below is a rollforward of current period cash flow hedges in AOCI before taxes:

|                                                      | (in millions)         |
|------------------------------------------------------|-----------------------|
| <b>Balance, December 31, 2022</b>                    | <b>\$ 2,616</b>       |
| Amount recorded in AOCI:                             |                       |
| Interest Rate                                        | 3 (41)                |
| Currency                                             | (32) (29)             |
| Currency/Interest Rate                               | (446) (334)           |
| <b>Total amount recorded in AOCI</b>                 | <b>(475) (404)</b>    |
| Amount reclassified from AOCI to income:             |                       |
| Interest Rate                                        | 29 32                 |
| Currency                                             | (8) (11)              |
| Currency/Interest Rate                               | (65) (286)            |
| <b>Total amount reclassified from AOCI to income</b> | <b>(44) (265)</b>     |
| <b>Balance, June 30, 2023 September 30, 2023</b>     | <b>\$ 2,097 1,947</b> |

The changes in fair value of cash flow hedges are deferred in AOCI and are included in "Net unrealized investment gains (losses)" in the Unaudited Interim Consolidated Statements of Comprehensive Income; these amounts are then reclassified to earnings when the hedged item affects earnings. Using June 30, 2023 September 30, 2023 values, it is estimated that a pre-tax gain of approximately \$274 million \$315 million is expected to be reclassified from AOCI to earnings during the subsequent twelve months ending June 30, 2024 September 30, 2024.

The exposures the Company is hedging with these qualifying cash flow hedges include the variability of future cash flows from forecasted transactions denominated in foreign currencies, the purchases of invested assets, and the receipt or payment of variable interest on existing financial instruments. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions is 28 years.

There were no material amounts reclassified from AOCI into earnings relating to instances in which the Company discontinued cash flow hedge accounting because the forecasted transaction did not occur by the anticipated date or within the additional time period permitted by the authoritative guidance for the accounting for derivatives and hedging. In addition, there were no instances in which the Company discontinued fair value hedge accounting due to a hedged firm commitment no longer qualifying as a fair value hedge.

For net investment hedges, in addition to derivatives, the Company uses foreign currency denominated debt to hedge the risk of change in the net investment in a foreign subsidiary due to changes in exchange rates. For effective net investment hedges, the amounts, before applicable taxes, recorded in the cumulative translation adjustment within AOCI were \$63 million \$25 million and \$61 million \$86 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and \$123 million \$26 million and \$141 million \$166 million for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

#### Credit Derivatives

The following tables provide a summary of the notional and fair value of written credit protection, presented as assets (liabilities). The Company's maximum amount at risk under these credit derivatives, assuming the value of the underlying referenced securities become worthless, is equal to the notional amounts. These credit derivatives have maturities of less than 24 years for index reference.

#### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                                            |              | June 30, 2023                                              |       |          |       |          |       |          |       |          |       |          |       |          |       | September 30, 2023                                         |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
|------------------------------------------------------------|--------------|------------------------------------------------------------|-------|----------|-------|----------|-------|----------|-------|----------|-------|----------|-------|----------|-------|------------------------------------------------------------|-------|----------|-------|----------|-------|----------|-------|----------|-------|----------|-------|--|--|--|
|                                                            |              | NAIC Rating Designation of Underlying Credit Obligation(1) |       |          |       |          |       |          |       |          |       |          |       |          |       | NAIC Rating Designation of Underlying Credit Obligation(1) |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
|                                                            |              | NAIC 1                                                     |       | NAIC 2   |       | NAIC 3   |       | NAIC 4   |       | NAIC 5   |       | NAIC 6   |       | Total    |       | NAIC 1                                                     |       | NAIC 2   |       | NAIC 3   |       | NAIC 4   |       | NAIC 5   |       | Total    |       |  |  |  |
|                                                            |              | Gross                                                      | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross                                                      | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  | Gross    | Fair  |  |  |  |
|                                                            |              | Notional                                                   | Value | Notional | Value | Notional | Value | Notional | Value | Notional | Value | Notional | Value | Notional | Value | Notional                                                   | Value | Notional | Value | Notional | Value | Notional | Value | Notional | Value | Notional | Value |  |  |  |
|                                                            |              | (in millions)                                              |       |          |       |          |       |          |       |          |       |          |       |          |       | (in millions)                                              |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
| Single name                                                | Single name  |                                                            |       |          |       |          |       |          |       |          |       |          |       |          |       | Single name                                                |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
| reference(2)                                               | reference(2) | \$                                                         | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$                                                         | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$       | 0     | \$       | 0     |  |  |  |
| Index                                                      | Index        |                                                            |       |          |       |          |       |          |       |          |       |          |       |          |       | Index                                                      |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
| reference(2)                                               | reference(2) | 28                                                         | 0     | 0        | 0     | 4,330    | 5     | 0        | 0     | 0        | 0     | 457      | 15    | 4,815    | 20    | 8                                                          | 0     | 0        | 0     | 4,619    | (20)  | 0        | 0     |          |       |          |       |  |  |  |
| Total                                                      | Total        | \$                                                         | 28    | \$       | 0     | \$       | 0     | \$       | 4,330 | \$       | 5     | \$       | 0     | \$       | 0     | \$                                                         | 457   | \$       | 15    | \$       | 4,815 | \$       | 20    |          |       |          |       |  |  |  |
| December 31, 2022                                          |              |                                                            |       |          |       |          |       |          |       |          |       |          |       |          |       |                                                            |       |          |       |          |       |          |       |          |       |          |       |  |  |  |
| NAIC Rating Designation of Underlying Credit Obligation(1) |              |                                                            |       |          |       |          |       |          |       |          |       |          |       |          |       |                                                            |       |          |       |          |       |          |       |          |       |          |       |  |  |  |

December 31, 2022

NAIC Rating Designation of Underlying Credit Obligation(1)

|                          | NAIC 1        |            | NAIC 2   |            | NAIC 3         |            | NAIC 4   |            | NAIC 5   |            | NAIC 6   |            | Total          |            |
|--------------------------|---------------|------------|----------|------------|----------------|------------|----------|------------|----------|------------|----------|------------|----------------|------------|
|                          | Gross         |            | Gross    |            | Gross          |            | Gross    |            | Gross    |            | Gross    |            |                |            |
|                          | Notional      | Fair Value | Notional | Fair Value | Gross Notional | Fair Value | Notional | Fair Value | Notional | Fair Value | Notional | Fair Value | Gross Notional | Fair Value |
|                          | (in millions) |            |          |            |                |            |          |            |          |            |          |            |                |            |
| Single name reference(2) | \$            | 0          | \$       | 0          | \$             | 0          | \$       | 0          | \$       | 0          | \$       | 0          | \$             | 0          |
| Index reference(2)       |               | 48         |          | 0          |                | 0          |          | 5,197      |          | (46)       |          | 0          |                | 0          |
| Total                    | \$            | 48         | \$       | 0          | \$             | 0          | \$       | 5,197      | \$       | (46)       | \$       | 0          | \$             | 0          |

- (1) The NAIC rating designations are based on availability and the lowest ratings among Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Services ("S&P") and Fitch Ratings Inc. ("Fitch"). If no rating is available from a rating agency, a NAIC 6 rating is used.
- (2) Single name credit default swaps may make reference to the credit of corporate debt, sovereign debt, and structured finance. Index references NAIC designations are based on the lowest rated single name reference included in the index.

In addition to writing credit protection, the Company has purchased credit protection using credit derivatives in order to hedge specific credit exposures in the Company's investment portfolio. As of **June 30, 2023** **September 30, 2023** and December 31, 2022, the Company had **\$318 million** **\$806 million** and \$324 million of outstanding notional amounts and reported at fair value as a liability of \$6 million and an asset of \$1 million, respectively.

#### Counterparty Credit Risk

The Company is exposed to losses in the event of non-performance by counterparties to financial derivative transactions with a positive fair value. The Company manages credit risk by: (i) entering into derivative transactions with highly rated major financial institutions and other creditworthy counterparties governed by master netting agreements, as applicable; (ii) trading through central clearing and over-the-counter ("OTC") parties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

Substantially all of the Company's derivative agreements have zero thresholds which require daily full collateralization by the party in a liability position. In addition, certain of the Company's derivative agreements contain credit-risk related contingent features; if the credit rating of one of the parties to the derivative agreement is to fall below a certain level, the party with positive fair value could request termination at the then fair value or demand immediate full collateralization from the party whose credit rating fell and is in a net liability position.

As of **June 30, 2023** **September 30, 2023**, there were no net liability derivative positions with counterparties with credit risk-related contingent features. All derivatives have been appropriately collateralized by the Company or the counterparty in accordance with the terms of the derivative agreements.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

### 6. FAIR VALUE OF ASSETS AND LIABILITIES

**Fair Value Measurement**—Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative fair value guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1—Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities.

Level 2—Fair value is based on significant inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, and other market observable inputs.

Level 3—Fair value is based on at least one significant unobservable input for the asset or liability. The assets and liabilities in this category may require significant judgment or estimation in determining the fair value.

For a discussion of Company's valuation methodologies for assets and liabilities measured at fair value and the fair value hierarchy, see Note 6 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

As a result of the adoption of ASU 2018-12 in the first quarter of 2023, the Company is required to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value. Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and expose the insurance entity to other than nominal capital market risk, primarily related to deferred annuities with guaranteed minimum benefits in the Retirement Strategies segment including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The benefits are bundled together and accounted for as single compound market risk benefits using a fair value measurement framework.

The fair value of these market risk benefits is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefit. The fair value of these benefit features is based on assumptions a market participant would use in valuing market risk benefits. This methodology could result in either a liability or asset balance, given changing capital market conditions and various actuarial assumptions. Since there is no observable active market for the transfer of these obligations, the valuations are calculated using internally-developed models with option pricing techniques. The models are based on a risk neutral valuation framework and incorporate premiums for risks inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. The determination of these risk premiums requires the use of management's judgment.

The significant inputs to the valuation models for these market risk benefits include capital market assumptions, such as interest rate levels and volatility assumptions, the Company's market-perceived NPR, as well as actuarially determined assumptions, including contractholder behavior, such as lapse rates, benefit utilization rates, withdrawal rates, and mortality rates. Since many of these assumptions are unobservable and are considered to be significant inputs to the valuations, the assets and liabilities included in market risk benefits have been reflected within Level 3 in the fair value hierarchy.

Capital market inputs and actual policyholders' account values are updated each quarter based on capital market conditions as of the end of the quarter, including interest rates, equity markets and volatility. In the risk neutral valuation, the initial swap curve drives the total return used to grow the policyholders' account values. The Company's discount rate assumption is based on the SOFR swap curve adjusted for an additional spread relative to SOFR to reflect the Company's market-perceived NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with the Company issued funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements **living benefit guarantees, and index-linked interest crediting guarantees** are insurance liabilities and are therefore senior to debt.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Actuarial assumptions, including contractholder behavior and mortality, are reviewed at least annually, and updated based upon company emerging experience and industry studies, future expectations and other data, including any observable market data. These assumptions are generally updated annually unless a material change that the Company feels is indicative of a long-term trend is observed in an interim period. See "—Annual Assumptions Review" in Note 2 for additional information.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Assets and Liabilities by Hierarchy Level**—The tables below present the balances of assets and liabilities reported at fair value on a recurring basis, as of the dates indicated.

|                                                                                      |                                                                                      | As of June 30, 2023 |           |         |            |           | As of September 30, 2023                                                             |         |           |            |           |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------|-----------|---------|------------|-----------|--------------------------------------------------------------------------------------|---------|-----------|------------|-----------|
|                                                                                      |                                                                                      | Level 1             | Level 2   | Level 3 | Netting(1) | Total     | Level 1                                                                              | Level 2 | Level 3   | Netting(1) | Total     |
|                                                                                      |                                                                                      | (in millions)       |           |         |            |           | (in millions)                                                                        |         |           |            |           |
| Fixed maturities, available-for-sale:                                                | Fixed maturities, available-for-sale:                                                |                     |           |         |            |           | Fixed maturities, available-for-sale:                                                |         |           |            |           |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 0                | \$ 24,542 | \$ 0    | \$         | \$ 24,542 | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 0    | \$ 19,949 | \$ 0       | \$ 19,949 |
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          | 0                   | 9,879     | 7       |            | 9,886     | Obligations of U.S. states and their political subdivisions                          | 0       | 7,990     | 7          | 7,997     |
| Foreign government bonds                                                             | Foreign government bonds                                                             | 0                   | 72,200    | 8       |            | 72,208    | Foreign government bonds                                                             | 0       | 66,501    | 8          | 66,509    |
| U.S. corporate public securities                                                     | U.S. corporate public securities                                                     | 0                   | 93,077    | 63      |            | 93,140    | U.S. corporate public securities                                                     | 0       | 89,206    | 65         | 89,271    |

|                                                                                      |                                                                                      |     |         |       |         |                                                                                      |     |         |       |         |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----|---------|-------|---------|--------------------------------------------------------------------------------------|-----|---------|-------|---------|
| U.S. corporate private securities(2)                                                 | U.S. corporate private securities(2)                                                 | 0   | 35,003  | 2,670 | 37,673  | U.S. corporate private securities(2)                                                 | 0   | 35,346  | 2,845 | 38,191  |
| Foreign corporate public securities                                                  | Foreign corporate public securities                                                  | 0   | 19,969  | 68    | 20,037  | Foreign corporate public securities                                                  | 0   | 18,600  | 61    | 18,661  |
| Foreign corporate private securities                                                 | Foreign corporate private securities                                                 | 0   | 27,349  | 1,660 | 29,009  | Foreign corporate private securities                                                 | 0   | 27,627  | 1,686 | 29,313  |
| Asset-backed securities(3)                                                           | Asset-backed securities(3)                                                           | 0   | 13,025  | 287   | 13,312  | Asset-backed securities(3)                                                           | 0   | 12,943  | 419   | 13,362  |
| Commercial mortgage-backed securities                                                | Commercial mortgage-backed securities                                                | 0   | 9,157   | 968   | 10,125  | Commercial mortgage-backed securities                                                | 0   | 8,989   | 921   | 9,910   |
| Residential mortgage-backed securities                                               | Residential mortgage-backed securities                                               | 0   | 2,289   | 9     | 2,298   | Residential mortgage-backed securities                                               | 0   | 2,155   | 0     | 2,155   |
| Subtotal                                                                             | Subtotal                                                                             | 0   | 306,490 | 5,740 | 312,230 | Subtotal                                                                             | 0   | 289,306 | 6,012 | 295,318 |
| Assets supporting experience-rated contractholder liabilities:                       | Assets supporting experience-rated contractholder liabilities:                       |     |         |       |         | Assets supporting experience-rated contractholder liabilities:                       |     |         |       |         |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | 0   | 206     | 0     | 206     | U.S. Treasury securities and obligations of U.S. government authorities and agencies | 0   | 204     | 0     | 204     |
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          | 0   | 0       | 0     | 0       | Obligations of U.S. states and their political subdivisions                          | 0   | 0       | 0     | 0       |
| Foreign government bonds                                                             | Foreign government bonds                                                             | 0   | 640     | 0     | 640     | Foreign government bonds                                                             | 0   | 609     | 0     | 609     |
| Corporate securities                                                                 | Corporate securities                                                                 | 0   | 79      | 0     | 79      | Corporate securities                                                                 | 0   | 75      | 0     | 75      |
| Asset-backed securities(3)                                                           | Asset-backed securities(3)                                                           | 0   | 0       | 0     | 0       | Asset-backed securities(3)                                                           | 0   | 0       | 0     | 0       |
| Commercial mortgage-backed securities                                                | Commercial mortgage-backed securities                                                | 0   | 0       | 0     | 0       | Commercial mortgage-backed securities                                                | 0   | 0       | 0     | 0       |
| Residential mortgage-backed securities                                               | Residential mortgage-backed securities                                               | 0   | 0       | 0     | 0       | Residential mortgage-backed securities                                               | 0   | 0       | 0     | 0       |
| Equity securities                                                                    | Equity securities                                                                    | 891 | 1,203   | 0     | 2,094   | Equity securities                                                                    | 873 | 1,182   | 0     | 2,055   |
| All other(4)                                                                         | All other(4)                                                                         | 0   | 0       | 0     | 0       | All other(4)                                                                         | 0   | 0       | 0     | 0       |

|                                     |                                     |           |            |           |             |            |                                     |           |            |           |             |            |
|-------------------------------------|-------------------------------------|-----------|------------|-----------|-------------|------------|-------------------------------------|-----------|------------|-----------|-------------|------------|
| Subtotal                            | Subtotal                            | 891       | 2,128      | 0         |             | 3,019      | Subtotal                            | 873       | 2,070      | 0         |             | 2,943      |
| Market risk benefit assets          | Market risk benefit assets          | 0         | 0          | 1,951     |             | 1,951      | Market risk benefit assets          | 0         | 0          | 2,200     |             | 2,200      |
| Fixed maturities, trading           | Fixed maturities, trading           | 0         | 6,047      | 302       |             | 6,349      | Fixed maturities, trading           | 0         | 6,832      | 297       |             | 7,129      |
| Equity securities                   | Equity securities                   | 4,686     | 2,900      | 773       |             | 8,359      | Equity securities                   | 4,949     | 1,349      | 741       |             | 7,039      |
| Commercial mortgage and other loans | Commercial mortgage and other loans | 0         | 323        | 0         |             | 323        | Commercial mortgage and other loans | 0         | 387        | 0         |             | 387        |
| Other invested assets(5)            | Other invested assets(5)            | 162       | 16,023     | 865       | (14,939)    | 2,111      | Other invested assets(5)            | 33        | 20,148     | 861       | (19,178)    | 1,864      |
| Short-term investments              | Short-term investments              | 473       | 3,550      | 25        |             | 4,048      | Short-term investments              | 218       | 3,452      | 24        |             | 3,694      |
| Cash equivalents                    | Cash equivalents                    | 1,430     | 5,947      | 0         |             | 7,377      | Cash equivalents                    | 1,494     | 6,480      | 0         |             | 7,974      |
| Other assets                        | Other assets                        | 0         | 382        | 229       |             | 611        | Other assets                        | 0         | 378        | 281       |             | 659        |
| Separate account assets(6)(7)       | Separate account assets(6)(7)       | 9,035     | 161,467    | 1,175     |             | 171,677    | Separate account assets(6)(7)       | 8,229     | 153,236    | 1,160     |             | 162,625    |
| Total assets                        | Total assets                        | \$ 16,677 | \$ 505,257 | \$ 11,060 | \$ (14,939) | \$ 518,055 | Total assets                        | \$ 15,796 | \$ 483,638 | \$ 11,576 | \$ (19,178) | \$ 491,832 |
| Market risk benefit liabilities     | Market risk benefit liabilities     | \$ 0      | \$ 0       | \$ 5,462  | \$          | \$ 5,462   | Market risk benefit liabilities     | \$ 0      | \$ 0       | \$ 4,660  | \$          | \$ 4,660   |
| Policyholders' account balances     | Policyholders' account balances     | 0         | 0          | 5,629     |             | 5,629      | Policyholders' account balances     | 0         | 0          | 6,108     |             | 6,108      |
| Other liabilities                   | Other liabilities                   | 10        | 27,186     | 1         | (24,178)    | 3,019      | Other liabilities                   | 18        | 33,852     | 1         | (28,884)    | 4,987      |
| Notes issued by consolidated VIEs   |                                     |           |            |           |             |            | Notes issued by consolidated VIEs   | 0         | 0          | 392       |             | 392        |
| Total liabilities                   | Total liabilities                   | \$ 10     | \$ 27,186  | \$ 11,092 | \$ (24,178) | \$ 14,110  | Total liabilities                   | \$ 18     | \$ 33,852  | \$ 11,161 | \$ (28,884) | \$ 16,147  |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      |                                                                                      | As of December 31, 2022 |           |         |            |           |                                                                                      | As of December 31, 2022 |           |         |            |           |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------|-----------|---------|------------|-----------|--------------------------------------------------------------------------------------|-------------------------|-----------|---------|------------|-----------|
|                                                                                      |                                                                                      | Level 1                 | Level 2   | Level 3 | Netting(1) | Total     |                                                                                      | Level 1                 | Level 2   | Level 3 | Netting(1) | Total     |
|                                                                                      |                                                                                      | (in millions)           |           |         |            |           |                                                                                      | (in millions)           |           |         |            |           |
| Fixed maturities, available-for-sale:                                                | Fixed maturities, available-for-sale:                                                |                         |           |         |            |           | Fixed maturities, available-for-sale:                                                |                         |           |         |            |           |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 0                    | \$ 26,069 | \$ 0    | \$         | \$ 26,069 | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 0                    | \$ 26,069 | \$ 0    | \$         | \$ 26,069 |

|                                                                                      |                                                                                      |   |         |       |         |                                                                                      |   |         |       |         |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---|---------|-------|---------|--------------------------------------------------------------------------------------|---|---------|-------|---------|
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          | 0 | 9,682   | 7     | 9,689   | Obligations of U.S. states and their political subdivisions                          | 0 | 9,682   | 7     | 9,689   |
| Foreign government bonds                                                             | Foreign government bonds                                                             | 0 | 73,218  | 8     | 73,226  | Foreign government bonds                                                             | 0 | 73,218  | 8     | 73,226  |
| U.S. corporate public securities                                                     | U.S. corporate public securities                                                     | 0 | 87,521  | 65    | 87,586  | U.S. corporate public securities                                                     | 0 | 87,521  | 65    | 87,586  |
| U.S. corporate private securities(2)                                                 | U.S. corporate private securities(2)                                                 | 0 | 34,487  | 2,392 | 36,879  | U.S. corporate private securities(2)                                                 | 0 | 34,487  | 2,392 | 36,879  |
| Foreign corporate public securities                                                  | Foreign corporate public securities                                                  | 0 | 20,621  | 66    | 20,687  | Foreign corporate public securities                                                  | 0 | 20,621  | 66    | 20,687  |
| Foreign corporate private securities                                                 | Foreign corporate private securities                                                 | 0 | 26,325  | 1,335 | 27,660  | Foreign corporate private securities                                                 | 0 | 26,325  | 1,335 | 27,660  |
| Asset-backed securities(3)                                                           | Asset-backed securities(3)                                                           | 0 | 12,582  | 269   | 12,851  | Asset-backed securities(3)                                                           | 0 | 12,582  | 269   | 12,851  |
| Commercial mortgage-backed securities                                                | Commercial mortgage-backed securities                                                | 0 | 9,644   | 1,011 | 10,655  | Commercial mortgage-backed securities                                                | 0 | 9,644   | 1,011 | 10,655  |
| Residential mortgage-backed securities                                               | Residential mortgage-backed securities                                               | 0 | 2,408   | 9     | 2,417   | Residential mortgage-backed securities                                               | 0 | 2,408   | 9     | 2,417   |
| Subtotal                                                                             | Subtotal                                                                             | 0 | 302,557 | 5,162 | 307,719 | Subtotal                                                                             | 0 | 302,557 | 5,162 | 307,719 |
| Assets supporting experience-rated contractholder liabilities:                       | Assets supporting experience-rated contractholder liabilities:                       |   |         |       |         | Assets supporting experience-rated contractholder liabilities:                       |   |         |       |         |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | U.S. Treasury securities and obligations of U.S. government authorities and agencies | 0 | 189     | 0     | 189     | U.S. Treasury securities and obligations of U.S. government authorities and agencies | 0 | 189     | 0     | 189     |
| Obligations of U.S. states and their political subdivisions                          | Obligations of U.S. states and their political subdivisions                          | 0 | 0       | 0     | 0       | Obligations of U.S. states and their political subdivisions                          | 0 | 0       | 0     | 0       |
| Foreign government bonds                                                             | Foreign government bonds                                                             | 0 | 668     | 0     | 668     | Foreign government bonds                                                             | 0 | 668     | 0     | 668     |
| Corporate securities                                                                 | Corporate securities                                                                 | 0 | 88      | 0     | 88      | Corporate securities                                                                 | 0 | 88      | 0     | 88      |
| Asset-backed securities(3)                                                           | Asset-backed securities(3)                                                           | 0 | 0       | 0     | 0       | Asset-backed securities(3)                                                           | 0 | 0       | 0     | 0       |

|                                        |                                        |           |            |          |             |                                        |                   |           |            |          |             |            |
|----------------------------------------|----------------------------------------|-----------|------------|----------|-------------|----------------------------------------|-------------------|-----------|------------|----------|-------------|------------|
| Commercial mortgage-backed securities  | Commercial mortgage-backed securities  | 0         | 0          | 0        | 0           | Commercial mortgage-backed securities  | 0                 | 0         | 0          | 0        |             |            |
| Residential mortgage-backed securities | Residential mortgage-backed securities | 0         | 0          | 0        | 0           | Residential mortgage-backed securities | 0                 | 0         | 0          | 0        |             |            |
| Equity securities                      | Equity securities                      | 780       | 1,119      | 0        | 1,899       | Equity securities                      | 780               | 1,119     | 0          | 1,899    |             |            |
| All other(4)                           | All other(4)                           | 0         | 0          | 0        | 0           | All other(4)                           | 0                 | 0         | 0          | 0        |             |            |
| Subtotal                               | Subtotal                               | 780       | 2,064      | 0        | 2,844       | Subtotal                               | 780               | 2,064     | 0          | 2,844    |             |            |
| Market risk benefit assets             | Market risk benefit assets             | 0         | 0          | 800      | 800         | Market risk benefit assets             | 0                 | 0         | 800        | 800      |             |            |
| Fixed maturities, trading              | Fixed maturities, trading              | 0         | 5,647      | 304      | 5,951       | Fixed maturities, trading              | 0                 | 5,647     | 304        | 5,951    |             |            |
| Equity securities                      | Equity securities                      | 4,338     | 2,185      | 627      | 7,150       | Equity securities                      | 4,338             | 2,185     | 627        | 7,150    |             |            |
| Commercial mortgage and other loans    | Commercial mortgage and other loans    | 0         | 137        | 0        | 137         | Commercial mortgage and other loans    | 0                 | 137       | 0          | 137      |             |            |
| Other invested assets(5)               | Other invested assets(5)               | 15        | 16,241     | 539      | (14,802)    | 1,993                                  | 15                | 16,241    | 539        | (14,802) | 1,993       |            |
| Short-term investments                 | Short-term investments                 | 341       | 3,428      | 18       | 3,787       | Short-term investments                 | 341               | 3,428     | 18         | 3,787    |             |            |
| Cash equivalents                       | Cash equivalents                       | 544       | 6,930      | 0        | 7,474       | Cash equivalents                       | 544               | 6,930     | 0          | 7,474    |             |            |
| Other assets                           | Other assets                           | 0         | 0          | 152      | 152         | Other assets                           | 0                 | 0         | 152        | 152      |             |            |
| Separate account assets(6)(7)          | Separate account assets(6)(7)          | 8,310     | 162,414    | 1,081    | 171,805     | Separate account assets(6)(7)          | 8,310             | 162,414   | 1,081      | 171,805  |             |            |
| Total assets                           | Total assets                           | \$ 14,328 | \$ 501,603 | \$ 8,683 | \$ (14,802) | \$ 509,812                             | Total assets      | \$ 14,328 | \$ 501,603 | \$ 8,683 | \$ (14,802) | \$ 509,812 |
| Market risk benefit liabilities        | Market risk benefit liabilities        | \$ 0      | \$ 0       | \$ 5,864 | \$ 5,864    | Market risk benefit liabilities        | \$ 0              | \$ 0      | \$ 5,864   | \$ 5,864 |             |            |
| Policyholders' account balances        | Policyholders' account balances        | 0         | 0          | 3,492    | 3,492       | Policyholders' account balances        | 0                 | 0         | 3,492      | 3,492    |             |            |
| Other liabilities                      | Other liabilities                      | 26        | 25,953     | 1        | (23,298)    | 2,682                                  | Other liabilities | 26        | 25,953     | 1        | (23,298)    | 2,682      |
| Notes issued by consolidated VIEs      | Notes issued by consolidated VIEs      |           |            |          |             | Notes issued by consolidated VIEs      | 0                 | 0         | 0          | 0        |             |            |
| Total liabilities                      | Total liabilities                      | \$ 26     | \$ 25,953  | \$ 9,357 | \$ (23,298) | \$ 12,038                              | Total liabilities | \$ 26     | \$ 25,953  | \$ 9,357 | \$ (23,298) | \$ 12,038  |

(1) "Netting" amounts represent cash collateral of \$(9,239) \$(9,706) million and \$(8,496) million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(2) Excludes notes with fair value of \$8,290 million \$12,290 million (carrying amount of \$8,290 million \$12,290 million) and \$8,040 million (carrying amount of \$8,040 million) as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, which have been offset with the associated payables debt under a netting agreement.

(3) Includes credit-tranched securities collateralized by syndicated bank loans, sub-prime mortgages, auto loans, credit cards, education loans and other asset types.

(4) All other represents cash equivalents and short-term investments.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

(4) All other represents cash equivalents and short-term investments.

- (5) Other invested assets excluded from the fair value hierarchy include certain hedge funds, private equity funds and other funds for which fair value is measured at net asset value ("NAV") per share (or its equivalent) as a practical expedient. As of June 30, 2023 September 30, 2023 and December 31, 2022, the fair values of such investments were \$3,791 \$3,685 million and \$3,689 million, respectively.
- (6) Separate account assets included in the fair value hierarchy exclude investments in entities that calculate NAV per share (or its equivalent) as a practical expedient. Such investments excluded from the fair value hierarchy include investments in real estate, hedge funds and other invested assets. As of June 30, 2023 September 30, 2023 and December 31, 2022, the fair value of such investments were \$29,194 \$28,017 million and \$25,874 million, respectively.
- (7) Separate account assets represent segregated funds that are invested for certain customers. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Separate account liabilities are not included in the above table as they are reported at contract value and not fair value in the Company's Unaudited Interim Consolidated Statements of Financial Position.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Quantitative Information Regarding Internally-Priced Level 3 Assets and Liabilities**—The tables below present quantitative information regarding significant internally-priced Level 3 assets and liabilities.

|                                       | As of June 30, 2023 |                         |                         |         |                                |                  |                                              |
|---------------------------------------|---------------------|-------------------------|-------------------------|---------|--------------------------------|------------------|----------------------------------------------|
|                                       |                     |                         |                         |         |                                |                  | Impact of Increase in Input on Fair Value(1) |
|                                       | Fair Value          | Valuation Techniques    | Unobservable Inputs     | Minimum | Maximum                        | Weighted Average |                                              |
|                                       | (in millions)       |                         |                         |         |                                |                  |                                              |
| Assets:                               |                     |                         |                         |         |                                |                  |                                              |
| Corporate securities(2)(3)            | \$ 3,706            | Discounted cash flow    | Discount rate           | 0.45%   | 20%                            | 8.32%            | Decrease                                     |
|                                       |                     | Market comparables      | EBITDA multiples(4)     | 1.3X    | 1.7X                           | 1.5X             | Increase                                     |
|                                       |                     | Liquidation             | Liquidation value       | 8.98%   | 64.71%                         | 57.36%           | Increase                                     |
| Commercial mortgage-backed securities | \$ 968              | Discounted cash flow    | Liquidity premium       | 0.60%   | 0.75%                          | 0.70%            | Decrease                                     |
| Market risk benefit assets(7)         | \$ 1,951            | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                  | Increase                                     |
|                                       |                     |                         | Spread over SOFR(10)    | 0.57%   | 2.26%                          |                  | Increase                                     |
|                                       |                     |                         | Utilization rate(11)    | 38%     | 95%                            |                  | Decrease                                     |
|                                       |                     |                         | Withdrawal rate         |         | See table footnote (12) below. |                  |                                              |
|                                       |                     |                         | Mortality rate(13)      | 0%      | 15%                            |                  | Increase                                     |
|                                       |                     |                         | Equity volatility curve | 15%     | 25%                            |                  | Decrease                                     |
| Equity securities                     | \$ 251              | Discounted cash flow(5) | Discount rate           | 0.16%   | 20%                            |                  | Decrease                                     |
|                                       |                     | Market comparables      | EBITDA multiples(4)     | 1.0X    | 7.5X                           | 5.9X             | Increase                                     |
|                                       |                     | Net Asset Value         | Share price             | \$1     | \$1,714                        | \$525            | Increase                                     |
| Liabilities:                          |                     |                         |                         |         |                                |                  |                                              |
| Market risk benefit liabilities(7)    | \$ 5,462            | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                  | Decrease                                     |
|                                       |                     |                         | Spread over SOFR(10)    | 0.57%   | 2.26%                          |                  | Decrease                                     |
|                                       |                     |                         | Utilization rate(11)    | 38%     | 95%                            |                  | Increase                                     |
|                                       |                     |                         | Withdrawal rate         |         | See table footnote (12) below. |                  |                                              |
|                                       |                     |                         | Mortality rate(13)      | 0%      | 15%                            |                  | Decrease                                     |
|                                       |                     |                         | Equity volatility curve | 15%     | 25%                            |                  | Increase                                     |
| Policyholders' account balances(8)    | \$ 5,629            | Discounted cash flow    | Lapse rate(9)           | 1%      | 80%                            |                  | Decrease                                     |
|                                       |                     |                         | Spread over SOFR(10)    | 0.57%   | 2.32%                          |                  | Decrease                                     |
|                                       |                     |                         | Mortality rate(13)      | 0%      | 23%                            |                  | Decrease                                     |

|                         |      |     |          |
|-------------------------|------|-----|----------|
| Equity volatility curve | 6%   | 27% | Increase |
| Option Budget(14)       | (1)% | 6%  | Increase |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| As of September 30, 2023              |               |                         |                         |         |                                |                  |                                              |
|---------------------------------------|---------------|-------------------------|-------------------------|---------|--------------------------------|------------------|----------------------------------------------|
|                                       | Fair Value    | Valuation Techniques    | Unobservable Inputs     | Minimum | Maximum                        | Weighted Average | Impact of Increase in Input on Fair Value(1) |
|                                       | (in millions) |                         |                         |         |                                |                  |                                              |
| <b>Assets:</b>                        |               |                         |                         |         |                                |                  |                                              |
| Corporate securities(2)(3)            | \$ 3,793      | Discounted cash flow    | Discount rate           | 0.62%   | 21%                            | 11.59%           | Decrease                                     |
|                                       |               | Market comparables      | EBITDA multiples(4)     | 5.5X    | 8.8X                           | 7.4X             | Increase                                     |
|                                       |               | Liquidation             | Liquidation value       | 9.59%   | 63.62%                         | 53.43%           | Increase                                     |
| Commercial mortgage-backed securities | \$ 921        | Discounted cash flow    | Liquidity premium       | 0.60%   | 0.75%                          | 0.70%            | Decrease                                     |
| Market risk benefit assets(7)         | \$ 2,200      | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                  | Increase                                     |
|                                       |               |                         | Spread over SOFR(10)    | 0.48%   | 2.09%                          |                  | Increase                                     |
|                                       |               |                         | Utilization rate(11)    | 38%     | 95%                            |                  | Decrease                                     |
|                                       |               |                         | Withdrawal rate         |         | See table footnote (12) below. |                  |                                              |
|                                       |               |                         | Mortality rate(13)      | 0%      | 15%                            |                  | Increase                                     |
|                                       |               |                         | Equity volatility curve | 15%     | 25%                            |                  | Decrease                                     |
| Equity securities                     | \$ 230        | Discounted cash flow(5) | Discount rate           | 0.16%   | 20%                            |                  | Decrease                                     |
|                                       |               | Market comparables      | EBITDA multiples(4)     | 1.0X    | 7.5X                           | 6.7X             | Increase                                     |
|                                       |               | Net Asset Value         | Share price             | \$3     | \$1,714                        | \$708            | Increase                                     |
| <b>Liabilities:</b>                   |               |                         |                         |         |                                |                  |                                              |
| Market risk benefit liabilities(7)    | \$ 4,660      | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                  | Decrease                                     |
|                                       |               |                         | Spread over SOFR(10)    | 0.48%   | 2.09%                          |                  | Decrease                                     |
|                                       |               |                         | Utilization rate(11)    | 38%     | 95%                            |                  | Increase                                     |
|                                       |               |                         | Withdrawal rate         |         | See table footnote (12) below. |                  |                                              |
|                                       |               |                         | Mortality rate(13)      | 0%      | 15%                            |                  | Decrease                                     |
|                                       |               |                         | Equity volatility curve | 15%     | 25%                            |                  | Increase                                     |
| Policyholders' account balances(8)    | \$ 6,108      | Discounted cash flow    | Lapse rate(9)           | 1%      | 80%                            |                  | Decrease                                     |
|                                       |               |                         | Spread over SOFR(10)    | 0.48%   | 2.15%                          |                  | Decrease                                     |
|                                       |               |                         | Mortality rate(13)      | 0%      | 23%                            |                  | Decrease                                     |
|                                       |               |                         | Equity volatility curve | 6%      | 28%                            |                  | Increase                                     |
|                                       |               |                         | Option Budget(14)       | (1)%    | 6%                             |                  | Increase                                     |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

As of December 31, 2022

|                                                      |               |                         |                         |         |                                |                     | Impact of<br>Increase in<br>Input on<br>Fair<br>Value(1) |
|------------------------------------------------------|---------------|-------------------------|-------------------------|---------|--------------------------------|---------------------|----------------------------------------------------------|
|                                                      | Fair Value    | Valuation<br>Techniques | Unobservable Inputs     | Minimum | Maximum                        | Weighted<br>Average |                                                          |
|                                                      | (in millions) |                         |                         |         |                                |                     |                                                          |
| <b>Assets:</b>                                       |               |                         |                         |         |                                |                     |                                                          |
| Corporate securities(2)(3)                           | \$ 3,128      | Discounted cash flow    | Discount rate           | 0.61%   | 20%                            | 8.09%               | Decrease                                                 |
|                                                      |               | Market comparables      | EBITDA multiples(4)     | 2.2X    | 23.5X                          | 8.3X                | Increase                                                 |
|                                                      |               | Liquidation             | Liquidation value       | 8.16%   | 8.25%                          | 8.21%               | Increase                                                 |
| Market risk benefit assets(7)                        | \$ 800        | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                     | Increase                                                 |
|                                                      |               |                         | Spread over SOFR(10)    | 0.50%   | 2.20%                          |                     | Increase                                                 |
|                                                      |               |                         | Utilization rate(11)    | 38%     | 95%                            |                     | Decrease                                                 |
|                                                      |               |                         | Withdrawal rate         |         | See table footnote (12) below. |                     |                                                          |
|                                                      |               |                         | Mortality rate(13)      | 0%      | 15%                            |                     | Increase                                                 |
|                                                      |               |                         | Equity volatility curve | 18%     | 26%                            |                     | Decrease                                                 |
| Equity securities                                    | \$ 290        | Discounted cash flow(5) | Discount rate           | 0.16%   | 20%                            |                     | Decrease                                                 |
|                                                      |               | Market comparables      | EBITDA multiples(4)     | 1.0X    | 7.5X                           | 4.0X                | Increase                                                 |
|                                                      |               | Net Asset Value         | Share price             | \$6     | \$1,708                        | \$22                | Increase                                                 |
| Separate account assets-commercial mortgage loans(6) | \$ 74         | Discounted cash flow    | Spread                  | 1.25%   | 2.10%                          | 1.44%               | Decrease                                                 |
| <b>Liabilities:</b>                                  |               |                         |                         |         |                                |                     |                                                          |
| Market risk benefit liabilities(7)                   | \$ 5,864      | Discounted cash flow    | Lapse rate(9)           | 1%      | 20%                            |                     | Decrease                                                 |
|                                                      |               |                         | Spread over SOFR(10)    | 0.50%   | 2.20%                          |                     | Decrease                                                 |
|                                                      |               |                         | Utilization rate(11)    | 38%     | 95%                            |                     | Increase                                                 |
|                                                      |               |                         | Withdrawal rate         |         | See table footnote (12) below. |                     |                                                          |
|                                                      |               |                         | Mortality rate(13)      | 0%      | 15%                            |                     | Decrease                                                 |
|                                                      |               |                         | Equity volatility curve | 18%     | 26%                            |                     | Increase                                                 |
| Policyholders' account balances(8)                   | \$ 3,492      | Discounted cash flow    | Lapse rate(9)           | 1%      | 80%                            |                     | Decrease                                                 |
|                                                      |               |                         | Spread over SOFR(10)    | 0.17%   | 1.93%                          |                     | Decrease                                                 |
|                                                      |               |                         | Mortality rate(13)      | 0%      | 23%                            |                     | Decrease                                                 |
|                                                      |               |                         | Equity volatility curve | 6%      | 30%                            |                     | Increase                                                 |
|                                                      |               |                         | Option Budget(14)       | (2)%    | 6%                             |                     | Increase                                                 |

(1) Conversely, the impact of a decrease in input would have the opposite impact on fair value as that presented in the table.

(2) Includes assets classified as fixed maturities available-for-sale, assets supporting experience-rated contractholder liabilities and fixed maturities trading.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

(3) Excludes notes which have been offset with the associated payables debt under a netting agreement.

(4) Represents multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and are amounts used when the Company has determined that market participants would use such multiples when valuing the investments.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

- (5) For these investments, a range of discount rates is typically used (10% to 20%) and is therefore a more meaningful representation of the unobservable inputs used in the valuation rather than weighted average.
- (6) Changes in the fair value of separate account assets are borne by customers and thus are offset by changes in separate account liabilities on the Company's Unaudited Interim Consolidated Statements of Financial Position. As a result, changes in value associated with these investments are not reflected in the Company's Unaudited Interim Consolidated Statements of Operations.
- (7) Market risk benefits primarily represent fair value for all living benefit guarantees including accommodation, accumulation, withdrawal and income benefits. Since the valuation methodology for these assets and liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.
- (8) Policyholders' account balances primarily represent general account liabilities for the index-linked interest credited on certain of the Company's life and annuity products that are accounted for as embedded derivatives. Since the valuation methodology for these liabilities uses a range of inputs that vary at the contract level over the cash flow projection period, presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.
- (9) Lapse rates for contracts with living benefit guarantees are adjusted at the contract level based on the in-the-moneyness of the living benefit and reflect other factors, such as the applicability of any surrender charges. Lapse rates are reduced when contracts are more in-the-money. Lapse rates for contracts with index-linked crediting guarantees may be adjusted at the contract level based on the applicability of any surrender charges, product type, and market related factors such as interest rates. Lapse rates are also generally assumed to be lower for the period where surrender charges apply. For any given contract, lapse rates vary throughout the period over which cash flows are projected for the purposes of valuing these embedded derivatives.
- (10) The spread over the Secured Overnight Financing Rate ("SOFR") swap curve and the London Inter-Bank Offered Rate ("LIBOR") swap curve represents the premium added to the proxy for the risk-free rate (SOFR or LIBOR, as applicable) to reflect the Company's estimates of rates that a market participant would use to value the living benefits in both the accumulation and payout phases and index-linked interest crediting guarantees as of June 30, 2023, September 30, 2023 and December 31, 2022, respectively. This spread includes an estimate of NPR, which is the risk that the obligation will not be fulfilled by the Company. NPR is primarily estimated by utilizing the credit spreads associated with issuing funding agreements, adjusted for any illiquidity risk premium. In order to reflect the financial strength ratings of the Company, credit spreads associated with funding agreements, as opposed to credit spread associated with debt, are utilized in developing this estimate because funding agreements living benefit guarantees, and index-linked interest crediting guarantees are insurance liabilities and are therefore senior to debt. Effective April 2023, the Company entered into an agreement with The Ohio National Life Insurance Company ("Ohio National"), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of Prudential Defined Income ("PDI") traditional variable annuity contracts with guaranteed living benefits. See Note 12 for additional information regarding this transaction. As a result of this transaction, a ceded MRB asset balance was established to fair value the reinsurance reimbursements to the Company. The establishment of the fair value also required an estimate of NPR for Ohio National, which may differ from that of the Company's; however, the NPR spreads for Ohio National were developed using a methodology similar to that of the Company.
- (11) The utilization rate assumption estimates the percentage of contracts that will utilize the benefit during the contract duration and begin lifetime withdrawals at various time intervals from contract inception. The remaining contractholders are assumed to either begin lifetime withdrawals immediately or never utilize the benefit. Utilization assumptions may vary by product type, tax status and age. The impact of changes in these assumptions is highly dependent on the product type, the age of the contractholder at the time of the sale and the timing of the first lifetime income withdrawal. Range reflects the utilization rate for the vast majority of business with living benefits.
- (12) The withdrawal rate assumption estimates the magnitude of annual contractholder withdrawals relative to the maximum allowable amount under the contract. These assumptions vary based on the age of the contractholder, the tax status of the contract and the duration since the contractholder began lifetime withdrawals. As of June 30, 2023, September 30, 2023 and December 31, 2022, the minimum withdrawal rate assumption is 81% and 77% respectively. As of June 30, 2023, September 30, 2023 and December 31, 2022, the maximum withdrawal rate assumption may be greater than 100%. The fair value of the liability will generally increase the closer the withdrawal rate is to 100% and decrease as the withdrawal rate moves further away from 100%.
- (13) The range reflects the mortality rates for the vast majority of business with living benefits and other contracts, with policyholders ranging from 50 to 90 years old. While the majority of living benefits have a minimum age requirement, certain other contracts do not have an age restriction. This results in contractholders with mortality rates approaching 0% for certain benefits. Mortality rates may vary by product, age, and duration. A mortality improvement assumption is also incorporated into the overall mortality table.
- (14) Option budget estimates the expected long-term cost of options used to hedge exposures associated with equity price and interest rate changes. The level of option budgets determines future costs of the options, which impacts the growth in account value and the valuation of embedded derivatives.

**Interrelationships Between Unobservable Inputs**—In addition to the sensitivities of fair value measurements to changes in each unobservable input in isolation, as reflected in the table above, interrelationships between these inputs may also exist, such that a change in one unobservable input may give rise to a change in another or multiple inputs. Examples of such interrelationships for significant internally-priced Level 3 assets and liabilities are as follows:

**Corporate Securities**—The rate used to discount future cash flows reflects current risk-free rates plus credit and liquidity spread requirements that market participants would use to value an asset. The discount rate may be influenced by many factors, including market cycles, expectations of default, collateral, term, and asset complexity. Each of these factors can influence discount rates, either in isolation, or in response to other factors. During weaker economic cycles, as the expectations of default increases, credit spreads widen, which results in a decrease in fair value.

**Commercial Mortgage-backed Securities**—Interrelationships may exist between the prepayment rate, the default rate and/or loss severity, depending on specific market conditions. In stronger economic cycles, prepayment rates are generally driven by underlying property appreciation and subsequent cash-out refinances, while default rates and loss severity may be lower. During weaker economic cycles, prepayment rates may decline, while default rates and loss severity increase. Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates. The impact of these factors on average life and economics varies with the deal structure and tranche subordination.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

**Market Risk Benefits**—The Company expects efficient benefit utilization and withdrawal rates to generally be correlated with lapse rates. However, behavior is generally highly dependent on the facts and circumstances surrounding the individual contractholder, such as their liquidity needs or tax situation, which could drive lapse behavior independent of other contractholder behavior assumptions. To the extent more efficient contractholder behavior results in greater in-the-moneyness at the contract level, lapse rates may decline for those contracts. Similarly, to the extent that increases in equity volatility are correlated with overall declines in the capital markets, lapse rates may decline as contracts become more in-the-money.

**Changes in Level 3 Assets and Liabilities**—The following tables describe changes in fair values of Level 3 assets and liabilities as of the dates indicated, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods (excluding MRBs disclosed in Note 11). When a determination is made to classify assets and liabilities within Level 3, the determination is based on significance of the unobservable inputs in the overall fair value measurement. All transfers are based on changes in the observability of the valuation inputs, including the availability of pricing service information that the Company can validate. Transfers into Level 3 are generally the result of unobservable inputs utilized within valuation methodologies and the use of indicative broker quotes for assets that were previously valued using observable inputs. Transfers out of Level 3 are generally due to the use of observable inputs in valuation methodologies as well as the availability of pricing service information for certain assets that the Company can validate.

|                                       |                                       | Three Months Ended June 30, 2023(8)(9)         |             |    |         |    |                  |    |       |    |       |                                                |       |               | Three Months Ended September 30, 2023(7)(8) |    |                  |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
|---------------------------------------|---------------------------------------|------------------------------------------------|-------------|----|---------|----|------------------|----|-------|----|-------|------------------------------------------------|-------|---------------|---------------------------------------------|----|------------------|----|--------------------|--------------------|---------|----|-------|--------------|------------------------------------|------------------------------------|-------------|---------|---|------|---|-----|---|------|---|-------|---|-------|--|-----|--|-----|
|                                       |                                       | Total realized                                 |             |    |         |    |                  |    |       |    |       | Unrealized gains                               |       |               | Total realized                              |    |                  |    |                    |                    |         |    |       |              | Unrealized gains                   |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
|                                       |                                       | Fair and Value, beginning of period            |             |    |         |    | Transfers into   |    |       |    |       | Fair (losses) Value, beginning of period       |       |               |                                             |    | Transfers into   |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
|                                       |                                       | unrealized gains (losses)                      |             |    |         |    | Transfers out of |    |       |    |       | unrealized gains (losses)                      |       |               |                                             |    | Transfers out of |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
|                                       |                                       | Purchases Sales Issuances Settlements Other(1) |             |    |         |    | Level 3 Level 3  |    |       |    |       | Purchases Sales Issuances Settlements Other(1) |       |               |                                             |    | Level 3 Level 3  |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
|                                       |                                       |                                                |             |    |         |    |                  |    |       |    |       |                                                |       |               |                                             |    |                  |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
| (in millions)                         |                                       |                                                |             |    |         |    |                  |    |       |    |       |                                                |       | (in millions) |                                             |    |                  |    |                    |                    |         |    |       |              |                                    |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
| Fixed maturities, available-for-sale: | Fixed maturities, available-for-sale: | U.S. states                                    | U.S. states | \$ | 7       | \$ | 0                | \$ | 0     | \$ | 0     | \$                                             | 0     | U.S. states   | U.S. states                                 | \$ | 7                | \$ | 0                  | \$                 | 0       | \$ | 0     | \$           | 0                                  | U.S. states                        | U.S. states | \$      | 7 | \$   | 0 | \$  | 0 | \$   | 0 | \$    | 0 |       |  |     |  |     |
| Foreign government                    | Foreign government                    |                                                | 9           |    | 0       |    | 0                |    | 0     |    | 0     |                                                | (1)   | 0             | 0                                           | 0  | 8                | 0  | Foreign government | Foreign government |         | 8  |       | 0            |                                    | 0                                  | 0           | 0       | 0 | 0    | 0 | 0   | 0 | 0    | 0 | 0     |   |       |  |     |  |     |
| Corporate securities(3)               | Corporate securities(3)               |                                                | 3,941       |    | 26      |    | 737              |    | (47)  |    | 0     |                                                | (177) |               | (18)                                        |    | 18               |    | (19)               |                    | 4,461   |    | 18    |              | Corporate securities(3)            | Corporate securities(3)            |             | 4,461   |   | (81) |   | 393 |   | (23) |   | 0     |   | (247) |  | 14  |  | 289 |
| Structured securities(4)              | Structured securities(4)              |                                                | 1,438       |    | 6       |    | (1)              |    | (4)   |    | 0     |                                                | (13)  |               | 0                                           |    | 0                |    | (162)              |                    | 1,264   |    | (1)   |              | Structured securities(4)           | Structured securities(4)           |             | 1,264   |   | (45) |   | 166 |   | (1)  |   | 0     |   | (5)   |  | (1) |  | 76  |
| Other assets:                         | Other assets:                         |                                                |             |    |         |    |                  |    |       |    |       |                                                |       |               |                                             |    |                  |    |                    |                    |         |    |       |              | Other assets:                      | Other assets:                      |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
| Fixed maturities, trading             | Fixed maturities, trading             |                                                | 339         |    | (2)     |    | 33               |    | 0     |    | 0     |                                                | (9)   |               | 0                                           |    | 0                |    | (59)               |                    | 302     |    | (3)   |              | Fixed maturities, trading          | Fixed maturities, trading          |             | 302     |   | (4)  |   | 32  |   | (39) |   | 0     |   | (5)   |  | 9   |  | 0   |
| Equity securities                     | Equity securities                     |                                                | 801         |    | (23)    |    | 2                |    | (8)   |    | 0     |                                                | 0     |               | 1                                           |    | 0                |    | 0                  |                    | 773     |    | (10)  |              | Equity securities                  | Equity securities                  |             | 773     |   | 11   |   | 19  |   | (1)  |   | 0     |   | (28)  |  | 0   |  | 2   |
| Other invested assets                 | Other invested assets                 |                                                | 803         |    | (20)    |    | 84               |    | (2)   |    | 0     |                                                | 0     |               | 0                                           |    | 0                |    | 0                  |                    | 865     |    | (20)  |              | Other invested assets              | Other invested assets              |             | 865     |   | (7)  |   | 5   |   | (2)  |   | 0     |   | 0     |  | 0   |  | 0   |
| Short-term investments                | Short-term investments                |                                                | 16          |    | 1       |    | 28               |    | 0     |    | 0     |                                                | (20)  |               | 0                                           |    | 0                |    | 0                  |                    | 25      |    | 0     |              | Short-term investments             | Short-term investments             |             | 25      |   | 1    |   | 12  |   | 0    |   | 0     |   | (14)  |  | 0   |  | 0   |
| Cash equivalents                      | Cash equivalents                      |                                                | 0           |    | 0       |    | 0                |    | 0     |    | 0     |                                                | 0     |               | 0                                           |    | 0                |    | 0                  |                    | 0       |    | 0     |              | Cash equivalents                   | Cash equivalents                   |             | 0       |   | 0    |   | 0   |   | 0    |   | 0     |   | 0     |  | 0   |  | 0   |
| Other assets                          | Other assets                          |                                                | 167         |    | 26      |    | 39               |    | 0     |    | 0     |                                                | (3)   |               | 0                                           |    | 0                |    | 0                  |                    | 229     |    | 20    |              | Other assets                       | Other assets                       |             | 229     |   | 26   |   | 33  |   | 0    |   | 0     |   | (7)   |  | 0   |  | 0   |
| Separate account assets(5)            | Separate account assets(5)            |                                                | 1,169       |    | 49      |    | 166              |    | (130) |    | 0     |                                                | (40)  |               | 0                                           |    | 3                |    | (42)               |                    | 1,175   |    | 50    |              | Separate account assets(5)         | Separate account assets(5)         |             | 1,175   |   | 0    |   | 87  |   | (82) |   | 0     |   | (2)   |  | 0   |  | 42  |
| Liabilities:                          | Liabilities:                          |                                                |             |    |         |    |                  |    |       |    |       |                                                |       |               |                                             |    |                  |    |                    |                    |         |    |       | Liabilities: | Liabilities:                       |                                    |             |         |   |      |   |     |   |      |   |       |   |       |  |     |  |     |
| Policyholders' account balances(6)    | Policyholders' account balances(6)    |                                                | (4,244)     |    | (1,020) |    | 0                |    | 0     |    | (438) |                                                | 0     |               | 73                                          |    | 0                |    | 0                  |                    | (5,629) |    | (153) |              | Policyholders' account balances(6) | Policyholders' account balances(6) |             | (5,629) |   | (97) |   | 0   |   | 0    |   | (410) |   | 0     |  | 28  |  | 0   |
| Other liabilities                     | Other liabilities                     |                                                | (1)         |    | 0       |    | 0                |    | 0     |    | 0     |                                                | 0     |               | 0                                           |    | 0                |    | 0                  |                    | (1)     |    | 0     |              | Other liabilities                  | Other liabilities                  |             | (1)     |   | 0    |   | 0   |   | 0    |   | 0     |   | 0     |  | 0   |  | 0   |

|                                   |                                   |   |   |   |   |   |   |       |   |
|-----------------------------------|-----------------------------------|---|---|---|---|---|---|-------|---|
| Notes issued by consolidated VIEs | Notes issued by consolidated VIEs | 0 | 0 | 0 | 0 | 0 | 0 | (392) | 0 |
|-----------------------------------|-----------------------------------|---|---|---|---|---|---|-------|---|

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                      | Three Months Ended June 30, 2023(8)          |        |          |               |             |           |            |          |                                                    |             |           |            | Three Months Ended September 30, 2023(7)     |                                   |             |           |            |          |               |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
|--------------------------------------|----------------------------------------------|--------|----------|---------------|-------------|-----------|------------|----------|----------------------------------------------------|-------------|-----------|------------|----------------------------------------------|-----------------------------------|-------------|-----------|------------|----------|---------------|--------------------------------------|----------------------------------------------------|------------|----------|---------------|-------------|-----------|--------|-------|----|---|-------|-----|----|
|                                      | Total realized and unrealized gains (losses) |        |          |               |             |           |            |          | Unrealized gains (losses) for assets still held(2) |             |           |            | Total realized and unrealized gains (losses) |                                   |             |           |            |          |               |                                      | Unrealized gains (losses) for assets still held(2) |            |          |               |             |           |        |       |    |   |       |     |    |
|                                      | Realized                                     |        | Interest |               | Included in |           |            |          | Realized                                           |             | Interest  |            | Included in                                  |                                   | Realized    |           | Interest   |          | Included in   |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
|                                      | investment                                   | gains  | Other    | credited to   | other       | Net       | investment | gains    | Other                                              | credited to | other     | investment | gains                                        | Other                             | credited to | other     | investment | gains    | Other         | credited to                          | other                                              | investment | gains    | Other         | credited to | other     |        |       |    |   |       |     |    |
|                                      | (losses),                                    | income | account  | comprehensive | investment  | (losses), | income     | account  | comprehensive                                      | investment  | (losses), | income     | account                                      | comprehensive                     | investment  | (losses), | income     | account  | comprehensive | investment                           | (losses),                                          | income     | account  | comprehensive | investment  | (losses), | income |       |    |   |       |     |    |
|                                      | net                                          | (loss) | balances | income (loss) | income      | net       | (loss)     | balances | income (loss)                                      | income      | net       | (loss)     | balances                                     | income (loss)                     | income      | net       | (loss)     | balances | income (loss) | income                               | net                                                | (loss)     | balances | income (loss) | income      | net       | (loss) |       |    |   |       |     |    |
|                                      | (in millions)                                |        |          |               |             |           |            |          |                                                    |             |           |            | (in millions)                                |                                   |             |           |            |          |               |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
| Fixed maturities, available-for-sale | Fixed maturities, available-for-sale         | \$     | (13)     | \$            | 0           | \$        | 0          | \$       | 43                                                 | \$          | 2         | \$         | (10)                                         | \$                                | 0           | \$        | 0          | \$       | 26            | Fixed maturities, available-for-sale | \$                                                 | (4)        | \$       | 0             | \$          | 0         | \$     | (130) | \$ | 8 | \$    | (1) | \$ |
| Other assets:                        | Other assets:                                |        |          |               |             |           |            |          |                                                    |             |           |            |                                              | Other assets:                     |             |           |            |          |               |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
| Fixed maturities, trading            | Fixed maturities, trading                    |        | 0        | (2)           |             | 0         |            | 0        |                                                    | 0           |           | 0          | (3)                                          |                                   | 0           |           | 0          |          | 0             | Fixed maturities, trading            |                                                    | 0          | (4)      |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Equity securities                    | Equity securities                            |        | (1)      | (22)          |             | 0         |            | 0        |                                                    | 0           |           | 0          | (10)                                         |                                   | 0           |           | 0          |          | 0             | Equity securities                    |                                                    | 0          | 11       |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Other invested assets                | Other invested assets                        |        | (1)      | (19)          |             | 0         |            | 0        |                                                    | 0           |           | (1)        | (19)                                         |                                   | 0           |           | 0          |          | 0             | Other invested assets                |                                                    | (5)        | (2)      |               | 0           |           | 0      |       | 0  |   | (5)   |     |    |
| Short-term investments               | Short-term investments                       |        | 0        | 0             |             | 0         |            | 1        |                                                    | 0           |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             | Short-term investments               |                                                    | 1          | 0        |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Cash equivalents                     | Cash equivalents                             |        | 0        | 0             |             | 0         |            | 0        |                                                    | 0           |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             | Cash equivalents                     |                                                    | 0          | 0        |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Other assets                         | Other assets                                 |        | 26       | 0             |             | 0         |            | 0        |                                                    | 20          |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             | Other assets                         |                                                    | 26         | 0        |               | 0           |           | 0      |       | 0  |   | 19    |     |    |
| Separate account assets(5)           | Separate account assets(5)                   |        | 0        | 0             |             | 49        |            | 0        |                                                    | 0           |           | 0          | 0                                            |                                   | 50          |           | 0          |          | 0             | Separate account assets(5)           |                                                    | 0          | 0        |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Liabilities:                         | Liabilities:                                 |        |          |               |             |           |            |          |                                                    |             |           |            |                                              | Liabilities:                      |             |           |            |          |               |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
| Policyholders' account balances      | Policyholders' account balances              |        | (1,020)  | 0             |             | 0         |            | 0        |                                                    | (153)       |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             | Policyholders' account balances      |                                                    | (97)       | 0        |               | 0           |           | 0      |       | 0  |   | (263) |     |    |
| Other liabilities                    | Other liabilities                            |        | 0        | 0             |             | 0         |            | 0        |                                                    | 0           |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             | Other liabilities                    |                                                    | 0          | 0        |               | 0           |           | 0      |       | 0  |   | 0     |     |    |
| Notes issued by consolidated VIEs    | Notes issued by consolidated VIEs            |        |          |               |             |           |            |          |                                                    |             |           |            |                                              | Notes issued by consolidated VIEs |             |           |            |          |               |                                      |                                                    |            |          |               |             |           |        |       |    |   |       |     |    |
|                                      |                                              |        | 0        | 0             |             | 0         |            | 0        |                                                    | 0           |           | 0          | 0                                            |                                   | 0           |           | 0          |          | 0             |                                      | 0                                                  | 0          |          | 0             |             | 0         |        | 0     |    | 0 |       |     |    |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                      |                                            |
|--------------------------------------|--------------------------------------------|
| Six Months Ended June 30, 2023(8)(9) | Nine Months Ended September 30, 2023(7)(8) |
|--------------------------------------|--------------------------------------------|

|                                       |                                       | Total realized and unrealized gains (losses) |         |           |             |          |         |                |       |                  |             |                           |                                    |                    | Total realized and unrealized gains (losses) |       |           |             |          |                                       |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
|---------------------------------------|---------------------------------------|----------------------------------------------|---------|-----------|-------------|----------|---------|----------------|-------|------------------|-------------|---------------------------|------------------------------------|--------------------|----------------------------------------------|-------|-----------|-------------|----------|---------------------------------------|----------------|-----------------------------------|-----------------------------------|------------------------------------|------------------------------------|---------|---------|------|------|-------|----|-------|-------|------|---------|-------|--|--|
|                                       |                                       | Fair value, beginning of period              |         |           |             |          |         | Transfers into |       | Transfers out of |             | Fair value, end of period |                                    |                    | Fair value, beginning of period              |       |           |             |          |                                       | Transfers into |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
|                                       |                                       | unrealized gains (losses)                    |         |           |             |          |         |                |       |                  |             |                           |                                    |                    | unrealized gains (losses)                    |       |           |             |          |                                       |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
|                                       |                                       | Purchases                                    | Sales   | Issuances | Settlements | Other(1) | Level 3 | Purchases      | Sales | Issuances        | Settlements | Other(1)                  | Level 3                            |                    | Purchases                                    | Sales | Issuances | Settlements | Other(1) | Level 3                               |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
|                                       |                                       | (2)                                          | (3)     | (4)       | (5)         | (6)      | (7)     | (8)            | (9)   | (10)             | (11)        | (12)                      | (13)                               |                    | (14)                                         | (15)  | (16)      | (17)        | (18)     | (19)                                  | (20)           |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| (in millions)                         |                                       |                                              |         |           |             |          |         |                |       |                  |             |                           |                                    |                    |                                              |       |           |             |          |                                       |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| Fixed maturities, available-for-sale: | Fixed maturities, available-for-sale: |                                              |         |           |             |          |         |                |       |                  |             |                           |                                    |                    |                                              |       |           |             |          | Fixed maturities, available-for-sale: |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| U.S. states                           | U.S. states                           | \$ 7                                         | \$ 0    | \$ 0      | \$ 0        | \$ 0     | \$ 0    | \$ 0           | \$ 0  | \$ 0             | \$ 0        | \$ 7                      | \$ 0                               | U.S. states        | \$ 7                                         | \$ 0  | \$ 0      | \$ 0        | \$ 0     | \$ 0                                  | \$ 0           | \$ 0                              | \$ 0                              | \$ 0                               | \$ 0                               | \$ 0    | \$ 0    | \$ 0 | \$ 0 | \$ 0  |    |       |       |      |         |       |  |  |
| Foreign government                    | Foreign government                    | 8                                            | 0       | 0         | 0           | 0        | 0       | 0              | 0     | 0                | 0           | 8                         | 0                                  | Foreign government | 8                                            | 0     | 0         | 0           | 0        | 0                                     | 0              | 0                                 | 0                                 | 0                                  | 0                                  | 0       | 0       | 0    | 0    | 0     |    |       |       |      |         |       |  |  |
| Corporate securities(3)               | Corporate securities(3)               | 3,858                                        | 35      | 1,264     | (175)       | 0        | (500)   | (20)           | 18    | (19)             | 4,461       | 39                        | Corporate securities(3)            | 3,858              | (46)                                         | 1,657 | (198)     | 0           | (747)    | (6)                                   | 307            | Structured securities(4)          | Structured securities(4)          | 1,289                              | (29)                               | 239     | (5)     | 0    | (25) | 0     | 37 | (242) | 1,264 | (37) |         |       |  |  |
| Structured securities(4)              | Structured securities(4)              | 1,289                                        | (29)    | 239       | (5)         | 0        | (25)    | 0              | 37    | (242)            | 1,264       | (37)                      | Structured securities(4)           | 1,289              | (74)                                         | 405   | (6)       | 0           | (30)     | (1)                                   | 113            |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| Other assets:                         | Other assets:                         |                                              |         |           |             |          |         |                |       |                  |             |                           |                                    |                    |                                              |       |           |             |          | Other assets:                         |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| Fixed maturities, trading             | Fixed maturities, trading             | 304                                          | 3       | 66        | 0           | 0        | (13)    | 1              | 0     | (59)             | 302         | 1                         | Fixed maturities, trading          | 304                | (1)                                          | 98    | (39)      | 0           | (18)     | 10                                    | 0              | Equity securities                 | Equity securities                 | 627                                | (6)                                | 9       | (67)    | 0    | (6)  | 216   | 1  | (1)   | 773   | (10) |         |       |  |  |
| Equity securities                     | Equity securities                     | 627                                          | (6)     | 9         | (67)        | 0        | (6)     | 216            | 1     | (1)              | 773         | (10)                      | Equity securities                  | 627                | 5                                            | 28    | (68)      | 0           | (34)     | 216                                   | 3              | Other invested assets             | Other invested assets             | 539                                | (19)                               | 354     | (9)     | 0    | 0    | 0     | 0  | 865   | (18)  |      |         |       |  |  |
| Other invested assets                 | Other invested assets                 | 539                                          | (19)    | 354       | (9)         | 0        | 0       | 0              | 0     | 0                | 865         | (18)                      | Other invested assets              | 539                | (26)                                         | 359   | (11)      | 0           | 0        | 0                                     | 0              | Short-term investments            | Short-term investments            | 18                                 | 3                                  | 31      | 0       | 0    | (27) | 0     | 0  | 0     | 25    | 0    |         |       |  |  |
| Short-term investments                | Short-term investments                | 18                                           | 3       | 31        | 0           | 0        | (27)    | 0              | 0     | 0                | 25          | 0                         | Short-term investments             | 18                 | 4                                            | 43    | 0         | 0           | (41)     | 0                                     | 0              | Cash equivalents                  | Cash equivalents                  | 0                                  | 0                                  | 0       | 0       | 0    | 0    | 0     | 0  | 0     | 0     | 0    |         |       |  |  |
| Cash equivalents                      | Cash equivalents                      | 0                                            | 0       | 0         | 0           | 0        | 0       | 0              | 0     | 0                | 0           | 0                         | Cash equivalents                   | 0                  | 0                                            | 0     | 0         | 0           | 0        | 0                                     | 0              | Other assets                      | Other assets                      | 152                                | 8                                  | 74      | 0       | 0    | (5)  | 0     | 0  | 0     | 229   | 3    |         |       |  |  |
| Other assets                          | Other assets                          | 152                                          | 8       | 74        | 0           | 0        | (5)     | 0              | 0     | 0                | 229         | 3                         | Other assets                       | 152                | 34                                           | 107   | 0         | 0           | (12)     | 0                                     | 0              | Separate account assets(5)        | Separate account assets(5)        | 1,081                              | 88                                 | 309     | (197)   | 0    | (66) | 0     | 3  | (43)  | 1,175 | 87   |         |       |  |  |
| Separate account assets(5)            | Separate account assets(5)            | 1,081                                        | 88      | 309       | (197)       | 0        | (66)    | 0              | 3     | (43)             | 1,175       | 87                        | Separate account assets(5)         | 1,081              | 88                                           | 396   | (279)     | 0           | (68)     | 0                                     | 45             | Liabilities:                      | Liabilities:                      | Policyholders' account balances(6) | Policyholders' account balances(6) | (3,492) | (1,271) | 0    | 0    | (839) | 0  | (27)  | 0     | 0    | (5,629) | (262) |  |  |
| Liabilities:                          | Liabilities:                          |                                              |         |           |             |          |         |                |       |                  |             |                           |                                    |                    |                                              |       |           |             |          | Liabilities:                          |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
| Policyholders' account balances(6)    | Policyholders' account balances(6)    | (3,492)                                      | (1,271) | 0         | 0           | (839)    | 0       | (27)           | 0     | 0                | (5,629)     | (262)                     | Policyholders' account balances(6) | (3,492)            | (1,368)                                      | 0     | 0         | (1,249)     | 0        | 1                                     | 0              | Other liabilities                 | Other liabilities                 | (1)                                | 0                                  | 0       | 0       | 0    | 0    | 0     | 0  | (1)   | 0     |      |         |       |  |  |
| Other liabilities                     | Other liabilities                     | (1)                                          | 0       | 0         | 0           | 0        | 0       | 0              | 0     | 0                | (1)         | 0                         | Other liabilities                  | (1)                | 0                                            | 0     | 0         | 0           | 0        | 0                                     | 0              | Notes issued by consolidated VIEs | Notes issued by consolidated VIEs | 0                                  | 0                                  | 0       | 0       | 0    | 0    | (392) | 0  |       |       |      |         |       |  |  |
| Notes issued by consolidated VIEs     | Notes issued by consolidated VIEs     |                                              |         |           |             |          |         |                |       |                  |             |                           |                                    |                    |                                              |       |           |             |          | Notes issued by consolidated VIEs     |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |
|                                       |                                       | 0                                            | 0       | 0         | 0           | 0        | 0       | (392)          | 0     |                  |             |                           |                                    | 0                  | 0                                            | 0     | 0         | 0           | 0        | 0                                     |                |                                   |                                   |                                    |                                    |         |         |      |      |       |    |       |       |      |         |       |  |  |

| Six Months Ended June 30, 2023(8)            |                                                   |                                 |                                               |                       |  |                                                    |                                                   |                                 |                                               |                       |  | Nine Months Ended September 30, 2023(7)      |                                                   |                                 |                                               |                       |  |                                                    |                                                   |                                 |                                               |                       |  |
|----------------------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------|-----------------------|--|----------------------------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------|-----------------------|--|----------------------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------|-----------------------|--|----------------------------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------|-----------------------|--|
| Total realized and unrealized gains (losses) |                                                   |                                 |                                               |                       |  | Unrealized gains (losses) for assets still held(2) |                                                   |                                 |                                               |                       |  | Total realized and unrealized gains (losses) |                                                   |                                 |                                               |                       |  | Unrealized gains (losses) for assets still held(2) |                                                   |                                 |                                               |                       |  |
| Realized investment gains (losses), net      | Interest credited to Other income (loss) balances | policyholders' account balances | Included in other comprehensive income (loss) | Net investment income |  | Realized investment gains (losses), net            | Interest credited to Other income (loss) balances | policyholders' account balances | Included in other comprehensive income (loss) | Net investment income |  | Realized investment gains (losses), net      | Interest credited to Other income (loss) balances | policyholders' account balances | Included in other comprehensive income (loss) | Net investment income |  | Realized investment gains (losses), net            | Interest credited to Other income (loss) balances | policyholders' account balances | Included in other comprehensive income (loss) | Net investment income |  |
| (in millions)                                |                                                   |                                 |                                               |                       |  |                                                    |                                                   |                                 |                                               |                       |  | (in millions)                                |                                                   |                                 |                                               |                       |  |                                                    |                                                   |                                 |                                               |                       |  |

|                                      |                                      |    |         |    |      |    |    |    |    |    |   |    |       |    |      |    |    |    |   |
|--------------------------------------|--------------------------------------|----|---------|----|------|----|----|----|----|----|---|----|-------|----|------|----|----|----|---|
| Fixed maturities, available-for-sale | Fixed maturities, available-for-sale | \$ | (16)    | \$ | 0    | \$ | 0  | \$ | 19 | \$ | 3 | \$ | (3)   | \$ | 0    | \$ | 0  | \$ | 5 |
| Other assets:                        | Other assets:                        |    |         |    |      |    |    |    |    |    |   |    |       |    |      |    |    |    |   |
| Fixed maturities, trading            | Fixed maturities, trading            |    | 0       |    | 2    |    | 0  |    | 0  |    | 1 |    | 0     |    | 1    |    | 0  |    | 0 |
| Equity securities                    | Equity securities                    |    | (1)     |    | (5)  |    | 0  |    | 0  |    | 0 |    | 0     |    | (10) |    | 0  |    | 0 |
| Other invested assets                | Other invested assets                |    | (1)     |    | (18) |    | 0  |    | 0  |    | 0 |    | (1)   |    | (17) |    | 0  |    | 0 |
| Short-term investments               | Short-term investments               |    | 2       |    | 0    |    | 0  |    | 0  |    | 1 |    | 0     |    | 0    |    | 0  |    | 0 |
| Cash equivalents                     | Cash equivalents                     |    | 0       |    | 0    |    | 0  |    | 0  |    | 0 |    | 0     |    | 0    |    | 0  |    | 0 |
| Other assets                         | Other assets                         |    | 8       |    | 0    |    | 0  |    | 0  |    | 0 |    | 3     |    | 0    |    | 0  |    | 0 |
| Separate account assets(5)           | Separate account assets(5)           |    | 0       |    | 0    |    | 88 |    | 0  |    | 0 |    | 0     |    | 0    |    | 87 |    | 0 |
| Liabilities:                         | Liabilities:                         |    |         |    |      |    |    |    |    |    |   |    |       |    |      |    |    |    |   |
| Policyholders' account balances      | Policyholders' account balances      |    | (1,271) |    | 0    |    | 0  |    | 0  |    | 0 |    | (262) |    | 0    |    | 0  |    | 0 |
| Other liabilities                    | Other liabilities                    |    | 0       |    | 0    |    | 0  |    | 0  |    | 0 |    | 0     |    | 0    |    | 0  |    | 0 |
| Notes issued by consolidated VIEs    | Notes issued by consolidated VIEs    |    |         |    |      |    |    |    |    |    |   |    |       |    |      |    |    |    |   |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                       |                                       | Three Months Ended June 30, 2022(8)(9)                                                                                                                                                                                      |       |    |       |    |     |    |      |    |   |    |       | Three Months Ended September 30, 2022(7)(8)                                                                                                                                                                                 |      |    |   |    |         |    |       |    |       |    |   |
|---------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|-------|----|-----|----|------|----|---|----|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----|---|----|---------|----|-------|----|-------|----|---|
|                                       |                                       | <div> <div>Total realized</div> <div>Fair and Value, unrealized beginning of period</div> <div>Transfers into Level 3</div> <div>Transfers out of Level 3</div> <div>Unrealized gains (losses) for assets held</div> </div> |       |    |       |    |     |    |      |    |   |    |       | <div> <div>Total realized</div> <div>Fair and Value, unrealized beginning of period</div> <div>Transfers into Level 3</div> <div>Transfers out of Level 3</div> <div>Unrealized gains (losses) for assets held</div> </div> |      |    |   |    |         |    |       |    |       |    |   |
|                                       |                                       | (in millions)                                                                                                                                                                                                               |       |    |       |    |     |    |      |    |   |    |       | (in millions)                                                                                                                                                                                                               |      |    |   |    |         |    |       |    |       |    |   |
| Fixed maturities, available-for-sale: | Fixed maturities, available-for-sale: |                                                                                                                                                                                                                             |       |    |       |    |     |    |      |    |   |    |       |                                                                                                                                                                                                                             |      |    |   |    |         |    |       |    |       |    |   |
| U.S. states                           | U.S. states                           | \$                                                                                                                                                                                                                          | 8     | \$ | (1)   | \$ | 0   | \$ | 0    | \$ | 0 | \$ | 0     | \$                                                                                                                                                                                                                          | 7    | \$ | 0 | \$ | 0       | \$ | 0     | \$ | 0     | \$ | 0 |
| Foreign government                    | Foreign government                    |                                                                                                                                                                                                                             | 10    |    | (1)   |    | 0   |    | 0    |    | 0 |    | 0     |                                                                                                                                                                                                                             | 9    |    | 0 |    | (1)     |    | 0     |    | 0     |    | 0 |
| Corporate securities(3)               | Corporate securities(3)               |                                                                                                                                                                                                                             | 5,005 |    | (84)  |    | 556 |    | (59) |    | 9 |    | (318) |                                                                                                                                                                                                                             | (17) |    | 8 |    | (1,561) |    | 3,539 |    | (95)  |    |   |
| Structured securities(4)              | Structured securities(4)              |                                                                                                                                                                                                                             | 1,752 |    | (133) |    | 116 |    | (5)  |    | 0 |    | (201) |                                                                                                                                                                                                                             | (6)  |    | 0 |    | (41)    |    | 1,482 |    | (133) |    |   |
| Other assets:                         | Other assets:                         |                                                                                                                                                                                                                             |       |    |       |    |     |    |      |    |   |    |       |                                                                                                                                                                                                                             |      |    |   |    |         |    |       |    |       |    |   |

|                                    |                                    |         |       |     |      |       |      |         |     |      |         |       |                                    |         |      |      |      |       |       |       |    |
|------------------------------------|------------------------------------|---------|-------|-----|------|-------|------|---------|-----|------|---------|-------|------------------------------------|---------|------|------|------|-------|-------|-------|----|
| Fixed maturities, trading          | Fixed maturities, trading          | 378     | (16)  | 23  | (1)  | 0     | (24) | 2       | 0   | (15) | 347     | (17)  | Fixed maturities, trading          | 347     | 2    | 8    | (3)  | 0     | (29)  | (3)   | 0  |
| Equity securities                  | Equity securities                  | 772     | 6     | 20  | (23) | 0     | (2)  | (7)     | 0   | 0    | 766     | 1     | Equity securities                  | 766     | (23) | 10   | (94) | 0     | 0     | (4)   | 0  |
| Other invested assets              | Other invested assets              | 504     | 3     | 16  | (21) | 0     | (2)  | (1)     | 0   | 0    | 499     | 3     | Other invested assets              | 499     | (13) | 20   | (1)  | 0     | (2)   | (1)   | 0  |
| Short-term investments             | Short-term investments             | 213     | 0     | 3   | 0    | 0     | (12) | 0       | 0   | 0    | 204     | 0     | Short-term investments             | 204     | (5)  | 5    | 0    | 0     | (205) | 6     | 0  |
| Cash equivalents                   | Cash equivalents                   | 2       | 1     | 0   | 0    | 0     | 0    | (3)     | 0   | 0    | 0       | 0     | Cash equivalents                   | 0       | 0    | 0    | 0    | 0     | 0     | 0     | 0  |
| Other assets                       | Other assets                       | 139     | 67    | (4) | 0    | 0     | (1)  | 1       | 0   | 0    | 202     | 1     | Other assets                       | 202     | 51   | (16) | 0    | 0     | (7)   | (119) | 0  |
| Separate account assets(5)         | Separate account assets(5)         | 1,254   | (146) | 12  | (5)  | 0     | (4)  | 0       | 0   | (71) | 1,040   | (129) | Separate account assets(5)         | 1,040   | (45) | 137  | (95) | 0     | (36)  | 1     | 93 |
| <b>Liabilities:</b>                | <b>Liabilities:</b>                |         |       |     |      |       |      |         |     |      |         |       | <b>Liabilities:</b>                |         |      |      |      |       |       |       |    |
| Policyholders' account balances(6) | Policyholders' account balances(6) | (1,402) | 113   | 0   | 0    | (251) | 0    | (2,004) | 0   | 0    | (3,544) | 532   | Policyholders' account balances(6) | (3,544) | 222  | 0    | 0    | (424) | 0     | 1     | 0  |
| Other liabilities                  | Other liabilities                  | 0       | 0     | 0   | 0    | 0     | 0    | 0       | (1) | 0    | (1)     | 0     | Other liabilities                  | (1)     | 0    | 0    | 0    | 0     | 0     | 0     | 0  |
| Notes issued by consolidated VIEs  |                                    |         |       |     |      |       |      |         |     |      |         |       | Notes issued by consolidated VIEs  | 0       | 0    | 0    | 0    | 0     | 0     | 0     | 0  |

|                                      |                                      | Three Months Ended June 30, 2022(8)          |        |                |                      |                        |                                                    |               |          |                |                                      |         | Three Months Ended September 30, 2022(7)     |               |          |                |                        |                                                    |               |          |                |                        |                      |
|--------------------------------------|--------------------------------------|----------------------------------------------|--------|----------------|----------------------|------------------------|----------------------------------------------------|---------------|----------|----------------|--------------------------------------|---------|----------------------------------------------|---------------|----------|----------------|------------------------|----------------------------------------------------|---------------|----------|----------------|------------------------|----------------------|
|                                      |                                      | Total realized and unrealized gains (losses) |        |                |                      |                        | Unrealized gains (losses) for assets still held(2) |               |          |                |                                      |         | Total realized and unrealized gains (losses) |               |          |                |                        | Unrealized gains (losses) for assets still held(2) |               |          |                |                        |                      |
|                                      |                                      | Realized                                     |        | Interest       |                      | Included in investment | Realized                                           |               | Interest |                | Included in investment               |         | Realized                                     |               | Interest |                | Included in investment | Realized                                           |               | Interest |                | Included in investment |                      |
|                                      |                                      | gains                                        | Other  | policyholders' | other                |                        | Net                                                | gains         | Other    | policyholders' |                                      |         | other                                        | gains         | Other    | policyholders' |                        | other                                              | gains         | Other    | policyholders' |                        | other                |
|                                      |                                      | (losses), net                                | income | account        | comprehensive income |                        | investment income                                  | (losses), net | income   | account        |                                      |         | comprehensive income                         | (losses), net | income   | account        |                        | comprehensive income                               | (losses), net | income   | account        |                        | comprehensive income |
|                                      |                                      | net                                          | (loss) | balances       | income (loss)        | income                 | net                                                | (loss)        | balances | income (loss)  | income                               |         | net                                          | (loss)        | balances | income (loss)  | income                 | net                                                | (loss)        | balances | income (loss)  | income                 |                      |
| (in millions)                        |                                      |                                              |        |                |                      |                        |                                                    |               |          |                |                                      |         |                                              |               |          |                |                        |                                                    |               |          |                |                        |                      |
| Fixed maturities, available-for-sale | Fixed maturities, available-for-sale | \$ 8                                         | \$ 0   | \$ 0           | \$ (225)             | \$ (2)                 | \$ (3)                                             | \$ 0          | \$ 0     | \$ (26)        | Fixed maturities, available-for-sale | \$ (10) | \$ 0                                         | \$ 0          | \$ (159) | \$ 7           | \$ (15)                | \$ 0                                               | \$ 0          |          |                |                        |                      |
| Other assets:                        | Other assets:                        |                                              |        |                |                      |                        |                                                    |               |          |                | Other assets:                        |         |                                              |               |          |                |                        |                                                    |               |          |                |                        |                      |
| Fixed maturities, trading            | Fixed maturities, trading            | 0                                            | (18)   | 0              | 0                    | 2                      | 0                                                  | (17)          | 0        | 0              | Fixed maturities, trading            | 0       | 4                                            | 0             | 0        | (2)            | 0                      | 0                                                  | 0             |          |                |                        |                      |
| Equity securities                    | Equity securities                    | 0                                            | 6      | 0              | 0                    | 0                      | 0                                                  | 1             | 0        | 0              | Equity securities                    | 0       | (23)                                         | 0             | 0        | 0              | 0                      | 0                                                  | 0             |          |                |                        |                      |
| Other invested assets                | Other invested assets                | (2)                                          | 5      | 0              | 0                    | 0                      | (2)                                                | 5             | 0        | 0              | Other invested assets                | (14)    | 1                                            | 0             | 0        | 0              | (8)                    | 0                                                  | 0             |          |                |                        |                      |
| Short-term investments               | Short-term investments               | 0                                            | 0      | 0              | 0                    | 0                      | 0                                                  | 0             | 0        | 0              | Short-term investments               | (5)     | 0                                            | 0             | 0        | 0              | (5)                    | 0                                                  | 0             |          |                |                        |                      |
| Cash equivalents                     | Cash equivalents                     | 1                                            | 0      | 0              | 0                    | 0                      | 0                                                  | 0             | 0        | 0              | Cash equivalents                     | 0       | 0                                            | 0             | 0        | 0              | 0                      | 0                                                  | 0             |          |                |                        |                      |
| Other assets                         | Other assets                         | 0                                            | 0      | 0              | 67                   | 0                      | 1                                                  | 0             | 0        | 0              | Other assets                         | 51      | 0                                            | 0             | 0        | 0              | 50                     | 0                                                  | 0             |          |                |                        |                      |
| Separate account assets(5)           | Separate account assets(5)           | 0                                            | 0      | (145)          | 0                    | (1)                    | 0                                                  | 0             | (129)    | 0              | Separate account assets(5)           | 0       | 0                                            | (45)          | 0        | 0              | 0                      | 0                                                  | 0             |          |                |                        |                      |

|                                   |                                 |     |   |   |   |   |     |   |   |   |   |                                   |
|-----------------------------------|---------------------------------|-----|---|---|---|---|-----|---|---|---|---|-----------------------------------|
| <b>Liabilities:</b>               | <b>Liabilities:</b>             |     |   |   |   |   |     |   |   |   |   | <b>Liabilities:</b>               |
| Policyholders' account balances   | Policyholders' account balances | 113 | 0 | 0 | 0 | 0 | 532 | 0 | 0 | 0 | 0 | Policyholders' account balances   |
| Other liabilities                 | Other liabilities               | 0   | 0 | 0 | 0 | 0 | 0   | 0 | 0 | 0 | 0 | Other liabilities                 |
| Notes issued by consolidated VIEs |                                 |     |   |   |   |   |     |   |   |   |   | Notes issued by consolidated VIEs |
|                                   |                                 | 0   | 0 | 0 | 0 | 0 | 0   | 0 | 0 | 0 | 0 |                                   |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                       |                                       | Six Months Ended June 30, 2022(8)(9)                    |        |      |       |       |                 |         |      |         |         |                             |                                    | Nine Months Ended September 30, 2022(7)(8)              |        |       |       |       |                 |         |      |      |      |                  |      |      |      |  |
|---------------------------------------|---------------------------------------|---------------------------------------------------------|--------|------|-------|-------|-----------------|---------|------|---------|---------|-----------------------------|------------------------------------|---------------------------------------------------------|--------|-------|-------|-------|-----------------|---------|------|------|------|------------------|------|------|------|--|
|                                       |                                       | Total realized                                          |        |      |       |       |                 |         |      |         |         | Unrealized gains            |                                    | Total realized                                          |        |       |       |       |                 |         |      |      |      | Unrealized gains |      |      |      |  |
|                                       |                                       | Fair and Value, beginning of period                     |        |      |       |       | Transfers into  |         |      |         |         | Fair (losses) end of period |                                    | Fair and Value, beginning of period                     |        |       |       |       | Transfers into  |         |      |      |      |                  |      |      |      |  |
|                                       |                                       | (losses) Purchases Sales Issuances Settlements Other(1) |        |      |       |       | Level 3 Level 3 |         |      |         |         | period                      |                                    | (losses) Purchases Sales Issuances Settlements Other(1) |        |       |       |       | Level 3 Level 3 |         |      |      |      |                  |      |      |      |  |
|                                       |                                       | (in millions)                                           |        |      |       |       |                 |         |      |         |         |                             |                                    | (in millions)                                           |        |       |       |       |                 |         |      |      |      |                  |      |      |      |  |
| Fixed maturities, available-for-sale: | Fixed maturities, available-for-sale: |                                                         |        |      |       |       |                 |         |      |         |         |                             |                                    | Fixed maturities, available-for-sale:                   |        |       |       |       |                 |         |      |      |      |                  |      |      |      |  |
| U.S. states                           | U.S. states                           | \$ 8                                                    | \$ (1) | \$ 0 | \$ 0  | \$ 0  | \$ 0            | \$ 0    | \$ 0 | \$ 0    | \$ 7    | \$ (1)                      | U.S. states                        | \$ 8                                                    | \$ (1) | \$ 0  | \$ 0  | \$ 0  | \$ 0            | \$ 0    | \$ 0 | \$ 0 | \$ 0 | \$ 0             | \$ 0 | \$ 0 | \$ 0 |  |
| Foreign government                    | Foreign government                    | 10                                                      | (1)    | 0    | 0     | 0     | 0               | 0       | 0    | 0       | 9       | (1)                         | Foreign government                 | 10                                                      | (1)    | 0     | (1)   | 0     | 0               | 0       | 0    | 0    | 0    | 0                | 0    | 0    | 0    |  |
| Corporate securities(3)               | Corporate securities(3)               | 5,316                                                   | (466)  | 800  | (83)  | 9     | (465)           | (27)    | 16   | (1,561) | 3,539   | (467)                       | Corporate securities(3)            | 5,316                                                   | (588)  | 1,088 | (140) | 9     | (721)           | 65      | 106  |      |      |                  |      |      |      |  |
| Structured securities(4)              | Structured securities(4)              | 1,986                                                   | (278)  | 201  | (22)  | 0     | (221)           | (9)     | 6    | (181)   | 1,482   | (279)                       | Structured securities(4)           | 1,986                                                   | (318)  | 625   | (22)  | 0     | (349)           | (12)    | 6    |      |      |                  |      |      |      |  |
| Other assets:                         | Other assets:                         |                                                         |        |      |       |       |                 |         |      |         |         |                             | Other assets:                      |                                                         |        |       |       |       |                 |         |      |      |      |                  |      |      |      |  |
| Fixed maturities, trading             | Fixed maturities, trading             | 421                                                     | (28)   | 33   | (30)  | 0     | (40)            | 6       | 0    | (15)    | 347     | (29)                        | Fixed maturities, trading          | 421                                                     | (26)   | 41    | (33)  | 0     | (69)            | 3       | 0    |      |      |                  |      |      |      |  |
| Equity securities                     | Equity securities                     | 799                                                     | 28     | 31   | (145) | 0     | (4)             | (16)    | 73   | 0       | 766     | 5                           | Equity securities                  | 799                                                     | 5      | 41    | (239) | 0     | (4)             | (20)    | 73   |      |      |                  |      |      |      |  |
| Other invested assets                 | Other invested assets                 | 493                                                     | 10     | 37   | (38)  | 0     | (2)             | (1)     | 0    | 0       | 499     | 10                          | Other invested assets              | 493                                                     | (3)    | 57    | (39)  | 0     | (4)             | (2)     | 0    |      |      |                  |      |      |      |  |
| Short-term investments                | Short-term investments                | 330                                                     | 0      | 4    | 0     | 0     | (130)           | 0       | 0    | 0       | 204     | 0                           | Short-term investments             | 330                                                     | (5)    | 9     | 0     | 0     | (335)           | 6       | 0    |      |      |                  |      |      |      |  |
| Cash equivalents                      | Cash equivalents                      | 70                                                      | (1)    | 7    | 0     | 0     | (73)            | (3)     | 0    | 0       | 0       | (2)                         | Cash equivalents                   | 70                                                      | (1)    | 7     | 0     | 0     | (73)            | (3)     | 0    |      |      |                  |      |      |      |  |
| Other assets                          | Other assets                          | 54                                                      | 74     | 0    | 0     | 0     | (3)             | 77      | 0    | 0       | 202     | 10                          | Other assets                       | 54                                                      | 125    | (16)  | 0     | 0     | (10)            | (42)    | 0    |      |      |                  |      |      |      |  |
| Separate account assets(5)            | Separate account assets(5)            | 1,283                                                   | (192)  | 44   | (16)  | 0     | (7)             | (1)     | 0    | (71)    | 1,040   | (189)                       | Separate account assets(5)         | 1,283                                                   | (237)  | 181   | (111) | 0     | (43)            | 0       | 93   |      |      |                  |      |      |      |  |
| Liabilities:                          | Liabilities:                          |                                                         |        |      |       |       |                 |         |      |         |         |                             | Liabilities:                       |                                                         |        |       |       |       |                 |         |      |      |      |                  |      |      |      |  |
| Policyholders' account balances(6)    | Policyholders' account balances(6)    | (1,436)                                                 | 280    | 0    | 0     | (384) | 0               | (2,004) | 0    | 0       | (3,544) | 767                         | Policyholders' account balances(6) | (1,436)                                                 | 502    | 0     | 0     | (808) | 0               | (2,003) | 0    |      |      |                  |      |      |      |  |
| Other liabilities                     | Other liabilities                     | 0                                                       | 0      | 0    | 0     | 0     | 0               | 0       | (1)  | 0       | (1)     | 0                           | Other liabilities                  | 0                                                       | 0      | 0     | 0     | 0     | 0               | 0       | (1)  |      |      |                  |      |      |      |  |

|                                   |                                   |   |   |   |   |   |   |   |   |
|-----------------------------------|-----------------------------------|---|---|---|---|---|---|---|---|
| Notes issued by consolidated VIEs | Notes issued by consolidated VIEs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|-----------------------------------|-----------------------------------|---|---|---|---|---|---|---|---|

|                                      | Six Months Ended June 30, 2022(8)            |        |                |               |            |           |        |                                                    |             |                |               | Nine Months Ended September 30, 2022(7)      |             |            |          |                |               |           |                                                    |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
|--------------------------------------|----------------------------------------------|--------|----------------|---------------|------------|-----------|--------|----------------------------------------------------|-------------|----------------|---------------|----------------------------------------------|-------------|------------|----------|----------------|---------------|-----------|----------------------------------------------------|--------------------------------------|-------------|----------------|---------------|----------|-------------|------------|--------|----------------|---------------|-----------|--------|----------|----|
|                                      | Total realized and unrealized gains (losses) |        |                |               |            |           |        | Unrealized gains (losses) for assets still held(2) |             |                |               | Total realized and unrealized gains (losses) |             |            |          |                |               |           | Unrealized gains (losses) for assets still held(2) |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
|                                      | Realized                                     |        | Interest       |               |            |           |        | Realized                                           |             | Interest       |               |                                              |             |            | Realized |                | Interest      |           |                                                    |                                      |             | Realized       |               | Interest |             |            |        |                |               |           |        |          |    |
|                                      | investment                                   |        | credited to    | Included in   |            |           |        | investment                                         |             | credited to    |               |                                              |             | investment |          | credited to    |               |           |                                                    | investment                           |             | credited to    |               |          |             | investment |        | credited to    |               |           |        |          |    |
|                                      | gains                                        | Other  | policyholders' | other         | Net        |           |        | gains                                              | Other       | policyholders' | comprehensive |                                              |             | gains      | Other    | policyholders' | comprehensive |           |                                                    | gains                                | Other       | policyholders' | comprehensive |          |             | gains      | Other  | policyholders' | comprehensive |           |        |          |    |
|                                      | (losses),                                    | income | account        | comprehensive | investment | (losses), | income | account                                            | income      | (losses),      | income        | account                                      | income      | (losses),  | income   | account        | income        | (losses), | income                                             | account                              | income      | (losses),      | income        | account  | income      | (losses),  | income | account        | income        | (losses), | income | account  |    |
|                                      | net                                          | (loss) | balances       | income (loss) | income     | net       | (loss) | balances                                           | (losses)(7) | net            | (loss)        | balances                                     | (losses)(7) | net        | (loss)   | balances       | (losses)(7)   | net       | (loss)                                             | balances                             | (losses)(7) | net            | (loss)        | balances | (losses)(7) | net        | (loss) | balances       | (losses)(7)   | net       | (loss) | balances |    |
| (in millions)                        |                                              |        |                |               |            |           |        |                                                    |             |                | (in millions) |                                              |             |            |          |                |               |           |                                                    |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
| Fixed maturities, available-for-sale | Fixed maturities, available-for-sale         | \$     | (68)           | \$            | 0          | \$        | 0      | \$                                                 | (678)       | \$             | 0             | \$                                           | (82)        | \$         | 0        | \$             | 0             | \$        | (666)                                              | Fixed maturities, available-for-sale | \$          | (78)           | \$            | 0        | \$          | 0          | \$     | (837)          | \$            | 7         | \$     | (97)     | \$ |
| Other assets:                        | Other assets:                                |        |                |               |            |           |        |                                                    |             |                |               |                                              |             |            |          |                |               |           |                                                    |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
| Fixed maturities, trading            | Fixed maturities, trading                    |        | 0              |               | (30)       |           | 0      |                                                    | 0           |                | 2             |                                              | 0           |            | (29)     |                | 0             |           | 0                                                  | Fixed maturities, trading            |             | 0              |               | (26)     |             | 0          |        | 0              |               | 0         |        | 0        |    |
| Equity securities                    | Equity securities                            |        | 0              |               | 28         |           | 0      |                                                    | 0           |                | 0             |                                              | 0           |            | 5        |                | 0             |           | 0                                                  | Equity securities                    |             | 0              |               | 5        |             | 0          |        | 0              |               | 0         |        | 0        |    |
| Other invested assets                | Other invested assets                        |        | (5)            |               | 15         |           | 0      |                                                    | 0           |                | 0             |                                              | (5)         |            | 15       |                | 0             |           | 0                                                  | Other invested assets                |             | (19)           |               | 16       |             | 0          |        | 0              |               | 0         |        | (19)     |    |
| Short-term investments               | Short-term investments                       |        | 0              |               | 0          |           | 0      |                                                    | 0           |                | 0             |                                              | 0           |            | 0        |                | 0             |           | 0                                                  | Short-term investments               |             | (5)            |               | 0        |             | 0          |        | 0              |               | 0         |        | (5)      |    |
| Cash equivalents                     | Cash equivalents                             |        | (1)            |               | 0          |           | 0      |                                                    | 0           |                | 0             |                                              | (2)         |            | 0        |                | 0             |           | 0                                                  | Cash equivalents                     |             | (1)            |               | 0        |             | 0          |        | 0              |               | 0         |        | (2)      |    |
| Other assets                         | Other assets                                 |        | 7              |               | 0          |           | 0      |                                                    | 67          |                | 0             |                                              | 10          |            | 0        |                | 0             |           | 0                                                  | Other assets                         |             | 58             |               | 0        |             | 0          |        | 67             |               | 0         |        | 61       |    |
| Separate account assets(5)           | Separate account assets(5)                   |        | 0              |               | 0          |           | (192)  |                                                    | 0           |                | 0             |                                              | 0           |            | 0        |                | (189)         |           | 0                                                  | Separate account assets(5)           |             | 0              |               | 0        |             | (237)      |        | 0              |               | 0         |        | 0        |    |
| Liabilities:                         | Liabilities:                                 |        |                |               |            |           |        |                                                    |             |                |               |                                              |             |            |          |                |               |           |                                                    |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
| Policyholders' account balances      | Policyholders' account balances              |        | 280            |               | 0          |           | 0      |                                                    | 0           |                | 0             |                                              | 767         |            | 0        |                | 0             |           | 0                                                  | Policyholders' account balances      |             | 502            |               | 0        |             | 0          |        | 0              |               | 0         |        | 1,601    |    |
| Other liabilities                    | Other liabilities                            |        | 0              |               | 0          |           | 0      |                                                    | 0           |                | 0             |                                              | 0           |            | 0        |                | 0             |           | 0                                                  | Other liabilities                    |             | 0              |               | 0        |             | 0          |        | 0              |               | 0         |        | 0        |    |
| Notes issued by consolidated VIEs    | Notes issued by consolidated VIEs            |        |                |               |            |           |        |                                                    |             |                |               |                                              |             |            |          |                |               |           |                                                    |                                      |             |                |               |          |             |            |        |                |               |           |        |          |    |
|                                      |                                              |        | 0              |               | 0          |           | 0      |                                                    | 0           |                | 0             |                                              | 0           |            | 0        |                | 0             |           | 0                                                  |                                      | 0           |                | 0             |          | 0           |            | 0      |                | 0             |           | 0      |          |    |

- (1) "Other" includes additional activity not allocated to the specific categories within the rollforward of Level 3 Assets and Liabilities.
- (2) Unrealized gains or losses related to assets still held at the end of the period do not include amortization or accretion of premiums and discounts.
- (3) Includes U.S. corporate public, U.S. corporate private, foreign corporate public and foreign corporate private securities.
- (4) Includes asset-backed, commercial mortgage-backed and residential mortgage-backed securities.
- (5) Separate account assets represent segregated funds that are invested for certain customers. Investment risks associated with market value changes are borne by the customers, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Separate account liabilities are not included in the above table as they are reported at contract value and not fair value in the Company's Unaudited Interim Consolidated Statements of Financial Position.
- (6) Issuances and settlements for Policyholders' account balances are presented net in the rollforward.
- (7) Effective January 1, 2020, the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period were added prospectively due to adoption of ASU 2018-13.
- (8) Effective January 1, 2021, Future policy benefits and Reinsurance recoverables previously included in "changes in level Level 3 assets Assets and liabilities" Liabilities" are now reported in as Market Risk Benefits. See Note 11 Market Risk Benefits, for additional information.

(9) (8) Excludes MRB assets of \$1,951 \$2,200 million and \$869 \$806 million and MRB liabilities of \$5,462 \$4,660 million and \$7,293 \$6,488 million for period periods ending June 30, 2023 September 30, 2023 and 2022, respectively. See Note 11 Market Risk Benefits for additional information.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Derivative Fair Value Information**

The following tables present the balances of certain derivative assets and liabilities measured at fair value on a recurring basis, as of the date indicated, by the primary underlying risks they are used to manage. These tables include NPR and exclude embedded derivatives and associated reinsurance recoverables. The derivative assets and liabilities shown below are included in "Other invested assets" or "Other liabilities" in the tables contained within the sections "—Assets and Liabilities by Hierarchy Level" and "—Changes in Level 3 Assets and Liabilities," above.

|                                |                                | As of June 30, 2023 |           |         |             |           | As of September 30, 2023       |         |           |            |           |
|--------------------------------|--------------------------------|---------------------|-----------|---------|-------------|-----------|--------------------------------|---------|-----------|------------|-----------|
|                                |                                | Level 1             | Level 2   | Level 3 | Netting(1)  | Total     | Level 1                        | Level 2 | Level 3   | Netting(1) | Total     |
|                                |                                | (in millions)       |           |         |             |           | (in millions)                  |         |           |            |           |
| <b>Derivative Assets:</b>      | <b>Derivative Assets:</b>      |                     |           |         |             |           | <b>Derivative Assets:</b>      |         |           |            |           |
| Interest Rate                  | Interest Rate                  | \$ 66               | \$ 8,812  | \$ 1    | \$          | \$ 8,879  | Interest Rate                  | \$ 26   | \$ 13,749 | \$ 1       | \$ 13,776 |
| Currency                       | Currency                       | 0                   | 2,341     | 0       |             | 2,341     | Currency                       | 0       | 1,521     | 0          | 1,521     |
| Credit                         | Credit                         | 0                   | 35        | 0       |             | 35        | Credit                         | 0       | 29        | 0          | 29        |
| Currency/Interest Rate         | Currency/Interest Rate         | 0                   | 3,562     | 0       |             | 3,562     | Currency/Interest Rate         | 0       | 3,600     | 0          | 3,600     |
| Equity                         | Equity                         | 96                  | 1,274     | 0       |             | 1,370     | Equity                         | 7       | 1,250     | 0          | 1,257     |
| Other                          | Other                          | 0                   | 0         | 0       |             | 0         | Other                          | 0       | 0         | 0          | 0         |
| Netting(1)                     | Netting(1)                     |                     |           |         | (14,939)    | (14,939)  | Netting(1)                     |         |           | (19,178)   | (19,178)  |
| Total derivative assets        | Total derivative assets        | \$ 162              | \$ 16,024 | \$ 1    | \$ (14,939) | \$ 1,248  | Total derivative assets        | \$ 33   | \$ 20,149 | \$ 1       | \$ 1,005  |
| <b>Derivative Liabilities:</b> | <b>Derivative Liabilities:</b> |                     |           |         |             |           | <b>Derivative Liabilities:</b> |         |           |            |           |
| Interest Rate                  | Interest Rate                  | \$ 9                | \$ 22,242 | \$ 1    | \$          | \$ 22,252 | Interest Rate                  | \$ 11   | \$ 30,567 | \$ 1       | \$ 30,579 |
| Currency                       | Currency                       | 0                   | 2,669     | 0       |             | 2,669     | Currency                       | 0       | 1,540     | 0          | 1,540     |
| Credit                         | Credit                         | 0                   | 21        | 0       |             | 21        | Credit                         | 0       | 39        | 0          | 39        |
| Currency/Interest Rate         | Currency/Interest Rate         | 0                   | 541       | 0       |             | 541       | Currency/Interest Rate         | 0       | 545       | 0          | 545       |
| Equity                         | Equity                         | 1                   | 1,759     | 0       |             | 1,760     | Equity                         | 6       | 1,596     | 0          | 1,602     |
| Other                          | Other                          | 0                   | 0         | 0       |             | 0         | Other                          | 0       | 0         | 0          | 0         |
| Netting(1)                     | Netting(1)                     |                     |           |         | (24,178)    | (24,178)  | Netting(1)                     |         |           | (28,884)   | (28,884)  |
| Total derivative liabilities   | Total derivative liabilities   | \$ 10               | \$ 27,232 | \$ 1    | \$ (24,178) | \$ 3,065  | Total derivative liabilities   | \$ 17   | \$ 34,287 | \$ 1       | \$ 5,421  |
| As of December 31, 2022        |                                |                     |           |         |             |           |                                |         |           |            |           |
|                                |                                | Level 1             | Level 2   | Level 3 | Netting(1)  | Total     |                                |         |           |            |           |
|                                |                                | (in millions)       |           |         |             |           |                                |         |           |            |           |
| <b>Derivative Assets:</b>      |                                |                     |           |         |             |           |                                |         |           |            |           |
| Interest Rate                  |                                |                     |           | \$ 13   | \$ 9,408    | \$ 1      | \$                             |         |           | \$ 9,422   |           |
| Currency                       |                                |                     |           | 0       | 1,711       | 0         |                                |         |           | 1,711      |           |
| Credit                         |                                |                     |           | 0       | 27          | 0         |                                |         |           | 27         |           |
| Currency/Interest Rate         |                                |                     |           | 0       | 4,282       | 0         |                                |         |           | 4,282      |           |
| Equity                         |                                |                     |           | 1       | 814         | 0         |                                |         |           | 815        |           |
| Other                          |                                |                     |           | 0       | 0           | 0         |                                |         |           | 0          |           |
| Netting(1)                     |                                |                     |           |         |             |           |                                |         |           | (14,802)   | (14,802)  |
| Total derivative assets        |                                |                     |           | \$ 14   | \$ 16,242   | \$ 1      | \$                             |         |           | (14,802)   | \$ 1,455  |
| <b>Derivative Liabilities:</b> |                                |                     |           |         |             |           |                                |         |           |            |           |
| Interest Rate                  |                                |                     |           | \$ 24   | \$ 21,806   | \$ 1      | \$                             |         |           | \$ 21,831  |           |

|                              |       |           |          |             |
|------------------------------|-------|-----------|----------|-------------|
| Currency                     | 0     | 2,186     | 0        | 2,186       |
| Credit                       | 0     | 57        | 0        | 57          |
| Currency/Interest Rate       | 0     | 503       | 0        | 503         |
| Equity                       | 2     | 1,774     | 0        | 1,776       |
| Other                        | 0     | 0         | 0        | 0           |
| Netting(1)                   |       |           | (23,298) | (23,298)    |
| Total derivative liabilities | \$ 26 | \$ 26,326 | \$ 1     | \$ (23,298) |
|                              |       |           |          | \$ 3,055    |

**PRUDENTIAL FINANCIAL, INC.**  
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(1) "Netting" amounts represent cash collateral and the impact of offsetting asset and liability positions held with the same counterparty, subject to master netting agreement.

**Changes in Level 3 derivative assets and liabilities**—The following tables provide a summary of the changes in fair value of Level 3 derivative assets and liabilities as of the dates indicated, as well as the portion of gains or losses included in income, attributable to unrealized gains or losses related to those assets and liabilities still held at the end of their respective periods.

|            |            | Three Months Ended June 30, 2023             |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | Three Months Ended September 30, 2023        |           |       |           |             |       |                           |                             |                           |                                         |    |   |
|------------|------------|----------------------------------------------|-------------------------|-----------|-------|-----------|-------------|-------|---------------------------|-----------------------------|---------------------------|-----------------------------------------|---|--|---------------------------------|----------------------------------------------|-----------|-------|-----------|-------------|-------|---------------------------|-----------------------------|---------------------------|-----------------------------------------|----|---|
|            |            | Total realized and unrealized gains (losses) |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | Total realized and unrealized gains (losses) |           |       |           |             |       |                           |                             |                           |                                         |    |   |
|            |            | Fair Value, beginning of period              | unrealized (losses) (1) | Purchases | Sales | Issuances | Settlements | Other | Transfers into Level 3(2) | Transfers out of Level 3(2) | Fair Value, end of period | Unrealized gains (losses) still held(1) |   |  | Fair Value, beginning of period | unrealized (losses) (1)                      | Purchases | Sales | Issuances | Settlements | Other | Transfers into Level 3(2) | Transfers out of Level 3(2) | Fair Value, end of period | Unrealized gains (losses) still held(1) |    |   |
|            |            | (in millions)                                |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | (in millions)                                |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Net        | Net        |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Derivative | Derivative |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| - Equity   | - Equity   | \$                                           | 0                       | \$        | 0     | \$        | 0           | \$    | 0                         | \$                          | 0                         | \$                                      | 0 |  | - Equity                        | \$                                           | 0         | \$    | 0         | \$          | 0     | \$                        | 0                           | \$                        | 0                                       | \$ | 0 |
| Net        | Net        |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Derivative | Derivative |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| - Interest | - Interest |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Rate       | Rate       | 0                                            | 0                       | 0         | 0     | 0         | 0           | 0     | 0                         | 0                           | 0                         | 0                                       | 0 |  | Rate                            | 0                                            | 0         | 0     | 0         | 0           | 0     | 0                         | 0                           | 0                         | 0                                       | 0  |   |

|            |            | Six Months Ended June 30, 2023               |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | Nine Months Ended September 30, 2023         |           |       |           |             |       |                           |                             |                           |                                         |    |   |
|------------|------------|----------------------------------------------|-------------------------|-----------|-------|-----------|-------------|-------|---------------------------|-----------------------------|---------------------------|-----------------------------------------|---|--|---------------------------------|----------------------------------------------|-----------|-------|-----------|-------------|-------|---------------------------|-----------------------------|---------------------------|-----------------------------------------|----|---|
|            |            | Total realized and unrealized gains (losses) |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | Total realized and unrealized gains (losses) |           |       |           |             |       |                           |                             |                           |                                         |    |   |
|            |            | Fair Value, beginning of period              | unrealized (losses) (1) | Purchases | Sales | Issuances | Settlements | Other | Transfers into Level 3(2) | Transfers out of Level 3(2) | Fair Value, end of period | Unrealized gains (losses) still held(1) |   |  | Fair Value, beginning of period | unrealized (losses) (1)                      | Purchases | Sales | Issuances | Settlements | Other | Transfers into Level 3(2) | Transfers out of Level 3(2) | Fair Value, end of period | Unrealized gains (losses) still held(1) |    |   |
|            |            | (in millions)                                |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 | (in millions)                                |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Net        | Net        |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Derivative | Derivative |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| - Equity   | - Equity   | \$                                           | 0                       | \$        | 0     | \$        | 0           | \$    | 0                         | \$                          | 0                         | \$                                      | 0 |  | - Equity                        | \$                                           | 0         | \$    | 0         | \$          | 0     | \$                        | 0                           | \$                        | 0                                       | \$ | 0 |
| Net        | Net        |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Derivative | Derivative |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| - Interest | - Interest |                                              |                         |           |       |           |             |       |                           |                             |                           |                                         |   |  |                                 |                                              |           |       |           |             |       |                           |                             |                           |                                         |    |   |
| Rate       | Rate       | 0                                            | 0                       | 0         | 0     | 0         | 0           | 0     | 0                         | 0                           | 0                         | 0                                       | 0 |  | Rate                            | 0                                            | 0         | 0     | 0         | 0           | 0     | 0                         | 0                           | 0                         | 0                                       | 0  |   |

|  |  | Three Months Ended June 30, 2022 |  |  |  |  |  |  |  |  |  |  |  |  |  | Three Months Ended September 30, 2022 |  |  |  |  |  |  |  |  |  |  |  |
|--|--|----------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|---------------------------------------|--|--|--|--|--|--|--|--|--|--|--|
|--|--|----------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|---------------------------------------|--|--|--|--|--|--|--|--|--|--|--|

| Total realized and unrealized gains (losses) |            |    |   |    |   |    |   |    |     |    |   |    | Total realized and unrealized gains (losses) |            |   |    |   |    |   |    |   |    |   |    |   |
|----------------------------------------------|------------|----|---|----|---|----|---|----|-----|----|---|----|----------------------------------------------|------------|---|----|---|----|---|----|---|----|---|----|---|
| Fair Value, beginning of period              |            |    |   |    |   |    |   |    |     |    |   |    | Fair Value, beginning of period              |            |   |    |   |    |   |    |   |    |   |    |   |
| (1)                                          |            |    |   |    |   |    |   |    |     |    |   |    | (1)                                          |            |   |    |   |    |   |    |   |    |   |    |   |
| Purchases                                    |            |    |   |    |   |    |   |    |     |    |   |    | Purchases                                    |            |   |    |   |    |   |    |   |    |   |    |   |
| Sales                                        |            |    |   |    |   |    |   |    |     |    |   |    | Sales                                        |            |   |    |   |    |   |    |   |    |   |    |   |
| Issuances                                    |            |    |   |    |   |    |   |    |     |    |   |    | Issuances                                    |            |   |    |   |    |   |    |   |    |   |    |   |
| Settlements                                  |            |    |   |    |   |    |   |    |     |    |   |    | Settlements                                  |            |   |    |   |    |   |    |   |    |   |    |   |
| Other                                        |            |    |   |    |   |    |   |    |     |    |   |    | Other                                        |            |   |    |   |    |   |    |   |    |   |    |   |
| 3(2)                                         |            |    |   |    |   |    |   |    |     |    |   |    | 3(2)                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| 3(2)                                         |            |    |   |    |   |    |   |    |     |    |   |    | 3(2)                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| period                                       |            |    |   |    |   |    |   |    |     |    |   |    | period                                       |            |   |    |   |    |   |    |   |    |   |    |   |
| held(1)                                      |            |    |   |    |   |    |   |    |     |    |   |    | held                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| (in millions)                                |            |    |   |    |   |    |   |    |     |    |   |    | (in millions)                                |            |   |    |   |    |   |    |   |    |   |    |   |
| Net                                          | Net        |    |   |    |   |    |   |    |     |    |   |    | Net                                          | Net        |   |    |   |    |   |    |   |    |   |    |   |
| Derivative                                   | Derivative |    |   |    |   |    |   |    |     |    |   |    | Derivative                                   | Derivative |   |    |   |    |   |    |   |    |   |    |   |
| - Equity                                     | - Equity   | \$ | 2 | \$ | 0 | \$ | 0 | \$ | (2) | \$ | 0 | \$ | 0                                            | \$         | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 |
| Net                                          | Net        |    |   |    |   |    |   |    |     |    |   |    | Net                                          | Net        |   |    |   |    |   |    |   |    |   |    |   |
| Derivative                                   | Derivative |    |   |    |   |    |   |    |     |    |   |    | Derivative                                   | Derivative |   |    |   |    |   |    |   |    |   |    |   |
| - Interest                                   | - Interest |    |   |    |   |    |   |    |     |    |   |    | - Interest                                   | - Interest |   |    |   |    |   |    |   |    |   |    |   |
| Rate                                         | Rate       |    | 1 |    | 0 |    | 0 |    | 0   |    | 0 |    | 0                                            |            | 0 |    | 0 |    | 0 |    | 0 |    | 0 |    | 0 |

| Six Months Ended June 30, 2022               |            |    |   |    |   |    |   |    |     |    |   |    | Nine Months Ended September 30, 2022         |            |   |    |   |    |   |    |   |    |   |    |   |
|----------------------------------------------|------------|----|---|----|---|----|---|----|-----|----|---|----|----------------------------------------------|------------|---|----|---|----|---|----|---|----|---|----|---|
| Total realized and unrealized gains (losses) |            |    |   |    |   |    |   |    |     |    |   |    | Total realized and unrealized gains (losses) |            |   |    |   |    |   |    |   |    |   |    |   |
| Fair Value, beginning of period              |            |    |   |    |   |    |   |    |     |    |   |    | Fair Value, beginning of period              |            |   |    |   |    |   |    |   |    |   |    |   |
| (1)                                          |            |    |   |    |   |    |   |    |     |    |   |    | (1)                                          |            |   |    |   |    |   |    |   |    |   |    |   |
| Purchases                                    |            |    |   |    |   |    |   |    |     |    |   |    | Purchases                                    |            |   |    |   |    |   |    |   |    |   |    |   |
| Sales                                        |            |    |   |    |   |    |   |    |     |    |   |    | Sales                                        |            |   |    |   |    |   |    |   |    |   |    |   |
| Issuances                                    |            |    |   |    |   |    |   |    |     |    |   |    | Issuances                                    |            |   |    |   |    |   |    |   |    |   |    |   |
| Settlements                                  |            |    |   |    |   |    |   |    |     |    |   |    | Settlements                                  |            |   |    |   |    |   |    |   |    |   |    |   |
| Other                                        |            |    |   |    |   |    |   |    |     |    |   |    | Other                                        |            |   |    |   |    |   |    |   |    |   |    |   |
| 3(2)                                         |            |    |   |    |   |    |   |    |     |    |   |    | 3(2)                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| 3(2)                                         |            |    |   |    |   |    |   |    |     |    |   |    | 3(2)                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| period                                       |            |    |   |    |   |    |   |    |     |    |   |    | period                                       |            |   |    |   |    |   |    |   |    |   |    |   |
| held(1)                                      |            |    |   |    |   |    |   |    |     |    |   |    | held                                         |            |   |    |   |    |   |    |   |    |   |    |   |
| (in millions)                                |            |    |   |    |   |    |   |    |     |    |   |    | (in millions)                                |            |   |    |   |    |   |    |   |    |   |    |   |
| Net                                          | Net        |    |   |    |   |    |   |    |     |    |   |    | Net                                          | Net        |   |    |   |    |   |    |   |    |   |    |   |
| Derivative                                   | Derivative |    |   |    |   |    |   |    |     |    |   |    | Derivative                                   | Derivative |   |    |   |    |   |    |   |    |   |    |   |
| - Equity                                     | - Equity   | \$ | 1 | \$ | 1 | \$ | 0 | \$ | (2) | \$ | 0 | \$ | 0                                            | \$         | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 0 | \$ | 1 |
| Net                                          | Net        |    |   |    |   |    |   |    |     |    |   |    | Net                                          | Net        |   |    |   |    |   |    |   |    |   |    |   |
| Derivative                                   | Derivative |    |   |    |   |    |   |    |     |    |   |    | Derivative                                   | Derivative |   |    |   |    |   |    |   |    |   |    |   |
| - Interest                                   | - Interest |    |   |    |   |    |   |    |     |    |   |    | - Interest                                   | - Interest |   |    |   |    |   |    |   |    |   |    |   |
| Rate                                         | Rate       |    | 1 |    | 0 |    | 0 |    | 0   |    | 0 |    | 0                                            |            | 0 |    | 0 |    | 0 |    | 0 |    | 0 |    | 0 |

- (1) Total realized and unrealized gains (losses) as well as unrealized gains (losses) for assets still held at the end of the period are recorded in "Realized investment gains (losses), net."
- (2) Transfers into or out of Level 3 are generally reported at the value as of the beginning of the quarter in which the transfers occur for any such positions still held at the end of the quarter.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Nonrecurring Fair Value Measurements**—The following tables represent information for assets measured at fair value on a nonrecurring basis. The fair value measurement is nonrecurring as these assets are measured at fair value only when there is a triggering event (e.g., an evidence of impairment). Assets included in the table are those that were impaired during the respective reporting periods and that are still held as of the reporting date. The estimated fair values for these amounts were determined using significant unobservable inputs (Level 3).

|                              | Three Months Ended June 30, |         | Six Months Ended June 30, |         |
|------------------------------|-----------------------------|---------|---------------------------|---------|
|                              | 2023                        | 2022    | 2023                      | 2022    |
|                              | (in millions)               |         |                           |         |
| Gains (Losses):              |                             |         |                           |         |
| Mortgage servicing rights(1) | \$ 0                        | \$ (1)  | \$ 0                      | \$ 2    |
| Investment real estate       | \$ (17)                     | \$ (5)  | \$ (17)                   | \$ (6)  |
| Investment in JV/LP          | \$ (37)                     | \$ (75) | \$ (54)                   | \$ (75) |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| June 30, 2023 | December 31, 2022 |
|---------------|-------------------|
|---------------|-------------------|

|                                                    | (in millions) |     |    |     |
|----------------------------------------------------|---------------|-----|----|-----|
| Carrying value after measurement as of period end: |               |     |    |     |
| Mortgage servicing rights(1)                       | \$            | 0   | \$ | 77  |
| Investment real estate(2)                          | \$            | 114 | \$ | 112 |
| Investment in JV/LP(2)                             | \$            | 71  | \$ | 64  |
| Goodwill(3)                                        | \$            | 0   | \$ | 177 |

|                              | Three Months Ended September 30, |        | Nine Months Ended September 30, |         |
|------------------------------|----------------------------------|--------|---------------------------------|---------|
|                              | 2023                             | 2022   | 2023                            | 2022    |
|                              | (in millions)                    |        |                                 |         |
| Gains (Losses):              |                                  |        |                                 |         |
| Mortgage servicing rights(1) | \$ 0                             | \$ (1) | \$ 0                            | \$ 1    |
| Investment real estate       | \$ 0                             | \$ (6) | \$ (17)                         | \$ (12) |
| Investment in JV/LP          | \$ (10)                          | \$ 0   | \$ (65)                         | \$ (75) |

|                                                    | September 30, 2023 |     | December 31, 2022 |     |
|----------------------------------------------------|--------------------|-----|-------------------|-----|
|                                                    | (in millions)      |     |                   |     |
| Carrying value after measurement as of period end: |                    |     |                   |     |
| Mortgage servicing rights(1)                       | \$                 | 0   | \$                | 77  |
| Investment real estate(2)                          | \$                 | 114 | \$                | 112 |
| Investment in JV/LP(2)                             | \$                 | 60  | \$                | 64  |
| Goodwill(3)                                        | \$                 | 0   | \$                | 177 |

- (1) Mortgage servicing rights are valued using a discounted cash flow model. The model incorporates assumptions for servicing revenues, which are adjusted for expected prepayments, delinquency rates, escrow deposit income and estimated loan servicing expenses. The discount rates incorporated into the model are determined based on the estimated returns a market participant would require for this business including a liquidity and risk premium. This estimate includes available relevant data from any active market sales of mortgage servicing rights.
- (2) Reported carrying values for 2023 include values as of the measurement periods of June 30, 2023 for "Investment real estate" and June 30, 2023 and September 30, 2023 for "Investment in JV/LP". Reported carrying values for 2022 include values as of the measurement periods of June 30, 2022 and September 30, 2022 for "Investment real estate" and June 30, 2022 for "Investment in JV/LP".
- (3) The Company recognized a goodwill impairment charge for Assurance IQ in 2022. The fair value was determined using weighting of an income approach based on discounted cash flow valuation techniques and a market approach based on forward sales multiple multiples of comparable publicly traded companies. The valuation as of December 31, 2022 included unobservable inputs such as forecasted cash flows, discount rate applied, expected synergies and business growth rate assumptions under the income approach and forward market multiples of comparable peer companies and an implied control premium under the market approach. The inputs and assumptions applied are consistent with how a market participant would value Assurance IQ and the related goodwill. See Note 10 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 for additional information.

#### Fair Value Option

The fair value option allows the Company to elect fair value as an alternative measurement for selected financial assets and financial liabilities not otherwise reported at fair value. Such elections have been made by the Company to help mitigate volatility in earnings that result from different measurement attributes. Electing the fair value option also allows the Company to achieve consistent accounting for certain assets and liabilities. Changes in fair value are reflected in "Realized investment gains (losses), net" for commercial mortgage and other loans and "Other income (loss) for other assets, loans. Changes in fair value due to instrument-specific credit risk are estimated using changes in credit spreads and quality ratings for the period reported. Interest income on commercial mortgage and other loans is included in "Net investment income." Interest income on these loans is recorded based on the effective interest rate as determined at the closing of the loan.

The following tables present information regarding assets and liabilities where the fair value option has been elected.

|                                      | Three Months Ended September 30, |      | Nine Months Ended September 30, |       |
|--------------------------------------|----------------------------------|------|---------------------------------|-------|
|                                      | 2023                             | 2022 | 2023                            | 2022  |
|                                      | (in millions)                    |      |                                 |       |
| Commercial mortgage and other loans: |                                  |      |                                 |       |
| Interest income                      | \$ 2                             | \$ 5 | \$ 7                            | \$ 11 |

#### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                      |  | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |      |
|--------------------------------------|--|--------------------------------|------|------------------------------|------|
|                                      |  | 2023                           | 2022 | 2023                         | 2022 |
|                                      |  | (in millions)                  |      |                              |      |
| Commercial mortgage and other loans: |  |                                |      |                              |      |
| Interest income                      |  | \$ 3                           | \$ 2 | \$ 4                         | \$ 6 |

|                                                  |                                                  | June 30, 2023 | December 31, 2022 |                                                  | September 30, 2023 | December 31, 2022 |
|--------------------------------------------------|--------------------------------------------------|---------------|-------------------|--------------------------------------------------|--------------------|-------------------|
|                                                  |                                                  | (in millions) |                   |                                                  | (in millions)      |                   |
| Commercial mortgage and other loans(1):          | Commercial mortgage and other loans(1):          |               |                   | Commercial mortgage and other loans(1):          |                    |                   |
| Fair value as of period end                      | Fair value as of period end                      | \$ 323        | \$ 137            | Fair value as of period end                      | \$ 387             | \$ 137            |
| Aggregate contractual principal as of period end | Aggregate contractual principal as of period end | \$ 319        | \$ 136            | Aggregate contractual principal as of period end | \$ 383             | \$ 136            |
| Other assets:                                    | Other assets:                                    |               |                   | Other assets:                                    |                    |                   |
| Fair value as of period end                      | Fair value as of period end                      | \$ 11         | \$ 11             | Fair value as of period end                      | \$ 11              | \$ 11             |
| Notes issued by consolidated VIEs:               |                                                  |               |                   | Notes issued by consolidated VIEs:               |                    |                   |
| Fair value as of period end                      |                                                  |               |                   | Fair value as of period end                      | \$ 392             | \$ 0              |
| Aggregate contractual principal as of period end |                                                  |               |                   | Aggregate contractual principal as of period end | \$ 392             | \$ 0              |

(1) As of June 30, 2023, September 30, 2023, for loans for which the fair value option has been elected, there were no loans in non-accrual status and none of the loans were more than 90 days past due and still accruing.

#### Fair Value of Financial Instruments

The tables below present the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value. The financial instruments presented below are reported at carrying value on the Company's Unaudited Interim Consolidated Statements of Financial Position. In some cases, as described below, the carrying amount equals or approximates fair value.

#### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

|                                       |                                       | June 30, 2023 |          |         |          |                    | September 30, 2023                    |         |         |       |                    |
|---------------------------------------|---------------------------------------|---------------|----------|---------|----------|--------------------|---------------------------------------|---------|---------|-------|--------------------|
|                                       |                                       | Fair Value    |          |         |          | Carrying Amount(1) | Fair Value                            |         |         |       | Carrying Amount(1) |
|                                       |                                       | Level 1       | Level 2  | Level 3 | Total    | Total              | Level 1                               | Level 2 | Level 3 | Total | Total              |
|                                       |                                       | (in millions) |          |         |          |                    |                                       |         |         |       |                    |
| Assets:                               | Assets:                               |               |          |         |          |                    | Assets:                               |         |         |       |                    |
| Fixed maturities, held-to-maturity(2) | Fixed maturities, held-to-maturity(2) | \$ 0          | \$ 1,329 | \$ 0    | \$ 1,329 | \$ 1,171           | Fixed maturities, held-to-maturity(2) | \$ 0    | \$ 0    | \$ 0  | \$ 0               |

|                                                               |                                                               |                 |                  |                  |                   |                   |                                                               |                 |                  |                  |                   |                   |
|---------------------------------------------------------------|---------------------------------------------------------------|-----------------|------------------|------------------|-------------------|-------------------|---------------------------------------------------------------|-----------------|------------------|------------------|-------------------|-------------------|
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 0               | 0                | 0                | 0                 | 0                 | Assets supporting experience-rated contractholder liabilities | 0               | 0                | 0                | 0                 | 0                 |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 0               | 43               | 53,059           | 53,102            | 57,366            | Commercial mortgage and other loans                           | 0               | 38               | 52,452           | 52,490            | 57,521            |
| Policy loans                                                  | Policy loans                                                  | 7               | 0                | 9,976            | 9,983             | 9,983             | Policy loans                                                  | 7               | 0                | 9,952            | 9,959             | 9,959             |
| Other invested assets                                         | Other invested assets                                         | 0               | 97               | 0                | 97                | 97                | Other invested assets                                         | 0               | 97               | 0                | 97                | 97                |
| Short-term investments                                        | Short-term investments                                        | 995             | 16               | 0                | 1,011             | 1,011             | Short-term investments                                        | 1,362           | 16               | 0                | 1,378             | 1,378             |
| Cash and cash equivalents                                     | Cash and cash equivalents                                     | 7,250           | 25               | 0                | 7,275             | 7,275             | Cash and cash equivalents                                     | 8,301           | 617              | 0                | 8,918             | 8,918             |
| Accrued investment income                                     | Accrued investment income                                     | 0               | 3,142            | 0                | 3,142             | 3,142             | Accrued investment income                                     | 0               | 3,191            | 0                | 3,191             | 3,191             |
| Other assets                                                  | Other assets                                                  | 43              | 2,623            | 1,227            | 3,893             | 3,892             | Other assets                                                  | 38              | 2,881            | 5,104            | 8,023             | 8,023             |
| <b>Total assets</b>                                           | <b>Total assets</b>                                           | <b>\$ 8,295</b> | <b>\$ 7,275</b>  | <b>\$ 64,262</b> | <b>\$ 79,832</b>  | <b>\$ 83,937</b>  | <b>Total assets</b>                                           | <b>\$ 9,708</b> | <b>\$ 6,840</b>  | <b>\$ 67,508</b> | <b>\$ 84,056</b>  | <b>\$ 89,087</b>  |
| <b>Liabilities:</b>                                           | <b>Liabilities:</b>                                           |                 |                  |                  |                   |                   | <b>Liabilities:</b>                                           |                 |                  |                  |                   |                   |
| Policyholders' account balances—investment contracts          | Policyholders' account balances—investment contracts          | \$ 0            | \$ 31,330        | \$ 34,148        | \$ 65,478         | \$ 69,576         | Policyholders' account balances—investment contracts          | \$ 0            | \$ 30,997        | \$ 33,975        | \$ 64,972         | \$ 70,113         |
| Securities sold under agreements to repurchase                | Securities sold under agreements to repurchase                | 0               | 6,097            | 0                | 6,097             | 6,097             | Securities sold under agreements to repurchase                | 0               | 5,547            | 0                | 5,547             | 5,547             |
| Cash collateral for loaned securities                         | Cash collateral for loaned securities                         | 0               | 5,207            | 0                | 5,207             | 5,207             | Cash collateral for loaned securities                         | 0               | 6,067            | 0                | 6,067             | 6,067             |
| Short-term debt (3)                                           | Short-term debt (3)                                           | 0               | 667              | 96               | 763               | 763               | Short-term debt (3)                                           | 0               | 533              | 82               | 615               | 615               |
| Long-term debt (3) (4)                                        | Long-term debt (3) (4)                                        | 564             | 16,423           | 755              | 17,742            | 18,876            | Long-term debt (3) (4)                                        | 547             | 15,642           | 746              | 16,935            | 18,877            |
| Notes issued by consolidated VIEs                             | Notes issued by consolidated VIEs                             | 0               | 0                | 402              | 402               | 402               | Notes issued by consolidated VIEs                             | 0               | 0                | 399              | 399               | 399               |
| Other liabilities                                             | Other liabilities                                             | 0               | 7,273            | 17               | 7,290             | 7,290             | Other liabilities                                             | 0               | 8,377            | 17               | 8,394             | 8,394             |
| Separate account liabilities—investment contracts             | Separate account liabilities—investment contracts             | 0               | 26,626           | 23,684           | 50,310            | 50,310            | Separate account liabilities—investment contracts             | 0               | 25,252           | 22,446           | 47,698            | 47,698            |
| <b>Total liabilities</b>                                      | <b>Total liabilities</b>                                      | <b>\$ 564</b>   | <b>\$ 93,623</b> | <b>\$ 59,102</b> | <b>\$ 153,289</b> | <b>\$ 158,521</b> | <b>Total liabilities</b>                                      | <b>\$ 547</b>   | <b>\$ 92,415</b> | <b>\$ 57,665</b> | <b>\$ 150,627</b> | <b>\$ 157,710</b> |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                               |                                                               | December 31, 2022 |                 |                  |                  |                    |                                                               |                  | December 31, 2022 |                  |                  |                  |                    |
|---------------------------------------------------------------|---------------------------------------------------------------|-------------------|-----------------|------------------|------------------|--------------------|---------------------------------------------------------------|------------------|-------------------|------------------|------------------|------------------|--------------------|
|                                                               |                                                               | Fair Value        |                 |                  |                  | Carrying Amount(1) |                                                               |                  | Fair Value        |                  |                  |                  | Carrying Amount(1) |
|                                                               |                                                               | Level 1           | Level 2         | Level 3          | Total            | Total              |                                                               |                  | Level 1           | Level 2          | Level 3          | Total            | Total              |
|                                                               |                                                               | (in millions)     |                 |                  |                  |                    |                                                               |                  | (in millions)     |                  |                  |                  |                    |
| <b>Assets:</b>                                                | <b>Assets:</b>                                                |                   |                 |                  |                  |                    | <b>Assets:</b>                                                |                  |                   |                  |                  |                  |                    |
| Fixed maturities, held-to-maturity(2)                         | Fixed maturities, held-to-maturity(2)                         | \$ 0              | \$ 1,455        | \$ 0             | \$ 1,455         | \$ 1,296           | Fixed maturities, held-to-maturity(2)                         | \$ 0             | \$ 1,455          | \$ 0             | \$ 1,455         | \$ 1,296         |                    |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 0                 | 0               | 0                | 0                | 0                  | Assets supporting experience-rated contractholder liabilities | 0                | 0                 | 0                | 0                | 0                | 0                  |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 0                 | 46              | 52,296           | 52,342           | 56,608             | Commercial mortgage and other loans                           | 0                | 46                | 52,296           | 52,342           | 56,608           |                    |
| Policy loans                                                  | Policy loans                                                  | 5                 | 0               | 10,041           | 10,046           | 10,046             | Policy loans                                                  | 5                | 0                 | 10,041           | 10,046           | 10,046           |                    |
| Other invested assets                                         | Other invested assets                                         | 0                 | 102             | 0                | 102              | 102                | Other invested assets                                         | 0                | 102               | 0                | 102              | 102              |                    |
| Short-term investments                                        | Short-term investments                                        | 715               | 89              | 0                | 804              | 804                | Short-term investments                                        | 715              | 89                | 0                | 804              | 804              |                    |
| Cash and cash equivalents                                     | Cash and cash equivalents                                     | 9,388             | 389             | 0                | 9,777            | 9,777              | Cash and cash equivalents                                     | 9,388            | 389               | 0                | 9,777            | 9,777            |                    |
| Accrued investment income                                     | Accrued investment income                                     | 0                 | 3,012           | 0                | 3,012            | 3,012              | Accrued investment income                                     | 0                | 3,012             | 0                | 3,012            | 3,012            |                    |
| Other assets                                                  | Other assets                                                  | 48                | 2,929           | 754              | 3,731            | 3,731              | Other assets                                                  | 48               | 2,929             | 754              | 3,731            | 3,731            |                    |
| <b>Total assets</b>                                           | <b>Total assets</b>                                           | <u>\$ 10,156</u>  | <u>\$ 8,022</u> | <u>\$ 63,091</u> | <u>\$ 81,269</u> | <u>\$ 85,376</u>   | <b>Total assets</b>                                           | <u>\$ 10,156</u> | <u>\$ 8,022</u>   | <u>\$ 63,091</u> | <u>\$ 81,269</u> | <u>\$ 85,376</u> |                    |
| <b>Liabilities:</b>                                           | <b>Liabilities:</b>                                           |                   |                 |                  |                  |                    | <b>Liabilities:</b>                                           |                  |                   |                  |                  |                  |                    |
| Policyholders' account balances—investment contracts          | Policyholders' account balances—investment contracts          | \$ 0              | \$ 31,665       | \$ 34,937        | \$ 66,602        | \$ 70,722          | Policyholders' account balances—investment contracts          | \$ 0             | \$ 31,665         | \$ 34,937        | \$ 66,602        | \$ 70,722        |                    |
| Securities sold under agreements to repurchase                | Securities sold under agreements to repurchase                | 0                 | 6,589           | 0                | 6,589            | 6,589              | Securities sold under agreements to repurchase                | 0                | 6,589             | 0                | 6,589            | 6,589            |                    |
| Cash collateral for loaned securities                         | Cash collateral for loaned securities                         | 0                 | 6,100           | 0                | 6,100            | 6,100              | Cash collateral for loaned securities                         | 0                | 6,100             | 0                | 6,100            | 6,100            |                    |
| Short-term debt (3)                                           | Short-term debt (3)                                           | 0                 | 613             | 164              | 777              | 775                | Short-term debt (3)                                           | 0                | 613               | 164              | 777              | 775              |                    |
| Long-term debt (3) (4)                                        | Long-term debt (3) (4)                                        | 550               | 17,324          | 790              | 18,664           | 19,908             | Long-term debt (3) (4)                                        | 550              | 17,324            | 790              | 18,664           | 19,908           |                    |
| Notes issued by consolidated VIEs                             | Notes issued by consolidated VIEs                             | 0                 | 0               | 374              | 374              | 374                | Notes issued by consolidated VIEs                             | 0                | 0                 | 374              | 374              | 374              |                    |
| Other liabilities                                             | Other liabilities                                             | 0                 | 7,970           | 11               | 7,981            | 7,981              | Other liabilities                                             | 0                | 7,970             | 11               | 7,981            | 7,981            |                    |

| Separate<br>account<br>liabilities—<br>investment<br>contracts | Separate<br>account<br>liabilities—<br>investment<br>contracts | 0      | 27,735    | 25,270    | 53,005     | 53,005     | Separate<br>account<br>liabilities—<br>investment<br>contracts | 0      | 27,735    | 25,270    | 53,005     | 53,005     |
|----------------------------------------------------------------|----------------------------------------------------------------|--------|-----------|-----------|------------|------------|----------------------------------------------------------------|--------|-----------|-----------|------------|------------|
| Total<br>liabilities                                           | Total<br>liabilities                                           | \$ 550 | \$ 97,996 | \$ 61,546 | \$ 160,092 | \$ 165,454 | Total<br>liabilities                                           | \$ 550 | \$ 97,996 | \$ 61,546 | \$ 160,092 | \$ 165,454 |

- (1) Carrying values presented herein differ from those in the Company's Unaudited Interim Consolidated Statements of Financial Position because certain items within the respective financial statement captions are not considered financial instruments or out of scope under authoritative guidance relating to disclosures of the fair value of financial instruments.
- (2) Excludes notes with fair value of \$4,000 million (carrying amount of \$4,000 million) and \$4,250 million (carrying amount of \$4,250 million) as of June 30, 2023 and December 31, 2022, respectively, which have been offset with the associated payables debt under a netting agreement.
- (3) Includes notes Excludes debt with fair value of \$12,290 million \$500 million (carrying amount of \$12,290 million \$500 million) as of both June 30, 2023 September 30, 2023 and December 31, 2022, which have been offset with the associated receivables notes under a netting agreement.
- (4) Excludes debt with fair value of \$11,790 million (carrying amount of \$11,790 million) as of both September 30, 2023 and December 31, 2022, which have been offset with the associated notes under a netting agreement.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**7. DEFERRED POLICY ACQUISITION COSTS, DEFERRED SALES INDUCEMENTS AND VALUE OF BUSINESS ACQUIRED**

**Deferred Policy Acquisition Costs**

The following tables show a rollforward for the lines of business that contain material DAC balances, along with a reconciliation to the Company's total DAC balance:

|                                   |                                   | Six Months Ended June 30, 2023 |           |                        |          |                             |           |                                   |          | Nine Months Ended September 30, 2023 |           |                        |          |                             |       |
|-----------------------------------|-----------------------------------|--------------------------------|-----------|------------------------|----------|-----------------------------|-----------|-----------------------------------|----------|--------------------------------------|-----------|------------------------|----------|-----------------------------|-------|
|                                   |                                   | Retirement<br>Strategies       |           | Individual Life        |          | International<br>Businesses |           |                                   |          | Retirement<br>Strategies             |           | Individual Life        |          | International<br>Businesses |       |
|                                   |                                   |                                |           | Variable/<br>Universal |          | Gibraltar<br>Life           |           |                                   |          |                                      |           | Variable/<br>Universal |          | Gibraltar<br>Life           |       |
|                                   |                                   | Individual<br>Variable         | Term Life | Life                   | Planner  | and Other                   | Total     |                                   |          | Individual<br>Variable               | Term Life | Life                   | Planner  | and Other                   | Total |
|                                   |                                   | (in millions)                  |           |                        |          |                             |           |                                   |          | (in millions)                        |           |                        |          |                             |       |
| Balance, BOP                      | Balance, BOP                      | \$ 4,171                       | \$ 2,288  | \$ 5,000               | \$ 4,710 | \$ 4,231                    | \$ 20,400 | Balance, BOP                      | \$ 4,171 | \$ 2,288                             | \$ 5,000  | \$ 4,710               | \$ 4,231 | \$ 20,400                   |       |
| Capitalization                    | Capitalization                    | 124                            | 72        | 291                    | 300      | 294                         | 1,081     | Capitalization                    | 195      | 115                                  | 436       | 443                    | 444      | 1,633                       |       |
| Amortization<br>expense           | Amortization<br>expense           | (186)                          | (107)     | (121)                  | (163)    | (156)                       | (733)     | Amortization<br>expense           | (275)    | (160)                                | (183)     | (244)                  | (236)    | (1,098)                     |       |
| Other<br>adjustments(1)           | Other<br>adjustments(1)           | (393)                          | 0         | 0                      | 9        | 0                           | (384)     | Other<br>adjustments(1)           | (393)    | 2                                    | 0         | 14                     | 0        | (377)                       |       |
| Foreign<br>currency<br>adjustment | Foreign<br>currency<br>adjustment | 0                              | 0         | 0                      | (124)    | (117)                       | (241)     | Foreign<br>currency<br>adjustment | 0        | 0                                    | 0         | (199)                  | (158)    | (357)                       |       |
| Balance, EOP                      | Balance, EOP                      | \$ 3,716                       | \$ 2,253  | \$ 5,170               | \$ 4,732 | \$ 4,252                    | 20,123    | Balance, EOP                      | \$ 3,698 | \$ 2,245                             | \$ 5,253  | \$ 4,724               | \$ 4,281 | 20,201                      |       |
| Other<br>businesses               | Other<br>businesses               |                                |           |                        |          |                             | 197       | Other<br>businesses               |          |                                      |           |                        |          | 193                         |       |
| Total DAC<br>balance              | Total DAC<br>balance              |                                |           |                        |          |                             | \$ 20,320 | Total DAC<br>balance              |          |                                      |           |                        |          | \$ 20,394                   |       |

- (1) Includes the impact of the reinsurance transaction with Ohio National in Individual Retirement Strategies. See Note 12 for additional information.

|  |  | Six Months Ended June 30, 2022 |           |                        |         |                             |       |  |  | Nine Months Ended September 30, 2022 |           |                        |         |                             |       |
|--|--|--------------------------------|-----------|------------------------|---------|-----------------------------|-------|--|--|--------------------------------------|-----------|------------------------|---------|-----------------------------|-------|
|  |  | Retirement<br>Strategies       |           | Individual Life        |         | International<br>Businesses |       |  |  | Retirement<br>Strategies             |           | Individual Life        |         | International<br>Businesses |       |
|  |  |                                |           | Variable/<br>Universal |         | Gibraltar<br>Life           |       |  |  |                                      |           | Variable/<br>Universal |         | Gibraltar<br>Life           |       |
|  |  | Individual<br>Variable         | Term Life | Life                   | Planner | and Other                   | Total |  |  | Individual<br>Variable               | Term Life | Life                   | Planner | and Other                   | Total |
|  |  | (in millions)                  |           |                        |         |                             |       |  |  | (in millions)                        |           |                        |         |                             |       |

|                             |                             |                 |                 |                 |                 |                 |                  |                             |                 |                 |                 |                 |                 |                  |
|-----------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Balance, BOP                | Balance, BOP                | \$ 4,872        | \$ 2,372        | \$ 4,679        | \$ 4,685        | \$ 4,135        | \$ 20,743        | Balance, BOP                | \$ 4,872        | \$ 2,372        | \$ 4,679        | \$ 4,685        | \$ 4,135        | \$ 20,743        |
| Capitalization              | Capitalization              | 159             | 66              | 275             | 305             | 293             | 1,098            | Capitalization              | 219             | 97              | 413             | 442             | 441             | 1,612            |
| Amortization expense        | Amortization expense        | (205)           | (105)           | (119)           | (162)           | (151)           | (742)            | Amortization expense        | (305)           | (158)           | (176)           | (240)           | (227)           | (1,106)          |
| Other adjustments(1)        | Other adjustments(1)        | (584)           | 0               | 0               | 10              | 0               | (574)            | Other adjustments(1)        | (584)           | 0               | 0               | 12              | 0               | (572)            |
| Foreign currency adjustment | Foreign currency adjustment | 0               | 0               | 0               | (313)           | (238)           | (551)            | Foreign currency adjustment | 0               | 0               | 0               | (439)           | (325)           | (764)            |
| Balance, EOP                | Balance, EOP                | <u>\$ 4,242</u> | <u>\$ 2,333</u> | <u>\$ 4,835</u> | <u>\$ 4,525</u> | <u>\$ 4,039</u> | <u>19,974</u>    | Balance, EOP                | <u>\$ 4,202</u> | <u>\$ 2,311</u> | <u>\$ 4,916</u> | <u>\$ 4,460</u> | <u>\$ 4,024</u> | <u>19,913</u>    |
| Other businesses            | Other businesses            |                 |                 |                 |                 |                 | 118              | Other businesses            |                 |                 |                 |                 |                 | 125              |
| Total DAC balance           | Total DAC balance           |                 |                 |                 |                 |                 | <u>\$ 20,092</u> | Total DAC balance           |                 |                 |                 |                 |                 | <u>\$ 20,038</u> |

(1) Includes \$584 million \$584 million in Individual Retirement Strategies related to the sale of PALAC. See Note 1 for additional information.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Deferred Sales Inducements**

The following table shows a rollforward of DSI balances for variable annuity products within Individual Retirement Strategies, which is the only line of business that contains a material DSI balance, along with a reconciliation to the Company's total DSI balance:

|                      |                      | Six Months Ended June 30, |        |                      | Nine Months Ended September 30, |        |
|----------------------|----------------------|---------------------------|--------|----------------------|---------------------------------|--------|
|                      |                      | 2023                      | 2022   |                      | 2023                            | 2022   |
|                      |                      | (in millions)             |        |                      | (in millions)                   |        |
| Balance, BOP         | Balance, BOP         | \$ 446                    | \$ 799 | Balance, BOP         | \$ 446                          | \$ 799 |
| Capitalization       | Capitalization       | 2                         | 1      | Capitalization       | 2                               | 1      |
| Amortization expense | Amortization expense | (20)                      | (27)   | Amortization expense | (28)                            | (37)   |
| Other adjustments(1) | Other adjustments(1) | 0                         | (308)  | Other adjustments(1) | 0                               | (308)  |
| Balance, EOP         | Balance, EOP         | 428                       | 465    | Balance, EOP         | 420                             | 455    |
| Other businesses     | Other businesses     | 34                        | 36     | Other businesses     | 33                              | 36     |
| Total DSI balance    | Total DSI balance    | \$ 462                    | \$ 501 | Total DSI balance    | \$ 453                          | \$ 491 |

(1) The 2022 amount relates to the sale of PALAC. See Note 1 for additional information.

**Value of Business Acquired**

The following table shows a rollforward of VOBA balances for Gibraltar Life and Other, which is the only line of business that contains a material VOBA balance, along with a reconciliation to the Company's total VOBA balance:

|                             |                             | Six Months Ended June 30, |        |                             | Nine Months Ended September 30, |        |
|-----------------------------|-----------------------------|---------------------------|--------|-----------------------------|---------------------------------|--------|
|                             |                             | 2023                      | 2022   |                             | 2023                            | 2022   |
|                             |                             | (in millions)             |        |                             | (in millions)                   |        |
| Balance, BOP                | Balance, BOP                | \$ 597                    | \$ 746 | Balance, BOP                | \$ 597                          | \$ 746 |
| Amortization expense        | Amortization expense        | (26)                      | (32)   | Amortization expense        | (37)                            | (45)   |
| Foreign currency adjustment | Foreign currency adjustment | (48)                      | (106)  | Foreign currency adjustment | (64)                            | (143)  |
| Balance, EOP                | Balance, EOP                | 523                       | 608    | Balance, EOP                | 496                             | 558    |
| Other businesses            | Other businesses            | 19                        | (18)   | Other businesses            | 18                              | 2      |

|                    |                    |    |     |    |     |                    |    |     |    |     |
|--------------------|--------------------|----|-----|----|-----|--------------------|----|-----|----|-----|
| Total VOBA balance | Total VOBA balance | \$ | 542 | \$ | 590 | Total VOBA balance | \$ | 514 | \$ | 560 |
|--------------------|--------------------|----|-----|----|-----|--------------------|----|-----|----|-----|

The following table provides VOBA balances for the applicable businesses for the period ended **June September 30**:

|                | 2023          |
|----------------|---------------|
|                | (in millions) |
| Gibraltar Life | \$ 523 496    |
| Aoba Life      | 19 18         |
| Total          | \$ 542 514    |

The following table provides estimated future amortization for the periods indicated:

|                                    | 2023 (July-<br>December) | 2024  | 2025  | 2026  | 2027  | Thereafter | Total  |
|------------------------------------|--------------------------|-------|-------|-------|-------|------------|--------|
|                                    | (in millions)            |       |       |       |       |            |        |
| Estimated future VOBA amortization | \$ 25                    | \$ 46 | \$ 42 | \$ 38 | \$ 35 | \$ 356     | \$ 542 |

|                                    | 2023 (October-<br>December) | 2024  | 2025  | 2026  | 2027  | Thereafter | Total  |
|------------------------------------|-----------------------------|-------|-------|-------|-------|------------|--------|
|                                    | (in millions)               |       |       |       |       |            |        |
| Estimated future VOBA amortization | \$ 12                       | \$ 45 | \$ 41 | \$ 37 | \$ 34 | \$ 345     | \$ 514 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**8. SEPARATE ACCOUNTS**

The Company issues variable annuity and variable life insurance contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholder. Most variable annuity and variable life insurance contracts are offered with both separate and general account options. See Note 10 for additional information.

The assets supporting the variable portion of variable annuity and variable life insurance contracts are carried at fair value and reported as "Separate account assets" with an equivalent amount reported as "Separate account liabilities." The liabilities related to the net amount at risk are reflected within future policy benefits or market risk benefits. Amounts assessed against the contractholders for mortality, administration, and other services are included within revenue in "Policy charges and fee income" and changes in liabilities for minimum guarantees are generally included in "Policyholders' benefits" or "Realized investment gains (losses), net."

**Separate Account Assets**

The aggregate fair value of assets, by major investment asset category, supporting separate accounts is as follows:

|                                                                                      | June 30,<br>2023 | December 31,<br>2022 |                                                                                      | September 30,<br>2023 | December 31,<br>2022 |
|--------------------------------------------------------------------------------------|------------------|----------------------|--------------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                                      | (in millions)    |                      |                                                                                      | (in millions)         |                      |
| Asset Type:                                                                          |                  |                      | Asset Type:                                                                          |                       |                      |
| U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 4,942         | \$ 5,208             | U.S. Treasury securities and obligations of U.S. government authorities and agencies | \$ 4,409              | \$ 5,208             |
| Obligations of U.S. states and their political subdivisions                          | 2,108            | 2,006                | Obligations of U.S. states and their political subdivisions                          | 1,956                 | 2,006                |
| Foreign government bonds                                                             | 121              | 120                  | Foreign government bonds                                                             | 97                    | 120                  |

|                                     |                                     |            |            |                                     |            |            |
|-------------------------------------|-------------------------------------|------------|------------|-------------------------------------|------------|------------|
| U.S. corporate securities           | U.S. corporate securities           | 13,042     | 13,135     | U.S. corporate securities           | 12,411     | 13,135     |
| Foreign corporate securities        | Foreign corporate securities        | 3,229      | 3,261      | Foreign corporate securities        | 3,086      | 3,261      |
| Asset-backed securities             | Asset-backed securities             | 1,292      | 1,131      | Asset-backed securities             | 1,335      | 1,131      |
| Mortgage-backed securities          | Mortgage-backed securities          | 15,023     | 14,653     | Mortgage-backed securities          | 14,697     | 14,653     |
| Mutual funds:                       | Mutual funds:                       |            |            | Mutual funds:                       |            |            |
| Equity                              | Equity                              | 86,619     | 82,781     | Equity                              | 79,215     | 82,781     |
| Fixed Income                        | Fixed Income                        | 37,875     | 38,109     | Fixed Income                        | 38,484     | 38,109     |
| Other                               | Other                               | 5,597      | 3,797      | Other                               | 5,187      | 3,797      |
| Equity securities                   | Equity securities                   | 5,298      | 5,177      | Equity securities                   | 4,986      | 5,177      |
| Commercial mortgage and other loans | Commercial mortgage and other loans | 69         | 74         | Commercial mortgage and other loans | 66         | 74         |
| Other invested assets               | Other invested assets               | 22,478     | 24,590     | Other invested assets               | 21,968     | 24,590     |
| Short-term investments              | Short-term investments              | 1,265      | 1,306      | Short-term investments              | 1,021      | 1,306      |
| Cash and cash equivalents           | Cash and cash equivalents           | 1,913      | 2,331      | Cash and cash equivalents           | 1,724      | 2,331      |
| Total                               | Total                               | \$ 200,871 | \$ 197,679 | Total                               | \$ 190,642 | \$ 197,679 |

For the periods ended **June 30, 2023**, **September 30, 2023** and December 31, 2022, there were no transfers of assets, other than cash, from the general account to a separate account; therefore, no gains or losses were recorded.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Separate Account Liabilities**

The balances of and changes in separate account liabilities as of and for the periods ended are as follows:

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                         |                                         | Six Months Ended June 30, 2023 |               |            |                 |                 |            |                                         |           | Nine Months Ended September 30, 2023 |               |            |                 |                 |       |
|-----------------------------------------|-----------------------------------------|--------------------------------|---------------|------------|-----------------|-----------------|------------|-----------------------------------------|-----------|--------------------------------------|---------------|------------|-----------------|-----------------|-------|
|                                         |                                         | Retirement Strategies          |               |            |                 |                 |            |                                         |           | Retirement Strategies                |               |            |                 |                 |       |
|                                         |                                         | PGIM                           | Institutional | Individual | Group Insurance | Individual Life | Total      |                                         |           | PGIM                                 | Institutional | Individual | Group Insurance | Individual Life | Total |
|                                         |                                         |                                |               |            |                 |                 |            |                                         |           |                                      |               |            |                 |                 |       |
| (in millions)                           |                                         |                                |               |            |                 |                 |            |                                         |           |                                      |               |            |                 |                 |       |
| Balance, BOP                            | Balance, BOP                            | \$ 40,056                      | \$ 11,428     | \$ 93,395  | \$ 23,513       | \$ 32,930       | \$ 201,322 | Balance, BOP                            | \$ 40,056 | \$ 11,428                            | \$ 93,395     | \$ 23,513  | \$ 32,930       | \$ 201,322      |       |
| Deposits                                | Deposits                                | 2,928                          | 175           | 204        | 11              | 1,489           | 4,807      | Deposits                                | 4,301     | 209                                  | 332           | 44         | 2,183           | 7,069           |       |
| Investment performance                  | Investment performance                  | (99)                           | 523           | 7,420      | 896             | 4,026           | 12,766     | Investment performance                  | (965)     | 79                                   | 4,278         | 3          | 3,228           | 6,623           |       |
| Policy charges                          | Policy charges                          | (42)                           | (6)           | (1,181)    | (139)           | (528)           | (1,896)    | Policy charges                          | (62)      | (10)                                 | (1,755)       | (238)      | (800)           | (2,865)         |       |
| Surrenders and withdrawals              | Surrenders and withdrawals              | (2,828)                        | (226)         | (4,667)    | (14)            | (409)           | (8,144)    | Surrenders and withdrawals              | (4,064)   | (338)                                | (7,142)       | (29)       | (569)           | (12,142)        |       |
| Benefit payments                        | Benefit payments                        | (1,728)                        | (278)         | (56)       | (138)           | (166)           | (2,366)    | Benefit payments                        | (2,604)   | (415)                                | (75)          | (219)      | (244)           | (3,557)         |       |
| Net transfers (to) from general account | Net transfers (to) from general account | (351)                          | (35)          | (6)        | 0               | (1,130)         | (1,522)    | Net transfers (to) from general account | (459)     | (60)                                 | (6)           | (2)        | (1,244)         | (1,771)         |       |
| Other                                   | Other                                   | (709)                          | (182)         | 5          | (382)           | 52              | (1,216)    | Other                                   | (949)     | (29)                                 | 9             | (208)      | 73              | (1,104)         |       |

|                                    |                                    |           |           |           |           |           |            |                                    |           |           |           |           |           |            |
|------------------------------------|------------------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Balance, EOP                       | Balance, EOP                       | \$ 37,227 | \$ 11,399 | \$ 95,114 | \$ 23,747 | \$ 36,264 | 203,751    | Balance, EOP                       | \$ 35,254 | \$ 10,864 | \$ 89,036 | \$ 22,864 | \$ 35,557 | 193,575    |
| Other businesses(1)                | Other businesses(1)                |           |           |           |           |           | (2,880)    | Other businesses(1)                |           |           |           |           |           | (2,933)    |
| Total separate account liabilities | Total separate account liabilities |           |           |           |           |           | \$ 200,871 | Total separate account liabilities |           |           |           |           |           | \$ 190,642 |
| Cash surrender value(2)            | Cash surrender value(2)            | \$ 37,227 | \$ 11,399 | \$ 93,745 | \$ 23,630 | \$ 33,157 | \$ 199,158 | Cash surrender value(2)            | \$ 35,254 | \$ 10,864 | \$ 87,767 | \$ 22,750 | \$ 32,388 | \$ 189,023 |

- (1) **Primarily represents** Includes activity from the Company's Divested and Run-off Businesses partially offset with as well as the impact of intercompany eliminations. There are no associated cash surrender charges.
- (2) **"Cash surrender value" value** represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the PGIM and Institutional Retirement Strategies segments.

|                                         |                                         | Six Months Ended June 30, 2022 |               |            |                 |                 |            |                                         | Nine Months Ended September 30, 2022 |               |            |                 |                 |            |
|-----------------------------------------|-----------------------------------------|--------------------------------|---------------|------------|-----------------|-----------------|------------|-----------------------------------------|--------------------------------------|---------------|------------|-----------------|-----------------|------------|
|                                         |                                         | Retirement Strategies          |               |            |                 |                 |            |                                         | Retirement Strategies                |               |            |                 |                 |            |
|                                         |                                         | PGIM                           | Institutional | Individual | Group Insurance | Individual Life | Total      |                                         | PGIM                                 | Institutional | Individual | Group Insurance | Individual Life | Total      |
|                                         |                                         |                                |               |            |                 |                 |            |                                         |                                      |               |            |                 |                 |            |
| (in millions)                           |                                         |                                |               |            |                 |                 |            |                                         |                                      |               |            |                 |                 |            |
| Balance, BOP                            | Balance, BOP                            | \$ 42,020                      | \$ 14,064     | \$ 158,546 | \$ 27,097       | \$ 39,789       | \$ 281,516 | Balance, BOP                            | \$ 42,020                            | \$ 14,064     | \$ 158,546 | \$ 27,097       | \$ 39,789       | \$ 281,516 |
| Deposits                                | Deposits                                | 4,048                          | 511           | 460        | 63              | 1,268           | 6,350      | Deposits                                | 5,903                                | 559           | 603        | 95              | 1,889           | 9,049      |
| Investment performance                  | Investment performance                  | 1,080                          | (1,948)       | (26,996)   | (3,395)         | (7,362)         | (38,621)   | Investment performance                  | 1,186                                | (2,505)       | (28,724)   | (4,632)         | (8,608)         | (43,283)   |
| Policy charges                          | Policy charges                          | (43)                           | (9)           | (1,611)    | (144)           | (501)           | (2,308)    | Policy charges                          | (66)                                 | (14)          | (2,094)    | (237)           | (756)           | (3,167)    |
| Surrenders and withdrawals              | Surrenders and withdrawals              | (3,866)                        | (3,056)       | (6,136)    | (11)            | (371)           | (13,440)   | Surrenders and withdrawals              | (5,093)                              | (3,084)       | (7,376)    | (13)            | (562)           | (16,128)   |
| Benefit payments                        | Benefit payments                        | (1,644)                        | (298)         | (70)       | (157)           | (212)           | (2,381)    | Benefit payments                        | (2,474)                              | (395)         | (77)       | (202)           | (350)           | (3,498)    |
| Net transfers (to) from general account | Net transfers (to) from general account | (11)                           | 2,809         | (256)      | 17              | (243)           | 2,316      | Net transfers (to) from general account | (405)                                | 2,798         | (276)      | 21              | (313)           | 1,825      |
| Other(1)                                | Other(1)                                | 290                            | (262)         | (25,084)   | 302             | 56              | (24,698)   | Other(1)                                | 466                                  | (78)          | (29,419)   | 660             | 67              | (28,304)   |
| Balance, EOP                            | Balance, EOP                            | \$ 41,874                      | \$ 11,811     | \$ 98,853  | \$ 23,772       | \$ 32,424       | 208,734    | Balance, EOP                            | \$ 41,537                            | \$ 11,345     | \$ 91,183  | \$ 22,789       | \$ 31,156       | 198,010    |
| Other businesses(2)                     | Other businesses(2)                     |                                |               |            |                 |                 | (3,121)    | Other businesses(2)                     |                                      |               |            |                 |                 | (3,485)    |
| Total separate account liabilities      | Total separate account liabilities      |                                |               |            |                 |                 | \$ 205,613 | Total separate account liabilities      |                                      |               |            |                 |                 | \$ 194,525 |
| Cash surrender value(3)                 | Cash surrender value(3)                 | \$ 41,874                      | \$ 11,811     | \$ 97,083  | \$ 23,646       | \$ 29,591       | \$ 204,005 | Cash surrender value(3)                 | \$ 41,537                            | \$ 11,345     | \$ 89,512  | \$ 22,664       | \$ 28,355       | \$ 193,413 |

- (1) Activity for Individual Retirement Strategies primarily represents the sale of PALAC. See Note 1 for additional information.
- (2) **Primarily represents** Includes activity from the Company's Divested and Run-off Businesses partially offset with as well as the impact of intercompany eliminations. There are no associated cash surrender charges.
- (3) **"Cash surrender value" value** represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the PGIM and Institutional Retirement Strategies segments.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**9. LIABILITY FOR FUTURE POLICY BENEFITS**

Liability for Future Policy Benefits primarily consists of the following sub-components, which are discussed in greater detail below:

- Benefit Reserves;
- Deferred Profit Liability; and
- Additional Insurance Reserves

In 2023, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed Benefit Reserves and Deferred Profit Liability, net of the impact of flooring these liabilities at zero for each issue year cohort. This net impact was primarily due to updates to lapse and claim incidence assumptions on Long-Term Care policies. Additionally, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update and other refinements for direct and assumed Additional Insurance Reserves, primarily due to unfavorable model refinements, partially offset by favorable updates to economic assumptions, including expected future rates of returns on investments on universal life policies with secondary guarantees.

In 2022, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed Benefit Reserves and Deferred Profit Liability, net of the impact of flooring these liabilities at zero for each issue year cohort. This net impact was primarily due to updates to mortality assumptions on individual term life policies. Additionally, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update and other refinements for direct and assumed Additional Insurance Reserves, primarily due to updates to policyholder behavior assumptions on universal life policies with secondary guarantees.

### Benefit Reserves

The balances of and changes in Benefit Reserves as of and for the periods indicated consist of the three tables presented below: Present Value of Expected Net Premiums rollforward, Present Value of Expected Future Policy Benefits rollforward, and Net Liability for Future Policy Benefits.

|                                                                        | Six Months Ended June 30, 2023                                         |                 |                          |           |                     |           |            |                                                                        |           | Nine Months Ended September 30, 2023 |                          |           |                     |            |      |       |
|------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------|--------------------------|-----------|---------------------|-----------|------------|------------------------------------------------------------------------|-----------|--------------------------------------|--------------------------|-----------|---------------------|------------|------|-------|
|                                                                        | Present Value of Expected Net Premiums                                 |                 |                          |           |                     |           |            | Present Value of Expected Net Premiums                                 |           |                                      |                          |           |                     |            |      |       |
|                                                                        | Retirement Strategies                                                  | Individual Life | International Businesses |           | Corporate and Other | Gibraltar |            | Retirement Strategies                                                  |           | Individual Life                      | International Businesses |           | Corporate and Other |            |      |       |
|                                                                        |                                                                        |                 | Life                     | Long-Term |                     | Life      | Life and   |                                                                        |           |                                      | Long-Term                |           |                     |            |      |       |
|                                                                        |                                                                        |                 |                          |           |                     |           |            |                                                                        |           |                                      |                          | Planner   |                     | Other      | Care | Total |
|                                                                        |                                                                        |                 |                          |           |                     |           |            |                                                                        |           |                                      |                          |           |                     |            |      |       |
| (in millions)                                                          |                                                                        |                 |                          |           |                     |           |            | (in millions)                                                          |           |                                      |                          |           |                     |            |      |       |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 52,620       | \$ 11,282                | \$ 30,689 | \$ 28,951           | \$ 2,932  | \$ 126,474 | Balance, BOP                                                           | \$ 52,620 | \$ 11,282                            | \$ 30,689                | \$ 28,951 | \$ 2,932            | \$ 126,474 |      |       |
| Effect of cumulative changes in discount rate assumptions, BOP         | Effect of cumulative changes in discount rate assumptions, BOP         | 14,349          | 572                      | 1,354     | 1,326               | 103       | 17,704     | Effect of cumulative changes in discount rate assumptions, BOP         | 14,349    | 572                                  | 1,354                    | 1,326     | 103                 | 17,704     |      |       |
| Balance at original discount rate, BOP                                 | Balance at original discount rate, BOP                                 | 66,969          | 11,854                   | 32,043    | 30,277              | 3,035     | 144,178    | Balance at original discount rate, BOP                                 | 66,969    | 11,854                               | 32,043                   | 30,277    | 3,035               | 144,178    |      |       |
| Effect of assumption update                                            | Effect of assumption update                                            | (1,117)         | (1)                      | 78        | (175)               | 266       | (949)      | Effect of assumption update                                            | (1,117)   | (1)                                  | 78                       | (175)     | 266                 | (949)      |      |       |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 378             | (81)                     | (417)     | (332)               | 121       | (331)      | Effect of actual variances from expected experience and other activity | 384       | (159)                                | (814)                    | (516)     | 145                 | (960)      |      |       |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 66,230          | 11,772                   | 31,704    | 29,770              | 3,422     | 142,898    | Adjusted balance, BOP                                                  | 66,236    | 11,694                               | 31,307                   | 29,586    | 3,446               | 142,269    |      |       |
| Issuances                                                              | Issuances                                                              | 5,783           | 338                      | 1,253     | 865                 | 0         | 8,239      | Issuances                                                              | 8,453     | 539                                  | 1,793                    | 1,258     | 0                   | 12,043     |      |       |
| Net premiums / considerations collected                                | Net premiums / considerations collected                                | (4,944)         | (711)                    | (2,106)   | (1,928)             | (154)     | (9,843)    | Net premiums / considerations collected                                | (8,682)   | (1,060)                              | (3,055)                  | (2,873)   | (242)               | (15,912)   |      |       |
| Interest accrual                                                       | Interest accrual                                                       | 1,049           | 270                      | 458       | 402                 | 77        | 2,256      | Interest accrual                                                       | 1,588     | 404                                  | 680                      | 594       | 117                 | 3,383      |      |       |
| Foreign currency adjustment                                            | Foreign currency adjustment                                            | 3,816           | 0                        | (1,080)   | (1,214)             | 0         | 1,522      | Foreign currency adjustment                                            | 950       | 0                                    | (1,583)                  | (1,608)   | 0                   | (2,241)    |      |       |
| Other adjustments                                                      | Other adjustments                                                      | 0               | 0                        | 93        | 0                   | 0         | 93         | Other adjustments                                                      | 0         | (2)                                  | 104                      | 0         | 0                   | 102        |      |       |
| Balance at original discount rate, EOP                                 | Balance at original discount rate, EOP                                 | 71,934          | 11,669                   | 30,322    | 27,895              | 3,345     | 145,165    | Balance at original discount rate, EOP                                 | 68,545    | 11,575                               | 29,246                   | 26,957    | 3,321               | 139,644    |      |       |

| Effect of cumulative changes in discount rate assumptions, EOP | Effect of cumulative changes in discount rate assumptions, EOP | (18,002)  | (497)     | (594)     | (614)     | (89)     | (19,796)   | Effect of cumulative changes in discount rate assumptions, EOP | (16,742)  | (965)     | (1,571)   | (1,495)   | (249)    | (21,022)   |
|----------------------------------------------------------------|----------------------------------------------------------------|-----------|-----------|-----------|-----------|----------|------------|----------------------------------------------------------------|-----------|-----------|-----------|-----------|----------|------------|
| Balance, EOP                                                   | Balance, EOP                                                   | \$ 53,932 | \$ 11,172 | \$ 29,728 | \$ 27,281 | \$ 3,256 | \$ 125,369 | Balance, EOP                                                   | \$ 51,803 | \$ 10,610 | \$ 27,675 | \$ 25,462 | \$ 3,072 | \$ 118,622 |
| Other businesses, EOP                                          | Other businesses, EOP                                          |           |           |           |           |          | 85         | Other businesses, EOP                                          |           |           |           |           |          | 83         |
| Total balance, EOP                                             | Total balance, EOP                                             |           |           |           |           |          | \$ 125,454 | Total balance, EOP                                             |           |           |           |           |          | \$ 118,705 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                        | Six Months Ended June 30, 2023                                         |                 |                          |                |                     |           |            |                                                                        | Nine Months Ended September 30, 2023             |                 |                          |                |                     |            |       |
|------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------|--------------------------|----------------|---------------------|-----------|------------|------------------------------------------------------------------------|--------------------------------------------------|-----------------|--------------------------|----------------|---------------------|------------|-------|
|                                                                        | Present Value of Expected Future Policy Benefits                       |                 |                          |                |                     |           |            |                                                                        | Present Value of Expected Future Policy Benefits |                 |                          |                |                     |            |       |
|                                                                        | Retirement Strategies                                                  | Individual Life | International Businesses |                | Corporate and Other |           |            |                                                                        | Retirement Strategies                            | Individual Life | International Businesses |                | Corporate and Other |            |       |
|                                                                        |                                                                        |                 |                          |                |                     |           |            |                                                                        |                                                  |                 |                          |                |                     |            |       |
|                                                                        |                                                                        |                 |                          |                |                     |           |            |                                                                        |                                                  |                 |                          |                |                     |            |       |
|                                                                        | Institutional                                                          | Term Life       | Planner                  | Life and Other | Long-Term Care      |           | Total      |                                                                        | Institutional                                    | Term Life       | Planner                  | Life and Other | Long-Term Care      |            | Total |
| (in millions)                                                          |                                                                        |                 |                          |                |                     |           |            | (in millions)                                                          |                                                  |                 |                          |                |                     |            |       |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 117,754      | \$ 19,288                | \$ 78,639      | \$ 80,331           | \$ 10,685 | \$ 306,697 | Balance, BOP                                                           | \$ 117,754                                       | \$ 19,288       | \$ 78,639                | \$ 80,331      | \$ 10,685           | \$ 306,697 |       |
| Effect of cumulative changes in discount rate assumptions, BOP         | Effect of cumulative changes in discount rate assumptions, BOP         | 20,170          | 1,012                    | 3,719          | 11,266              | 1,216     | 37,383     | Effect of cumulative changes in discount rate assumptions, BOP         | 20,170                                           | 1,012           | 3,719                    | 11,266         | 1,216               | 37,383     |       |
| Balance at original discount rate, BOP                                 | Balance at original discount rate, BOP                                 | 137,924         | 20,300                   | 82,358         | 91,597              | 11,901    | 344,080    | Balance at original discount rate, BOP                                 | 137,924                                          | 20,300          | 82,358                   | 91,597         | 11,901              | 344,080    |       |
| Effect of assumption update                                            | Effect of assumption update                                            | (1,289)         | (1)                      | 145            | 44                  | 357       | (744)      | Effect of assumption update                                            | (1,289)                                          | (1)             | 145                      | 44             | 357                 | (744)      |       |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 351             | (96)                     | (381)          | (323)               | 136       | (313)      | Effect of actual variances from expected experience and other activity | 377                                              | (194)           | (845)                    | (503)          | 171                 | (994)      |       |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 136,986         | 20,203                   | 82,122         | 91,318              | 12,394    | 343,023    | Adjusted balance, BOP                                                  | 137,012                                          | 20,105          | 81,658                   | 91,138         | 12,429              | 342,342    |       |
| Issuances                                                              | Issuances                                                              | 5,783           | 338                      | 1,253          | 865                 | 0         | 8,239      | Issuances                                                              | 8,453                                            | 539             | 1,793                    | 1,258          | 0                   | 12,043     |       |
| Interest accrual                                                       | Interest accrual                                                       | 2,457           | 472                      | 1,325          | 1,162               | 292       | 5,708      | Interest accrual                                                       | 3,720                                            | 707             | 1,977                    | 1,729          | 443                 | 8,576      |       |
| Benefit payments                                                       | Benefit payments                                                       | (5,643)         | (779)                    | (1,777)        | (2,270)             | (122)     | (10,591)   | Benefit payments                                                       | (8,550)                                          | (1,121)         | (2,729)                  | (3,496)        | (196)               | (16,092)   |       |

|                                                                |                                                                |                   |                  |                  |                  |                  |                   |                                                                |                   |                  |                  |                  |                  |                   |
|----------------------------------------------------------------|----------------------------------------------------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|----------------------------------------------------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| Foreign currency adjustment                                    | Foreign currency adjustment                                    | 3,898             | 0                | (3,243)          | (4,355)          | 0                | (3,700)           | Foreign currency adjustment                                    | 981               | 0                | (4,630)          | (5,780)          | 0                | (9,429)           |
| Other adjustments                                              | Other adjustments                                              | 4                 | (13)             | 179              | (11)             | 0                | 159               | Other adjustments                                              | (138)             | (14)             | 206              | (18)             | 0                | 36                |
| Balance at original discount rate, EOP                         | Balance at original discount rate, EOP                         | 143,485           | 20,221           | 79,859           | 86,709           | 12,564           | 342,838           | Balance at original discount rate, EOP                         | 141,478           | 20,216           | 78,275           | 84,831           | 12,676           | 337,476           |
| Effect of cumulative changes in discount rate assumptions, EOP | Effect of cumulative changes in discount rate assumptions, EOP | (22,882)          | (823)            | 715              | (6,148)          | (999)            | (30,137)          | Effect of cumulative changes in discount rate assumptions, EOP | (24,887)          | (1,856)          | (5,296)          | (11,846)         | (2,305)          | (46,190)          |
| Balance, EOP                                                   | Balance, EOP                                                   | <u>\$ 120,603</u> | <u>\$ 19,398</u> | <u>\$ 80,574</u> | <u>\$ 80,561</u> | <u>\$ 11,565</u> | <u>\$ 312,701</u> | Balance, EOP                                                   | <u>\$ 116,591</u> | <u>\$ 18,360</u> | <u>\$ 72,979</u> | <u>\$ 72,985</u> | <u>\$ 10,371</u> | <u>\$ 291,286</u> |
| Other businesses, EOP                                          | Other businesses, EOP                                          |                   |                  |                  |                  |                  | 1,707             | Other businesses, EOP                                          |                   |                  |                  |                  |                  | 1,635             |
| Total balance, EOP                                             | Total balance, EOP                                             |                   |                  |                  |                  |                  | <u>\$ 314,408</u> | Total balance, EOP                                             |                   |                  |                  |                  |                  | <u>\$ 292,921</u> |

|                                                           | Six Months Ended June 30, 2023                              |                  |                          |                  |                     |                 |                   | Nine Months Ended September 30, 2023                        |                  |                          |                  |                     |                 |                   |
|-----------------------------------------------------------|-------------------------------------------------------------|------------------|--------------------------|------------------|---------------------|-----------------|-------------------|-------------------------------------------------------------|------------------|--------------------------|------------------|---------------------|-----------------|-------------------|
|                                                           | Net Liability for Future Policy Benefits - Benefit Reserves |                  |                          |                  |                     |                 |                   | Net Liability for Future Policy Benefits - Benefit Reserves |                  |                          |                  |                     |                 |                   |
|                                                           | Retirement Strategies                                       | Individual Life  | International Businesses |                  | Corporate and Other |                 |                   | Retirement Strategies                                       | Individual Life  | International Businesses |                  | Corporate and Other |                 |                   |
|                                                           |                                                             |                  |                          | Gibraltar        |                     |                 |                   |                                                             |                  |                          | Gibraltar        |                     |                 |                   |
|                                                           | Institutional                                               | Term Life        | Life Planner             | Life and Other   | Long-Term Care      | Total           |                   | Institutional                                               | Term Life        | Life Planner             | Life and Other   | Long-Term Care      | Total           |                   |
|                                                           | (in millions)                                               |                  |                          |                  |                     |                 |                   | (in millions)                                               |                  |                          |                  |                     |                 |                   |
| Balance, EOP, pre-flooring                                | Balance, EOP, pre-flooring                                  | \$ 66,671        | \$ 8,225                 | \$ 50,846        | \$ 53,279           | \$ 8,309        | \$ 187,330        | Balance, EOP, pre-flooring                                  | \$ 64,789        | \$ 7,750                 | \$ 45,304        | \$ 47,523           | \$ 7,299        | \$ 172,665        |
| Flooring impact, EOP                                      | Flooring impact, EOP                                        | 1                | 0                        | 17               | 2                   | 0               | 20                | Flooring impact, EOP                                        | 0                | 2                        | 27               | 31                  | 0               | 60                |
| Balance, EOP, post-flooring                               | Balance, EOP, post-flooring                                 | 66,672           | 8,225                    | 50,863           | 53,281              | 8,309           | 187,350           | Balance, EOP, post-flooring                                 | 64,789           | 7,752                    | 45,331           | 47,554              | 7,299           | 172,725           |
| Less: Reinsurance recoverable                             | Less: Reinsurance recoverable                               | 0                | 707                      | 104              | 211                 | 0               | 1,022             | Less: Reinsurance recoverable                               | 4,810            | 696                      | 96               | 189                 | 0               | 5,791             |
| Balance after reinsurance recoverable, EOP, post-flooring | Balance after reinsurance recoverable, EOP, post-flooring   | <u>\$ 66,672</u> | <u>\$ 7,518</u>          | <u>\$ 50,759</u> | <u>\$ 53,070</u>    | <u>\$ 8,309</u> | <u>\$ 186,328</u> | Balance after reinsurance recoverable, EOP, post-flooring   | <u>\$ 59,979</u> | <u>\$ 7,056</u>          | <u>\$ 45,235</u> | <u>\$ 47,365</u>    | <u>\$ 7,299</u> | <u>\$ 166,934</u> |
| Other businesses, EOP(1)                                  | Other businesses, EOP(1)                                    |                  |                          |                  |                     |                 | 1,553             | Other businesses, EOP(1)                                    |                  |                          |                  |                     |                 | 1,482             |
| Total balance after reinsurance recoverable, EOP          | Total balance after reinsurance recoverable, EOP            |                  |                          |                  |                     |                 | \$ 187,881        | Total balance after reinsurance recoverable, EOP            |                  |                          |                  |                     |                 | \$ 168,416        |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                        | Six Months Ended June 30, 2022                                         |                                |                          |           |                     |                |               | Nine Months Ended September 30, 2022                                   |                 |                          |           |                     |                |            |
|------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------|--------------------------|-----------|---------------------|----------------|---------------|------------------------------------------------------------------------|-----------------|--------------------------|-----------|---------------------|----------------|------------|
|                                                                        | Present Value of Expected Net Premiums                                 |                                |                          |           |                     |                |               | Present Value of Expected Net Premiums                                 |                 |                          |           |                     |                |            |
|                                                                        | Retirement Strategies                                                  | Individual Life                | International Businesses |           | Corporate and Other |                | Total         | Retirement Strategies                                                  | Individual Life | International Businesses |           | Corporate and Other |                | Total      |
|                                                                        | Institutional                                                          | Term Life                      | Gibraltar                |           | Long-Term Care      | Life and Other |               | Institutional                                                          | Term Life       | Gibraltar                |           | Life and Other      | Long-Term Care |            |
|                                                                        |                                                                        |                                | Life                     | Planner   |                     |                |               |                                                                        |                 | Life                     | Planner   |                     |                |            |
|                                                                        |                                                                        |                                | Planner                  | Other     |                     |                |               |                                                                        |                 | Other                    | Planner   |                     |                |            |
| (in millions)                                                          |                                                                        |                                |                          |           |                     |                | (in millions) |                                                                        |                 |                          |           |                     |                |            |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 68,791                      | \$ 12,971                | \$ 39,517 | \$ 37,815           | \$ 3,585       | \$ 162,679    | Balance, BOP                                                           | \$ 68,791       | \$ 12,971                | \$ 39,517 | \$ 37,815           | \$ 3,585       | \$ 162,679 |
| Effect of cumulative changes in discount rate assumptions, BOP         | Effect of cumulative changes in discount rate assumptions, BOP         | (4,414)                        | (1,892)                  | (3,516)   | (3,239)             | (644)          | (13,705)      | Effect of cumulative changes in discount rate assumptions, BOP         | (4,414)         | (1,892)                  | (3,516)   | (3,239)             | (644)          | (13,705)   |
| Balance at original discount rate, BOP                                 | Balance at original discount rate, BOP                                 | 64,377                         | 11,079                   | 36,001    | 34,576              | 2,941          | 148,974       | Balance at original discount rate, BOP                                 | 64,377          | 11,079                   | 36,001    | 34,576              | 2,941          | 148,974    |
| Effect of assumption update                                            | Effect of assumption update                                            | 249                            | 1,313                    | (76)      | (176)               | 49             | 1,359         | Effect of assumption update                                            | 249             | 1,313                    | (76)      | (176)               | 49             | 1,359      |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 282                            | 40                       | (719)     | (274)               | 132            | (539)         | Effect of actual variances from expected experience and other activity | 347             | 31                       | (1,181)   | (575)               | 163            | (1,215)    |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 64,908                         | 12,432                   | 35,206    | 34,126              | 3,122          | 149,794       | Adjusted balance, BOP                                                  | 64,973          | 12,423                   | 34,744    | 33,825              | 3,153          | 149,118    |
| Issuances                                                              | Issuances                                                              | 2,436                          | 204                      | 1,831     | 1,429               | 0              | 5,900         | Issuances                                                              | 12,912          | 344                      | 2,456     | 1,933               | 0              | 17,645     |
| Net premiums / considerations collected                                | Net premiums / considerations collected                                | (3,232)                        | (689)                    | (2,277)   | (2,215)             | (139)          | (8,552)       | Net premiums / considerations collected                                | (13,540)        | (1,049)                  | (3,259)   | (3,284)             | (218)          | (21,350)   |
| Interest accrual                                                       | Interest accrual                                                       | 800                            | 266                      | 487       | 446                 | 72             | 2,071         | Interest accrual                                                       | 1,174           | 406                      | 717       | 656                 | 109            | 3,062      |
| Foreign currency adjustment                                            | Foreign currency adjustment                                            | (6,646)                        | 0                        | (2,644)   | (2,545)             | 0              | (11,835)      | Foreign currency adjustment                                            | (11,386)        | 0                        | (3,622)   | (3,402)             | 0              | (18,410)   |
| Other adjustments                                                      | Other adjustments                                                      | 0                              | (8)                      | 121       | 0                   | 0              | 113           | Other adjustments                                                      | 0               | (10)                     | 156       | 24                  | 0              | 170        |
| Balance at original discount rate, EOP                                 | Balance at original discount rate, EOP                                 | 58,266                         | 12,205                   | 32,724    | 31,241              | 3,055          | 137,491       | Balance at original discount rate, EOP                                 | 54,133          | 12,114                   | 31,192    | 29,752              | 3,044          | 130,235    |
| Effect of cumulative changes in discount rate assumptions, EOP         | Effect of cumulative changes in discount rate assumptions, EOP         | (8,098)                        | 22                       | (6)       | (23)                | 70             | (8,035)       | Effect of cumulative changes in discount rate assumptions, EOP         | (15,179)        | (777)                    | (1,151)   | (1,157)             | (164)          | (18,428)   |
| Balance, EOP                                                           | Balance, EOP                                                           | \$ 50,168                      | \$ 12,227                | \$ 32,718 | \$ 31,218           | \$ 3,125       | \$ 129,456    | Balance, EOP                                                           | \$ 38,954       | \$ 11,337                | \$ 30,041 | \$ 28,595           | \$ 2,880       | \$ 111,807 |
| Other businesses, EOP                                                  | Other businesses, EOP                                                  |                                |                          |           |                     |                | 109           | Other businesses, EOP                                                  |                 |                          |           |                     |                | 104        |
| Total balance, EOP                                                     | Total balance, EOP                                                     |                                |                          |           |                     |                | \$ 129,565    | Total balance, EOP                                                     |                 |                          |           |                     |                | \$ 111,911 |
|                                                                        |                                                                        | Six Months Ended June 30, 2022 |                          |           |                     |                |               | Nine Months Ended September 30, 2022                                   |                 |                          |           |                     |                |            |

|                                                                        |                                                                        | Present Value of Expected Future Policy Benefits |                    |                             |            |                        |                   |                                                                        |            | Present Value of Expected Future Policy Benefits |                    |                             |           |                        |           |                 |                   |                   |       |
|------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------|--------------------|-----------------------------|------------|------------------------|-------------------|------------------------------------------------------------------------|------------|--------------------------------------------------|--------------------|-----------------------------|-----------|------------------------|-----------|-----------------|-------------------|-------------------|-------|
|                                                                        |                                                                        | Retirement<br>Strategies                         | Individual<br>Life | International<br>Businesses |            | Corporate<br>and Other |                   |                                                                        |            | Retirement<br>Strategies                         | Individual<br>Life | International<br>Businesses |           | Corporate<br>and Other |           |                 |                   |                   |       |
|                                                                        |                                                                        |                                                  |                    | Gibraltar                   |            |                        |                   |                                                                        |            |                                                  |                    | Gibraltar                   |           |                        |           |                 |                   |                   |       |
|                                                                        |                                                                        |                                                  |                    | Institutional               | Term Life  | Life<br>Planner        | Life and<br>Other |                                                                        |            |                                                  |                    | Long-Term<br>Care           | Total     | Institutional          | Term Life | Life<br>Planner | Life and<br>Other | Long-Term<br>Care | Total |
|                                                                        |                                                                        |                                                  |                    |                             |            |                        |                   |                                                                        |            |                                                  |                    |                             |           |                        |           |                 |                   |                   |       |
| (in millions)                                                          |                                                                        |                                                  |                    |                             |            |                        |                   | (in millions)                                                          |            |                                                  |                    |                             |           |                        |           |                 |                   |                   |       |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 142,593                                       | \$ 22,768          | \$ 109,562                  | \$ 114,846 | \$ 15,810              | \$ 405,579        | Balance, BOP                                                           | \$ 142,593 | \$ 22,768                                        | \$ 109,562         | \$ 114,846                  | \$ 15,810 | \$ 405,579             |           |                 |                   |                   |       |
| Effect of cumulative changes in discount rate assumptions, BOP         | Effect of cumulative changes in discount rate assumptions, BOP         |                                                  |                    |                             |            |                        |                   | Effect of cumulative changes in discount rate assumptions, BOP         |            |                                                  |                    |                             |           |                        |           |                 |                   |                   |       |
|                                                                        |                                                                        | (13,706)                                         | (3,876)            | (21,554)                    | (13,476)   | (4,482)                | (57,094)          |                                                                        | (13,706)   | (3,876)                                          | (21,554)           | (13,476)                    | (4,482)   | (57,094)               |           |                 |                   |                   |       |
| Balance at original discount rate, BOP                                 | Balance at original discount rate, BOP                                 |                                                  |                    |                             |            |                        |                   | Balance at original discount rate, BOP                                 |            |                                                  |                    |                             |           |                        |           |                 |                   |                   |       |
|                                                                        |                                                                        | 128,887                                          | 18,892             | 88,008                      | 101,370    | 11,328                 | 348,485           |                                                                        | 128,887    | 18,892                                           | 88,008             | 101,370                     | 11,328    | 348,485                |           |                 |                   |                   |       |
| Effect of assumption update                                            | Effect of assumption update                                            | (187)                                            | 1,777              | (115)                       | (164)      | 49                     | 1,360             | Effect of assumption update                                            | (187)      | 1,777                                            | (115)              | (164)                       | 49        | 1,360                  |           |                 |                   |                   |       |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 190                                              | 54                 | (795)                       | (235)      | 152                    | (634)             | Effect of actual variances from expected experience and other activity | 256        | 45                                               | (1,290)            | (495)                       | 188       | (1,296)                |           |                 |                   |                   |       |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 128,890                                          | 20,723             | 87,098                      | 100,971    | 11,529                 | 349,211           | Adjusted balance, BOP                                                  | 128,956    | 20,714                                           | 86,603             | 100,711                     | 11,565    | 348,549                |           |                 |                   |                   |       |
| Issuances                                                              | Issuances                                                              | 2,436                                            | 204                | 1,831                       | 1,429      | 0                      | 5,900             | Issuances                                                              | 12,912     | 344                                              | 2,456              | 1,933                       | 0         | 17,645                 |           |                 |                   |                   |       |
| Interest accrual                                                       | Interest accrual                                                       | 1,992                                            | 460                | 1,357                       | 1,235      | 273                    | 5,317             | Interest accrual                                                       | 3,066      | 701                                              | 2,006              | 1,823                       | 413       | 8,009                  |           |                 |                   |                   |       |
| Benefit payments                                                       | Benefit payments                                                       | (4,880)                                          | (810)              | (1,642)                     | (2,590)    | (119)                  | (10,041)          | Benefit payments                                                       | (7,253)    | (1,150)                                          | (2,609)            | (4,090)                     | (179)     | (15,281)               |           |                 |                   |                   |       |
| Foreign currency adjustment                                            | Foreign currency adjustment                                            | (6,842)                                          | 0                  | (7,250)                     | (8,921)    | 0                      | (23,013)          | Foreign currency adjustment                                            | (11,711)   | 0                                                | (9,915)            | (11,950)                    | 0         | (33,576)               |           |                 |                   |                   |       |
| Other adjustments                                                      | Other adjustments                                                      | (418)                                            | (15)               | 243                         | (8)        | 0                      | (198)             | Other adjustments                                                      | (528)      | (14)                                             | 247                | (12)                        | 0         | (307)                  |           |                 |                   |                   |       |
| Balance at original discount rate, EOP                                 | Balance at original discount rate, EOP                                 | 121,178                                          | 20,562             | 81,637                      | 92,116     | 11,683                 | 327,176           | Balance at original discount rate, EOP                                 | 125,442    | 20,595                                           | 78,788             | 88,415                      | 11,799    | 325,039                |           |                 |                   |                   |       |
| Effect of cumulative changes in discount rate assumptions, EOP         | Effect of cumulative changes in discount rate assumptions, EOP         | (10,638)                                         | 161                | 2,708                       | (4,876)    | (178)                  | (12,823)          | Effect of cumulative changes in discount rate assumptions, EOP         | (22,629)   | (1,450)                                          | (2,790)            | (10,296)                    | (1,755)   | (38,920)               |           |                 |                   |                   |       |
| Balance, EOP                                                           | Balance, EOP                                                           | \$ 110,540                                       | \$ 20,723          | \$ 84,345                   | \$ 87,240  | \$ 11,505              | \$ 314,353        | Balance, EOP                                                           | \$ 102,813 | \$ 19,145                                        | \$ 75,998          | \$ 78,119                   | \$ 10,044 | \$ 286,119             |           |                 |                   |                   |       |
| Other businesses, EOP                                                  | Other businesses, EOP                                                  |                                                  |                    |                             |            |                        | 2,043             | Other businesses, EOP                                                  |            |                                                  |                    |                             |           | 1,905                  |           |                 |                   |                   |       |
| Total balance, EOP                                                     | Total balance, EOP                                                     |                                                  |                    |                             |            |                        | \$ 316,396        | Total balance, EOP                                                     |            |                                                  |                    |                             |           | \$ 288,024             |           |                 |                   |                   |       |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                           |                                                           | Six Months Ended June 30, 2022                              |                 |                          |                          |                     |            | Nine Months Ended September 30, 2022                        |                 |                          |                          |                     |          |            |
|-----------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-----------------|--------------------------|--------------------------|---------------------|------------|-------------------------------------------------------------|-----------------|--------------------------|--------------------------|---------------------|----------|------------|
|                                                           |                                                           | Net Liability for Future Policy Benefits - Benefit Reserves |                 |                          |                          |                     |            | Net Liability for Future Policy Benefits - Benefit Reserves |                 |                          |                          |                     |          |            |
|                                                           |                                                           | Retirement Strategies                                       | Individual Life | International Businesses | Gibraltar Life and Other | Corporate and Other |            | Retirement Strategies                                       | Individual Life | International Businesses | Gibraltar Life and Other | Corporate and Other |          |            |
|                                                           |                                                           |                                                             |                 |                          |                          |                     |            |                                                             |                 |                          |                          |                     |          |            |
|                                                           |                                                           | Institutional                                               | Term Life       | Planner                  | Other                    | Care                | Total      | Institutional                                               | Term Life       | Planner                  | Other                    | Care                | Total    |            |
|                                                           |                                                           | (in millions)                                               |                 |                          |                          |                     |            | (in millions)                                               |                 |                          |                          |                     |          |            |
| Balance, EOP, pre-flooring                                | Balance, EOP, pre-flooring                                | \$ 60,372                                                   | \$ 8,497        | \$ 51,627                | \$ 56,021                | \$ 8,380            | \$ 184,897 | Balance, EOP, pre-flooring                                  | \$ 63,859       | \$ 7,808                 | \$ 45,957                | \$ 49,524           | \$ 7,163 | \$ 174,311 |
| Flooring impact, EOP                                      | Flooring impact, EOP                                      | 44                                                          | 0               | 102                      | 162                      | 0                   | 308        | Flooring impact, EOP                                        | 1               | 0                        | 236                      | 370                 | 0        | 607        |
| Balance, EOP, post-flooring                               | Balance, EOP, post-flooring                               | 60,416                                                      | 8,497           | 51,729                   | 56,183                   | 8,380               | 185,205    | Balance, EOP, post-flooring                                 | 63,860          | 7,808                    | 46,193                   | 49,894              | 7,163    | 174,918    |
| Less: Reinsurance recoverable                             | Less: Reinsurance recoverable                             | 0                                                           | 782             | 128                      | 219                      | 0                   | 1,129      | Less: Reinsurance recoverable                               | 0               | 772                      | 116                      | 200                 | 0        | 1,088      |
| Balance after reinsurance recoverable, EOP, post-flooring | Balance after reinsurance recoverable, EOP, post-flooring | \$ 60,416                                                   | \$ 7,715        | \$ 51,601                | \$ 55,964                | \$ 8,380            | \$ 184,076 | Balance after reinsurance recoverable, EOP, post-flooring   | \$ 63,860       | \$ 7,036                 | \$ 46,077                | \$ 49,694           | \$ 7,163 | \$ 173,830 |
| Other businesses, EOP(1)                                  | Other businesses, EOP(1)                                  |                                                             |                 |                          |                          |                     | 1,852      | Other businesses, EOP(1)                                    |                 |                          |                          |                     |          | 1,723      |
| Total balance after reinsurance recoverable, EOP          | Total balance after reinsurance recoverable, EOP          |                                                             |                 |                          |                          |                     | \$ 185,928 | Total balance after reinsurance recoverable, EOP            |                 |                          |                          |                     |          | \$ 175,553 |

(1) Reflects balance after reinsurance recoverable of \$71 million \$69 million and \$81 million \$80 million at June 30, 2023 September 30, 2023 and 2022, respectively.

The following tables provide supplemental information related to the balances of and changes in Benefit Reserves included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the period indicated:

|                                                                       |                                                                       | Six Months Ended June 30, 2023 |                 |                          |                          |                     | Nine Months Ended September 30, 2023                                  |                 |                          |                          |                     |          |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------|-----------------|--------------------------|--------------------------|---------------------|-----------------------------------------------------------------------|-----------------|--------------------------|--------------------------|---------------------|----------|
|                                                                       |                                                                       | Retirement Strategies          | Individual Life | International Businesses | Gibraltar Life and Other | Corporate and Other | Retirement Strategies                                                 | Individual Life | International Businesses | Gibraltar Life and Other | Corporate and Other |          |
|                                                                       |                                                                       |                                |                 |                          |                          |                     |                                                                       |                 |                          |                          |                     |          |
|                                                                       |                                                                       | Institutional                  | Term Life       | Life Planner             | and Other                | Care                | Institutional                                                         | Term Life       | Life Planner             | and Other                | Care                |          |
|                                                                       |                                                                       | (\$ in millions)               |                 |                          |                          |                     | (\$ in millions)                                                      |                 |                          |                          |                     |          |
| Undiscounted expected future gross premiums                           | Undiscounted expected future gross premiums                           | \$ 114,545                     | \$ 23,200       | \$ 70,654                | \$ 57,912                | \$ 6,972            | Undiscounted expected future gross premiums                           | \$ 108,863      | \$ 23,147                | \$ 68,665                | \$ 56,169           | \$ 6,854 |
| Discounted expected future gross premiums (at original discount rate) | Discounted expected future gross premiums (at original discount rate) | \$ 79,109                      | \$ 15,427       | \$ 54,694                | \$ 46,591                | \$ 4,561            | Discounted expected future gross premiums (at original discount rate) | \$ 75,372       | \$ 15,381                | \$ 53,078                | \$ 45,102           | \$ 4,496 |

|                                                                                 |                                                                                 |            |           |            |            |           |                                                                                 |            |           |            |            |           |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------|-----------|------------|------------|-----------|---------------------------------------------------------------------------------|------------|-----------|------------|------------|-----------|
| Discounted expected future gross premiums (at current discount rate)            | Discounted expected future gross premiums (at current discount rate)            | \$ 59,307  | \$ 14,789 | \$ 54,132  | \$ 45,778  | \$ 4,444  | Discounted expected future gross premiums (at current discount rate)            | \$ 56,962  | \$ 14,120 | \$ 50,753  | \$ 42,804  | \$ 4,167  |
| Undiscounted expected future benefits and expenses                              | Undiscounted expected future benefits and expenses                              | \$ 220,313 | \$ 31,195 | \$ 140,232 | \$ 142,232 | \$ 30,913 | Undiscounted expected future benefits and expenses                              | \$ 217,931 | \$ 31,164 | \$ 137,378 | \$ 139,536 | \$ 30,897 |
| Interest accrual                                                                | Interest accrual                                                                | \$ 1,408   | \$ 202    | \$ 867     | \$ 760     | \$ 215    | Interest accrual                                                                | \$ 2,132   | \$ 303    | \$ 1,297   | \$ 1,135   | \$ 326    |
| Gross premiums                                                                  | Gross premiums                                                                  | \$ 5,335   | \$ 923    | \$ 3,340   | \$ 3,174   | \$ 222    | Gross premiums                                                                  | \$ 9,310   | \$ 1,384  | \$ 4,849   | \$ 4,741   | \$ 342    |
| Weighted-average duration of the liability in years (at original discount rate) | Weighted-average duration of the liability in years (at original discount rate) | 8          | 10        | 20         | 19         | 18        | Weighted-average duration of the liability in years (at original discount rate) | 9          | 10        | 20         | 19         | 18        |
| Weighted-average duration of the liability in years (at current discount rate)  | Weighted-average duration of the liability in years (at current discount rate)  | 8          | 10        | 20         | 18         | 18        | Weighted-average duration of the liability in years (at current discount rate)  | 8          | 9         | 19         | 17         | 17        |
| Weighted-average interest rate (at original discount rate)                      | Weighted-average interest rate (at original discount rate)                      | 4.39 %     | 5.18 %    | 3.45 %     | 2.57 %     | 4.91 %    | Weighted-average interest rate (at original discount rate)                      | 4.57 %     | 5.17 %    | 3.46 %     | 2.59 %     | 4.91 %    |
| Weighted-average interest rate (at current discount rate)                       | Weighted-average interest rate (at current discount rate)                       | 5.30 %     | 5.28 %    | 2.85 %     | 2.75 %     | 5.47 %    | Weighted-average interest rate (at current discount rate)                       | 6.02 %     | 6.01 %    | 3.37 %     | 3.26 %     | 6.30 %    |

|                                                                       | Six Months Ended June 30, 2022                                        |                 |                          |           |                     |          | Nine Months Ended September 30, 2022                                  |                  |                          |           |                     |          |  |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------|--------------------------|-----------|---------------------|----------|-----------------------------------------------------------------------|------------------|--------------------------|-----------|---------------------|----------|--|
|                                                                       | Retirement Strategies                                                 | Individual Life | International Businesses |           | Corporate and Other |          | Retirement Strategies                                                 | Individual Life  | International Businesses |           | Corporate and Other |          |  |
|                                                                       | Institutional                                                         | Term Life       | Gibraltar Life and Other |           | Long-Term Care      |          | Institutional                                                         | Term Life        | Gibraltar Life and Other |           | Long-Term Care      |          |  |
|                                                                       |                                                                       |                 | Life Planner             |           |                     |          |                                                                       |                  | Life Planner             |           |                     |          |  |
|                                                                       |                                                                       |                 |                          |           |                     |          |                                                                       |                  |                          |           |                     |          |  |
|                                                                       | (\$ in millions)                                                      |                 |                          |           |                     |          |                                                                       | (\$ in millions) |                          |           |                     |          |  |
| Undiscounted expected future gross premiums                           | Undiscounted expected future gross premiums                           | \$ 87,851       | \$ 23,901                | \$ 75,418 | \$ 65,827           | \$ 7,122 | Undiscounted expected future gross premiums                           | \$ 81,807        | \$ 23,879                | \$ 72,431 | \$ 62,850           | \$ 7,035 |  |
| Discounted expected future gross premiums (at original discount rate) | Discounted expected future gross premiums (at original discount rate) | \$ 63,647       | \$ 15,877                | \$ 58,628 | \$ 52,470           | \$ 4,605 | Discounted expected future gross premiums (at original discount rate) | \$ 59,074        | \$ 15,863                | \$ 56,206 | \$ 49,935           | \$ 4,561 |  |

|                                                                                 |                                                                                 |            |           |            |            |           |                                                                                 |            |           |            |            |           |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------|-----------|------------|------------|-----------|---------------------------------------------------------------------------------|------------|-----------|------------|------------|-----------|
| Discounted expected future gross premiums (at current discount rate)            | Discounted expected future gross premiums (at current discount rate)            | \$ 54,888  | \$ 15,911 | \$ 59,093  | \$ 52,619  | \$ 4,714  | Discounted expected future gross premiums (at current discount rate)            | \$ 42,578  | \$ 14,853 | \$ 54,613  | \$ 48,237  | \$ 4,325  |
| Undiscounted expected future benefits and expenses                              | Undiscounted expected future benefits and expenses                              | \$ 182,241 | \$ 31,885 | \$ 148,659 | \$ 157,157 | \$ 29,554 | Undiscounted expected future benefits and expenses                              | \$ 189,976 | \$ 31,873 | \$ 143,840 | \$ 151,940 | \$ 29,625 |
| Interest accrual                                                                | Interest accrual                                                                | \$ 1,192   | \$ 194    | \$ 870     | \$ 789     | \$ 201    | Interest accrual                                                                | \$ 1,892   | \$ 295    | \$ 1,289   | \$ 1,167   | \$ 304    |
| Gross premiums                                                                  | Gross premiums                                                                  | \$ 3,437   | \$ 947    | \$ 3,656   | \$ 3,631   | \$ 218    | Gross premiums                                                                  | \$ 14,102  | \$ 1,412  | \$ 5,274   | \$ 5,414   | \$ 336    |
| Weighted-average duration of the liability in years (at original discount rate) | Weighted-average duration of the liability in years (at original discount rate) | 9          | 11        | 21         | 21         | 19        | Weighted-average duration of the liability in years (at original discount rate) | 8          | 10        | 21         | 20         | 19        |
| Weighted-average duration of the liability in years (at current discount rate)  | Weighted-average duration of the liability in years (at current discount rate)  | 8          | 10        | 20         | 18         | 19        | Weighted-average duration of the liability in years (at current discount rate)  | 7          | 10        | 19         | 18         | 18        |
| Weighted-average interest rate (at original discount rate)                      | Weighted-average interest rate (at original discount rate)                      | 4.19 %     | 5.25 %    | 3.44 %     | 2.52 %     | 4.91 %    | Weighted-average interest rate (at original discount rate)                      | 4.29 %     | 5.23 %    | 3.45 %     | 2.55 %     | 4.91 %    |
| Weighted-average interest rate (at current discount rate)                       | Weighted-average interest rate (at current discount rate)                       | 4.68 %     | 4.63 %    | 2.61 %     | 2.48 %     | 5.02 %    | Weighted-average interest rate (at current discount rate)                       | 5.68 %     | 5.66 %    | 2.96 %     | 2.80 %     | 5.98 %    |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

For additional information regarding observable market information and the techniques used to determine the interest rate assumptions seen above, see Note 2.

For non-participating traditional and limited-payment products, if a cohort is in a loss position where the liability for future policy benefits plus the present value of expected future gross premiums are determined to be insufficient to provide for the present value of expected future policy benefits and non-level claim settlement expenses, then the liability for future policy benefits is adjusted at that time, and thereafter, such that all changes, both favorable and unfavorable, in expected benefits resulting from both actual experience deviations and changes in future assumptions are recognized immediately as a gain or loss respectively.

For In the first six nine months of 2023, there was an immaterial impact to net income for non-participating traditional and limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts.

For In the first six nine months of 2022, there was a \$206 million \$209 million charge to net income for nonparticipating non-participating traditional and limited-pay business, limited-payment products, where net premiums exceeded gross premiums for certain issue-year cohorts, partially offset by a \$90 million an \$89 million gain reflecting the impact of ceded reinsurance on the affected cohorts. The unfavorable impact in the first six nine months of 2022 is primarily due to unfavorable assumption updates related to the term life business in Individual Life.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

## Deferred Profit Liability

The balances of and changes in Deferred Profit Liability as of and for the period indicated are as follows:

|                                                                        | Six Months Ended June 30, 2023                                         |              |                          |          |           |                                                                        |                                      | Nine Months Ended September 30, 2023 |                          |           |       |  |  |
|------------------------------------------------------------------------|------------------------------------------------------------------------|--------------|--------------------------|----------|-----------|------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|-----------|-------|--|--|
|                                                                        | Deferred Profit Liability                                              |              |                          |          |           | Deferred Profit Liability                                              |                                      |                                      |                          |           |       |  |  |
|                                                                        | Retirement Strategies                                                  |              | International Businesses |          |           | Retirement Strategies                                                  |                                      | International Businesses             |                          |           |       |  |  |
|                                                                        | Institutional                                                          | Life Planner | Gibraltar Life and Other |          | Total     | Institutional                                                          |                                      | Life Planner                         | Gibraltar Life and Other |           | Total |  |  |
|                                                                        |                                                                        |              |                          |          |           |                                                                        |                                      |                                      |                          |           |       |  |  |
| (in millions)                                                          |                                                                        |              |                          |          |           | (in millions)                                                          |                                      |                                      |                          |           |       |  |  |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 5,532     | \$ 3,379                 | \$ 5,261 | \$ 14,172 | Balance, BOP                                                           | \$ 5,532                             | \$ 3,379                             | \$ 5,261                 | \$ 14,172 |       |  |  |
| Flooring impact, BOP                                                   | Flooring impact, BOP                                                   | 0            | 0                        | 1        | 1         | Flooring impact, BOP                                                   | 0                                    | 0                                    | 1                        | 1         |       |  |  |
| Balance, BOP, pre-flooring                                             | Balance, BOP, pre-flooring                                             | 5,532        | 3,379                    | 5,260    | 14,171    | Balance, BOP, pre-flooring                                             | 5,532                                | 3,379                                | 5,260                    | 14,171    |       |  |  |
| Effect of assumption update                                            | Effect of assumption update                                            | 35           | (67)                     | (228)    | (260)     | Effect of assumption update                                            | 35                                   | (67)                                 | (228)                    | (260)     |       |  |  |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 19           | (4)                      | (18)     | (3)       | Effect of actual variances from expected experience and other activity | 4                                    | (4)                                  | (32)                     | (32)      |       |  |  |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 5,586        | 3,308                    | 5,014    | 13,908    | Adjusted balance, BOP                                                  | 5,571                                | 3,308                                | 5,000                    | 13,879    |       |  |  |
| Profits deferred                                                       | Profits deferred                                                       | 197          | 850                      | 665      | 1,712     | Profits deferred                                                       | 294                                  | 1,271                                | 1,017                    | 2,582     |       |  |  |
| Interest accrual                                                       | Interest accrual                                                       | 113          | 71                       | 76       | 260       | Interest accrual                                                       | 170                                  | 109                                  | 114                      | 393       |       |  |  |
| Amortization                                                           | Amortization                                                           | (282)        | (579)                    | (512)    | (1,373)   | Amortization                                                           | (424)                                | (869)                                | (765)                    | (2,058)   |       |  |  |
| Foreign currency adjustment                                            | Foreign currency adjustment                                            | 14           | (72)                     | (188)    | (246)     | Foreign currency adjustment                                            | 2                                    | (128)                                | (251)                    | (377)     |       |  |  |
| Other adjustments                                                      | Other adjustments                                                      | 0            | 20                       | 0        | 20        | Other adjustments                                                      | 0                                    | 24                                   | 0                        | 24        |       |  |  |
| Balance, EOP, pre-flooring                                             | Balance, EOP, pre-flooring                                             | 5,628        | 3,598                    | 5,055    | 14,281    | Balance, EOP, pre-flooring                                             | 5,613                                | 3,715                                | 5,115                    | 14,443    |       |  |  |
| Flooring impact, EOP                                                   | Flooring impact, EOP                                                   | 0            | 0                        | 1        | 1         | Flooring impact, EOP                                                   | 0                                    | 0                                    | 1                        | 1         |       |  |  |
| Balance, EOP                                                           | Balance, EOP                                                           | 5,628        | 3,598                    | 5,056    | 14,282    | Balance, EOP                                                           | 5,613                                | 3,715                                | 5,116                    | 14,444    |       |  |  |
| Less: Reinsurance recoverable                                          | Less: Reinsurance recoverable                                          | 0            | 8                        | 10       | 18        | Less: Reinsurance recoverable                                          | 383                                  | 8                                    | 10                       | 401       |       |  |  |
| Balance after reinsurance recoverable                                  | Balance after reinsurance recoverable                                  | \$ 5,628     | \$ 3,590                 | \$ 5,046 | 14,264    | Balance after reinsurance recoverable                                  | \$ 5,230                             | \$ 3,707                             | \$ 5,106                 | 14,043    |       |  |  |
| Other businesses(1)                                                    | Other businesses(1)                                                    |              |                          |          | 149       | Other businesses(1)                                                    |                                      |                                      |                          | 145       |       |  |  |
| Total balance after reinsurance recoverable                            | Total balance after reinsurance recoverable                            |              |                          |          | \$ 14,413 | Total balance after reinsurance recoverable                            |                                      |                                      |                          | \$ 14,188 |       |  |  |
|                                                                        | Six Months Ended June 30, 2022                                         |              |                          |          |           |                                                                        | Nine Months Ended September 30, 2022 |                                      |                          |           |       |  |  |
|                                                                        | Deferred Profit Liability                                              |              |                          |          |           |                                                                        | Deferred Profit Liability            |                                      |                          |           |       |  |  |

|                                                                        |                                                                        | Retirement Strategies |          |                          |           |                                                                        | Retirement Strategies |          |                          |           |
|------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------|----------|--------------------------|-----------|------------------------------------------------------------------------|-----------------------|----------|--------------------------|-----------|
|                                                                        |                                                                        | Institutional         |          | International Businesses |           |                                                                        | Institutional         |          | International Businesses |           |
|                                                                        |                                                                        | Life Planner          |          | Gibraltar Life and Other |           |                                                                        | Life Planner          |          | Gibraltar Life and Other |           |
|                                                                        |                                                                        | Total                 |          | Total                    |           |                                                                        | Total                 |          | Total                    |           |
|                                                                        |                                                                        | (in millions)         |          |                          |           |                                                                        | (in millions)         |          |                          |           |
| Balance, BOP                                                           | Balance, BOP                                                           | \$ 5,183              | \$ 2,741 | \$ 5,014                 | \$ 12,938 | Balance, BOP                                                           | \$ 5,183              | \$ 2,741 | \$ 5,014                 | \$ 12,938 |
| Flooring impact, BOP                                                   | Flooring impact, BOP                                                   | 0                     | 0        | 1                        | 1         | Flooring impact, BOP                                                   | 0                     | 0        | 1                        | 1         |
| Balance, BOP, pre-flooring                                             | Balance, BOP, pre-flooring                                             | 5,183                 | 2,741    | 5,013                    | 12,937    | Balance, BOP, pre-flooring                                             | 5,183                 | 2,741    | 5,013                    | 12,937    |
| Effect of assumption update                                            | Effect of assumption update                                            | 382                   | 28       | (5)                      | 405       | Effect of assumption update                                            | 382                   | 28       | (5)                      | 405       |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 96                    | 3        | (49)                     | 50        | Effect of actual variances from expected experience and other activity | 101                   | 3        | (82)                     | 22        |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 5,661                 | 2,772    | 4,959                    | 13,392    | Adjusted balance, BOP                                                  | 5,666                 | 2,772    | 4,926                    | 13,364    |
| Profits deferred                                                       | Profits deferred                                                       | 21                    | 875      | 759                      | 1,655     | Profits deferred                                                       | 212                   | 1,308    | 1,184                    | 2,704     |
| Interest accrual                                                       | Interest accrual                                                       | 104                   | 60       | 71                       | 235       | Interest accrual                                                       | 160                   | 91       | 107                      | 358       |
| Amortization                                                           | Amortization                                                           | (272)                 | (573)    | (526)                    | (1,371)   | Amortization                                                           | (410)                 | (852)    | (782)                    | (2,044)   |
| Foreign currency adjustment                                            | Foreign currency adjustment                                            | (28)                  | (166)    | (363)                    | (557)     | Foreign currency adjustment                                            | (48)                  | (246)    | (487)                    | (781)     |
| Other adjustments                                                      | Other adjustments                                                      | 0                     | 19       | (1)                      | 18        | Other adjustments                                                      | (1)                   | 19       | (1)                      | 17        |
| Balance, EOP, pre-flooring                                             | Balance, EOP, pre-flooring                                             | 5,486                 | 2,987    | 4,899                    | 13,372    | Balance, EOP, pre-flooring                                             | 5,579                 | 3,092    | 4,947                    | 13,618    |
| Flooring impact, EOP                                                   | Flooring impact, EOP                                                   | 0                     | 0        | 1                        | 1         | Flooring impact, EOP                                                   | 0                     | 0        | 1                        | 1         |
| Balance, EOP                                                           | Balance, EOP                                                           | 5,486                 | 2,987    | 4,900                    | 13,373    | Balance, EOP                                                           | 5,579                 | 3,092    | 4,948                    | 13,619    |
| Less: Reinsurance recoverable                                          | Less: Reinsurance recoverable                                          | 0                     | 8        | 10                       | 18        | Less: Reinsurance recoverable                                          | 0                     | 7        | 10                       | 17        |
| Balance after reinsurance recoverable                                  | Balance after reinsurance recoverable                                  | \$ 5,486              | \$ 2,979 | \$ 4,890                 | 13,355    | Balance after reinsurance recoverable                                  | \$ 5,579              | \$ 3,085 | \$ 4,938                 | 13,602    |
| Other businesses(1)                                                    | Other businesses(1)                                                    |                       |          |                          | 189       | Other businesses(1)                                                    |                       |          |                          | 182       |
| Total balance after reinsurance recoverable                            | Total balance after reinsurance recoverable                            |                       |          |                          | \$ 13,544 | Total balance after reinsurance recoverable                            |                       |          |                          | \$ 13,784 |

(1) Reflects balance after reinsurance recoverable of \$0 million and \$1 million at [June 30, 2023](#) [September 30, 2023](#) and 2022, respectively.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The following tables provide supplemental information related to the balances of and changes in Deferred Profit Liability, included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the period indicated:

| Six Months Ended June 30, 2023 |  |                          |  | Nine Months Ended September 30, 2023 |  |                          |  |
|--------------------------------|--|--------------------------|--|--------------------------------------|--|--------------------------|--|
| Retirement Strategies          |  | International Businesses |  | Retirement Strategies                |  | International Businesses |  |

|                  |                  | Gibraltar Life and |              |       |                  |         | Gibraltar Life and |              |       |
|------------------|------------------|--------------------|--------------|-------|------------------|---------|--------------------|--------------|-------|
|                  |                  | Institutional      | Life Planner | Other |                  |         | Institutional      | Life Planner | Other |
|                  |                  | (in millions)      |              |       |                  |         | (in millions)      |              |       |
| Revenue(1)       | Revenue(1)       | \$ (83)            | \$ (291)     | \$ 18 | Revenue(1)       | \$ (79) | \$ (464)           | \$ (105)     |       |
| Interest accrual | Interest accrual | \$ 113             | \$ 71        | \$ 76 | Interest accrual | \$ 170  | \$ 109             | \$ 114       |       |

|                  |                  | Six Months Ended June 30, 2022 |                          |                    |                  |          | Nine Months Ended September 30, 2022 |                          |                    |
|------------------|------------------|--------------------------------|--------------------------|--------------------|------------------|----------|--------------------------------------|--------------------------|--------------------|
|                  |                  | Retirement Strategies          | International Businesses | Gibraltar Life and |                  |          | Retirement Strategies                | International Businesses | Gibraltar Life and |
|                  |                  | Institutional                  | Life Planner             | Other              |                  |          | Institutional                        | Life Planner             | Other              |
|                  |                  | (in millions)                  |                          |                    |                  |          | (in millions)                        |                          |                    |
| Revenue(1)       | Revenue(1)       | \$ (330)                       | \$ (415)                 | \$ (250)           | Revenue(1)       | \$ (443) | \$ (600)                             | \$ (420)                 |                    |
| Interest accrual | Interest accrual | \$ 104                         | \$ 60                    | \$ 71              | Interest accrual | \$ 160   | \$ 91                                | \$ 107                   |                    |

(1) Represents the gross premiums collected in changes in Deferred Profit Liability excluding impact of foreign currency adjustments.

#### Additional Insurance Reserves

AIR represents the additional liability for annuitization, death, or other insurance benefits, including GMDB and GMIB contract features, that are above and beyond the contractholder's account balance.

The following table shows a rollforward of AIR balances for variable and universal life products within Individual Life, which is the only line of business that contains a material AIR balance, for the period indicated, along with a reconciliation to the Company's total AIR balance:

|                                                                        |                                                                        | Six Months Ended June 30, |           |                                                                        | Nine Months Ended September 30, |           |
|------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------|-----------|------------------------------------------------------------------------|---------------------------------|-----------|
|                                                                        |                                                                        | 2023                      | 2022      |                                                                        | 2023                            | 2022      |
|                                                                        |                                                                        | (in millions)             |           |                                                                        | (in millions)                   |           |
| Balance, including amounts in AOCI, BOP, post-flooring                 | Balance, including amounts in AOCI, BOP, post-flooring                 | \$ 12,684                 | \$ 11,708 | Balance, including amounts in AOCI, BOP, post-flooring                 | \$ 12,684                       | \$ 11,708 |
| Flooring impact and amounts in AOCI                                    | Flooring impact and amounts in AOCI                                    | 1,285                     | (909)     | Flooring impact and amounts in AOCI                                    | 1,285                           | (909)     |
| Balance, excluding amounts in AOCI, BOP, pre-flooring                  | Balance, excluding amounts in AOCI, BOP, pre-flooring                  | 13,969                    | 10,799    | Balance, excluding amounts in AOCI, BOP, pre-flooring                  | 13,969                          | 10,799    |
| Effect of assumption update                                            | Effect of assumption update                                            | 23                        | 2,200     | Effect of assumption update                                            | 23                              | 2,200     |
| Effect of actual variances from expected experience and other activity | Effect of actual variances from expected experience and other activity | 26                        | (156)     | Effect of actual variances from expected experience and other activity | (13)                            | (215)     |
| Adjusted balance, BOP                                                  | Adjusted balance, BOP                                                  | 14,018                    | 12,843    | Adjusted balance, BOP                                                  | 13,979                          | 12,784    |
| Assessments collected(1)                                               | Assessments collected(1)                                               | 518                       | 453       | Assessments collected(1)                                               | 836                             | 750       |
| Interest accrual                                                       | Interest accrual                                                       | 239                       | 205       | Interest accrual                                                       | 362                             | 319       |
| Benefits paid                                                          | Benefits paid                                                          | (153)                     | (118)     | Benefits paid                                                          | (223)                           | (148)     |
| Balance, excluding amounts in AOCI, EOP, pre-flooring                  | Balance, excluding amounts in AOCI, EOP, pre-flooring                  | 14,622                    | 13,383    | Balance, excluding amounts in AOCI, EOP, pre-flooring                  | 14,954                          | 13,705    |
| Flooring impact and amounts in AOCI                                    | Flooring impact and amounts in AOCI                                    | (1,109)                   | (869)     | Flooring impact and amounts in AOCI                                    | (1,737)                         | (1,595)   |
| Balance, including amounts in AOCI, EOP, post-flooring                 | Balance, including amounts in AOCI, EOP, post-flooring                 | 13,513                    | 12,514    | Balance, including amounts in AOCI, EOP, post-flooring                 | 13,217                          | 12,110    |
| Less: Reinsurance recoverable                                          | Less: Reinsurance recoverable                                          | 5,484                     | 5,004     | Less: Reinsurance recoverable                                          | 5,286                           | 4,790     |

|                                                                       |                                                                       |          |          |                                                                       |          |          |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|----------|----------|-----------------------------------------------------------------------|----------|----------|
| Balance after reinsurance recoverable, including amounts in AOCI, EOP | Balance after reinsurance recoverable, including amounts in AOCI, EOP | 8,029    | 7,510    | Balance after reinsurance recoverable, including amounts in AOCI, EOP | 7,931    | 7,320    |
| Other businesses                                                      | Other businesses                                                      | 147      | 165      | Other businesses                                                      | 123      | 144      |
| Total balance after reinsurance recoverable                           | Total balance after reinsurance recoverable                           | \$ 8,176 | \$ 7,675 | Total balance after reinsurance recoverable                           | \$ 8,054 | \$ 7,464 |

(1) Represents the portion of gross assessments required to fund the future policy benefits.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                 |                                                                                 | Six Months Ended June 30, |          |                                                                                 |          | Nine Months Ended September 30, |      |  |  |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------|----------|---------------------------------------------------------------------------------|----------|---------------------------------|------|--|--|
|                                                                                 |                                                                                 | 2023                      | 2022     |                                                                                 |          | 2023                            | 2022 |  |  |
|                                                                                 |                                                                                 | (\$ in millions)          |          |                                                                                 |          | (\$ in millions)                |      |  |  |
| Interest accrual                                                                | Interest accrual                                                                | \$ 239                    | \$ 205   | Interest accrual                                                                | \$ 362   | \$ 319                          |      |  |  |
| Gross assessments                                                               | Gross assessments                                                               | \$ 1,547                  | \$ 1,230 | Gross assessments                                                               | \$ 2,357 | \$ 1,995                        |      |  |  |
| Weighted-average duration of the liability in years (at original discount rate) | Weighted-average duration of the liability in years (at original discount rate) | 22                        | 23       | Weighted-average duration of the liability in years (at original discount rate) | 22       | 23                              |      |  |  |
| Weighted-average interest rate (at original discount rate)                      | Weighted-average interest rate (at original discount rate)                      | 3.39 %                    | 3.72 %   | Weighted-average interest rate (at original discount rate)                      | 3.36 %   | 3.38 %                          |      |  |  |

**Future Policy Benefits Reconciliation**

The following table presents the reconciliation of the ending balances from above rollforwards, Benefit Reserves, Additional Insurance Reserves, and Deferred Profit Liability including other liabilities, gross of related reinsurance recoverable, to the total liability for Future Policy Benefits on the Company's Consolidated Statement of Financial Position as of the periods indicated:

|                                                                              |                                                                              | Six Months Ended June 30, |            |                                                                              |            | Nine Months Ended September 30, |      |  |  |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------|------------|------------------------------------------------------------------------------|------------|---------------------------------|------|--|--|
|                                                                              |                                                                              | 2023                      | 2022       |                                                                              |            | 2023                            | 2022 |  |  |
|                                                                              |                                                                              | (in millions)             |            |                                                                              |            | (in millions)                   |      |  |  |
| Benefit reserves, EOP, post-flooring                                         | Benefit reserves, EOP, post-flooring                                         | \$ 188,974                | \$ 187,139 | Benefit reserves, EOP, post-flooring                                         | \$ 174,276 | \$ 176,720                      |      |  |  |
| Deferred Profit Liability EOP, post-flooring                                 | Deferred Profit Liability EOP, post-flooring                                 | 14,431                    | 13,563     | Deferred Profit Liability EOP, post-flooring                                 | 14,589     | 13,802                          |      |  |  |
| Additional insurance reserves, including amounts in AOCI, EOP, post-flooring | Additional insurance reserves, including amounts in AOCI, EOP, post-flooring | 13,660                    | 12,679     | Additional insurance reserves, including amounts in AOCI, EOP, post-flooring | 13,340     | 12,254                          |      |  |  |
| Subtotal of amounts disclosed above                                          | Subtotal of amounts disclosed above                                          | 217,065                   | 213,381    | Subtotal of amounts disclosed above                                          | 202,205    | 202,776                         |      |  |  |
| Other Future Policy Benefits reserves(1)                                     | Other Future Policy Benefits reserves(1)                                     | 51,584                    | 52,709     | Other Future Policy Benefits reserves(1)                                     | 51,346     | 52,359                          |      |  |  |
| Total Future Policy Benefits                                                 | Total Future Policy Benefits                                                 | \$ 268,649                | \$ 266,090 | Total Future Policy Benefits                                                 | \$ 253,551 | \$ 255,135                      |      |  |  |

### Revenue and Interest Expense

|                               | Six Months Ended June 30, 2023 |      |       |                 |                    |               |                          |       |       | Nine Months Ended September 30, 2023 |                       |      |         |                 |                    |       |                               |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
|-------------------------------|--------------------------------|------|-------|-----------------|--------------------|---------------|--------------------------|-------|-------|--------------------------------------|-----------------------|------|---------|-----------------|--------------------|-------|-------------------------------|-------|-------|----|-------|----|-------|----|-------|----|-------|----|-----|----|--------|
|                               | Revenues(1)                    |      |       |                 |                    |               |                          |       |       | Revenues(1)                          |                       |      |         |                 |                    |       |                               |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
|                               | Retirement Strategies          |      |       | Individual Life |                    |               | International Businesses |       |       |                                      | Retirement Strategies |      |         | Individual Life |                    |       | International Businesses      |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
|                               |                                |      |       |                 |                    |               | Gibraltar                |       |       |                                      |                       |      |         |                 |                    |       | Gibraltar                     |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
|                               |                                |      |       | Term            | Variable/Universal |               | Life                     | Other |       |                                      |                       |      |         | Term            | Variable/Universal |       | Life                          | Other |       |    |       |    |       |    |       |    |       |    |     |    |        |
|                               | Institutional                  | Life | Life  | Planner         | Other              | Businesses(2) | Total                    |       |       | Institutional                        | Life                  | Life | Planner | Other           | Businesses(2)      | Total |                               |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
|                               | (in millions)                  |      |       |                 |                    |               |                          |       |       | (in millions)                        |                       |      |         |                 |                    |       |                               |       |       |    |       |    |       |    |       |    |       |    |     |    |        |
| Benefit reserves              | Benefit reserves               | \$   | 5,335 | \$              | 923                | \$            | 0                        | \$    | 3,340 | \$                                   | 3,174                 | \$   | 273     | \$              | 13,045             |       | Benefit reserves              | \$    | 9,310 | \$ | 1,384 | \$ | 0     | \$ | 4,849 | \$ | 4,741 | \$ | 415 | \$ | 20,699 |
| Deferred profit liability     | Deferred profit liability      |      | (83)  |                 | 0                  |               | 0                        |       | (291) |                                      | 18                    |      | 34      |                 | (322)              |       | Deferred profit liability     |       | (79)  |    | 0     |    | 0     |    | (464) |    | (105) |    | 37  |    | (611)  |
| Additional insurance reserves | Additional insurance reserves  |      | 0     |                 | 0                  |               | 1,547                    |       | 0     |                                      | 0                     |      | 0       |                 | 1,547              |       | Additional insurance reserves |       | 0     |    | 0     |    | 2,357 |    | 0     |    | 0     |    | 0   |    | 2,357  |
| Total                         | Total                          | \$   | 5,252 | \$              | 923                | \$            | 1,547                    | \$    | 3,049 | \$                                   | 3,192                 | \$   | 307     | \$              | 14,270             |       | Total                         | \$    | 9,231 | \$ | 1,384 | \$ | 2,357 | \$ | 4,385 | \$ | 4,636 | \$ | 452 | \$ | 22,445 |

|                               | Six Months Ended June 30, 2022 |           |                         |                 |                |               |                          |               |                               | Nine Months Ended September 30, 2022 |          |                |                 |          |        |                          |  |  |
|-------------------------------|--------------------------------|-----------|-------------------------|-----------------|----------------|---------------|--------------------------|---------------|-------------------------------|--------------------------------------|----------|----------------|-----------------|----------|--------|--------------------------|--|--|
|                               | Revenues(1)                    |           |                         |                 |                |               |                          |               |                               | Revenues(1)                          |          |                |                 |          |        |                          |  |  |
|                               | Retirement Strategies          |           |                         | Individual Life |                |               | International Businesses |               |                               | Retirement Strategies                |          |                | Individual Life |          |        | International Businesses |  |  |
|                               | Institutional                  | Term Life | Variable/Universal Life | Planner         | Life and Other | Businesses(2) | Total                    | Institutional | Term Life                     | Variable/Universal Life              | Planner  | Life and Other | Businesses(2)   | Total    |        |                          |  |  |
|                               |                                |           |                         |                 |                |               |                          |               |                               |                                      |          |                |                 |          |        |                          |  |  |
|                               | (in millions)                  |           |                         |                 |                |               |                          |               |                               | (in millions)                        |          |                |                 |          |        |                          |  |  |
| Benefit reserves              | Benefit reserves               | \$ 3,437  | \$ 947                  | \$ 0            | \$ 3,656       | \$ 3,631      | \$ 268                   | \$ 11,939     | Benefit reserves              | \$ 14,102                            | \$ 1,412 | \$ 0           | \$ 5,274        | \$ 5,414 | \$ 398 | \$ 26,600                |  |  |
| Deferred profit liability     | Deferred profit liability      | (330)     | 0                       | 0               | (415)          | (250)         | 36                       | (959)         | Deferred profit liability     | (443)                                | 0        | 0              | (600)           | (420)    | 41     | (1,422)                  |  |  |
| Additional insurance reserves | Additional insurance reserves  | 0         | 0                       | 1,230           | 0              | 0             | 1                        | 1,231         | Additional insurance reserves | 0                                    | 0        | 1,995          | 0               | 0        | 1      | 1,996                    |  |  |
| Total                         | Total                          | \$ 3,107  | \$ 947                  | \$ 1,230        | \$ 3,241       | \$ 3,381      | \$ 305                   | \$ 12,211     | Total                         | \$ 13,659                            | \$ 1,412 | \$ 1,995       | \$ 4,674        | \$ 4,994 | \$ 440 | \$ 27,174                |  |  |

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|-------------------------------|-------------------------------|----|-------|----|-----|----|-----|----|-----|----|-----|----|-----|----|-------|
| Benefit reserves              | Benefit reserves              | \$ | 1,408 | \$ | 202 | \$ | 0   | \$ | 867 | \$ | 760 | \$ | 242 | \$ | 3,479 |
| Deferred profit liability     | Deferred profit liability     |    | 113   |    | 0   |    | 0   |    | 71  |    | 76  |    | 2   |    | 262   |
| Additional insurance reserves | Additional insurance reserves |    | 0     |    | 0   |    | 239 |    | 0   |    | 0   |    | 1   |    | 240   |
| Total                         | Total                         | \$ | 1,521 | \$ | 202 | \$ | 239 | \$ | 938 | \$ | 836 | \$ | 245 | \$ | 3,981 |

|                               |                               |    |       |    |     |    |     |    |       |    |       |    |     |    |       |
|-------------------------------|-------------------------------|----|-------|----|-----|----|-----|----|-------|----|-------|----|-----|----|-------|
| Benefit reserves              | Benefit reserves              | \$ | 2,132 | \$ | 303 | \$ | 0   | \$ | 1,297 | \$ | 1,135 | \$ | 366 | \$ | 5,233 |
| Deferred profit liability     | Deferred profit liability     |    | 170   |    | 0   |    | 0   |    | 109   |    | 114   |    | 3   |    | 396   |
| Additional insurance reserves | Additional insurance reserves |    | 0     |    | 0   |    | 362 |    | 1     |    | 0     |    | 0   |    | 363   |
| Total                         | Total                         | \$ | 2,302 | \$ | 303 | \$ | 362 | \$ | 1,407 | \$ | 1,249 | \$ | 369 | \$ | 5,992 |

|                               | Six Months Ended June 30, 2022 |      |                    |                 |          |               |                          |    |     | Nine Months Ended September 30, 2022 |               |      |                    |         |          |                               |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|-------------------------------|--------------------------------|------|--------------------|-----------------|----------|---------------|--------------------------|----|-----|--------------------------------------|---------------|------|--------------------|---------|----------|-------------------------------|-------|-------|----|-----|----|-----|----|-------|----|-------|----|-----|----|-------|
|                               | Interest Expense               |      |                    |                 |          |               |                          |    |     | Interest Expense                     |               |      |                    |         |          |                               |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               | Retirement Strategies          |      |                    | Individual Life |          |               | International Businesses |    |     | Retirement Strategies                |               |      | Individual Life    |         |          | International Businesses      |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               |                                |      |                    |                 |          |               |                          |    |     |                                      |               |      |                    |         |          |                               |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               |                                |      |                    |                 |          |               | Gibraltar                |    |     |                                      |               |      | Gibraltar          |         |          |                               |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               |                                | Term | Variable/Universal | Life            | Life and | Other         |                          |    |     |                                      |               | Term | Variable/Universal | Life    | Life and | Other                         |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               | Institutional                  | Life | Life               | Planner         | Other    | Businesses(2) | Total                    |    |     |                                      | Institutional | Life | Life               | Planner | Other    | Businesses(2)                 | Total |       |    |     |    |     |    |       |    |       |    |     |    |       |
|                               | (in millions)                  |      |                    |                 |          |               |                          |    |     | (in millions)                        |               |      |                    |         |          |                               |       |       |    |     |    |     |    |       |    |       |    |     |    |       |
| Benefit reserves              | Benefit reserves               | \$   | 1,192              | \$              | 194      | \$            | 0                        | \$ | 870 | \$                                   | 789           | \$   | 230                | \$      | 3,275    | Benefit reserves              | \$    | 1,892 | \$ | 295 | \$ | 0   | \$ | 1,289 | \$ | 1,167 | \$ | 346 | \$ | 4,989 |
| Deferred profit liability     | Deferred profit liability      |      | 104                |                 | 0        |               | 0                        |    | 60  |                                      | 71            |      | 3                  |         | 238      | Deferred profit liability     |       | 160   |    | 0   |    | 0   |    | 91    |    | 107   |    | 3   |    | 361   |
| Additional insurance reserves | Additional insurance reserves  |      | 0                  |                 | 0        |               | 205                      |    | 0   |                                      | 0             |      | 2                  |         | 207      | Additional insurance reserves |       | 0     |    | 0   |    | 319 |    | 2     |    | 1     |    | 0   |    | 322   |
| Total                         | Total                          | \$   | 1,296              | \$              | 194      | \$            | 205                      | \$ | 930 | \$                                   | 860           | \$   | 235                | \$      | 3,720    | Total                         | \$    | 2,052 | \$ | 295 | \$ | 319 | \$ | 1,382 | \$ | 1,275 | \$ | 349 | \$ | 5,672 |

(1) Represents "Gross Premiums" for benefit reserves, "Revenue" for deferred profit liability and "Gross Assessments" for additional insurance reserves.

(2) Includes remaining balances disclosed above and balances for which disaggregated rollforward disclosures may not be presented above.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**10. POLICYHOLDERS' ACCOUNT BALANCES**

The balances of and changes in policyholders' account balances as of and for the periods ended are as follows:

|                               | Six Months Ended June 30, 2023 |    |                       |    |                 |    |                          |    |       |    |         | Nine Months Ended Sep |        |                       |        |            |               |                               |    |       |    |        |    |        |    |       |    |
|-------------------------------|--------------------------------|----|-----------------------|----|-----------------|----|--------------------------|----|-------|----|---------|-----------------------|--------|-----------------------|--------|------------|---------------|-------------------------------|----|-------|----|--------|----|--------|----|-------|----|
|                               | Group Insurance                |    | Retirement Strategies |    | Individual Life |    | International Businesses |    |       |    |         | Group Insurance       |        | Retirement Strategies |        | Indi       |               |                               |    |       |    |        |    |        |    |       |    |
|                               |                                |    |                       |    |                 |    | Gibraltar                |    |       |    |         |                       |        |                       |        |            |               |                               |    |       |    |        |    |        |    |       |    |
|                               |                                |    |                       |    | Individual      |    | Variable/Universal       |    | Life  |    |         | Life and              |        |                       |        | Individual |               |                               |    |       |    |        |    |        |    |       |    |
|                               | Life/Disability                |    | Institutional         |    | Variable        |    | Fixed                    |    | Life  |    |         | Planner               |        | Other                 |        | Total      |               | Life/Disability               |    |       |    |        |    |        |    |       |    |
| (\$ in millions)              |                                |    |                       |    |                 |    |                          |    |       |    |         |                       |        |                       |        |            | (\$ in millio |                               |    |       |    |        |    |        |    |       |    |
| Balance, beginning of period  | Balance, beginning of period   | \$ | 5,839                 | \$ | 17,376          | \$ | 17,524                   | \$ | 4,643 | \$ | 26,502  | \$                    | 11,168 | \$                    | 35,325 | \$         | 118,377       | Balance, beginning of period  | \$ | 5,839 | \$ | 17,376 | \$ | 17,524 | \$ | 4,643 | \$ |
| Deposits                      | Deposits                       |    | 523                   |    | 2,513           |    | 2,230                    |    | 1,206 |    | 1,190   |                       | 1,150  |                       | 2,818  |            | 11,630        | Deposits                      |    | 811   |    | 4,407  |    | 3,444  |    | 1,839 |    |
| Interest credited             | Interest credited              |    | 84                    |    | 335             |    | 148                      |    | 60    |    | 391     |                       | 513    |                       | 354    |            | 1,885         | Interest credited             |    | 124   |    | 509    |    | 219    |    | 96    |    |
| Acquisitions and dispositions | Acquisitions and dispositions  |    | 0                     |    | 0               |    | 0                        |    | 0     |    | 0       |                       | 0      |                       | 0      |            | 0             | Acquisitions and dispositions |    | 0     |    | 0      |    | 0      |    | 0     |    |
| Policy charges                | Policy charges                 |    | (161)                 |    | (11)            |    | (11)                     |    | (3)   |    | (1,024) |                       | (150)  |                       | (87)   |            | (1,447)       | Policy charges                |    | (247) |    | (16)   |    | (17)   |    | (6)   |    |

|                                                                                    |                                                                                    |           |           |          |          |            |          |          |           |                                                                                    |           |           |          |          |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|-----------|----------|----------|------------|----------|----------|-----------|------------------------------------------------------------------------------------|-----------|-----------|----------|----------|
| Surrenders and withdrawals                                                         | Surrenders and withdrawals                                                         | (826)     | (2,295)   | (332)    | (196)    | (859)      | (96)     | (582)    | (5,186)   | Surrenders and withdrawals                                                         | (1,217)   | (4,332)   | (492)    | (298)    |
| Benefit payments                                                                   | Benefit payments                                                                   | 0         | (272)     | (40)     | (40)     | (81)       | (137)    | (1,002)  | (1,572)   | Benefit payments                                                                   | 0         | 0         | (58)     | (58)     |
| Net transfers (to) from separate account                                           | Net transfers (to) from separate account                                           | 0         | 0         | 16       | 0        | 1,155      | 0        | 0        | 1,171     | Net transfers (to) from separate account                                           | 2         | 0         | 22       | 0        |
| Change in market value and other adjustments(1)                                    | Change in market value and other adjustments(1)                                    | 0         | 0         | 1,052    | 70       | 148        | 14       | (2)      | 1,282     | Change in market value and other adjustments(1)                                    | 0         | 0         | 1,192    | 82       |
| Foreign currency adjustment                                                        | Foreign currency adjustment                                                        | 0         | 0         | 0        | 0        | 0          | (798)    | (888)    | (1,686)   | Foreign currency adjustment                                                        | 0         | 0         | 0        | 0        |
| Balance, end of period                                                             | Balance, end of period                                                             | 5,459     | 17,646    | 20,587   | 5,740    | 27,422     | 11,664   | 35,936   | 124,454   | Balance, end of period                                                             | 5,312     | 17,944    | 21,834   | 6,298    |
| Less: Reinsurance and other recoverable(2)                                         | Less: Reinsurance and other recoverable(2)                                         | 0         | 0         | 0        | 0        | 11         | 1        | 20       | 32        | Less: Reinsurance and other recoverable(2)                                         | 0         | 0         | 0        | 0        |
| Policyholders' account balance net of reinsurance and other recoverable            | Policyholders' account balance net of reinsurance and other recoverable            | \$ 5,459  | \$ 17,646 | \$20,587 | \$ 5,740 | \$ 27,411  | \$11,663 | \$35,916 | \$124,422 | Policyholders' account balance net of reinsurance and other recoverable            | \$ 5,312  | \$ 17,944 | \$21,834 | \$ 6,298 |
| Closed Block Division                                                              | Closed Block Division                                                              |           |           |          |          |            |          |          | 4,543     | Closed Block Division                                                              |           |           |          |          |
| Unearned revenue reserve, unearned expense credit, and additional interest reserve | Unearned revenue reserve, unearned expense credit, and additional interest reserve |           |           |          |          |            |          |          | 4,930     | Unearned revenue reserve, unearned expense credit, and additional interest reserve |           |           |          |          |
| Other(3)                                                                           | Other(3)                                                                           |           |           |          |          |            |          |          | 4,816     | Other(3)                                                                           |           |           |          |          |
| Total Policyholders' account balance                                               | Total Policyholders' account balance                                               |           |           |          |          |            |          |          | \$138,743 | Total Policyholders' account balance                                               |           |           |          |          |
| Weighted-average crediting rate                                                    | Weighted-average crediting rate                                                    | 2.99 %    | 3.83 %    | 1.55 %   | 2.32 %   | 2.90 %     | 8.98 %   | 1.99 %   | 3.11 %    | Weighted-average crediting rate                                                    | 2.97 %    | 3.85 %    | 1.48 %   | 2.33 %   |
| Net amount at risk(4)                                                              | Net amount at risk(4)                                                              | \$ 72,764 | \$ 0      | \$ 0     | \$ 0     | \$ 373,992 | \$17,126 | \$ 6,472 | \$470,354 | Net amount at risk(4)                                                              | \$ 73,260 | \$ 0      | \$ 0     | \$ 0     |
| Cash surrender value(5)                                                            | Cash surrender value(5)                                                            | \$ 3,992  | \$ 17,646 | \$18,638 | \$ 4,541 | \$ 22,936  | \$10,046 | \$31,477 | \$109,276 | Cash surrender value(5)                                                            | \$ 3,966  | \$ 17,944 | \$19,184 | \$ 5,038 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| Six Months Ended June 30, 2022 |                       |                 |                          |       |  | Nine Months Ended Sep |                       |     |  |
|--------------------------------|-----------------------|-----------------|--------------------------|-------|--|-----------------------|-----------------------|-----|--|
| Group Insurance                | Retirement Strategies | Individual Life | International Businesses | Total |  | Group Insurance       | Retirement Strategies | Ind |  |

|                                                                                    |                                                                                    | Gibraltar       |               |          |          |                    |          |          |           |                                                                         |                                                                                    |               |            |          |          |  |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------|---------------|----------|----------|--------------------|----------|----------|-----------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------|------------|----------|----------|--|
|                                                                                    |                                                                                    | Individual      |               |          |          | Variable/Universal |          | Life     |           |                                                                         | Life and                                                                           |               | Individual |          |          |  |
|                                                                                    |                                                                                    | Life/Disability | Institutional | Variable | Fixed    | Life               | Planner  | Other    |           |                                                                         | Life/Disability                                                                    | Institutional | Variable   | Fixed    | Variable |  |
| (\$ in millions)                                                                   |                                                                                    |                 |               |          |          |                    |          |          |           | (\$ in millions)                                                        |                                                                                    |               |            |          |          |  |
| Balance, beginning of period                                                       | Balance, beginning of period                                                       | \$ 6,273        | \$ 16,391     | \$14,125 | \$ 4,652 | \$ 26,859          | \$11,555 | \$37,615 | \$117,470 | Balance, beginning of period                                            | \$ 6,273                                                                           | \$ 16,391     | \$14,125   | \$ 4,652 | \$       |  |
| Deposits                                                                           | Deposits                                                                           | 608             | 2,076         | 2,721    | 71       | 1,279              | 415      | 1,523    | 8,693     | Deposits                                                                | 950                                                                                | 4,691         | 3,757      | 341      |          |  |
| Interest credited                                                                  | Interest credited                                                                  | 75              | 255           | 53       | 53       | 405                | (9)      | 232      | 1,064     | Interest credited                                                       | 112                                                                                | 401           | 153        | 62       |          |  |
| Acquisitions and dispositions                                                      |                                                                                    | 0               | 0             | (1,406)  | (440)    | 0                  | 0        | 0        | (1,846)   |                                                                         |                                                                                    |               |            |          |          |  |
| Dispositions(6)                                                                    |                                                                                    |                 |               |          |          |                    |          |          |           | Dispositions(6)                                                         | 0                                                                                  | 0             | (1,405)    | (440)    |          |  |
| Policy charges                                                                     | Policy charges                                                                     | (162)           | (11)          | (1)      | (2)      | (1,018)            | (100)    | (53)     | (1,347)   | Policy charges                                                          | (243)                                                                              | (17)          | (3)        | (3)      |          |  |
| Surrenders and withdrawals                                                         | Surrenders and withdrawals                                                         | (700)           | (2,240)       | (150)    | (67)     | (848)              | (100)    | (1,504)  | (5,609)   | Surrenders and withdrawals                                              | (1,098)                                                                            | (3,866)       | (237)      | (110)    |          |  |
| Benefit payments                                                                   | Benefit payments                                                                   | 0               | (270)         | (57)     | (86)     | (107)              | (130)    | (1,159)  | (1,809)   | Benefit payments                                                        | 0                                                                                  | (439)         | (79)       | (132)    |          |  |
| Net transfers (to) from separate account                                           | Net transfers (to) from separate account                                           | (17)            | 0             | 185      | 0        | 264                | 0        | 0        | 432       | Net transfers (to) from separate account                                | (21)                                                                               | 0             | 238        | 0        |          |  |
| Change in market value and other adjustments(1)                                    | Change in market value and other adjustments(1)                                    | 0               | 0             | 72       | (75)     | (286)              | 16       | (7)      | (280)     | Change in market value and other adjustments(1)                         | 0                                                                                  | 0             | 217        | (88)     |          |  |
| Foreign currency adjustment                                                        | Foreign currency adjustment                                                        | 0               | 0             | 0        | 0        | 0                  | (1,525)  | (1,990)  | (3,515)   | Foreign currency adjustment                                             | 0                                                                                  | 0             | 0          | 0        |          |  |
| Balance, end of period                                                             | Balance, end of period                                                             | 6,077           | 16,201        | 15,542   | 4,106    | 26,548             | 10,122   | 34,657   | 113,253   | Balance, end of period                                                  | 5,973                                                                              | 17,161        | 16,766     | 4,282    |          |  |
| Less: Reinsurance and other recoverable(2)                                         | Less: Reinsurance and other recoverable(2)                                         | 0               | 0             | 0        | 0        | 12                 | 1        | 22       | 35        | Less: Reinsurance and other recoverable(2)                              | 0                                                                                  | 0             | 0          | 0        |          |  |
| Policyholders' account balance net of reinsurance and other recoverable            | Policyholders' account balance net of reinsurance and other recoverable            | \$ 6,077        | \$ 16,201     | \$15,542 | \$ 4,106 | \$ 26,536          | \$10,121 | \$34,635 | \$113,218 | Policyholders' account balance net of reinsurance and other recoverable | \$ 5,973                                                                           | \$ 17,161     | \$16,766   | \$ 4,282 | \$       |  |
| Closed Block Division                                                              | Closed Block Division                                                              |                 |               |          |          |                    |          |          |           | 4,664                                                                   | Closed Block Division                                                              |               |            |          |          |  |
| Unearned revenue reserve, unearned expense credit, and additional interest reserve | Unearned revenue reserve, unearned expense credit, and additional interest reserve |                 |               |          |          |                    |          |          |           | 4,216                                                                   | Unearned revenue reserve, unearned expense credit, and additional interest reserve |               |            |          |          |  |
| Other(3)                                                                           | Other(3)                                                                           |                 |               |          |          |                    |          |          |           | 8,275                                                                   | Other(3)                                                                           |               |            |          |          |  |
| Total                                                                              | Total                                                                              |                 |               |          |          |                    |          |          |           |                                                                         | Total                                                                              |               |            |          |          |  |
| Policyholders' account balance                                                     | Policyholders' account balance                                                     |                 |               |          |          |                    |          |          |           | \$130,408                                                               | Policyholders' account balance                                                     |               |            |          |          |  |
| Weighted-average crediting rate                                                    | Weighted-average crediting rate                                                    | 2.42 %          | 3.13 %        | 0.71 %   | 2.41 %   | 3.03 %             | (0.17)%  | 1.29 %   | 1.84 %    | Weighted-average crediting rate                                         | 2.43 %                                                                             | 3.18 %        | 1.32 %     | 1.85 %   |          |  |

|                         |                         |           |           |           |          |            |           |           |            |                         |           |           |           |          |    |
|-------------------------|-------------------------|-----------|-----------|-----------|----------|------------|-----------|-----------|------------|-------------------------|-----------|-----------|-----------|----------|----|
| Net amount at risk(4)   | Net amount at risk(4)   | \$ 71,162 | \$ 0      | \$ 0      | \$ 0     | \$ 360,368 | \$ 14,518 | \$ 7,285  | \$ 453,333 | Net amount at risk(4)   | \$ 70,905 | \$ 0      | \$ 0      | \$ 0     | \$ |
| Cash surrender value(5) | Cash surrender value(5) | \$ 4,136  | \$ 16,201 | \$ 13,380 | \$ 3,079 | \$ 21,673  | \$ 8,959  | \$ 30,843 | \$ 98,271  | Cash surrender value(5) | \$ 4,177  | \$ 17,161 | \$ 13,780 | \$ 3,250 | \$ |

- (1) Primarily relates to changes in the value of embedded derivative instruments associated with the indexed options of certain products.
- (2) The amount of recoverable related to reinsurance agreements that reduce the risk of the policyholders' account balance gross liability.
- (3) Includes \$5,832 million \$5,621 million and \$8,242 million \$8,220 million of Full Service account balances reinsured to Great-West as of June 30, 2023 September 30, 2023 and 2022, respectively. See Note 1 for additional information.
- (4) The net amount at risk calculation includes both general account and separate account balances.
- (5) Cash surrender value represents the amount of the contractholder's account balances distributable at the balance sheet date less certain surrender charges. There are no cash surrender charges for the Institutional Retirement Strategies segment.
- (6) Represents the sale of PALAC in Individual Retirement Strategies.

The Company issues variable life and universal life insurance contracts which may also include a "no-lapse guarantee" where the Company contractually guarantees to the contractholder a death benefit even when the account value drops to zero, as long as the "no-lapse guarantee" premium is paid.

The net amount at risk is generally defined as the current death benefit in excess of the current account balance at the balance sheet date. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including contractholder mortality, contract lapses, and premium pattern, as well as interest rate and equity market returns.

The Company also issues annuity contracts that provide certain death benefit and/or living benefit guarantees and are accounted for as MRBs. See Note 11 for additional information, including the net amount at risk associated with these guarantees.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums are as follows:

|                             | June 30, 2023               |                       |                                     |                                       |                                               |           |                             |                       | September 30, 2023                  |                                       |                                               |          |  |  |
|-----------------------------|-----------------------------|-----------------------|-------------------------------------|---------------------------------------|-----------------------------------------------|-----------|-----------------------------|-----------------------|-------------------------------------|---------------------------------------|-----------------------------------------------|----------|--|--|
| Range of Guaranteed Minimum | Range of Guaranteed Minimum |                       |                                     |                                       |                                               |           | Range of Guaranteed Minimum |                       |                                     |                                       |                                               |          |  |  |
| Crediting Rate              | Crediting Rate              | At guaranteed minimum | 1 - 50 bps above guaranteed minimum | 51 - 150 bps above guaranteed minimum | Greater than 150 bps above guaranteed minimum | Total     | Crediting Rate              | At guaranteed minimum | 1 - 50 bps above guaranteed minimum | 51 - 150 bps above guaranteed minimum | Greater than 150 bps above guaranteed minimum | Total    |  |  |
| (1)                         | (1)                         | minimum               | minimum                             | minimum                               | minimum                                       |           | (1)                         | minimum               | minimum                             | minimum                               | minimum                                       |          |  |  |
|                             | (\$ in millions)            |                       |                                     |                                       |                                               |           |                             |                       | (\$ in millions)                    |                                       |                                               |          |  |  |
| Group                       | Group                       |                       |                                     |                                       |                                               |           | Group                       |                       |                                     |                                       |                                               |          |  |  |
| Insurance                   | Insurance                   |                       |                                     |                                       |                                               |           | Insurance                   |                       |                                     |                                       |                                               |          |  |  |
| Less than 1.00%             | Less than 1.00%             | \$ 0                  | \$ 0                                | \$ 0                                  | \$ 1,342                                      | \$ 1,342  | Less than 1.00%             | \$ 0                  | \$ 0                                | \$ 0                                  | \$ 1,221                                      | \$ 1,221 |  |  |
| 1.00% - 1.99%               | 1.00% - 1.99%               | 0                     | 0                                   | 0                                     | 0                                             | 0         | 1.00% - 1.99%               | 0                     | 0                                   | 0                                     | 0                                             | 0        |  |  |
| 2.00% - 2.99%               | 2.00% - 2.99%               | 55                    | 0                                   | 0                                     | 0                                             | 55        | 2.00% - 2.99%               | 29                    | 0                                   | 0                                     | 0                                             | 29       |  |  |
| 3.00% - 4.00%               | 3.00% - 4.00%               | 1,621                 | 0                                   | 0                                     | 0                                             | 1,621     | 3.00% - 4.00%               | 1,565                 | 0                                   | 0                                     | 0                                             | 1,565    |  |  |
| Greater than 4.00%          | Greater than 4.00%          | 3                     | 0                                   | 0                                     | 0                                             | 3         | Greater than 4.00%          | 73                    | 0                                   | 0                                     | 0                                             | 73       |  |  |
| Total                       | Total                       | \$ 1,679              | \$ 0                                | \$ 0                                  | \$ 1,342                                      | \$ 3,021  | Total                       | \$ 1,667              | \$ 0                                | \$ 0                                  | \$ 1,221                                      | \$ 2,888 |  |  |
| Institutional               | Institutional               |                       |                                     |                                       |                                               |           | Institutional               |                       |                                     |                                       |                                               |          |  |  |
| Less than 1.00%             | Less than 1.00%             | \$ 401                | \$ 0                                | \$ 0                                  | \$ 0                                          | \$ 401    | Less than 1.00%             | \$ 400                | \$ 0                                | \$ 0                                  | \$ 0                                          | \$ 400   |  |  |
| 1.00% - 1.99%               | 1.00% - 1.99%               | 1,565                 | 0                                   | 0                                     | 0                                             | 1,565     | 1.00% - 1.99%               | 1,551                 | 0                                   | 0                                     | 0                                             | 1,551    |  |  |
| 2.00% - 2.99%               | 2.00% - 2.99%               | 557                   | 0                                   | 0                                     | 0                                             | 557       | 2.00% - 2.99%               | 551                   | 0                                   | 0                                     | 0                                             | 551      |  |  |
| 3.00% - 4.00%               | 3.00% - 4.00%               | 5,891                 | 0                                   | 0                                     | 0                                             | 5,891     | 3.00% - 4.00%               | 5,312                 | 0                                   | 0                                     | 0                                             | 5,312    |  |  |
| Greater than 4.00%          | Greater than 4.00%          | 1,728                 | 0                                   | 0                                     | 0                                             | 1,728     | Greater than 4.00%          | 2,150                 | 0                                   | 0                                     | 0                                             | 2,150    |  |  |
| Total                       | Total                       | \$ 10,142             | \$ 0                                | \$ 0                                  | \$ 0                                          | \$ 10,142 | Total                       | \$ 9,964              | \$ 0                                | \$ 0                                  | \$ 0                                          | \$ 9,964 |  |  |
| Individual                  | Individual                  |                       |                                     |                                       |                                               |           | Individual                  |                       |                                     |                                       |                                               |          |  |  |
| Variable                    | Variable                    |                       |                                     |                                       |                                               |           | Variable                    |                       |                                     |                                       |                                               |          |  |  |
| Less than 1.00%             | Less than 1.00%             | \$ 973                | \$ 834                              | \$ 18                                 | \$ 0                                          | \$ 1,825  | Less than 1.00%             | \$ 944                | \$ 821                              | \$ 18                                 | \$ 0                                          | \$ 1,783 |  |  |

|                           |                           |           |          |          |          |           |                           |           |          |          |          |           |
|---------------------------|---------------------------|-----------|----------|----------|----------|-----------|---------------------------|-----------|----------|----------|----------|-----------|
| 1.00% - 1.99%             | 1.00% - 1.99%             | 232       | 2        | 1        | 0        | 235       | 1.00% - 1.99%             | 224       | 2        | 1        | 0        | 227       |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 30        | 5        | 0        | 0        | 35        | 2.00% - 2.99%             | 32        | 5        | 3        | 0        | 40        |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 2,119     | 8        | 10       | 0        | 2,137     | 3.00% - 4.00%             | 2,046     | 8        | 10       | 0        | 2,064     |
| Greater than 4.00%        | Greater than 4.00%        | 101       | 0        | 0        | 0        | 101       | Greater than 4.00%        | 97        | 0        | 0        | 0        | 97        |
| Total                     | Total                     | \$ 3,455  | \$ 849   | \$ 29    | \$ 0     | \$ 4,333  | Total                     | \$ 3,343  | \$ 836   | \$ 32    | \$ 0     | \$ 4,211  |
| Individual                | Individual                |           |          |          |          |           | Individual                |           |          |          |          |           |
| Fixed                     | Fixed                     |           |          |          |          |           | Fixed                     |           |          |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 0      | \$ 0     | \$ 0     | \$ 0     | \$ 0      | Less than 1.00%           | \$ 0      | \$ 0     | \$ 0     | \$ 20    | \$ 20     |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 559       | 136      | 245      | 84       | 1,024     | 1.00% - 1.99%             | 544       | 129      | 246      | 82       | 1,001     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 519       | 467      | 48       | 11       | 1,045     | 2.00% - 2.99%             | 535       | 469      | 320      | 12       | 1,336     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 355       | 8        | 0        | 0        | 363       | 3.00% - 4.00%             | 343       | 9        | 0        | 0        | 352       |
| Greater than 4.00%        | Greater than 4.00%        | 100       | 0        | 0        | 0        | 100       | Greater than 4.00%        | 97        | 0        | 0        | 0        | 97        |
| Total                     | Total                     | \$ 1,533  | \$ 611   | \$ 293   | \$ 95    | \$ 2,532  | Total                     | \$ 1,519  | \$ 607   | \$ 566   | \$ 114   | \$ 2,806  |
| Variable & Universal Life | Variable & Universal Life |           |          |          |          |           | Variable & Universal Life |           |          |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 0      | \$ 0     | \$ 0     | \$ 36    | \$ 36     | Less than 1.00%           | \$ 0      | \$ 0     | \$ 0     | \$ 408   | \$ 408    |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 164       | 0        | 2,681    | 363      | 3,208     | 1.00% - 1.99%             | 185       | 0        | 2,528    | 884      | 3,597     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 23        | 1,724    | 2,826    | 287      | 4,860     | 2.00% - 2.99%             | 29        | 1,418    | 2,940    | 349      | 4,736     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 7,386     | 2,024    | 1,308    | 11       | 10,729    | 3.00% - 4.00%             | 4,478     | 4,189    | 1,315    | 14       | 9,996     |
| Greater than 4.00%        | Greater than 4.00%        | 5,560     | 0        | 0        | 0        | 5,560     | Greater than 4.00%        | 5,533     | 0        | 0        | 0        | 5,533     |
| Total                     | Total                     | \$ 13,133 | \$ 3,748 | \$ 6,815 | \$ 697   | \$ 24,393 | Total                     | \$ 10,225 | \$ 5,607 | \$ 6,783 | \$ 1,655 | \$ 24,270 |
| Life Planner              | Life Planner              |           |          |          |          |           | Life Planner              |           |          |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 342    | \$ 26    | \$ 91    | \$ 1,136 | \$ 1,595  | Less than 1.00%           | \$ 320    | \$ 42    | \$ 90    | \$ 1,440 | \$ 1,892  |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 2,915     | 24       | 0        | 0        | 2,939     | 1.00% - 1.99%             | 2,815     | 25       | 0        | 0        | 2,840     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 2,080     | 0        | 0        | 0        | 2,080     | 2.00% - 2.99%             | 2,013     | 0        | 0        | 0        | 2,013     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 333       | 0        | 0        | 0        | 333       | 3.00% - 4.00%             | 335       | 0        | 0        | 0        | 335       |
| Greater than 4.00%        | Greater than 4.00%        | 388       | 0        | 0        | 0        | 388       | Greater than 4.00%        | 380       | 0        | 0        | 0        | 380       |
| Total                     | Total                     | \$ 6,058  | \$ 50    | \$ 91    | \$ 1,136 | \$ 7,335  | Total                     | \$ 5,863  | \$ 67    | \$ 90    | \$ 1,440 | \$ 7,460  |
| Gibraltar                 | Gibraltar                 |           |          |          |          |           | Gibraltar                 |           |          |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 16,373 | \$ 0     | \$ 0     | \$ 0     | \$ 16,373 | Less than 1.00%           | \$ 15,671 | \$ 0     | \$ 0     | \$ 0     | \$ 15,671 |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 9,143     | 68       | 0        | 0        | 9,211     | 1.00% - 1.99%             | 8,864     | 0        | 0        | 0        | 8,864     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 3,225     | 327      | 39       | 0        | 3,591     | 2.00% - 2.99%             | 3,153     | 310      | 38       | 0        | 3,501     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 3,943     | 0        | 0        | 0        | 3,943     | 3.00% - 4.00%             | 4,145     | 0        | 0        | 0        | 4,145     |
| Greater than 4.00%        | Greater than 4.00%        | 2,612     | 0        | 0        | 0        | 2,612     | Greater than 4.00%        | 3,873     | 0        | 0        | 0        | 3,873     |
| Total                     | Total                     | \$ 35,296 | \$ 395   | \$ 39    | \$ 0     | \$ 35,730 | Total                     | \$ 35,706 | \$ 310   | \$ 38    | \$ 0     | \$ 36,054 |

**PRUDENTIAL FINANCIAL, INC.**  
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|                                                     | June 30, 2022                                       |                          |                                           |                                             |                                                        |          | September 30, 2022                                  |                          |                                           |                                             |                                                        |          |  |
|-----------------------------------------------------|-----------------------------------------------------|--------------------------|-------------------------------------------|---------------------------------------------|--------------------------------------------------------|----------|-----------------------------------------------------|--------------------------|-------------------------------------------|---------------------------------------------|--------------------------------------------------------|----------|--|
| Range of<br>Guaranteed<br>Minimum<br>Crediting Rate | Range of<br>Guaranteed<br>Minimum<br>Crediting Rate |                          |                                           |                                             |                                                        |          | Range of<br>Guaranteed<br>Minimum<br>Crediting Rate |                          |                                           |                                             |                                                        |          |  |
|                                                     |                                                     | At guaranteed<br>minimum | 1 - 50 bps above<br>guaranteed<br>minimum | 51 - 150 bps above<br>guaranteed<br>minimum | Greater than 150<br>bps above<br>guaranteed<br>minimum | Total    |                                                     | At guaranteed<br>minimum | 1 - 50 bps above<br>guaranteed<br>minimum | 51 - 150 bps above<br>guaranteed<br>minimum | Greater than 150<br>bps above<br>guaranteed<br>minimum | Total    |  |
| (1)                                                 | (1)                                                 |                          |                                           |                                             |                                                        |          | (1)                                                 |                          |                                           |                                             |                                                        |          |  |
|                                                     |                                                     | (\$ in millions)         |                                           |                                             |                                                        |          |                                                     |                          | (\$ in millions)                          |                                             |                                                        |          |  |
| Group<br>Insurance                                  | Group<br>Insurance                                  |                          |                                           |                                             |                                                        |          |                                                     | Group<br>Insurance       |                                           |                                             |                                                        |          |  |
| Less than 1.00%                                     | Less than 1.00%                                     | \$ 0                     | \$ 0                                      | \$ 0                                        | \$ 1,813                                               | \$ 1,813 | Less than 1.00%                                     | \$ 0                     | \$ 0                                      | \$ 0                                        | \$ 1,668                                               | \$ 1,668 |  |
| 1.00% - 1.99%                                       | 1.00% - 1.99%                                       | 7                        | 0                                         | 0                                           | 0                                                      | 7        | 1.00% - 1.99%                                       | 7                        | 0                                         | 0                                           | 0                                                      | 7        |  |
| 2.00% - 2.99%                                       | 2.00% - 2.99%                                       | 54                       | 0                                         | 0                                           | 0                                                      | 54       | 2.00% - 2.99%                                       | 54                       | 0                                         | 0                                           | 0                                                      | 54       |  |

|                           |                           |           |        |          |          |           |                           |           |        |          |          |           |
|---------------------------|---------------------------|-----------|--------|----------|----------|-----------|---------------------------|-----------|--------|----------|----------|-----------|
| 3.00% - 4.00%             | 3.00% - 4.00%             | 1,681     | 0      | 0        | 0        | 1,681     | 3.00% - 4.00%             | 1,677     | 0      | 0        | 0        | 1,677     |
| Greater than 4.00%        | Greater than 4.00%        | 3         | 0      | 0        | 0        | 3         | Greater than 4.00%        | 3         | 0      | 0        | 0        | 3         |
| Total                     | Total                     | \$ 1,745  | \$ 0   | \$ 0     | \$ 1,813 | \$ 3,558  | Total                     | \$ 1,741  | \$ 0   | \$ 0     | \$ 1,668 | \$ 3,409  |
| Institutional             | Institutional             |           |        |          |          |           | Institutional             |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 401    | \$ 0   | \$ 0     | \$ 0     | \$ 401    | Less than 1.00%           | \$ 400    | \$ 0   | \$ 0     | \$ 0     | \$ 400    |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 1,573     | 0      | 0        | 0        | 1,573     | 1.00% - 1.99%             | 1,572     | 0      | 0        | 0        | 1,572     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 1,224     | 0      | 0        | 0        | 1,224     | 2.00% - 2.99%             | 720       | 0      | 0        | 0        | 720       |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 4,676     | 0      | 0        | 0        | 4,676     | 3.00% - 4.00%             | 5,980     | 0      | 0        | 0        | 5,980     |
| Greater than 4.00%        | Greater than 4.00%        | 989       | 0      | 0        | 0        | 989       | Greater than 4.00%        | 734       | 0      | 0        | 0        | 734       |
| Total                     | Total                     | \$ 8,863  | \$ 0   | \$ 0     | \$ 0     | \$ 8,863  | Total                     | \$ 9,406  | \$ 0   | \$ 0     | \$ 0     | \$ 9,406  |
| Individual                | Individual                |           |        |          |          |           | Individual                |           |        |          |          |           |
| Variable                  | Variable                  |           |        |          |          |           | Variable                  |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 1,051  | \$ 878 | \$ 19    | \$ 0     | \$ 1,948  | Less than 1.00%           | \$ 1,034  | \$ 870 | \$ 19    | \$ 0     | \$ 1,923  |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 255       | 2      | 0        | 0        | 257       | 1.00% - 1.99%             | 250       | 2      | 0        | 0        | 252       |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 38        | 0      | 1        | 0        | 39        | 2.00% - 2.99%             | 36        | 0      | 1        | 0        | 37        |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 2,393     | 6      | 10       | 0        | 2,409     | 3.00% - 4.00%             | 2,365     | 6      | 10       | 0        | 2,381     |
| Greater than 4.00%        | Greater than 4.00%        | 114       | 0      | 0        | 0        | 114       | Greater than 4.00%        | 113       | 0      | 0        | 0        | 113       |
| Total                     | Total                     | \$ 3,851  | \$ 886 | \$ 30    | \$ 0     | \$ 4,767  | Total                     | \$ 3,798  | \$ 878 | \$ 30    | \$ 0     | \$ 4,706  |
| Individual                | Individual                |           |        |          |          |           | Individual                |           |        |          |          |           |
| Fixed                     | Fixed                     |           |        |          |          |           | Fixed                     |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 0      | \$ 0   | \$ 0     | \$ 0     | \$ 0      | Less than 1.00%           | \$ 0      | \$ 0   | \$ 0     | \$ 0     | \$ 0      |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 653       | 65     | 94       | 26       | 838       | 1.00% - 1.99%             | 629       | 97     | 128      | 48       | 902       |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 477       | 0      | 0        | 0        | 477       | 2.00% - 2.99%             | 485       | 0      | 0        | 0        | 485       |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 413       | 2      | 0        | 0        | 415       | 3.00% - 4.00%             | 403       | 1      | 0        | 0        | 404       |
| Greater than 4.00%        | Greater than 4.00%        | 109       | 0      | 0        | 0        | 109       | Greater than 4.00%        | 107       | 0      | 0        | 0        | 107       |
| Total                     | Total                     | \$ 1,652  | \$ 67  | \$ 94    | \$ 26    | \$ 1,839  | Total                     | \$ 1,624  | \$ 98  | \$ 128   | \$ 48    | \$ 1,898  |
| Variable & Universal Life | Variable & Universal Life |           |        |          |          |           | Variable & Universal Life |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 16     | \$ 0   | \$ 0     | \$ 0     | \$ 16     | Less than 1.00%           | \$ 15     | \$ 0   | \$ 0     | \$ 0     | \$ 15     |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 343       | 0      | 695      | 1,978    | 3,016     | 1.00% - 1.99%             | 325       | 0      | 733      | 2,014    | 3,072     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 397       | 0      | 2,260    | 2,118    | 4,775     | 2.00% - 2.99%             | 389       | 4      | 2,406    | 2,023    | 4,822     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 7,773     | 13     | 2,515    | 157      | 10,458    | 3.00% - 4.00%             | 7,661     | 43     | 2,498    | 158      | 10,360    |
| Greater than 4.00%        | Greater than 4.00%        | 5,566     | 0      | 0        | 0        | 5,566     | Greater than 4.00%        | 5,536     | 0      | 0        | 0        | 5,536     |
| Total                     | Total                     | \$ 14,095 | \$ 13  | \$ 5,470 | \$ 4,253 | \$ 23,831 | Total                     | \$ 13,926 | \$ 47  | \$ 5,637 | \$ 4,195 | \$ 23,805 |
| Life Planner              | Life Planner              |           |        |          |          |           | Life Planner              |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 359    | \$ 28  | \$ 97    | \$ 28    | \$ 512    | Less than 1.00%           | \$ 348    | \$ 27  | \$ 95    | \$ 78    | \$ 548    |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 3,080     | 20     | 0        | 0        | 3,100     | 1.00% - 1.99%             | 2,900     | 20     | 0        | 0        | 2,920     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 2,228     | 0      | 0        | 0        | 2,228     | 2.00% - 2.99%             | 2,088     | 0      | 0        | 0        | 2,088     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 308       | 0      | 0        | 0        | 308       | 3.00% - 4.00%             | 309       | 0      | 0        | 0        | 309       |
| Greater than 4.00%        | Greater than 4.00%        | 395       | 0      | 0        | 0        | 395       | Greater than 4.00%        | 376       | 0      | 0        | 0        | 376       |
| Total                     | Total                     | \$ 6,370  | \$ 48  | \$ 97    | \$ 28    | \$ 6,543  | Total                     | \$ 6,021  | \$ 47  | \$ 95    | \$ 78    | \$ 6,241  |
| Gibraltar                 | Gibraltar                 |           |        |          |          |           | Gibraltar                 |           |        |          |          |           |
| Less than 1.00%           | Less than 1.00%           | \$ 18,839 | \$ 0   | \$ 0     | \$ 0     | \$ 18,839 | Less than 1.00%           | \$ 17,761 | \$ 0   | \$ 0     | \$ 0     | \$ 17,761 |
| 1.00% - 1.99%             | 1.00% - 1.99%             | 10,254    | 0      | 0        | 0        | 10,254    | 1.00% - 1.99%             | 9,627     | 0      | 0        | 0        | 9,627     |
| 2.00% - 2.99%             | 2.00% - 2.99%             | 3,466     | 326    | 49       | 0        | 3,841     | 2.00% - 2.99%             | 3,333     | 302    | 46       | 0        | 3,681     |
| 3.00% - 4.00%             | 3.00% - 4.00%             | 1,157     | 0      | 0        | 0        | 1,157     | 3.00% - 4.00%             | 2,074     | 0      | 0        | 0        | 2,074     |
| Greater than 4.00%        | Greater than 4.00%        | 246       | 0      | 0        | 0        | 246       | Greater than 4.00%        | 226       | 0      | 0        | 0        | 226       |
| Total                     | Total                     | \$ 33,962 | \$ 326 | \$ 49    | \$ 0     | \$ 34,337 | Total                     | \$ 33,021 | \$ 302 | \$ 46    | \$ 0     | \$ 33,369 |

(1) Excludes contracts without minimum guaranteed crediting rates, such as funds with indexed-linked crediting options and Japan variable products.

**PRUDENTIAL FINANCIAL, INC.**  
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**11. MARKET RISK BENEFITS**

The following table shows a rollforward of MRB balances for variable annuity products within Individual Retirement Strategies, which is the only line of business that contains a material MRB balance, along with a reconciliation to the Company's total net MRB positions as of the following dates:

|                                               |                                               | Six Months Ended June 30, |           | Nine Months Ended September 30,               |                    |
|-----------------------------------------------|-----------------------------------------------|---------------------------|-----------|-----------------------------------------------|--------------------|
|                                               |                                               | 2023                      | 2022      | 2023                                          | 2022               |
|                                               |                                               | (in millions)             |           | (in millions)                                 |                    |
| Balance, BOP                                  | Balance, BOP                                  | \$ 4,987                  | \$ 13,392 | Balance, BOP                                  | \$ 4,987 \$ 13,392 |
| Effect of cumulative changes in NPR           | Effect of cumulative changes in NPR           | 1,828                     | 898       | Effect of cumulative changes in NPR           | 1,828 898          |
| Balance, BOP, before effect of changes in NPR | Balance, BOP, before effect of changes in NPR | 6,815                     | 14,290    | Balance, BOP, before effect of changes in NPR | 6,815 14,290       |
| Attributed fees collected                     | Attributed fees collected                     | 601                       | 734       | Attributed fees collected                     | 899 1,040          |
| Claims paid                                   | Claims paid                                   | (59)                      | (33)      | Claims paid                                   | (83) (62)          |
| Interest accrual                              | Interest accrual                              | 173                       | 31        | Interest accrual                              | 255 79             |
| Actual in force different from expected       | Actual in force different from expected       | 36                        | 61        | Actual in force different from expected       | 54 96              |
| Effect of changes in interest rates           | Effect of changes in interest rates           | (696)                     | (6,078)   | Effect of changes in interest rates           | (2,986) (7,956)    |
| Effect of changes in equity markets           | Effect of changes in equity markets           | (1,389)                   | 3,669     | Effect of changes in equity markets           | (995) 4,437        |
| Effect of assumption update                   | Effect of assumption update                   | 342                       | (152)     | Effect of assumption update                   | 342 (152)          |
| Issuances                                     | Issuances                                     | 5                         | 0         | Issuances                                     | 15 0               |
| Other adjustments(1)                          | Other adjustments(1)                          | (22)                      | (3,993)   | Other adjustments(1)                          | (24) (3,993)       |
| Balance, EOP, before effect of changes in NPR | Balance, EOP, before effect of changes in NPR | 5,806                     | 8,529     | Balance, EOP, before effect of changes in NPR | 4,292 7,779        |
| Effect of cumulative changes in NPR           | Effect of cumulative changes in NPR           | (1,751)                   | (2,197)   | Effect of cumulative changes in NPR           | (1,301) (2,188)    |
| Balance, EOP                                  | Balance, EOP                                  | 4,055                     | 6,332     | Balance, EOP                                  | 2,991 5,591        |
| Less: Reinsured MRB                           | Less: Reinsured MRB                           | 637                       | 41        | Less: Reinsured MRB                           | 610 29             |
| Balance, EOP, net of reinsurance              | Balance, EOP, net of reinsurance              | 3,418                     | 6,291     | Balance, EOP, net of reinsurance              | 2,381 5,562        |
| Other businesses                              | Other businesses                              | 93                        | 133       | Other businesses                              | 79 120             |
| Total net MRB balance                         | Total net MRB balance                         | \$ 3,511                  | \$ 6,424  | Total net MRB balance                         | \$ 2,460 \$ 5,682  |

(1) 2022 includes \$4,061 \$(4,061) million related to the sale of PALAC. See Note 1 for additional information.

In 2023, the Company recognized an unfavorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to policyholder behavior assumptions on certain variable annuities. In 2022, the Company recognized a favorable impact to net income attributable to the actuarial assumption update for direct and assumed MRBs, primarily due to updates to mortality and policyholder behavior assumptions on certain variable annuities.

The Company issues certain variable annuity insurance contracts where the Company contractually guarantees to the contractholder a return of no less than (1) total deposits made to the contract adjusted for any partial withdrawals plus a minimum return, and/or (2) the highest anniversary contract value on a specified date adjusted for any withdrawals.

These guarantees include benefits that are payable in the event of death, annuitization or at specified dates during the accumulation period and withdrawal and income benefits payable during specified periods.

The Company also issues indexed variable annuity contracts for which the return is tied to the return of specific indices where the Company contractually guarantees to the contractholder a return of no less than total deposits made to the contract adjusted for any partial withdrawals upon death. In certain of these indexed variable annuity contracts, the Company also contractually guarantees to the contractholder withdrawal benefits payable during specific periods.

For guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date. The Company's primary

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, contract lapses and contractholder mortality.

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**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, timing of annuitization, contract lapses and contractholder mortality.

For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance.

For guarantees of accumulation balances, the net amount at risk is generally defined as the guaranteed minimum accumulation balance minus the current account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including equity market returns, interest rates, market volatility and contractholder behavior.

The following table presents accompanying information to the rollforward table above.

|                                                  |                                                  | June 30, 2023    | June 30, 2022 |                                                  | September 30, 2023 | September 30, 2022 |
|--------------------------------------------------|--------------------------------------------------|------------------|---------------|--------------------------------------------------|--------------------|--------------------|
|                                                  |                                                  | (\$ in millions) |               |                                                  | (\$ in millions)   |                    |
| Net amount at risk(1)                            | Net amount at risk(1)                            | \$ 10,885        | \$ 11,538     | Net amount at risk(1)                            | \$ 13,417          | \$ 15,299          |
| Weighted-average attained age of contractholders | Weighted-average attained age of contractholders | 69               | 68            | Weighted-average attained age of contractholders | 70                 | 69                 |

(1) For contracts with multiple benefit features, the highest net amount at risk for each contract is included.

The tables below reconcile MRB asset and liability positions as of the following dates:

|                 | June 30, 2023         |          |                  |          |                 | September 30, 2023    |                     |          |                  |  |       |  |
|-----------------|-----------------------|----------|------------------|----------|-----------------|-----------------------|---------------------|----------|------------------|--|-------|--|
|                 | Retirement Strategies |          |                  |          |                 | Retirement Strategies |                     |          |                  |  |       |  |
|                 | Individual Variable   |          | Other Businesses |          | Total           |                       | Individual Variable |          | Other Businesses |  | Total |  |
|                 | (in millions)         |          |                  |          |                 | (in millions)         |                     |          |                  |  |       |  |
| MRB Assets      | MRB Assets            | \$ 1,937 | \$ 14            | \$ 1,951 | MRB Assets      | \$ 2,187              | \$ 13               | \$ 2,200 |                  |  |       |  |
| MRB Liabilities | MRB Liabilities       | 5,355    | 107              | 5,462    | MRB Liabilities | 4,568                 | 92                  | 4,660    |                  |  |       |  |
| Net Liability   | Net Liability         | \$ 3,418 | \$ 93            | \$ 3,511 | Net Liability   | \$ 2,381              | \$ 79               | \$ 2,460 |                  |  |       |  |
|                 | June 30, 2022         |          |                  |          |                 | September 30, 2022    |                     |          |                  |  |       |  |

|                 |                 | Retirement Strategies |                  |          |                 |          | Retirement Strategies |                  |       |
|-----------------|-----------------|-----------------------|------------------|----------|-----------------|----------|-----------------------|------------------|-------|
|                 |                 | Individual Variable   | Other Businesses | Total    |                 |          | Individual Variable   | Other Businesses | Total |
|                 |                 | (in millions)         |                  |          |                 |          | (in millions)         |                  |       |
| MRB Assets      | MRB Assets      | \$ 856                | \$ 13            | \$ 869   | MRB Assets      | \$ 794   | \$ 12                 | \$ 806           |       |
| MRB Liabilities | MRB Liabilities | 7,147                 | 146              | 7,293    | MRB Liabilities | 6,356    | 132                   | 6,488            |       |
| Net Liability   | Net Liability   | \$ 6,291              | \$ 133           | \$ 6,424 | Net Liability   | \$ 5,562 | \$ 120                | \$ 5,682         |       |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

## 12. REINSURANCE

The Company participates in reinsurance with third parties primarily to provide additional capacity for future growth, limit the maximum net loss potential arising from large risks and acquire or dispose of businesses.

Effective September 2023, the Company entered into an agreement with Prismic Life Reinsurance, Ltd (“Prismic Re”), to reinsure approximately \$9 billion of reserves, representing approximately 70% of the in-force structured settlement annuities business previously issued by PICA, 90% of which is on a coinsurance with funds withheld basis and 10% of which is on a coinsurance basis. As a result of the transaction, the Company recognized a \$393 million deferred reinsurance loss that will be amortized into income over the estimated remaining life of the reinsured contracts.

Effective April 2023, the Company entered into an agreement with The Ohio National Life Insurance Company, an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of Prudential Defined Income (“PDI”) traditional variable annuity contracts with guaranteed living benefits issued by Pruco Life Insurance Company (“Pruco Life”), a wholly-owned subsidiary of Prudential Financial. This block represents approximately 10% of the Company’s remaining legacy in-force traditional variable annuity block by account value. The Company ceded 100% of separate account liabilities under modified coinsurance and 100% of general account liabilities under coinsurance of its Pruco Life issued PDI traditional variable annuity contracts. The general account liabilities associated with PDI’s guaranteed living and death benefits and the corresponding reinsurance of those liabilities are accounted for as market risk benefits. As a result of the transaction, the Company recognized a \$309 million deferred reinsurance gain that will be amortized into income over the estimated remaining life of the reinsured policies.

Effective April 2022, in connection with the sale of the Full Service Retirement business, the Company entered into separate agreements with external counterparties, Empower Annuity Insurance Company of America & Empower Life & Annuity Insurance Company of New York, to reinsure a portion of its Full Service Retirement business. The Company ceded 100% of separate account liabilities under modified coinsurance and 100% of general account liabilities under coinsurance of its Full Service Retirement business. The Company’s Full Service Retirement business consists of market value and stable value separate accounts as well as general account products, including stable value accumulation funds and a stable value wrap product known as a synthetic guaranteed investment contract. The majority of these products are considered investment contracts as they do not contain significant insurance risk; therefore, the reinsurance of such products are accounted for under deposit accounting. The reinsurance agreement offers the policyholders the opportunity to novate their contracts from the Company to Empower and any such novated contracts shall cease to be reinsured under this agreement.

Effective April 2022, in connection with the sale of the PALAC legal entity, now known as Fortitude Life Insurance and Annuity Company (“FLIAC”), the Company entered into a reinsurance agreement with FLIAC under which the Company assumed all of FLIAC’s indexed variable annuities, annuities under modified coinsurance. The reinsurance of the indexed variable annuities transfers all significant risks, including mortality risk, embedded in the reinsured contracts. As a result of the agreement, reinsurance recoverables includes the assumed modified coinsurance agreement, receivable, which reflects the value of the invested assets retained by FLIAC and the associated asset returns. The Company also assumed via coinsurance all of FLIAC’s fixed indexed annuities with a guaranteed lifetime withdrawal income feature, which are accounted for under deposit accounting. The reinsurance agreement offers the policyholders the opportunity to novate their contracts from FLIAC to the Company and any such novated contracts shall cease to be reinsured under this agreement.

Effective April 2015, the Company entered into an agreement with Union Hamilton Reinsurance, Ltd. (“Union Hamilton”) an external counterparty, to reinsure approximately 50% of the Prudential Premier® Retirement Variable Annuity with Highest Daily Lifetime Income (“HDI”) v.3.0 business, a guaranteed benefit feature. This reinsurance agreement covered most new HDI v.3.0 variable annuity business issued between April 1, 2015 and December 31, 2016 on a quota share basis, with Union Hamilton’s cumulative quota share amounting to \$2.9 billion of new rider premiums as of December 31, 2016. Reinsurance on business subject to this agreement remains in force for the duration of the underlying annuity contracts. New sales subsequent to December 31, 2016 are not covered by this external reinsurance agreement. This reinsurance agreement is accounted for as an embedded derivative.

In January 2013, the Company acquired the Hartford Life Business through reinsurance transactions with three subsidiaries of Hartford Financial Services Group, Inc. (“Hartford Financial”). Under the related agreements, the Company provided reinsurance for approximately 700,000 life insurance policies with net retained face amount in force of approximately \$141 billion. The Company acquired the general account business through a coinsurance arrangement and, for certain types of general account policies, a modified coinsurance arrangement. The Company acquired the separate account business through a

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

modified coinsurance arrangement. In May 2018, Hartford Financial sold a group of operating subsidiaries, which included two of the Company's counterparties to these reinsurance arrangements, to Talcott Resolution Life Insurance Company ("Talcott Resolution"). Talcott Resolution was acquired by Sixth Street in July 2021. There was no impact to the terms, rights or obligations of the Company, or operation of these reinsurance arrangements, as a result of these changes in control of such counterparties.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Since 2011, the Company has entered into a number of reinsurance agreements to assume pension liabilities in the United Kingdom. Under these arrangements, the Company assumes the longevity risk, and in some arrangements, also the investment risk associated with the pension benefits of certain specified beneficiaries.

In 2006, the Company acquired the variable annuity business of The Allstate Corporation ("Allstate") through a reinsurance transaction. The reinsurance arrangements with Allstate include a coinsurance arrangement associated with the general account liabilities assumed and a modified coinsurance arrangement associated with the separate account liabilities assumed. The reinsurance payable, which represents the Company's obligation under the modified coinsurance arrangement, is netted with the reinsurance receivable in the Consolidated Statements of Financial Position. During the fourth quarter of 2021, Allstate sold the two counterparties to the aforementioned variable annuity reinsurance transaction to third parties. There was no impact to the terms, rights or obligations of the Company, or operation of these reinsurance arrangements, as a result of this change in control of such counterparties.

For the domestic business, life and disability reinsurance is accomplished through various plans of reinsurance, primarily yearly renewable term, per person excess, excess of loss, and coinsurance. On policies sold since 2000, the Company has reinsured a significant portion of the individual life mortality risk. Placement of reinsurance is accomplished primarily on an automatic basis with some specific risks reinsured on a facultative basis. The Company is authorized and has historically retained up to \$30 million per life, but reduced its operating retention limit to \$20 million per life in 2013 and then down to \$10 million per life for new business starting in 2020. Retention in excess of the operating limit is on an exception basis.

The international business primarily uses reinsurance to obtain experience with respect to certain new product offerings and to a lesser extent, to mitigate mortality risk for certain protection products and for capital management purposes.

Reinsurance amounts included in the Consolidated Statements of Operations for premiums, policy charges and fee income, change in value of market risk benefits, net of related hedging gains (losses), policyholders' benefits and change in estimates of liability for future policy benefits, are as follows:

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                       | Six Months Ended June 30,                                                             |    |         |    | Nine Months Ended September 30, |                                                                                       |      |         |    |         |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|----|---------|----|---------------------------------|---------------------------------------------------------------------------------------|------|---------|----|---------|
|                                                                                       |                                                                                       |    |         |    |                                 |                                                                                       |      |         |    |         |
|                                                                                       | 2023                                                                                  |    | 2022    |    | 2023                            |                                                                                       | 2022 |         |    |         |
|                                                                                       | (in millions)                                                                         |    |         |    | (in millions)                   |                                                                                       |      |         |    |         |
| Direct premiums                                                                       | Direct premiums                                                                       | \$ | 14,989  | \$ | 13,294                          | Direct premiums                                                                       | \$   | 23,424  | \$ | 28,705  |
| Reinsurance assumed                                                                   | Reinsurance assumed                                                                   |    | 2,422   |    | 2,072                           | Reinsurance assumed                                                                   |      | 3,567   |    | 3,072   |
| Reinsurance ceded                                                                     | Reinsurance ceded                                                                     |    | (1,139) |    | (1,200)                         | Reinsurance ceded                                                                     |      | (6,546) |    | (1,766) |
| Premiums                                                                              | Premiums                                                                              | \$ | 16,272  | \$ | 14,166                          | Premiums                                                                              | \$   | 20,445  | \$ | 30,011  |
| Direct policy charges and fee income                                                  | Direct policy charges and fee income                                                  | \$ | 1,893   | \$ | 1,921                           | Direct policy charges and fee income                                                  | \$   | 2,862   | \$ | 2,903   |
| Reinsurance assumed                                                                   | Reinsurance assumed                                                                   |    | 615     |    | 619                             | Reinsurance assumed                                                                   |      | 923     |    | 919     |
| Reinsurance ceded                                                                     | Reinsurance ceded                                                                     |    | (301)   |    | (266)                           | Reinsurance ceded                                                                     |      | (466)   |    | (405)   |
| Policy charges and fee income                                                         | Policy charges and fee income                                                         | \$ | 2,207   | \$ | 2,274                           | Policy charges and fee income                                                         | \$   | 3,319   | \$ | 3,417   |
| Direct change in value of market risk benefits, net of related hedging gains (losses) | Direct change in value of market risk benefits, net of related hedging gains (losses) |    |         |    |                                 | Direct change in value of market risk benefits, net of related hedging gains (losses) |      |         |    |         |
|                                                                                       |                                                                                       | \$ | 88      | \$ | (817)                           |                                                                                       | \$   | (157)   | \$ | (903)   |
| Reinsurance assumed                                                                   | Reinsurance assumed                                                                   |    | 83      |    | (76)                            | Reinsurance assumed                                                                   |      | 148     |    | (27)    |
| Reinsurance ceded                                                                     | Reinsurance ceded                                                                     |    | (80)    |    | (87)                            | Reinsurance ceded                                                                     |      | (151)   |    | (108)   |

|                                                                                |                                                                                |           |           |                                                                                |           |            |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------|-----------|--------------------------------------------------------------------------------|-----------|------------|
| Change in value of market risk benefits, net of related hedging gains (losses) | Change in value of market risk benefits, net of related hedging gains (losses) | \$ 91     | \$ (980)  | Change in value of market risk benefits, net of related hedging gains (losses) | \$ (160)  | \$ (1,038) |
| Direct policyholders' benefits                                                 | Direct policyholders' benefits                                                 | \$ 15,858 | \$ 15,164 | Direct policyholders' benefits                                                 | \$ 25,161 | \$ 31,298  |
| Reinsurance assumed                                                            | Reinsurance assumed                                                            | 3,787     | 3,203     | Reinsurance assumed                                                            | 5,383     | 4,719      |
| Reinsurance ceded                                                              | Reinsurance ceded                                                              | (1,680)   | (1,634)   | Reinsurance ceded                                                              | (7,416)   | (3,132)    |
| Policyholders' benefits                                                        | Policyholders' benefits                                                        | \$ 17,965 | \$ 16,733 | Policyholders' benefits                                                        | \$ 23,128 | \$ 32,885  |
| Direct change in estimates of liability for future policy benefits             | Direct change in estimates of liability for future policy benefits             | \$ 429    | \$ 1,501  | Direct change in estimates of liability for future policy benefits             | \$ 326    | \$ 1,435   |
| Reinsurance assumed                                                            | Reinsurance assumed                                                            | (146)     | 470       | Reinsurance assumed                                                            | (147)     | 464        |
| Reinsurance ceded                                                              | Reinsurance ceded                                                              | (3)       | (1,339)   | Reinsurance ceded                                                              | 52        | (1,302)    |
| Change in estimates of liability for future policy benefits                    | Change in estimates of liability for future policy benefits                    | \$ 280    | \$ 632    | Change in estimates of liability for future policy benefits                    | \$ 231    | \$ 597     |

Reinsurance recoverables, are as follows:

|                                   |                                   | June 30, 2023 | December 31, 2022 |                                   | September 30, 2023 | December 31, 2022 |
|-----------------------------------|-----------------------------------|---------------|-------------------|-----------------------------------|--------------------|-------------------|
|                                   |                                   | (in millions) |                   |                                   | (in millions)      |                   |
| Individual and group annuities(1) | Individual and group annuities(1) | \$ 1,728      | \$ 2,078          | Individual and group annuities(1) | \$ 6,750           | \$ 2,078          |
| Life insurance(2)                 | Life insurance(2)                 | 8,377         | 7,981             | Life insurance(2)                 | 8,044              | 7,981             |
| Other reinsurance                 | Other reinsurance                 | 412           | 358               | Other reinsurance                 | 393                | 358               |
| Total reinsurance recoverables(3) | Total reinsurance recoverables(3) | \$ 10,517     | \$ 10,417         | Total reinsurance recoverables(3) | \$ 15,187          | \$ 10,417         |

- (1) Primarily represents \$5,194 million of reinsurance recoverables as of September 30, 2023 established under the reinsurance agreement with Prismic Re under which the Company reinsured a portion of its in-force structured settlement annuities business. The Company has also recorded a funds withheld payable related to the reinsurance agreement with Prismic Re of \$7,750 million as of September 30, 2023. Also includes reinsurance recoverables established under the reinsurance agreement with FLIAC in which the Company assumed all of FLIAC's indexed variable annuities of \$1,673 million \$1,504 million and \$1,986 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.
- (2) Includes reinsurance recoverables established under the reinsurance arrangements associated with the acquisition of the Hartford Life Business of \$2,082 million \$2,010 million and \$2,041 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The Company has also recorded reinsurance payables related to the Hartford Life Business acquisition of \$1,330 million \$1,337 million and \$1,327 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.
- (3) Net of \$(17) \$(11) million and \$(15) million of loss allowance as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Excluding the reinsurance recoverables associated with the acquisition of the Hartford Life Business, four major reinsurance companies account for approximately 59% 69% of the Company's reinsurance recoverables as of June 30, 2023 September 30, 2023. The Company periodically reviews the financial condition of its reinsurers, amounts recoverable therefrom, and unearned reinsurance premium, in order to reduce its exposure to loss from reinsurer insolvencies. Any expected credit losses are reflected in the CECL allowance, after considering any collateral the Company obtained in the form of a trust, letter of credit, or funds withheld arrangement. See Note 2 for additional details regarding CECL. Under the Company's international longevity reinsurance transactions, the Company obtains collateral from its counterparties to mitigate counterparty default risk.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**13. CLOSED BLOCK**

On December 18, 2001, the date of demutualization, The Prudential Insurance Company of America ("PICA") established a closed block for certain in-force participating insurance policies and annuity products, along with corresponding assets used for the payment of benefits and policyholders' dividends on these products, (collectively the "Closed Block"), and ceased offering these participating products. The recorded assets and liabilities were allocated to the Closed Block at their historical carrying amounts. The Closed Block forms the principal component of the Closed Block division. For additional information regarding the Closed Block, see Note 15 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2022.

As of **June 30, 2023** **September 30, 2023** and **December 31, 2022**, the Company recognized a policyholder dividend obligation of **\$3,145 million** **\$2,811 million** and **\$3,207 million**, respectively, to Closed Block policyholders for the excess of actual cumulative earnings over expected cumulative earnings. Additionally, accumulated net unrealized investment gains (losses) were reflected as a policyholder dividend obligation of \$(2,753) million at June 30, 2023 with a corresponding amount reported in AOCI. At December 31, 2022, the Company recognized a policyholder dividend obligation of \$3,207 million to Closed Block policyholders for the excess of actual cumulative earnings over the expected cumulative earnings; however, due to accumulated net unrealized investment losses in excess of this amount, these amounts, the policyholder dividend obligation balance balances as of **September 30, 2023** and **December 31, 2022** **was were both** reduced to zero.

As of **June 30, 2023** **September 30, 2023**, the Closed Block has sufficient funds to make guaranteed policy benefit payments and there is no expectation that assets outside of the Closed Block will be needed to fund future payments. The excess of Closed Block liabilities over Closed Block assets as of the end of the reporting period shown in the table below is a reasonable measure of the margin in the reported liabilities compared to best estimate liabilities assuming the current dividend scale. Closed Block liabilities and assets designated to the Closed Block, as well as maximum future earnings to be recognized from these liabilities and assets, are as follows:

|                                                     |                                                     | June 30,<br>2023 | December 31,<br>2022 |                                                     |               | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------------------------------------|-----------------------------------------------------|------------------|----------------------|-----------------------------------------------------|---------------|-----------------------|----------------------|
|                                                     |                                                     | (in millions)    |                      |                                                     |               | (in millions)         |                      |
| <b>Closed Block liabilities</b>                     | <b>Closed Block liabilities</b>                     |                  |                      | <b>Closed Block liabilities</b>                     |               |                       |                      |
| Future policy benefits                              | Future policy benefits                              | \$ 43,884        | \$ 44,414            | Future policy benefits                              | \$ 43,731     | \$ 44,414             |                      |
| Policyholders' dividends payable                    | Policyholders' dividends payable                    | 614              | 617                  | Policyholders' dividends payable                    | 632           | 617                   |                      |
| Policyholders' dividend obligation                  | Policyholders' dividend obligation                  | 392              | 0                    | Policyholders' dividend obligation                  | 0             | 0                     |                      |
| Policyholders' account balances                     | Policyholders' account balances                     | 4,543            | 4,607                | Policyholders' account balances                     | 4,528         | 4,607                 |                      |
| Other Closed Block liabilities                      | Other Closed Block liabilities                      | 3,292            | 3,499                | Other Closed Block liabilities                      | 3,092         | 3,499                 |                      |
| <b>Total Closed Block liabilities</b>               | <b>Total Closed Block liabilities</b>               | <b>52,725</b>    | <b>53,137</b>        | <b>Total Closed Block liabilities</b>               | <b>51,983</b> | <b>53,137</b>         |                      |
| <b>Closed Block assets</b>                          | <b>Closed Block assets</b>                          |                  |                      | <b>Closed Block assets</b>                          |               |                       |                      |
| Fixed maturities, available-for-sale, at fair value | Fixed maturities, available-for-sale, at fair value | 29,923           | 29,898               | Fixed maturities, available-for-sale, at fair value | 28,583        | 29,898                |                      |
| Fixed maturities, trading, at fair value            | Fixed maturities, trading, at fair value            | 851              | 900                  | Fixed maturities, trading, at fair value            | 816           | 900                   |                      |
| Equity securities, at fair value                    | Equity securities, at fair value                    | 1,975            | 1,733                | Equity securities, at fair value                    | 1,778         | 1,733                 |                      |
| Commercial mortgage and other loans                 | Commercial mortgage and other loans                 | 7,716            | 7,926                | Commercial mortgage and other loans                 | 7,836         | 7,926                 |                      |
| Policy loans                                        | Policy loans                                        | 3,548            | 3,637                | Policy loans                                        | 3,520         | 3,637                 |                      |
| Other invested assets                               | Other invested assets                               | 4,775            | 4,254                | Other invested assets                               | 4,679         | 4,254                 |                      |
| Short-term investments                              | Short-term investments                              | 323              | 337                  | Short-term investments                              | 303           | 337                   |                      |
| <b>Total investments</b>                            | <b>Total investments</b>                            | <b>49,111</b>    | <b>48,685</b>        | <b>Total investments</b>                            | <b>47,515</b> | <b>48,685</b>         |                      |
| Cash and cash equivalents                           | Cash and cash equivalents                           | 621              | 1,307                | Cash and cash equivalents                           | 307           | 1,307                 |                      |
| Accrued investment income                           | Accrued investment income                           | 410              | 402                  | Accrued investment income                           | 438           | 402                   |                      |
| Other Closed Block assets                           | Other Closed Block assets                           | 128              | 162                  | Other Closed Block assets                           | 105           | 162                   |                      |

|                                                                                        |                                                                                        |          |          |                                                                                        |          |          |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------|----------|----------------------------------------------------------------------------------------|----------|----------|
| Total Closed Block assets                                                              | Total Closed Block assets                                                              | 50,270   | 50,556   | Total Closed Block assets                                                              | 48,365   | 50,556   |
| Excess of reported Closed Block liabilities over Closed Block assets                   | Excess of reported Closed Block liabilities over Closed Block assets                   | 2,455    | 2,581    | Excess of reported Closed Block liabilities over Closed Block assets                   | 3,618    | 2,581    |
| Portion of above representing accumulated other comprehensive income (loss):           | Portion of above representing accumulated other comprehensive income (loss):           |          |          | Portion of above representing accumulated other comprehensive income (loss):           |          |          |
| Net unrealized investment gains (losses)                                               | Net unrealized investment gains (losses)                                               | (2,912)  | (3,458)  | Net unrealized investment gains (losses)                                               | (4,153)  | (3,458)  |
| Allocated to policyholder dividend obligation                                          | Allocated to policyholder dividend obligation                                          | 2,753    | 3,207    | Allocated to policyholder dividend obligation                                          | 2,811    | 3,207    |
| Future earnings to be recognized from Closed Block assets and Closed Block liabilities | Future earnings to be recognized from Closed Block assets and Closed Block liabilities | \$ 2,296 | \$ 2,330 | Future earnings to be recognized from Closed Block assets and Closed Block liabilities | \$ 2,276 | \$ 2,330 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Information regarding the policyholder dividend obligation is as follows:

|                                                                                                  |                                         |
|--------------------------------------------------------------------------------------------------|-----------------------------------------|
|                                                                                                  | <del>Six</del> <b>Nine Months Ended</b> |
|                                                                                                  | <b>June September 30, 2023</b>          |
|                                                                                                  | (in millions)                           |
| Balance, December 31, 2022                                                                       | \$ 0                                    |
| Impact from earnings allocable to policyholder dividend obligation                               | (62) (396)                              |
| Change in net unrealized investment gains (losses) allocated to policyholder dividend obligation | 454 396                                 |
| Balance, <del>June 30, 2023</del> <b>September 30, 2023</b>                                      | \$ <b>392 0</b>                         |

Closed Block revenues and benefits and expenses are as follows for the periods indicated:

|                                         |                                         | Three Months Ended |        |          |        | Six Months Ended |      |                                         |        | Three Months Ended |          |               |      | Nine Months Ended |      |               |      |
|-----------------------------------------|-----------------------------------------|--------------------|--------|----------|--------|------------------|------|-----------------------------------------|--------|--------------------|----------|---------------|------|-------------------|------|---------------|------|
|                                         |                                         | June 30,           |        | June 30, |        | June 30,         |      | June 30,                                |        | September 30,      |          | September 30, |      | September 30,     |      | September 30, |      |
|                                         |                                         | 2023               | 2022   | 2023     | 2022   | 2023             | 2022 | 2023                                    | 2022   | 2023               | 2022     | 2023          | 2022 | 2023              | 2022 | 2023          | 2022 |
|                                         |                                         | (in millions)      |        |          |        |                  |      | (in millions)                           |        |                    |          |               |      |                   |      |               |      |
| <b>Revenues</b>                         | <b>Revenues</b>                         |                    |        |          |        |                  |      | <b>Revenues</b>                         |        |                    |          |               |      |                   |      |               |      |
| Premiums                                | Premiums                                | \$ 430             | \$ 442 | \$ 836   | \$ 850 |                  |      | Premiums                                | \$ 392 | \$ 397             | \$ 1,228 | \$ 1,247      |      |                   |      |               |      |
| Net investment income                   | Net investment income                   | 498                | 523    | 977      | 1,079  |                  |      | Net investment income                   | 508    | 435                | 1,485    | 1,514         |      |                   |      |               |      |
| Realized investment gains (losses), net | Realized investment gains (losses), net | (113)              | (60)   | (130)    | 40     |                  |      | Realized investment gains (losses), net | (231)  | 29                 | (361)    | 69            |      |                   |      |               |      |
| Other income (loss)                     | Other income (loss)                     | 140                | (373)  | 240      | (471)  |                  |      | Other income (loss)                     | (58)   | (150)              | 182      | (621)         |      |                   |      |               |      |

|                                                                                       |                                                                                       |       |       |       |       |                                                                                       |       |       |       |       |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------|-------|-------|-------|---------------------------------------------------------------------------------------|-------|-------|-------|-------|
| Total Closed Block revenues                                                           | Total Closed Block revenues                                                           | 955   | 532   | 1,923 | 1,498 | Total Closed Block revenues                                                           | 611   | 711   | 2,534 | 2,209 |
| <b>Benefits and Expenses</b>                                                          | <b>Benefits and Expenses</b>                                                          |       |       |       |       | <b>Benefits and Expenses</b>                                                          |       |       |       |       |
| Policyholders' benefits                                                               | Policyholders' benefits                                                               | 610   | 637   | 1,182 | 1,261 | Policyholders' benefits                                                               | 534   | 549   | 1,716 | 1,810 |
| Interest credited to policyholders' account balances                                  | Interest credited to policyholders' account balances                                  | 29    | 30    | 59    | 60    | Interest credited to policyholders' account balances                                  | 30    | 31    | 89    | 91    |
| Dividends to policyholders                                                            | Dividends to policyholders                                                            | 292   | (228) | 594   | (17)  | Dividends to policyholders                                                            | (20)  | 72    | 574   | 55    |
| General and administrative expenses                                                   | General and administrative expenses                                                   | 71    | 75    | 144   | 148   | General and administrative expenses                                                   | 68    | 76    | 212   | 224   |
| Total Closed Block benefits and expenses                                              | Total Closed Block benefits and expenses                                              | 1,002 | 514   | 1,979 | 1,452 | Total Closed Block benefits and expenses                                              | 612   | 728   | 2,591 | 2,180 |
| Closed Block revenues, net of Closed Block benefits and expenses, before income taxes | Closed Block revenues, net of Closed Block benefits and expenses, before income taxes | (47)  | 18    | (56)  | 46    | Closed Block revenues, net of Closed Block benefits and expenses, before income taxes | (1)   | (17)  | (57)  | 29    |
| Income tax expense (benefit)                                                          | Income tax expense (benefit)                                                          | (54)  | (10)  | (86)  | (9)   | Income tax expense (benefit)                                                          | (23)  | (40)  | (109) | (49)  |
| Closed Block revenues, net of Closed Block benefits and expenses and income taxes     | Closed Block revenues, net of Closed Block benefits and expenses and income taxes     | \$ 7  | \$ 28 | \$ 30 | \$ 55 | Closed Block revenues, net of Closed Block benefits and expenses and income taxes     | \$ 22 | \$ 23 | \$ 52 | \$ 78 |

#### 14. INCOME TAXES

The Company uses a full year projected effective tax rate approach to calculate year-to-date taxes. In determining the full year projected tax rate, the Company considers the realizability of deferred tax assets, including those associated with unrealized investment losses, and has determined based upon the weight of available evidence that no valuation allowance is necessary related to unrealized investment losses. In addition, certain items impacting total income tax expense are recorded in the periods in which they occur. The projected effective tax rate is the ratio of projected "Total income tax expense" divided by projected "Income before income taxes and equity in earnings of operating joint ventures." Taxes attributable to operating joint ventures are recorded within "Equity in earnings of operating joint ventures, net of taxes." The interim period tax expense (or benefit) is the difference between the year-to-date income tax provision and the amounts reported for the previous interim periods of the fiscal year.

The Company's income tax provision, on a consolidated basis, amounted to an income tax expense of ~~\$505 million~~ \$254 million, or ~~20.5%~~ 18.0% of income (loss) before income taxes and equity in earnings of operating joint ventures, in the first ~~six~~ nine months of 2023, compared to an income tax benefit of ~~\$(263)~~ \$(274) million, or ~~15.2%~~ 14.8%, in the first ~~six~~ nine months of 2022. The Company's current and

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

prior effective tax rates differ from the U.S. statutory rate of 21% primarily due to non-taxable investment income, tax credits, foreign earnings taxed at higher rates than the U.S. statutory rate, and the items discussed below.

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

Foreign Tax Credit Regulations. The Treasury Department and the IRS published Final Regulations in the Federal Register on January 4, 2022, which affect the creditability of certain foreign taxes for U.S. federal income tax purposes. The Final Regulations create created uncertainty as to whether a U.S. foreign tax credit may could be claimed for taxes paid to Brazil. The ability to claim a foreign tax credit for taxes paid to Brazil impacts impacted the benefit of the election made pursuant to Internal Revenue Code Section 952 to subject earnings from the Company's insurance operations in Brazil to tax in the U.S. in the tax year earned, net of related foreign tax credits. As a result, a \$18 \$20 million tax expense is was reflected as part of the Company's results for the first six nine months of 2022. The

On July 21, 2023, the IRS issued Notice 2023-55 which provides temporary relief to taxpayers in determining whether a foreign tax is eligible for a U.S. foreign tax credit for tax years 2022 and 2023, specifically delaying until 2024 the provisions of the Final Regulations are complex and have broad application that may also impact impacted the creditability of ability to claim a U.S. foreign tax credit for taxes paid to other foreign jurisdictions, and their full impact to Brazil. As a result of this new guidance, the Company is still being evaluated, was able to claim a U.S. foreign tax credit for taxes paid to Brazil for its 2022 tax year, which resulted in a \$7 million tax benefit, and will be able to claim a U.S. foreign tax credit for taxes paid to Brazil in 2023.

GILTI High Tax Exclusion. On July 20, 2020, the U.S. Treasury and the Internal Revenue Service issued Final Regulations which allows an annual election to exclude from the U.S. tax return certain GILTI amounts when the taxes paid by a foreign affiliate exceed 18.9% (90% of U.S. statutory rate of 21%) of the GILTI amount for that foreign affiliate (the "high-tax exception"). These regulations are effective for the 2021 taxable year with an election to apply to any taxable year beginning after 2017. In many of the countries in which the Company operates, including Japan and Brazil, there are differences between local tax rules used to determine the tax base and the U.S. tax principles used to determine GILTI. Also, the Company's Japan affiliates have a different tax year than the U.S. calendar tax year used to determine GILTI; therefore, while many of the countries, including Japan, have a statutory tax rate above the 18.9% threshold, separate affiliates may not meet the 18.9% threshold each year and, as such, may not qualify for this annual exclusion. The Company made the high-tax exception election for the 2022 tax year and recorded a lower GILTI cost included in "Total income tax expense" for 2022 as a result of such election. The Company anticipates making the high-tax exception election for the 2022 and 2023 tax years year and reflected the impact of the election in its full year projected effective tax rate used to calculate year-to-date taxes for the first six nine months of 2022 and 2023.

Inflation Reduction Act. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). One of the most significant provisions of the Inflation Reduction Act is a 15% alternative minimum tax based on the Company's GAAP income, with certain adjustments. This provision, which is applicable only to companies with average applicable financial statement income over \$1 billion for any three-year period ending in 2022 or later, is effective in taxable years beginning after December 31, 2022. The impact of the book-income alternative minimum tax, if any, will vary from year to year based on the relationship of the Company's GAAP income to the Company's taxable income. Any tax paid pursuant to this provision is available as a tax credit in future years when the Company's tax rate exceeds the 15% minimum tax threshold.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**15. SHORT-TERM AND LONG-TERM DEBT**

**Short-term Debt**

The table below presents the Company's short-term debt as of the dates indicated:

|                                                  |                                                  | June 30, 2023    |       | December 31, 2022                                |       |
|--------------------------------------------------|--------------------------------------------------|------------------|-------|--------------------------------------------------|-------|
|                                                  |                                                  | (\$ in millions) |       | (\$ in millions)                                 |       |
| Commercial paper:                                | Commercial paper:                                |                  |       | Commercial paper:                                |       |
| Prudential Financial                             | Prudential Financial                             | \$ 25            | \$ 25 | Prudential Financial                             | \$ 25 |
| Prudential Funding, LLC                          | Prudential Funding, LLC                          | 469              | 413   | Prudential Funding, LLC                          | 508   |
| Subtotal commercial paper                        | Subtotal commercial paper                        | 494              | 438   | Subtotal commercial paper                        | 533   |
| Current portion of long-term debt:               | Current portion of long-term debt:               |                  |       | Current portion of long-term debt:               |       |
| Senior Notes                                     | Senior Notes                                     | 173              | 173   | Senior Notes                                     | 0     |
| Mortgage debt                                    | Mortgage debt                                    | 83               | 155   | Mortgage debt                                    | 82    |
| Surplus notes subject to set-off arrangements(1) | Surplus notes subject to set-off arrangements(1) | 500              | 500   | Surplus notes subject to set-off arrangements(1) | 500   |
| Subtotal current portion of long-term debt       | Subtotal current portion of long-term debt       | 756              | 828   | Subtotal current portion of long-term debt       | 582   |
| Other(2)                                         | Other(2)                                         | 13               | 9     | Other(2)                                         | 0     |
| Subtotal                                         | Subtotal                                         | 1,263            | 1,275 | Subtotal                                         | 1,115 |
|                                                  |                                                  |                  |       |                                                  | 1,275 |

|                                                                    |                                                                    |          |          |                                                                    |          |          |
|--------------------------------------------------------------------|--------------------------------------------------------------------|----------|----------|--------------------------------------------------------------------|----------|----------|
| Less: assets under set-off arrangements(1)                         | Less: assets under set-off arrangements(1)                         | 500      | 500      | Less: assets under set-off arrangements(1)                         | 500      | 500      |
| Total short-term debt(3)                                           | Total short-term debt(3)                                           | \$ 763   | \$ 775   | Total short-term debt(3)                                           | \$ 615   | \$ 775   |
| <u>Supplemental short-term debt information:</u>                   | <u>Supplemental short-term debt information:</u>                   |          |          | <u>Supplemental short-term debt information:</u>                   |          |          |
| Portion of commercial paper borrowings due overnight               | Portion of commercial paper borrowings due overnight               | \$ 80    | \$ 130   | Portion of commercial paper borrowings due overnight               | \$ 100   | \$ 130   |
| Daily average commercial paper outstanding for the quarter ended   | Daily average commercial paper outstanding for the quarter ended   | \$ 1,258 | \$ 1,312 | Daily average commercial paper outstanding for the quarter ended   | \$ 1,378 | \$ 1,312 |
| Weighted average maturity of outstanding commercial paper, in days | Weighted average maturity of outstanding commercial paper, in days | 29       | 98       | Weighted average maturity of outstanding commercial paper, in days | 80       | 98       |
| Weighted average interest rate on outstanding commercial paper     | Weighted average interest rate on outstanding commercial paper     | 5.16 %   | 4.69 %   | Weighted average interest rate on outstanding commercial paper     | 5.51 %   | 4.69 %   |

(1) The surplus notes have corresponding assets where rights to set-off exist, thereby reducing the amount of surplus notes included in short-term debt.

(2) Includes \$13 \$0 million and \$9 million drawn on a revolving line of credit held by a subsidiary at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(3) Includes Prudential Financial debt of \$25 million at both June 30, 2023 September 30, 2023 and December 31, 2022.

Prudential Financial and certain subsidiaries have access to external sources of liquidity, including membership in the Federal Home Loan Bank of New York ("FHLBNY"), commercial paper programs and contingent financing facilities in the form of a put option agreement and facility agreement. The Company also maintains syndicated, unsecured committed credit facilities as an alternative source of liquidity. Beginning in September 2023, as an additional source of liquidity, the Company has entered into an agreement with the Federal Agricultural Mortgage Corporation ("Farmer Mac"), under which the Company can borrow up to \$750 million by issuing funding agreements to a subsidiary of Farmer Mac, with borrowings secured by a pledge of certain eligible agricultural mortgage loans. At June 30, 2023 September 30, 2023, no amounts were drawn on these syndicated, unsecured committed credit facilities. For additional information regarding these sources of liquidity, see Note 17 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Long-term Debt**

The table below presents the Company's long-term debt as of the dates indicated:

|                                                  |                                                  | June 30, 2023 | December 31, 2022 |                                                  | September 30, 2023 | December 31, 2022 |
|--------------------------------------------------|--------------------------------------------------|---------------|-------------------|--------------------------------------------------|--------------------|-------------------|
|                                                  |                                                  | (in millions) |                   |                                                  | (in millions)      |                   |
| <b>Fixed-rate obligations:</b>                   | <b>Fixed-rate obligations:</b>                   |               |                   | <b>Fixed-rate obligations:</b>                   |                    |                   |
| Surplus notes                                    | Surplus notes                                    | \$ 345        | \$ 345            | Surplus notes                                    | \$ 346             | \$ 345            |
| Surplus notes subject to set-off arrangements(1) | Surplus notes subject to set-off arrangements(1) | 9,460         | 9,460             | Surplus notes subject to set-off arrangements(1) | 9,460              | 9,460             |
| Senior notes                                     | Senior notes                                     | 10,113        | 10,115            | Senior notes                                     | 10,113             | 10,115            |
| Mortgage debt                                    | Mortgage debt                                    | 25            | 25                | Mortgage debt                                    | 25                 | 25                |
| <b>Floating-rate obligations:</b>                | <b>Floating-rate obligations:</b>                |               |                   | <b>Floating-rate obligations:</b>                |                    |                   |
| Line of credit                                   | Line of credit                                   | 230           | 300               | Line of credit                                   | 230                | 300               |
| Surplus notes subject to set-off arrangements(1) | Surplus notes subject to set-off arrangements(1) | 2,330         | 2,330             | Surplus notes subject to set-off arrangements(1) | 2,330              | 2,330             |

|                                            |                                            |           |           |                                            |           |           |
|--------------------------------------------|--------------------------------------------|-----------|-----------|--------------------------------------------|-----------|-----------|
| Mortgage debt(2)                           | Mortgage debt(2)                           | 74        | 29        | Mortgage debt(2)                           | 73        | 29        |
| Junior subordinated notes(3)               | Junior subordinated notes(3)               | 8,089     | 9,094     | Junior subordinated notes(3)               | 8,090     | 9,094     |
| Subtotal                                   | Subtotal                                   | 30,666    | 31,698    | Subtotal                                   | 30,667    | 31,698    |
| Less: assets under set-off arrangements(1) | Less: assets under set-off arrangements(1) | 11,790    | 11,790    | Less: assets under set-off arrangements(1) | 11,790    | 11,790    |
| Total long-term debt(4)                    | Total long-term debt(4)                    | \$ 18,876 | \$ 19,908 | Total long-term debt(4)                    | \$ 18,877 | \$ 19,908 |

(1) The surplus notes have corresponding assets where rights to set-off exist, thereby reducing the amount of surplus notes included in long-term debt.

(2) Includes \$27 million \$26 million and \$29 million of debt denominated in foreign currency at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(3) Includes Prudential Financial debt of \$8,046 million \$8,048 million and \$9,047 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. Also includes subsidiary debt of \$43 million \$42 million and \$47 million denominated in foreign currency at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(4) Includes Prudential Financial debt of \$18,159 million \$18,161 million and \$19,162 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

At June 30, 2023 September 30, 2023 and December 31, 2022, the Company was in compliance with all debt covenants related to the borrowings in the table above.

#### Facility Agreements for Senior Debt Issuances

In March 2023, Prudential Financial entered into ten-year and thirty-year facility agreements with two Delaware trusts upon the completion of the sale of \$1.5 billion of trust securities by the trusts in a Rule 144A private placement. The trusts invested the proceeds from the sale of the trust securities in portfolios of principal and/or interest strips of U.S. Treasury securities. The facility agreements provide Prudential Financial the right to issue and sell to the trusts from time to time up to \$800 million of 5.791% senior notes due February 15, 2033, and \$700 million of 5.997% senior notes due February 15, 2053, and receive in exchange a corresponding amount of the U.S. Treasury securities held by the trusts. In return, the Company agreed to pay semi-annual facility fees to the trusts at rates of 1.815% and 2.066% per annum for the ten-year and thirty-year facility, respectively, applied to the maximum amount of senior notes that the Company could issue and sell to the trusts.

The right to issue senior notes described above will be exercised automatically in full upon the Company's failure to make certain payments to the trusts, such as paying the facility fee or reimbursing the trusts for their expenses, if the Company's failure to pay is not cured within 30 days, and upon an event involving its bankruptcy. The Company is also required to exercise this issuance right if its consolidated stockholders' equity, calculated in accordance with U.S. GAAP but excluding AOCI, falls below \$9.0 billion, subject to adjustment in certain cases. Prior to any involuntary exercise of the issuance right, the Company has the right to repurchase any of its senior notes then held by the trusts in exchange for U.S. Treasury securities. Finally, Prudential Financial may redeem any outstanding senior notes, in whole or in part, prior to February 15, 2033 and February 15, 2053 for the ten-year and thirty-year facility, respectively, at a redemption price equal to the greater of par or a make-whole price, or thereafter, redeem the senior notes, in whole or in part, at par.

#### Junior Subordinated Notes

In February 2023, the Company issued \$500 million in aggregate principal amount of 6.750% fixed-to-fixed reset rate junior subordinated notes due in March 2053. In June 2023, the Company redeemed \$1.5 billion in aggregate principal amount of 5.625% fixed to floating rate junior subordinated notes due in 2043.

### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

## 16. EMPLOYEE BENEFIT PLANS

#### Pension and Other Postretirement Plans

The Company has funded and non-funded non-contributory defined benefit pension plans ("Pension Benefits"), which cover substantially all of its employees. For some employees, benefits are based on final average earnings and length of service (the "traditional formula"), while benefits for other employees are based on an account balance that takes into consideration age, length of service and earnings during their career (the "cash balance formula").

The Company provides certain health care and life insurance benefits for its retired employees, their beneficiaries and covered dependents ("Other Postretirement Benefits"). The health care plan is contributory; the life insurance plan is non-contributory. Substantially all of the Company's U.S. employees may become eligible to receive certain other postretirement benefits if they retire after age 55 with at least 10 years of service or under certain circumstances after age 50 with at least 20 years of continuous service.

Net periodic (benefit) cost included in "General and administrative expenses" includes the following components:

| Three Months Ended June 30, |      |                               |      | Three Months Ended September 30, |      |                               |      |
|-----------------------------|------|-------------------------------|------|----------------------------------|------|-------------------------------|------|
| Pension Benefits            |      | Other Postretirement Benefits |      | Pension Benefits                 |      | Other Postretirement Benefits |      |
| 2023                        | 2022 | 2023                          | 2022 | 2023                             | 2022 | 2023                          | 2022 |
| (in millions)               |      |                               |      | (in millions)                    |      |                               |      |

| Components of net periodic (benefit) cost: | Components of net periodic (benefit) cost: |         |                               |        |         | Components of net periodic (benefit) cost: |         |        |                               |         |  |
|--------------------------------------------|--------------------------------------------|---------|-------------------------------|--------|---------|--------------------------------------------|---------|--------|-------------------------------|---------|--|
| Service cost                               | Service cost                               | \$ 52   | \$ 66                         | \$ 3   | \$ 3    | Service cost                               | \$ 51   | \$ 65  | \$ 2                          | \$ 3    |  |
| Interest cost                              | Interest cost                              | 138     | 112                           | 18     | 15      | Interest cost                              | 138     | 111    | 17                            | 14      |  |
| Expected return on plan assets             | Expected return on plan assets             | (232)   | (218)                         | (22)   | (25)    | Expected return on plan assets             | (231)   | (218)  | (21)                          | (25)    |  |
| Amortization of prior service cost         | Amortization of prior service cost         | 0       | 0                             | (2)    | (2)     | Amortization of prior service cost         | (1)     | (1)    | (2)                           | (2)     |  |
| Amortization of actuarial (gain) loss, net | Amortization of actuarial (gain) loss, net | 17      | 36                            | 2      | 2       | Amortization of actuarial (gain) loss, net | 17      | 37     | 3                             | 2       |  |
| Settlements                                | Settlements                                | 1       | 0                             | 0      | 0       | Settlements                                | 1       | 2      | 0                             | 0       |  |
| Curtailments(1)                            | Curtailments(1)                            | 0       | 0                             | 0      | (8)     | Curtailments(1)                            | 0       | 0      | 0                             | 0       |  |
| Special termination benefits(2)            | Special termination benefits(2)            | 0       | 3                             | 0      | 4       | Special termination benefits(2)            | 0       | 0      | 0                             | 0       |  |
| Net periodic (benefit) cost                | Net periodic (benefit) cost                | \$ (24) | \$ (1)                        | \$ (1) | \$ (11) | Net periodic (benefit) cost                | \$ (25) | \$ (4) | \$ (1)                        | \$ (8)  |  |
| Six Months Ended June 30,                  |                                            |         |                               |        |         | Nine Months Ended September 30,            |         |        |                               |         |  |
| Pension Benefits                           |                                            |         | Other Postretirement Benefits |        |         | Pension Benefits                           |         |        | Other Postretirement Benefits |         |  |
| 2023                                       | 2022                                       |         | 2023                          | 2022   |         | 2023                                       | 2022    |        | 2023                          | 2022    |  |
| (in millions)                              |                                            |         |                               |        |         | (in millions)                              |         |        |                               |         |  |
| Components of net periodic (benefit) cost: | Components of net periodic (benefit) cost: |         |                               |        |         | Components of net periodic (benefit) cost: |         |        |                               |         |  |
| Service cost                               | Service cost                               | \$ 103  | \$ 146                        | \$ 5   | \$ 7    | Service cost                               | \$ 154  | \$ 211 | \$ 7                          | \$ 10   |  |
| Interest cost                              | Interest cost                              | 276     | 209                           | 36     | 27      | Interest cost                              | 414     | 320    | 53                            | 41      |  |
| Expected return on plan assets             | Expected return on plan assets             | (463)   | (431)                         | (43)   | (52)    | Expected return on plan assets             | (694)   | (649)  | (64)                          | (77)    |  |
| Amortization of prior service cost         | Amortization of prior service cost         | 0       | 0                             | (4)    | (4)     | Amortization of prior service cost         | (1)     | (1)    | (6)                           | (6)     |  |
| Amortization of actuarial (gain) loss, net | Amortization of actuarial (gain) loss, net | 34      | 87                            | 5      | 3       | Amortization of actuarial (gain) loss, net | 51      | 124    | 8                             | 5       |  |
| Settlements                                | Settlements                                | 1       | 1                             | 0      | 0       | Settlements                                | 2       | 3      | 0                             | 0       |  |
| Curtailments(1)                            | Curtailments(1)                            | 0       | 0                             | 0      | (8)     | Curtailments(1)                            | 0       | 0      | 0                             | (8)     |  |
| Special termination benefits(2)            | Special termination benefits(2)            | 0       | 4                             | 0      | 4       | Special termination benefits(2)            | 0       | 4      | 0                             | 4       |  |
| Net periodic (benefit) cost                | Net periodic (benefit) cost                | \$ (49) | \$ 16                         | \$ (1) | \$ (23) | Net periodic (benefit) cost                | \$ (74) | \$ 12  | \$ (2)                        | \$ (31) |  |

(1) For 2022, curtailments were recognized for other postretirement benefit plans as a result of the sale of the Full Service Retirement business.

(2) For 2022, certain employees were provided special termination benefits under non-qualified plans in the form of unreduced early retirement benefits as a result of their involuntary termination while others were provided enhanced benefits due to the sale of the Full Service Retirement business.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**17. EQUITY**

The changes in the number of shares of Common Stock issued, held in treasury and outstanding, are as follows for the periods indicated:

| Common Stock |          |             | Common Stock |          |             |
|--------------|----------|-------------|--------------|----------|-------------|
| Issued       | Held In  |             | Issued       | Held In  |             |
|              | Treasury | Outstanding |              | Treasury | Outstanding |

|                                      |                                      | (in millions) |              |              |                                      | (in millions) |              |              |
|--------------------------------------|--------------------------------------|---------------|--------------|--------------|--------------------------------------|---------------|--------------|--------------|
| <b>Balance, December 31, 2022</b>    | <b>Balance, December 31, 2022</b>    | 666.3         | 300.3        | 366.0        | <b>Balance, December 31, 2022</b>    | 666.3         | 300.3        | 366.0        |
| Common Stock issued                  | Common Stock issued                  | 0.0           | 0.0          | 0.0          | Common Stock issued                  | 0.0           | 0.0          | 0.0          |
| Common Stock acquired                | Common Stock acquired                | 0.0           | 5.7          | (5.7)        | Common Stock acquired                | 0.0           | 8.3          | (8.3)        |
| Stock-based compensation programs(1) | Stock-based compensation programs(1) | 0.0           | (3.2)        | 3.2          | Stock-based compensation programs(1) | 0.0           | (3.6)        | 3.6          |
| <b>Balance, June 30, 2023</b>        |                                      | <b>666.3</b>  | <b>302.8</b> | <b>363.5</b> |                                      |               |              |              |
| <b>Balance, September 30, 2023</b>   |                                      |               |              |              | <b>Balance, September 30, 2023</b>   | <b>666.3</b>  | <b>305.0</b> | <b>361.3</b> |

(1) Represents net shares issued from treasury pursuant to the Company's stock-based compensation programs.

In February 2023, Prudential Financial's Board of Directors (the "Board") authorized the Company to repurchase at management's discretion up to \$1.0 billion of its outstanding Common Stock during the period from January 1, 2023 through December 31, 2023. As of **June 30, 2023** **September 30, 2023**, **5.7 million** **8.3 million** shares of the Company's Common Stock were repurchased under this authorization at a total cost of **\$500 million** **\$750 million**.

The timing and amount of share repurchases are determined by management based upon market conditions and other considerations, and repurchases may be executed in the open market, through derivative, accelerated repurchase and other negotiated transactions and through prearranged trading plans complying with Rule 10b5-1(c) under the Securities Exchange Act of 1934 (the "Exchange Act"). Numerous factors could affect the timing and amount of any future repurchases under the share repurchase authorization, including, but not limited to: compliance with laws, increased capital needs of the Company due to changes in regulatory capital requirements, opportunities for growth and acquisitions, and the effect of adverse market conditions.

Dividends declared per share of Common Stock are as follows for the periods indicated:

|                                              | Three Months Ended |         | Six Months Ended |         |
|----------------------------------------------|--------------------|---------|------------------|---------|
|                                              | June 30,           |         | June 30,         |         |
|                                              | 2023               | 2022    | 2023             | 2022    |
| Dividends declared per share of Common Stock | \$ 1.25            | \$ 1.20 | \$ 2.50          | \$ 2.40 |

|                                              | Three Months Ended |         | Nine Months Ended |         |
|----------------------------------------------|--------------------|---------|-------------------|---------|
|                                              | September 30,      |         | September 30,     |         |
|                                              | 2023               | 2022    | 2023              | 2022    |
| Dividends declared per share of Common Stock | \$ 1.25            | \$ 1.20 | \$ 3.75           | \$ 3.60 |

#### ***Accumulated Other Comprehensive Income (Loss)***

AOCI represents the cumulative OCI items that are reported separate from net income and detailed on the Unaudited Interim Consolidated Statements of Comprehensive Income. The balance of and changes in each component of AOCI as of and for the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022, are as follows:

| Accumulated Other Comprehensive Income (Loss) Attributable to<br>Prudential Financial, Inc. |                |                  |             |                  |               | Accumulated Other Comprehensive Income (Loss) Attributable to<br>Prudential Financial, Inc. |                |                  |             |                  |               |
|---------------------------------------------------------------------------------------------|----------------|------------------|-------------|------------------|---------------|---------------------------------------------------------------------------------------------|----------------|------------------|-------------|------------------|---------------|
| Gains<br>(losses)<br>from<br>Changes in                                                     |                |                  |             |                  |               | Gains<br>(losses)<br>from<br>Changes in                                                     |                |                  |             |                  |               |
| Foreign                                                                                     | Net Unrealized | Interest rate    | Non-        | Pension and      | Total         | Foreign                                                                                     | Net Unrealized | Interest rate    | Non-        | Pension and      | Total         |
| Currency                                                                                    | Investment     | of Liability for | Risk on     | Postretirement   | Accumulated   | Currency                                                                                    | Investment     | of Liability for | Risk on     | Postretirement   | Accumulated   |
| Translation                                                                                 | Gains          | Future Policy    | Market Risk | Unrecognized Net | Comprehensive | Translation                                                                                 | Gains          | Future Policy    | Market Risk | Unrecognized Net | Comprehensive |
| Adjustment                                                                                  | (Losses)(1)    | Benefits         | Benefits    | (Cost)           | Income (Loss) | Adjustment                                                                                  | (Losses)(1)    | Benefits         | Benefits    | (Cost)           | Income (Loss) |
| (in millions)                                                                               |                |                  |             |                  |               | (in millions)                                                                               |                |                  |             |                  |               |

| Balance,<br>December 31,<br>2022             | Balance,<br>December 31,<br>2022             | \$ | (2,274) | \$ | (16,195) | \$ | 15,242  | \$ | 1,448 | \$ | (2,027) | \$ | (3,806) | Balance,<br>December 31,<br>2022             | \$      | (2,274) | \$       | (16,195) | \$     | 15,242  | \$    | 1,448 | \$ |
|----------------------------------------------|----------------------------------------------|----|---------|----|----------|----|---------|----|-------|----|---------|----|---------|----------------------------------------------|---------|---------|----------|----------|--------|---------|-------|-------|----|
| Change in OCI<br>before<br>reclassifications | Change in OCI<br>before<br>reclassifications |    | (359)   |    | 5,184    |    | (8,901) |    | (77)  |    | 10      |    | (4,143) | Change in OCI<br>before<br>reclassifications |         | (650)   |          | (10,094) |        | 5,529   |       | (528) |    |
| Amounts<br>reclassified<br>from AOCI         | Amounts<br>reclassified<br>from AOCI         |    | 1       |    | 381      |    | 0       |    | 0     |    | 35      |    | 417     | Amounts<br>reclassified<br>from AOCI         |         | 1       |          | 615      |        | 0       |       | 0     |    |
| Income tax<br>benefit<br>(expense)           | Income tax<br>benefit<br>(expense)           |    | (87)    |    | (1,358)  |    | 2,324   |    | 16    |    | (12)    |    | 883     | Income tax<br>benefit<br>(expense)           |         | (93)    |          | 2,213    |        | (1,177) |       | 111   |    |
| Balance, June 30, 2023                       |                                              | \$ | (2,719) | \$ | (11,988) | \$ | 8,665   | \$ | 1,387 | \$ | (1,994) | \$ | (6,649) |                                              |         |         |          |          |        |         |       |       |    |
| Balance,<br>September 30,<br>2023            |                                              |    |         |    |          |    |         |    |       |    |         |    |         | Balance,<br>September 30,<br>2023            |         |         |          |          |        |         |       |       |    |
|                                              |                                              |    |         |    |          |    |         |    |       |    |         |    |         | \$                                           | (3,016) | \$      | (23,461) | \$       | 19,594 | \$      | 1,031 | \$    |    |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                              | Accumulated Other Comprehensive Income (Loss) Attributable to<br>Prudential Financial, Inc. |                |                  |             |                  |               |             |                                              | Accumulated Other Comprehensive Income (Loss) Attributable to<br>Prudential Financial, Inc. |             |             |        |    |  |  |  |
|----------------------------------------------|---------------------------------------------------------------------------------------------|----------------|------------------|-------------|------------------|---------------|-------------|----------------------------------------------|---------------------------------------------------------------------------------------------|-------------|-------------|--------|----|--|--|--|
|                                              | Gains<br>(losses)<br>from<br>Changes in                                                     |                |                  |             |                  |               |             |                                              | Gains<br>(losses)<br>from<br>Changes in                                                     |             |             |        |    |  |  |  |
|                                              |                                                                                             |                | Interest rate    | Non-        | Pension and      | Total         |             |                                              | Interest rate                                                                               | Non-        | Pension and | Total  |    |  |  |  |
|                                              | Foreign                                                                                     | Net Unrealized | remeasurement    | performance | Postretirement   | Accumulated   | Foreign     | Net Unrealized                               | remeasurement                                                                               | performance | Postretir   |        |    |  |  |  |
|                                              | Currency                                                                                    | Investment     | of Liability for | Risk on     | Unrecognized Net | Other         | Currency    | Investment                                   | of Liability for                                                                            | Risk on     | Unrecogni   |        |    |  |  |  |
|                                              | Translation                                                                                 | Gains          | Future Policy    | Market Risk | Periodic Benefit | Comprehensive | Translation | Gains                                        | Future Policy                                                                               | Market Risk | Periodic I  |        |    |  |  |  |
|                                              | Adjustment                                                                                  | (Losses)(1)    | Benefits         | Benefits    | (Cost)           | Income (Loss) | Adjustment  | (Losses)(1)                                  | Benefits                                                                                    | Benefits    | Periodic I  | (Cos   |    |  |  |  |
|                                              | (in millions)                                                                               |                |                  |             |                  |               |             |                                              | (in millions)                                                                               |             |             |        |    |  |  |  |
| Balance,<br>December 31,<br>2021             | Balance,<br>December 31,<br>2021                                                            | \$ (1,107)     | \$ 26,640        | \$ (33,220) | \$ 707           | \$ (2,513)    | \$ (9,493)  | Balance,<br>December 31,<br>2021             | \$ (1,107)                                                                                  | \$ 26,640   | \$ (33,220) | \$ 707 | \$ |  |  |  |
| Change in OCI<br>before<br>reclassifications | Change in OCI<br>before<br>reclassifications                                                | (1,309)        | (42,390)         | 48,618      | 1,307            | 367           | 6,593       | Change in OCI<br>before<br>reclassifications | (1,907)                                                                                     | (56,260)    | 64,087      | 1,299  |    |  |  |  |
| Amounts<br>reclassified<br>from AOCI         | Amounts<br>reclassified<br>from AOCI                                                        | 9              | 403              | 0           | 0                | 86            | 498         | Amounts<br>reclassified<br>from AOCI         | 21                                                                                          | 126         | 0           | 0      |    |  |  |  |
| Income tax<br>benefit<br>(expense)           | Income tax<br>benefit<br>(expense)                                                          | (84)           | 9,670            | (11,511)    | (275)            | (101)         | (2,301)     | Income tax<br>benefit<br>(expense)           | (43)                                                                                        | 12,906      | (15,082)    | (273)  |    |  |  |  |
| Balance, June 30, 2022                       |                                                                                             | \$ (2,491)     | \$ (5,677)       | \$ 3,887    | \$ 1,739         | \$ (2,161)    | \$ (4,703)  |                                              |                                                                                             |             |             |        |    |  |  |  |
| Balance,<br>September 30,<br>2022            |                                                                                             | \$ (3,036)     | \$ (16,588)      | \$ 15,785   | \$ 1,733         | \$            |             |                                              |                                                                                             |             |             |        |    |  |  |  |

(1) Includes cash flow hedges of \$2,097 million \$1,947 million and \$2,616 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and \$2,446 million \$4,099 million and \$1,019 million as of June 30, 2022 September 30, 2022 and December 31, 2021, respectively, and fair value hedges of \$(149) \$(18) million and \$(54) million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and \$27 million \$(47) million and \$(35) million as of June 30, 2022 September 30, 2022 and December 31, 2021, respectively.

**Reclassifications out of Accumulated Other Comprehensive Income (Loss)**

|                                                                           |                                                                           | Three Months Ended June 30, |       | Six Months Ended June 30, |       | Affected line item in Consolidated Statements of Operations |       | Three Months Ended September 30,             |         | Nine Months Ended September 30, |      | Affected line item Consolidated Statements of Operations |    |       |       |       |     |       |       |         |                                         |               |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------|-------|---------------------------|-------|-------------------------------------------------------------|-------|----------------------------------------------|---------|---------------------------------|------|----------------------------------------------------------|----|-------|-------|-------|-----|-------|-------|---------|-----------------------------------------|---------------|
|                                                                           |                                                                           | 2023                        | 2022  | 2023                      | 2022  |                                                             |       | 2023                                         | 2022    | 2023                            | 2022 |                                                          |    |       |       |       |     |       |       |         |                                         |               |
|                                                                           |                                                                           | (in millions)               |       |                           |       |                                                             |       | (in millions)                                |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
|                                                                           |                                                                           |                             |       |                           |       |                                                             |       |                                              |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
| <u>Amounts reclassified from AOCI(1)(2):</u>                              | <u>Amounts reclassified from AOCI(1)(2):</u>                              |                             |       |                           |       |                                                             |       | <u>Amounts reclassified from AOCI(1)(2):</u> |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
| Foreign currency translation adjustment:                                  | Foreign currency translation adjustment:                                  |                             |       |                           |       |                                                             |       | Foreign currency translation adjustment:     |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
| Foreign currency translation adjustments                                  | Foreign currency translation adjustments                                  | \$                          | (1)   | \$                        | 1     | \$                                                          | (1)   | \$                                           | (9)     |                                 |      | Foreign currency translation adjustments                 | \$ | 0     | \$    | (12)  | \$  | (1)   | \$    | (21)    | Realized investment gains (losses), net |               |
| Net unrealized investment gains (losses):                                 | Net unrealized investment gains (losses):                                 |                             |       |                           |       |                                                             |       | Net unrealized investment gains (losses):    |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
| Cash flow hedges—Interest rate                                            | Cash flow hedges—Interest rate                                            |                             | (6)   |                           | (1)   |                                                             | (29)  |                                              | (5)     |                                 |      | (3)                                                      |    | (3)   |       | 2     |     | (32)  |       | (3)     |                                         | (3)           |
| Cash flow hedges—Currency                                                 | Cash flow hedges—Currency                                                 |                             | 3     |                           | 3     |                                                             | 8     |                                              | 4       |                                 |      | (3)                                                      |    | 3     |       | 6     |     | 11    |       | 10      |                                         | (3)           |
| Cash flow hedges—Currency/Interest rate                                   | Cash flow hedges—Currency/Interest rate                                   |                             | 26    |                           | 503   |                                                             | 65    |                                              | 657     |                                 |      | (3)                                                      |    | 221   |       | 383   |     | 286   |       | 1,040   |                                         | (3)           |
| Fair value hedges—Currency                                                | Fair value hedges—Currency                                                |                             | (2)   |                           | 0     |                                                             | (4)   |                                              | (2)     |                                 |      | (3)                                                      |    | (2)   |       | (1)   |     | (6)   |       | (3)     |                                         | (3)           |
| Net unrealized investment gains (losses) on available-for-sale securities | Net unrealized investment gains (losses) on available-for-sale securities |                             | (266) |                           | (646) |                                                             | (421) |                                              | (1,057) |                                 |      | (losses), net                                            |    | (453) |       | (113) |     | (874) |       | (1,170) |                                         | (losses), net |
| Total net unrealized investment gains (losses)                            | Total net unrealized investment gains (losses)                            |                             | (245) |                           | (141) |                                                             | (381) |                                              | (403)   |                                 |      | (4)                                                      |    | (234) |       | 277   |     | (615) |       | (126)   |                                         | (4)           |
| Amortization of defined benefit items:                                    | Amortization of defined benefit items:                                    |                             |       |                           |       |                                                             |       | Amortization of defined benefit items:       |         |                                 |      |                                                          |    |       |       |       |     |       |       |         |                                         |               |
| Prior service cost                                                        | Prior service cost                                                        |                             | 2     |                           | 2     |                                                             | 4     |                                              | 4       |                                 |      | (5)                                                      |    | 3     |       | 3     |     | 7     |       | 7       |                                         | (5)           |
| Actuarial gain (loss)                                                     | Actuarial gain (loss)                                                     |                             | (19)  |                           | (38)  |                                                             | (39)  |                                              | (90)    |                                 |      | (5)                                                      |    | (20)  |       | (39)  |     | (59)  |       | (129)   |                                         | (5)           |
| Total amortization of defined benefit items                               | Total amortization of defined benefit items                               |                             | (17)  |                           | (36)  |                                                             | (35)  |                                              | (86)    |                                 |      |                                                          |    | (17)  |       | (36)  |     | (52)  |       | (122)   |                                         |               |
| Total reclassifications for the period                                    | Total reclassifications for the period                                    | \$                          | (263) | \$                        | (176) | \$                                                          | (417) | \$                                           | (498)   |                                 |      |                                                          |    | \$    | (251) | \$    | 229 | \$    | (668) | \$      | (269)                                   |               |

(1) All amounts are shown before tax.

(2) Positive amounts indicate gains/benefits reclassified out of AOCI. Negative amounts indicate losses/costs reclassified out of AOCI.

(3) See Note 5 for additional information regarding cash flow and fair value hedges.

(4) See table below for additional information regarding unrealized investment gains (losses), including the impact on deferred policy acquisition and other costs, future policy benefits and policyholders' dividends.

(5) See Note 16 for additional information regarding employee benefit plans.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Net Unrealized Investment Gains (Losses)**

Net unrealized investment gains (losses) on available-for-sale fixed maturity securities and certain other invested assets and other assets are included in the Company's Unaudited Interim Consolidated Statements of Financial Position as a component of AOCI. Changes in these amounts include reclassification adjustments to exclude from "Other comprehensive income (loss)" those items that are included as part of "Net income (loss)" for a period that had been part of "Other comprehensive income (loss)" in earlier periods. The amounts for the periods indicated below, split between amounts related to available-for-sale fixed maturity securities on which an allowance for credit losses has been recorded, and all other net unrealized investment gains (losses), are as follows:

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                                  | Net<br>Unrealized<br>Investment<br>Gains<br>(Losses)<br>on<br>Available-<br>for-Sale<br>Fixed<br>Maturity<br>Securities<br>on Which<br>an<br>Allowance<br>for Credit<br>Losses<br>has been<br>Recorded |                                  |                                  |                |           |               |                |                |                | Net<br>Unrealized<br>Investment<br>Gains<br>(Losses)<br>on<br>Available-<br>for-Sale<br>Fixed<br>Maturity<br>Securities<br>on Which<br>an<br>Allowance<br>for Credit<br>Losses<br>has been<br>Recorded |                |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------|-----------|---------------|----------------|----------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|----------------|----------------|----------------|--------------------------------------------------------------------------------------------------|-----------------------------------|-----------|----------------------------------|----------|-------|----------|----------|-------|-------|-------|-------|----------|
|                                                                                                  |                                                                                                                                                                                                        | Future Policy                    |                                  |                |           | Accumulated   |                |                |                |                                                                                                                                                                                                        | Future Policy  |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Benefits,                        |                                  |                |           | Other         |                |                |                |                                                                                                                                                                                                        | Benefits,      |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Policyholders'                   |                                  |                |           | Income (Loss) |                |                |                |                                                                                                                                                                                                        | Policyholders' |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Account                          |                                  | Tax            |           | Unrealized    |                | Account        |                |                                                                                                                                                                                                        | Balances and   |             | Balances and   |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Reinsurance                      | Reinsurance                      | Policyholders' | Benefit   | Investment    | Reinsurance    | Reinsurance    | Policyholders' |                                                                                                                                                                                                        | Reinsurance    | Reinsurance | Policyholders' | Reinsurance    | Reinsurance    | Policyholders'                                                                                   |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Investments(1)                   | Recoverables                     | Payables       | Dividends | (Expense)     | Gains (Losses) | Investments(1) | Recoverables   |                                                                                                                                                                                                        | Payables       | Dividends   | (Expense)      | Gains (Losses) | Investments(1) | Recoverables                                                                                     | Payables                          | Dividends |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | (in millions)                    |                                  |                |           |               |                |                |                |                                                                                                                                                                                                        |                |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | (in millions)                    |                                  |                |           |               |                |                |                |                                                                                                                                                                                                        |                |             |                |                |                |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
|                                                                                                  |                                                                                                                                                                                                        | Balance,<br>December<br>31, 2022 | Balance,<br>December<br>31, 2022 | \$             | (45)      | \$            | (24,959)       | \$             | (703)          |                                                                                                                                                                                                        | \$             | 1,946       | \$             | 3,194          | \$             | 4,372                                                                                            | \$                                | (16,195)  | Balance,<br>December<br>31, 2022 | \$       | (45)  | \$       | (24,959) | \$    | (703) | \$    | 1,946 | \$       |
| Net investment<br>gains (losses)<br>on investments<br>arising during<br>the period               | Net investment<br>gains (losses)<br>on investments<br>arising during<br>the period                                                                                                                     |                                  | 33                               |                | 5,773     |               |                |                |                |                                                                                                                                                                                                        | (1,396)        |             | 4,410          |                |                | Net investment<br>gains (losses)<br>on investments<br>arising during<br>the period               |                                   | 11        |                                  | (10,154) |       |          |          |       |       |       |       |          |
| Reclassification<br>adjustment for<br>(gains) losses<br>included in net<br>income                | Reclassification<br>adjustment for<br>(gains) losses<br>included in net<br>income                                                                                                                      |                                  | (13)                             |                | 394       |               |                |                |                |                                                                                                                                                                                                        | (92)           |             | 289            |                |                | Reclassification<br>adjustment for<br>(gains) losses<br>included in net<br>income                |                                   | (10)      |                                  | 625      |       |          |          |       |       |       |       |          |
| Reclassification<br>due to<br>allowance for<br>credit losses<br>recorded<br>during the<br>period | Reclassification<br>due to<br>allowance for<br>credit losses<br>recorded<br>during the<br>period                                                                                                       |                                  | (43)                             |                | 43        |               |                |                |                |                                                                                                                                                                                                        | 0              |             | 0              |                |                | Reclassification<br>due to<br>allowance for<br>credit losses<br>recorded<br>during the<br>period |                                   | (51)      |                                  | 51       |       |          |          |       |       |       |       |          |
| Impact of net<br>unrealized<br>investment<br>(gains) losses                                      | Impact of net<br>unrealized<br>investment<br>(gains) losses                                                                                                                                            |                                  |                                  |                |           | 71            | (252)          | (441)          | 130            | (492)                                                                                                                                                                                                  |                |             |                |                |                | Impact of net<br>unrealized<br>investment<br>(gains) losses                                      |                                   |           |                                  |          | (270) | 703      |          |       |       |       |       |          |
| Balance, June 30, 2023                                                                           |                                                                                                                                                                                                        | \$                               | (68)                             | \$             | (18,749)  | \$            | (632)          | \$             | 1,694          | \$                                                                                                                                                                                                     | 2,753          | \$          | 3,014          | \$             | (11,988)       |                                                                                                  |                                   |           |                                  |          |       |          |          |       |       |       |       |          |
| Balance,<br>September<br>30, 2023                                                                |                                                                                                                                                                                                        |                                  |                                  |                |           |               |                |                |                |                                                                                                                                                                                                        |                |             |                |                |                |                                                                                                  | Balance,<br>September<br>30, 2023 |           | \$                               | (95)     | \$    | (34,437) | \$       | (973) | \$    | 2,649 | \$    | (11,988) |

(1) Includes cash flow and fair value hedges. See Note 5 for additional information.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**18. EARNINGS PER SHARE**

A reconciliation of the numerators and denominators of the basic and diluted per share computations of Common Stock based on the consolidated earnings of Prudential Financial for the periods indicated is as follows:

|                                                                                                                |                                                                                                                | Three Months Ended June 30,             |                     |                     |                               |                     |                     | Three Months Ended September 30,                               |                     |                     |                               |                     |                     |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------|---------------------|-------------------------------|---------------------|---------------------|----------------------------------------------------------------|---------------------|---------------------|-------------------------------|---------------------|---------------------|
|                                                                                                                |                                                                                                                | 2023                                    |                     |                     | 2022                          |                     |                     | 2023                                                           |                     |                     | 2022                          |                     |                     |
|                                                                                                                |                                                                                                                | Weighted<br>Average<br>Income           | Per Share<br>Shares | Per Share<br>Amount | Weighted<br>Average<br>Income | Per Share<br>Shares | Per Share<br>Amount | Weighted<br>Average<br>Income                                  | Per Share<br>Shares | Per Share<br>Amount | Weighted<br>Average<br>Income | Per Share<br>Shares | Per Share<br>Amount |
|                                                                                                                |                                                                                                                | (in millions, except per share amounts) |                     |                     |                               |                     |                     | (in millions, except per share amounts)                        |                     |                     |                               |                     |                     |
| <b>Basic earnings per share</b>                                                                                | <b>Basic earnings per share</b>                                                                                |                                         |                     |                     |                               |                     |                     | <b>Basic earnings per share</b>                                |                     |                     |                               |                     |                     |
| Net income (loss)                                                                                              | Net income (loss)                                                                                              | \$ 496                                  |                     |                     | \$ (1,017)                    |                     |                     | \$ (791)                                                       |                     |                     | \$ (108)                      |                     |                     |
| Less: Income (loss) attributable to noncontrolling interests                                                   | Less: Income (loss) attributable to noncontrolling interests                                                   | (15)                                    |                     |                     | (7)                           |                     |                     | 11                                                             |                     |                     | (16)                          |                     |                     |
| Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards      | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards      | 6                                       |                     |                     | 6                             |                     |                     | 5                                                              |                     |                     | 6                             |                     |                     |
| Net income (loss) attributable to Prudential Financial available to holders of Common Stock                    | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                    | \$ 505                                  | 364.8               | \$ 1.38             | \$ (1,016)                    | 374.4               | \$ (2.71)           | \$ (807)                                                       | 362.6               | \$ (2.23)           | \$ (98)                       | 371.0               | \$ (0.26)           |
| <b>Effect of dilutive securities and compensation programs</b>                                                 | <b>Effect of dilutive securities and compensation programs</b>                                                 |                                         |                     |                     |                               |                     |                     | <b>Effect of dilutive securities and compensation programs</b> |                     |                     |                               |                     |                     |
| Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic | Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic | \$ 6                                    |                     |                     | \$ 6                          |                     |                     | \$ 5                                                           |                     |                     | \$ 6                          |                     |                     |

|                                                                                                                   |                                                                                                                   |        |       |         |            |       |           |                                                                                                                   |          |       |           |         |       |           |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------|-------|---------|------------|-------|-----------|-------------------------------------------------------------------------------------------------------------------|----------|-------|-----------|---------|-------|-----------|
| Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | 6      |       |         | 6          |       |           | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | 5        |       |           | 6       |       |           |
| Stock options                                                                                                     | Stock options                                                                                                     |        | 0.2   |         |            | 0.0   |           | Stock options                                                                                                     |          | 0.0   |           |         | 0.0   |           |
| Deferred and long-term compensation programs                                                                      | Deferred and long-term compensation programs                                                                      |        | 1.1   |         |            | 0.0   |           | Deferred and long-term compensation programs                                                                      |          | 0.0   |           |         | 0.0   |           |
| <b>Diluted earnings per share(1)</b>                                                                              | <b>Diluted earnings per share(1)</b>                                                                              |        |       |         |            |       |           | <b>Diluted earnings per share(1)</b>                                                                              |          |       |           |         |       |           |
| Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ 505 | 366.1 | \$ 1.38 | \$ (1,016) | 374.4 | \$ (2.71) | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ (807) | 362.6 | \$ (2.23) | \$ (98) | 371.0 | \$ (0.26) |

(1) For the three months ended June 30, 2022, September 30, 2023 and 2022, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because dilutive shares and dilutive earnings per share are not applicable when a net loss is reported. As a result of the net loss attributable to Prudential Financial available to holders of Common Stock for the three months ended June 30, 2022, September 30, 2023 and 2022, all potential stock options and compensation programs were considered antidilutive.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                              |                                                              | Six Months Ended June 30,               |           |        |                  |           |        | Nine Months Ended September 30,                              |           |        |                  |           |        |
|--------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------|-----------|--------|------------------|-----------|--------|--------------------------------------------------------------|-----------|--------|------------------|-----------|--------|
|                                                              |                                                              | 2023                                    |           |        | 2022             |           |        | 2023                                                         |           |        | 2022             |           |        |
|                                                              |                                                              | Weighted Average                        | Per Share |        | Weighted Average | Per Share |        | Weighted Average                                             | Per Share |        | Weighted Average | Per Share |        |
|                                                              |                                                              | Income                                  | Shares    | Amount | Income           | Shares    | Amount | Income                                                       | Shares    | Amount | Income           | Shares    | Amount |
|                                                              |                                                              | (in millions, except per share amounts) |           |        |                  |           |        | (in millions, except per share amounts)                      |           |        |                  |           |        |
| <b>Basic earnings per share</b>                              | <b>Basic earnings per share</b>                              |                                         |           |        |                  |           |        | <b>Basic earnings per share</b>                              |           |        |                  |           |        |
| Net income (loss)                                            | Net income (loss)                                            | \$ 1,973                                |           |        | \$ (1,523)       |           |        | Net income (loss)                                            | \$ 1,182  |        | \$ (1,631)       |           |        |
| Less: Income (loss) attributable to noncontrolling interests | Less: Income (loss) attributable to noncontrolling interests | 0                                       |           |        | (20)             |           |        | Less: Income (loss) attributable to noncontrolling interests | 11        |        | (36)             |           |        |

|                                                                                                                   |                                                                                                                   |          |       |         |            |       |           |  |                                                                                                                   |          |       |         |            |       |           |  |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------|-------|---------|------------|-------|-----------|--|-------------------------------------------------------------------------------------------------------------------|----------|-------|---------|------------|-------|-----------|--|
| Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards         | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards         | 24       |       |         | 13         |       |           |  | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards         | 17       |       |         | 19         |       |           |  |
| Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ 1,949 | 365.7 | \$ 5.33 | \$ (1,516) | 375.3 | \$ (4.04) |  | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ 1,154 | 364.6 | \$ 3.17 | \$ (1,614) | 373.8 | \$ (4.32) |  |
| <b>Effect of dilutive securities and compensation programs</b>                                                    | <b>Effect of dilutive securities and compensation programs</b>                                                    |          |       |         |            |       |           |  | <b>Effect of dilutive securities and compensation programs</b>                                                    |          |       |         |            |       |           |  |
| Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic    | Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic    | \$ 24    |       |         | \$ 13      |       |           |  | Add: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Basic    | \$ 17    |       |         | \$ 19      |       |           |  |
| Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | 24       |       |         | 13         |       |           |  | Less: Dividends and undistributed earnings allocated to participating unvested share-based payment awards—Diluted | 17       |       |         | 19         |       |           |  |
| Stock options                                                                                                     | Stock options                                                                                                     |          | 0.2   |         |            | 0.0   |           |  | Stock options                                                                                                     |          | 0.2   |         |            |       | 0.0       |  |
| Deferred and long-term compensation programs                                                                      | Deferred and long-term compensation programs                                                                      |          | 1.0   |         |            | 0.0   |           |  | Deferred and long-term compensation programs                                                                      |          | 1.0   |         |            |       | 0.0       |  |
| <b>Diluted earnings per share(1)</b>                                                                              | <b>Diluted earnings per share(1)</b>                                                                              |          |       |         |            |       |           |  | <b>Diluted earnings per share(1)</b>                                                                              |          |       |         |            |       |           |  |
| Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ 1,949 | 366.9 | \$ 5.31 | \$ (1,516) | 375.3 | \$ (4.04) |  | Net income (loss) attributable to Prudential Financial available to holders of Common Stock                       | \$ 1,154 | 365.8 | \$ 3.15 | \$ (1,614) | 373.8 | \$ (4.32) |  |

(1) For the **six nine** months ended **June 30, 2022** **September 30, 2022**, weighted average shares for basic earnings per share is also used for calculating diluted earnings per share because dilutive shares and dilutive earnings per share are not applicable when a net loss is reported. As a result of the net loss attributable to Prudential Financial available to holders of Common Stock for the **six nine** months ended **June 30, 2022** **September 30, 2022**, all potential stock options and compensation programs were considered antidilutive.

Unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and included in the computation of earnings per share pursuant to the two-class method. Under this method, earnings attributable to Prudential Financial are allocated between Common Stock and the participating awards, as if the awards were a second class of stock. During periods of net income available to holders of Common Stock, the calculation of earnings per share excludes the income attributable to participating securities in the numerator and the dilutive impact of these securities from the denominator. In the event of a net loss available to holders of Common Stock, undistributed earnings are not allocated to participating securities and the denominator excludes the dilutive impact of these securities as they do not share in the losses of the Company. Undistributed earnings allocated to participating unvested share-based payment awards for the three months ended **June 30, 2023** **September 30, 2023** and 2022, as applicable, were based on 4.1 million and 4.9 million of such awards, respectively, and for the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022, as applicable, were based on 4.1 million and 5.0 million of such awards, respectively, weighted for the period they were outstanding.

Stock options and shares related to deferred and long-term compensation programs that are considered antidilutive are excluded from the computation of diluted earnings per share. Stock options are considered antidilutive based on application of the treasury stock method or in the event of a net loss available to holders of Common Stock. Shares related to deferred and long-term compensation programs are considered antidilutive in the event of a net loss available to holders of Common Stock. For the periods indicated, the number of stock options and shares related to deferred and long-term compensation programs that were considered antidilutive and were excluded from the computation of diluted earnings per share, weighted for the portion of the period they were outstanding, are as follows:

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                 |                                                                                 | Three Months Ended June 30,                                        |           |                |           | Three Months Ended September 30,                                                |           |                |                  |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------|----------------|-----------|---------------------------------------------------------------------------------|-----------|----------------|------------------|
|                                                                                 |                                                                                 | 2023                                                               |           | 2022           |           | 2023                                                                            |           | 2022           |                  |
|                                                                                 |                                                                                 | Exercise Price                                                     |           | Exercise Price |           | Exercise Price                                                                  |           | Exercise Price |                  |
|                                                                                 |                                                                                 | Shares                                                             | Per Share | Shares         | Per Share | Shares                                                                          | Per Share | Shares         | Per Share        |
|                                                                                 |                                                                                 | (in millions, except per share amounts, based on weighted average) |           |                |           | (in millions, except per share amounts, based on weighted average)              |           |                |                  |
| Antidilutive stock options based on application of the treasury stock method    | Antidilutive stock options based on application of the treasury stock method    | 1.7                                                                | \$ 99.74  | \$ 0.7         | \$ 108.67 | stock method                                                                    | 1.1       | \$ 103.19      | \$ 0.7 \$ 107.30 |
| Antidilutive stock options due to net loss available to holders of Common Stock | Antidilutive stock options due to net loss available to holders of Common Stock | 0.0                                                                |           | 0.4            |           | Antidilutive stock options due to net loss available to holders of Common Stock | 0.1       |                | 0.3              |
| Antidilutive shares based on application of the treasury stock method           | Antidilutive shares based on application of the treasury stock method           | 0.3                                                                |           | 0.2            |           | Antidilutive shares based on application of the treasury stock method           | 0.0       |                | 0.0              |
| Antidilutive shares due to net loss available to holders of Common Stock        | Antidilutive shares due to net loss available to holders of Common Stock        | 0.0                                                                |           | 2.3            |           | Antidilutive shares due to net loss available to holders of Common Stock        | 1.1       |                | 1.8              |
| Total antidilutive stock options and shares                                     | Total antidilutive stock options and shares                                     | 2.0                                                                |           | 3.6            |           | Total antidilutive stock options and shares                                     | 2.3       |                | 2.8              |
|                                                                                 |                                                                                 | Six Months Ended June 30,                                          |           |                |           | Nine Months Ended September 30,                                                 |           |                |                  |

|                                                                                 |                                                                                 | 2023                                                               |    |           |    | 2022           |    |           |                                                                                 |     | 2023                                                               |        |           |     | 2022           |        |           |  |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------|----|-----------|----|----------------|----|-----------|---------------------------------------------------------------------------------|-----|--------------------------------------------------------------------|--------|-----------|-----|----------------|--------|-----------|--|
|                                                                                 |                                                                                 | Exercise Price                                                     |    |           |    | Exercise Price |    |           |                                                                                 |     | Exercise Price                                                     |        |           |     | Exercise Price |        |           |  |
|                                                                                 |                                                                                 | Shares                                                             |    | Per Share |    | Shares         |    | Per Share |                                                                                 |     | Shares                                                             |        | Per Share |     | Shares         |        | Per Share |  |
|                                                                                 |                                                                                 | (in millions, except per share amounts, based on weighted average) |    |           |    |                |    |           |                                                                                 |     | (in millions, except per share amounts, based on weighted average) |        |           |     |                |        |           |  |
| Antidilutive stock options based on application of the treasury stock method    | Antidilutive stock options based on application of the treasury stock method    | 1.4                                                                | \$ | 101.12    | \$ | 0.3            | \$ | 108.67    | Antidilutive stock options based on application of the treasury stock method    | 1.3 | \$                                                                 | 101.72 | \$        | 0.5 | \$             | 107.95 |           |  |
| Antidilutive stock options due to net loss available to holders of Common Stock | Antidilutive stock options due to net loss available to holders of Common Stock | 0.0                                                                |    |           |    | 0.6            |    |           | Antidilutive stock options due to net loss available to holders of Common Stock | 0.0 |                                                                    |        |           | 0.5 |                |        |           |  |
| Antidilutive shares based on application of the treasury stock method           | Antidilutive shares based on application of the treasury stock method           | 0.2                                                                |    |           |    | 0.2            |    |           | Antidilutive shares based on application of the treasury stock method           | 0.1 |                                                                    |        |           | 0.1 |                |        |           |  |
| Antidilutive shares due to net loss available to holders of Common Stock        | Antidilutive shares due to net loss available to holders of Common Stock        | 0.0                                                                |    |           |    | 2.2            |    |           | Antidilutive shares due to net loss available to holders of Common Stock        | 0.0 |                                                                    |        |           | 2.1 |                |        |           |  |
| Total antidilutive stock options and shares                                     | Total antidilutive stock options and shares                                     | 1.6                                                                |    |           |    | 3.3            |    |           | Total antidilutive stock options and shares                                     | 1.4 |                                                                    |        |           | 3.2 |                |        |           |  |

## 19. SEGMENT INFORMATION

### Segments

The Company's principal operations consist of PGIM (the Company's global investment management business), the U.S. Businesses (consisting of the Retirement Strategies, Group Insurance and Individual Life businesses), the International Businesses, the Closed Block division, and the Company's Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included in Corporate and Other operations. Divested and Run-off Businesses consist of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP.

As discussed in Note 1, effective January 1, 2023, AIQ is now included within Corporate and Other operations. Also effective January 1, 2023, Prudential Advisors, which was previously part of the Individual Life segment, is now included within Corporate and Other operations. There are no impacts to the Company's consolidated financial statements from these reporting changes and historical segment results have been updated to conform to the current period presentation.

### Adjusted Operating Income

The Company analyzes the operating performance of each segment using "adjusted operating income." Adjusted operating income does not equate to "Income (loss) before income taxes and equity in earnings of operating joint ventures" or "Net income (loss)" as determined in accordance with U.S. GAAP but is the measure of segment profit or loss used by the Company's chief operating decision maker to evaluate segment performance and allocate resources, and consistent with authoritative guidance, is the measure of segment performance presented below. Adjusted operating income is calculated by adjusting each segment's "Income (loss) before income taxes and equity in earnings of operating joint ventures" for the following items:

- Realized investment gains (losses), net, and related adjustments;
- Charges related to realized investment gains (losses), net;

### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

- Change in value of market risk benefits, net of related hedging gains (losses);
- Market experience updates;
- Divested and Run-off Businesses;
- Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests; and
- Other adjustments.

These items are important to an understanding of overall results of operations. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and the Company's definition of adjusted operating income may differ from that used by other companies. The Company, however, believes that the presentation of adjusted operating income as measured for management purposes enhances the understanding of results of operations by highlighting the results from ongoing operations and the underlying profitability factors of its businesses. For additional information regarding these reconciling items, see Note 22 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

As a result of the adoption of ASU 2018-12 in the first quarter of 2023, the Company is required to measure all market risk benefits (e.g., living benefit and death benefit guarantees associated with variable annuities) at fair value. In order to enhance the understanding of our underlying performance trends, the Company excludes from adjusted operating income "Change in value of market risk benefits, net of related hedging gains (losses)", which reflects the impact from changes in current market conditions. In addition, "Charges related to realized investment gains (losses)", no longer includes the current period impact of net realized investment gains (losses) on the amortization of DAC and related balances, and "Market experience updates" no longer includes the immediate impact on DAC and related balances from changes in current market conditions on estimates of profitability. In both cases, the amortization of DAC and related balances is independent of these factors under ASU 2018-12. See Note 2 regarding additional information about the adoption of ASU 2018-12, including market risk benefits and the amortization of DAC and other balances.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Reconciliation of adjusted operating income to net income (loss)**

The table below reconciles "Adjusted operating income before income taxes" to "Income (loss) before income taxes and equity in earnings of operating joint ventures":

|                                                           |                                                           | Three Months Ended<br>June 30, |         | Six Months Ended<br>June 30, |         | Three Months Ended<br>September 30,                       |        | Nine Months Ended<br>September 30, |         |
|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------|---------|------------------------------|---------|-----------------------------------------------------------|--------|------------------------------------|---------|
|                                                           |                                                           | 2023                           | 2022    | 2023                         | 2022    | 2023                                                      | 2022   | 2023                               | 2022    |
|                                                           |                                                           | (in millions)                  |         |                              |         | (in millions)                                             |        |                                    |         |
| Adjusted operating income before income taxes by segment: | Adjusted operating income before income taxes by segment: |                                |         |                              |         | Adjusted operating income before income taxes by segment: |        |                                    |         |
| PGIM                                                      | PGIM                                                      | \$ 179                         | \$ 206  | \$ 330                       | \$ 394  | PGIM                                                      | \$ 211 | \$ 219                             | \$ 541  |
| U.S. Businesses:                                          | U.S. Businesses:                                          |                                |         |                              |         | U.S. Businesses:                                          |        |                                    |         |
| Institutional Retirement Strategies                       | Institutional Retirement Strategies                       | 428                            | 432     | 824                          | 947     | Institutional Retirement Strategies                       | 439    | 268                                | 1,263   |
| Individual Retirement Strategies                          | Individual Retirement Strategies                          | 448                            | 1,749   | 889                          | 2,180   | Individual Retirement Strategies                          | 502    | 387                                | 1,391   |
| Retirement Strategies(1)                                  | Retirement Strategies(1)                                  | 876                            | 2,181   | 1,713                        | 3,127   | Retirement Strategies(1)                                  | 941    | 655                                | 2,654   |
| Group Insurance                                           | Group Insurance                                           | 139                            | 54      | 164                          | (61)    | Group Insurance                                           | 89     | 30                                 | 253     |
| Individual Life(1)                                        | Individual Life(1)                                        | (59)                           | (1,662) | (161)                        | (1,680) | Individual Life(1)                                        | 58     | (70)                               | (103)   |
| Total U.S. Businesses                                     | Total U.S. Businesses                                     | 956                            | 573     | 1,716                        | 1,386   | Total U.S. Businesses                                     | 1,088  | 615                                | 2,804   |
| International Businesses                                  | International Businesses                                  | 784                            | 692     | 1,624                        | 1,643   | International Businesses                                  | 811    | 748                                | 2,435   |
| Corporate and Other                                       | Corporate and Other                                       | (527)                          | (321)   | (1,012)                      | (737)   | Corporate and Other                                       | (504)  | (415)                              | (1,516) |

|                                                                                                                                              |                                                                                                                                              |        |            |          |            |                                                                                                                                              |            |          |          |            |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------|------------|----------|------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------|----------|----------|------------|
| Total segment adjusted operating income before income taxes                                                                                  | Total segment adjusted operating income before income taxes                                                                                  | 1,392  | 1,150      | 2,658    | 2,686      | Total segment adjusted operating income before income taxes                                                                                  | 1,606      | 1,167    | 4,264    | 3,853      |
| Reconciling items:                                                                                                                           | Reconciling items:                                                                                                                           |        |            |          |            | Reconciling items:                                                                                                                           |            |          |          |            |
| Realized investment gains (losses), net, and related adjustments                                                                             | Realized investment gains (losses), net, and related adjustments                                                                             | (853)  | (2,216)    | (535)    | (3,853)    | Realized investment gains (losses), net, and related adjustments                                                                             | (2,430)    | (1,128)  | (2,965)  | (4,981)    |
| Charges related to realized investment gains (losses), net                                                                                   | Charges related to realized investment gains (losses), net                                                                                   | 88     | (222)      | 139      | (306)      | Charges related to realized investment gains (losses), net                                                                                   | (61)       | (115)    | 78       | (421)      |
| Change in value of market risk benefits, net of related hedging gains (losses)                                                               | Change in value of market risk benefits, net of related hedging gains (losses)                                                               | 16     | (710)      | 91       | (1,014)    | Change in value of market risk benefits, net of related hedging gains (losses)                                                               | (251)      | (58)     | (160)    | (1,072)    |
| Market experience updates                                                                                                                    | Market experience updates                                                                                                                    | (3)    | 371        | 45       | 492        | Market experience updates                                                                                                                    | 143        | 125      | 188      | 617        |
| Divested and Run-off Businesses:                                                                                                             | Divested and Run-off Businesses:                                                                                                             |        |            |          |            | Divested and Run-off Businesses:                                                                                                             |            |          |          |            |
| Closed Block division                                                                                                                        | Closed Block division                                                                                                                        | (48)   | 16         | (52)     | 43         | Closed Block division                                                                                                                        | 2          | (21)     | (50)     | 22         |
| Other Divested and Run-off Businesses                                                                                                        | Other Divested and Run-off Businesses                                                                                                        | 64     | 499        | 171      | 228        | Other Divested and Run-off Businesses                                                                                                        | (46)       | (53)     | 125      | 175        |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests                                         | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests                                         | (26)   | 44         | (31)     | 15         | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests                                         | (11)       | (33)     | (42)     | (18)       |
| Other adjustments(2)                                                                                                                         | Other adjustments(2)                                                                                                                         | (9)    | 0          | (18)     | (17)       | Other adjustments(2)                                                                                                                         | (10)       | (10)     | (28)     | (27)       |
| Income (loss) before income taxes and equity in earnings of operating joint ventures per Unaudited Interim Consolidated Financial Statements | Income (loss) before income taxes and equity in earnings of operating joint ventures per Unaudited Interim Consolidated Financial Statements | \$ 621 | \$ (1,068) | \$ 2,468 | \$ (1,726) | Income (loss) before income taxes and equity in earnings of operating joint ventures per Unaudited Interim Consolidated Financial Statements | \$ (1,058) | \$ (126) | \$ 1,410 | \$ (1,852) |

(1) The Retirement Strategies and Individual Life segments' results reflect DAC as if the business is a stand-alone operation. The elimination of intersegment costs capitalized in accordance with this policy is included in consolidating adjustments within Corporate and Other operations.

(2) Includes components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service period.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Reconciliation of select financial information**

The tables below present certain financial information for the Company's segments and its Corporate and Other operations, including assets by segment and revenues by segment on an adjusted operating income basis, and the reconciliation of the segment totals to amounts reported in the Unaudited Interim Consolidated Financial Statements.

|                                                                      |                                                                      | June 30,<br>2023 | December 31,<br>2022 |                                                                      | September 30,<br>2023 | December 31,<br>2022 |
|----------------------------------------------------------------------|----------------------------------------------------------------------|------------------|----------------------|----------------------------------------------------------------------|-----------------------|----------------------|
|                                                                      |                                                                      | (in millions)    |                      |                                                                      | (in millions)         |                      |
| Assets by segment:                                                   | Assets by segment:                                                   |                  |                      | Assets by segment:                                                   |                       |                      |
| PGIM                                                                 | PGIM                                                                 | \$ 45,408        | \$ 48,364            | PGIM                                                                 | \$ 44,250             | \$ 48,364            |
| U.S. Businesses:                                                     | U.S. Businesses:                                                     |                  |                      | U.S. Businesses:                                                     |                       |                      |
| Institutional Retirement Strategies                                  | Institutional Retirement Strategies                                  | 108,326          | 108,565              | Institutional Retirement Strategies                                  | 107,935               | 108,565              |
| Individual Retirement Strategies                                     | Individual Retirement Strategies                                     | 136,508          | 130,173              | Individual Retirement Strategies                                     | 131,231               | 130,173              |
| Retirement Strategies                                                | Retirement Strategies                                                | 244,834          | 238,738              | Retirement Strategies                                                | 239,166               | 238,738              |
| Group Insurance                                                      | Group Insurance                                                      | 37,812           | 38,201               | Group Insurance                                                      | 36,451                | 38,201               |
| Individual Life                                                      | Individual Life                                                      | 109,168          | 102,445              | Individual Life                                                      | 108,077               | 102,445              |
| Total U.S. Businesses                                                | Total U.S. Businesses                                                | 391,814          | 379,384              | Total U.S. Businesses                                                | 383,694               | 379,384              |
| International Businesses                                             | International Businesses                                             | 186,561          | 186,791              | International Businesses                                             | 177,597               | 186,791              |
| Corporate and Other                                                  | Corporate and Other                                                  | 22,866           | 23,556               | Corporate and Other                                                  | 26,985                | 23,556               |
| Closed Block division                                                | Closed Block division                                                | 50,655           | 50,934               | Closed Block division                                                | 48,728                | 50,934               |
| Total assets per Unaudited Interim Consolidated Financial Statements | Total assets per Unaudited Interim Consolidated Financial Statements | \$ 697,304       | \$ 689,029           | Total assets per Unaudited Interim Consolidated Financial Statements | \$ 681,254            | \$ 689,029           |

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      | Three Months Ended June 30, 2023                                                     |                |                       |                             |                         |                                                      |                            |                  |                     |                                                                                      | Three Months Ended |                       |                             |                         |  |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------|-----------------------|-----------------------------|-------------------------|------------------------------------------------------|----------------------------|------------------|---------------------|--------------------------------------------------------------------------------------|--------------------|-----------------------|-----------------------------|-------------------------|--|
| Revenues, and benefits and expenses on an adjusted operating income basis by segment | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Total Revenues | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits | Interest Credited to Policyholders' Account Balances | Dividends to Policyholders | Interest Expense | Amortization of DAC | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Total Revenues     | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits |  |
| PGIM                                                                                 | PGIM                                                                                 | \$ 849         | \$ 67                 | \$ 670                      | \$ 0                    | \$ 0                                                 | \$ 0                       | \$ 29            | \$ 0                | PGIM                                                                                 | \$ 976             | \$ 42                 | \$ 765                      | \$ 0                    |  |
| U.S. Businesses:                                                                     | U.S. Businesses:                                                                     |                |                       |                             |                         |                                                      |                            |                  |                     | U.S. Businesses:                                                                     |                    |                       |                             |                         |  |
| Institutional Retirement Strategies                                                  | Institutional Retirement Strategies                                                  | 2,737          | 1,072                 | 2,309                       | 2,263                   | 144                                                  | 0                          | (4)              | 6                   | Institutional Retirement Strategies                                                  | 221                | 1,098                 | (218)                       | (438)                   |  |
| Individual Retirement Strategies                                                     | Individual Retirement Strategies                                                     | 1,119          | 344                   | 671                         | 49                      | 111                                                  | 0                          | 19               | 83                  | Individual Retirement Strategies                                                     | 1,153              | 393                   | 651                         | 21                      |  |

|                                                                                                      |                                                                                                      |        |       |        |       |     |     |     |     |                                                                                                      |         |       |       |       |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|-------|--------|-------|-----|-----|-----|-----|------------------------------------------------------------------------------------------------------|---------|-------|-------|-------|
| Retirement Strategies                                                                                | Retirement Strategies                                                                                | 3,856  | 1,416 | 2,980  | 2,312 | 255 | 0   | 15  | 89  | Retirement Strategies                                                                                | 1,374   | 1,491 | 433   | (417) |
| Group Insurance                                                                                      | Group Insurance                                                                                      | 1,598  | 128   | 1,459  | 1,140 | 41  | 0   | 2   | 2   | Group Insurance                                                                                      | 1,576   | 130   | 1,487 | 1,179 |
| Individual Life                                                                                      | Individual Life                                                                                      | 1,564  | 709   | 1,623  | 823   | 227 | 9   | 232 | 114 | Individual Life                                                                                      | 1,589   | 734   | 1,531 | 831   |
| Total U.S. Businesses                                                                                | Total U.S. Businesses                                                                                | 7,018  | 2,253 | 6,062  | 4,275 | 523 | 9   | 249 | 205 | Total U.S. Businesses                                                                                | 4,539   | 2,355 | 3,451 | 1,593 |
| International Businesses                                                                             | International Businesses                                                                             | 4,723  | 1,321 | 3,939  | 2,645 | 226 | 2   | 4   | 159 | International Businesses                                                                             | 4,566   | 1,316 | 3,755 | 2,742 |
| Corporate and Other(1)                                                                               | Corporate and Other(1)                                                                               | 54     | 173   | 581    | 0     | 31  | 0   | 179 | (9) | Corporate and Other(1)                                                                               | 45      | 180   | 549   | (4)   |
| Total revenues, and benefits and expenses on an adjusted operating income basis                      | Total revenues, and benefits and expenses on an adjusted operating income basis                      | 12,644 | 3,814 | 11,252 | 6,920 | 780 | 11  | 461 | 355 | Total revenues, and benefits and expenses on an adjusted operating income basis                      | 10,126  | 3,893 | 8,520 | 4,331 |
| Reconciling items:                                                                                   | Reconciling items:                                                                                   |        |       |        |       |     |     |     |     | Reconciling items:                                                                                   |         |       |       |       |
| Realized investment gains (losses), net, and related adjustments                                     | Realized investment gains (losses), net, and related adjustments                                     | (549)  | (4)   | 304    | 21    | 283 | 0   | 0   | 0   | Realized investment gains (losses), net, and related adjustments                                     | (2,408) | (5)   | 22    | 19    |
| Charges related to realized investment gains (losses), net                                           | Charges related to realized investment gains (losses), net                                           | 46     | 0     | (42)   | (63)  | 6   | 0   | 0   | 7   | Charges related to realized investment gains (losses), net                                           | 12      | 0     | 73    | 72    |
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | 16     | 0     | 0      | 0     | 0   | 0   | 0   | 0   | Change in value of market risk benefits, net of related hedging gains (losses)                       | (251)   | 0     | 0     | 0     |
| Market experience updates                                                                            | Market experience updates                                                                            | (5)    | 0     | (2)    | (1)   | 0   | 0   | 0   | 0   | Market experience updates                                                                            | 39      | 0     | (104) | 4     |
| Divested and Run-off Businesses:                                                                     | Divested and Run-off Businesses:                                                                     |        |       |        |       |     |     |     |     | Divested and Run-off Businesses:                                                                     |         |       |       |       |
| Closed Block division                                                                                | Closed Block division                                                                                | 955    | 499   | 1,003  | 608   | 29  | 292 | 0   | 4   | Closed Block division                                                                                | 615     | 511   | 613   | 535   |
| Other Divested and Run-off Businesses                                                                | Other Divested and Run-off Businesses                                                                | 401    | 167   | 337    | 176   | 51  | 0   | (2) | 0   | Other Divested and Run-off Businesses                                                                | 241     | 172   | 287   | 202   |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (10)   | 0     | 16     | 0     | 0   | 0   | 0   | 0   | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (22)    | 0     | (11)  | 0     |
| Other adjustments                                                                                    | Other adjustments                                                                                    | 0      | 0     | 9      | 0     | 0   | 0   | 0   | 0   | Other adjustments                                                                                    | 0       | 0     | 10    | 0     |

|                                                                                    |                                                                                    |           |          |           |          |          |        |        |        |                                                                                    |          |          |          |          |    |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|----------|-----------|----------|----------|--------|--------|--------|------------------------------------------------------------------------------------|----------|----------|----------|----------|----|
| Total revenue, and benefits and expenses per Consolidated Statements of Operations | Total revenue, and benefits and expenses per Consolidated Statements of Operations | \$ 13,498 | \$ 4,476 | \$ 12,877 | \$ 7,661 | \$ 1,149 | \$ 303 | \$ 459 | \$ 366 | Total revenue, and benefits and expenses per Consolidated Statements of Operations | \$ 8,352 | \$ 4,571 | \$ 9,410 | \$ 5,163 | \$ |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|----------|-----------|----------|----------|--------|--------|--------|------------------------------------------------------------------------------------|----------|----------|----------|----------|----|

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

| Revenues, and<br>benefits and<br>expenses on an<br>adjusted basis by segment    | Revenues, and<br>benefits and<br>expenses on an<br>adjusted basis by segment    | Three Months Ended June 30, 2022    |                       |                             |                         |                  |                            |                  |                     | Revenues, and<br>benefits and<br>expenses on an<br>adjusted basis by segment    | Three Months Ended |                       |                             |                         |    |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------|-----------------------|-----------------------------|-------------------------|------------------|----------------------------|------------------|---------------------|---------------------------------------------------------------------------------|--------------------|-----------------------|-----------------------------|-------------------------|----|
|                                                                                 |                                                                                 | Interest Credited to Policyholders' |                       |                             |                         |                  |                            |                  |                     |                                                                                 | Total              |                       |                             |                         |    |
|                                                                                 |                                                                                 | Total Revenues                      | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits | Account Balances | Dividends to Policyholders | Interest Expense | Amortization of DAC |                                                                                 | Total Revenues     | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits |    |
|                                                                                 |                                                                                 | Total Revenues                      | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits | Account Balances | Dividends to Policyholders | Interest Expense | Amortization of DAC |                                                                                 | Total Revenues     | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits |    |
| operating income                                                                | operating income                                                                | 829                                 | (14)                  | 623                         | 0                       | 0                | 0                          | 10               | 1                   | operating income                                                                | \$ 907             | \$ 56                 | \$ 688                      | \$ 0                    | \$ |
| basis by segment                                                                | basis by segment                                                                | (in millions)                       |                       |                             |                         |                  |                            |                  |                     | basis by segment                                                                | (in millions)      |                       |                             |                         |    |
| PGIM                                                                            | PGIM                                                                            | 829                                 | (14)                  | 623                         | 0                       | 0                | 0                          | 10               | 1                   | PGIM                                                                            | \$ 907             | \$ 56                 | \$ 688                      | \$ 0                    | \$ |
| U.S. Businesses:                                                                | U.S. Businesses:                                                                |                                     |                       |                             |                         |                  |                            |                  |                     | U.S. Businesses:                                                                |                    |                       |                             |                         |    |
| Institutional Retirement Strategies                                             | Institutional Retirement Strategies                                             | 2,422                               | 892                   | 1,990                       | 2,310                   | 75               | 0                          | (2)              | 3                   | Institutional Retirement Strategies                                             | 11,468             | 824                   | 11,200                      | 11,028                  |    |
| Individual Retirement Strategies                                                | Individual Retirement Strategies                                                | 2,425                               | 178                   | 676                         | 26                      | 100              | 0                          | 17               | 91                  | Individual Retirement Strategies                                                | 971                | 204                   | 584                         | 14                      |    |
| Retirement Strategies                                                           | Retirement Strategies                                                           | 4,847                               | 1,070                 | 2,666                       | 2,336                   | 175              | 0                          | 15               | 94                  | Retirement Strategies                                                           | 12,439             | 1,028                 | 11,784                      | 11,042                  |    |
| Group Insurance                                                                 | Group Insurance                                                                 | 1,496                               | 117                   | 1,442                       | 1,144                   | 39               | 0                          | 1                | 1                   | Group Insurance                                                                 | 1,525              | 121                   | 1,495                       | 1,196                   |    |
| Individual Life                                                                 | Individual Life                                                                 | 1,286                               | 614                   | 2,948                       | 864                     | 231              | 8                          | 198              | 111                 | Individual Life                                                                 | 1,457              | 580                   | 1,527                       | 774                     |    |
| Total U.S. Businesses                                                           | Total U.S. Businesses                                                           | 7,629                               | 1,801                 | 7,056                       | 4,344                   | 445              | 8                          | 214              | 206                 | Total U.S. Businesses                                                           | 15,421             | 1,729                 | 14,806                      | 13,012                  |    |
| International Businesses                                                        | International Businesses                                                        | 4,455                               | 1,286                 | 3,763                       | 2,767                   | 175              | 13                         | 5                | 150                 | International Businesses                                                        | 4,618              | 1,112                 | 3,870                       | 2,896                   |    |
| Corporate and Other(1)                                                          | Corporate and Other(1)                                                          | 44                                  | 168                   | 365                         | 3                       | 34               | 0                          | 172              | (12)                | Corporate and Other(1)                                                          | 134                | 150                   | 549                         | 0                       |    |
| Total revenues, and benefits and expenses on an adjusted operating income basis | Total revenues, and benefits and expenses on an adjusted operating income basis | 12,957                              | 3,241                 | 11,807                      | 7,114                   | 654              | 21                         | 401              | 345                 | Total revenues, and benefits and expenses on an adjusted operating income basis | 21,080             | 3,047                 | 19,913                      | 15,908                  |    |
| Reconciling items:                                                              | Reconciling items:                                                              |                                     |                       |                             |                         |                  |                            |                  |                     | Reconciling items:                                                              |                    |                       |                             |                         |    |
| Realized investment gains (losses), net, and related adjustments                | Realized investment gains (losses), net, and related adjustments                | (2,293)                             | (4)                   | (77)                        | 30                      | (107)            | 0                          | 0                | 0                   | Realized investment gains (losses), net, and related adjustments                | (1,136)            | (4)                   | (8)                         | 15                      |    |
| Charges related to realized investment gains (losses), net                      | Charges related to realized investment gains (losses), net                      | 32                                  | 0                     | 254                         | 102                     | 12               | 0                          | 0                | 8                   | Charges related to realized investment gains (losses), net                      | 33                 | 0                     | 148                         | 139                     |    |

|                                                                                                      |                                                                                                      |           |          |           |          |        |          |        |        |                                                                                                      |           |          |           |           |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------|----------|-----------|----------|--------|----------|--------|--------|------------------------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | (710)     | 0        | 0         | 0        | 0      | 0        | 0      | 0      | Change in value of market risk benefits, net of related hedging gains (losses)                       | (58)      | 0        | 0         | 0         |
| Market experience updates                                                                            | Market experience updates                                                                            | 72        | 0        | (299)     | (17)     | 0      | 0        | 0      | 0      | Market experience updates                                                                            | 26        | 0        | (99)      | (2)       |
| Divested and Run-off Businesses:                                                                     | Divested and Run-off Businesses:                                                                     |           |          |           |          |        |          |        |        | Divested and Run-off Businesses:                                                                     |           |          |           |           |
| Closed Block division                                                                                | Closed Block division                                                                                | 529       | 520      | 513       | 637      | 31     | (228)    | 0      | 4      | Closed Block division                                                                                | 710       | 434      | 731       | 549       |
| Other Divested and Run-off Businesses                                                                | Other Divested and Run-off Businesses                                                                | 740       | 181      | 241       | 92       | 54     | 0        | 0      | 1      | Other Divested and Run-off Businesses                                                                | (427)     | 154      | (374)     | (457)     |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 65        | 0        | 21        | 0        | 0      | 0        | 0      | 0      | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (27)      | 0        | 6         | 0         |
| Other adjustments                                                                                    | Other adjustments                                                                                    | 0         | 0        | 0         | 0        | 0      | 0        | 0      | 0      | Other adjustments                                                                                    | 0         | 0        | 10        | 0         |
| Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | \$ 11,392 | \$ 3,938 | \$ 12,460 | \$ 7,958 | \$ 644 | \$ (207) | \$ 401 | \$ 358 | Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | \$ 20,201 | \$ 3,631 | \$ 20,327 | \$ 16,152 |

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      |                                                                                      | Six Months Ended June 30, 2023      |                       |                             |                         |                  |                            |                  |                     |                                     |                                                                                      | Nine Months Ended                 |                             |                         |  |  |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|-----------------------|-----------------------------|-------------------------|------------------|----------------------------|------------------|---------------------|-------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------|-----------------------------|-------------------------|--|--|
| Revenues, and benefits and expenses on an adjusted operating income basis by segment | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Interest Credited to Policyholders' |                       |                             |                         |                  |                            |                  |                     |                                     | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Total Benefits and Policyholders' |                             |                         |  |  |
|                                                                                      |                                                                                      | Total Revenues                      | Net Investment Income | Total Benefits and Expenses | Policyholders' Benefits | Account Balances | Dividends to Policyholders | Interest Expense | Amortization of DAC | Total Revenues                      |                                                                                      | Net Investment Income             | Total Benefits and Expenses | Policyholders' Benefits |  |  |
| PGIM                                                                                 | PGIM                                                                                 | \$ 1,747                            | \$ 147                | \$ 1,417                    | \$ 0                    | \$ 0             | \$ 0                       | \$ 56            | \$ 1                | PGIM                                | \$ 2,723                                                                             | \$ 189                            | \$ 2,182                    | \$ 0                    |  |  |
| U.S. Businesses:                                                                     | U.S. Businesses:                                                                     |                                     |                       |                             |                         |                  |                            |                  |                     |                                     | U.S. Businesses:                                                                     |                                   |                             |                         |  |  |
| Institutional Retirement Strategies                                                  | Institutional Retirement Strategies                                                  | 7,626                               | 2,076                 | 6,802                       | 6,613                   | 269              | 0                          | 6                | 10                  | Institutional Retirement Strategies | 7,847                                                                                | 3,174                             | 6,584                       | 6,175                   |  |  |
| Individual Retirement Strategies                                                     | Individual Retirement Strategies                                                     | 2,214                               | 662                   | 1,325                       | 82                      | 226              | 0                          | 33               | 176                 | Individual Retirement Strategies    | 3,367                                                                                | 1,055                             | 1,976                       | 103                     |  |  |
| Retirement Strategies                                                                | Retirement Strategies                                                                | 9,840                               | 2,738                 | 8,127                       | 6,695                   | 495              | 0                          | 39               | 186                 | Retirement Strategies               | 11,214                                                                               | 4,229                             | 8,560                       | 6,278                   |  |  |
| Group Insurance                                                                      | Group Insurance                                                                      | 3,162                               | 254                   | 2,998                       | 2,358                   | 85               | 0                          | 6                | 3                   | Group Insurance                     | 4,738                                                                                | 384                               | 4,485                       | 3,537                   |  |  |

|                                                                                                      |                                                                                                      |        |       |        |        |       |     |     |      |                                                                                                      |         |        |        |        |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|-------|--------|--------|-------|-----|-----|------|------------------------------------------------------------------------------------------------------|---------|--------|--------|--------|
| Individual Life                                                                                      | Individual Life                                                                                      | 3,091  | 1,378 | 3,252  | 1,647  | 450   | 18  | 455 | 228  | Individual Life                                                                                      | 4,680   | 2,112  | 4,783  | 2,478  |
| Total U.S. Businesses                                                                                | Total U.S. Businesses                                                                                | 16,093 | 4,370 | 14,377 | 10,700 | 1,030 | 18  | 500 | 417  | Total U.S. Businesses                                                                                | 20,632  | 6,725  | 17,828 | 12,293 |
| International Businesses                                                                             | International Businesses                                                                             | 9,738  | 2,606 | 8,114  | 5,797  | 441   | 9   | 15  | 310  | International Businesses                                                                             | 14,304  | 3,922  | 11,869 | 8,539  |
| Corporate and Other(1)                                                                               | Corporate and Other(1)                                                                               | 170    | 362   | 1,182  | (5)    | 65    | 0   | 331 | (18) | Corporate and Other(1)                                                                               | 215     | 542    | 1,731  | (9)    |
| Total revenues, and benefits and expenses on an adjusted operating income basis                      | Total revenues, and benefits and expenses on an adjusted operating income basis                      | 27,748 | 7,485 | 25,090 | 16,492 | 1,536 | 27  | 902 | 710  | Total revenues, and benefits and expenses on an adjusted operating income basis                      | 37,874  | 11,378 | 33,610 | 20,823 |
| Reconciling items:                                                                                   | Reconciling items:                                                                                   |        |       |        |        |       |     |     |      | Reconciling items:                                                                                   |         |        |        |        |
| Realized investment gains (losses), net, and related adjustments                                     | Realized investment gains (losses), net, and related adjustments                                     | (74)   | (9)   | 461    | 46     | 415   | 0   | 0   | 0    | Realized investment gains (losses), net, and related adjustments                                     | (2,482) | (14)   | 483    | 65     |
| Charges related to realized investment gains (losses), net                                           | Charges related to realized investment gains (losses), net                                           | 83     | 0     | (56)   | (120)  | 18    | 0   | 0   | 14   | Charges related to realized investment gains (losses), net                                           | 95      | 0      | 17     | (48)   |
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | 91     | 0     | 0      | 0      | 0     | 0   | 0   | 0    | Change in value of market risk benefits, net of related hedging gains (losses)                       | (160)   | 0      | 0      | 0      |
| Market experience updates                                                                            | Market experience updates                                                                            | 19     | 0     | (26)   | 3      | 0     | 0   | 0   | 0    | Market experience updates                                                                            | 58      | 0      | (130)  | 7      |
| Divested and Run-off Businesses:                                                                     | Divested and Run-off Businesses:                                                                     |        |       |        |        |       |     |     |      | Divested and Run-off Businesses:                                                                     |         |        |        |        |
| Closed Block division                                                                                | Closed Block division                                                                                | 1,926  | 980   | 1,978  | 1,181  | 59    | 594 | 1   | 7    | Closed Block division                                                                                | 2,541   | 1,491  | 2,591  | 1,716  |
| Other Divested and Run-off Businesses                                                                | Other Divested and Run-off Businesses                                                                | 779    | 340   | 608    | 363    | 102   | 1   | (3) | 0    | Other Divested and Run-off Businesses                                                                | 1,020   | 512    | 895    | 565    |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (29)   | 0     | 2      | 0      | 0     | 0   | 0   | 0    | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (51)    | 0      | (9)    | 0      |
| Other adjustments                                                                                    | Other adjustments                                                                                    | 0      | 0     | 18     | 0      | 0     | 0   | 0   | 0    | Other adjustments                                                                                    | 0       | 0      | 28     | 0      |

|                                                                                    |                                                                                    |           |          |           |           |          |        |        |        |                                                                                    |           |           |           |           |    |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|----------|--------|--------|--------|------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|----|
| Total revenue, and benefits and expenses per Consolidated Statements of Operations | Total revenue, and benefits and expenses per Consolidated Statements of Operations | \$ 30,543 | \$ 8,796 | \$ 28,075 | \$ 17,965 | \$ 2,130 | \$ 622 | \$ 900 | \$ 731 | Total revenue, and benefits and expenses per Consolidated Statements of Operations | \$ 38,895 | \$ 13,367 | \$ 37,485 | \$ 23,128 | \$ |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|----------|--------|--------|--------|------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|----|

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

|                                                                                      | Six Months Ended June 30, 2022                                                       |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      | Nine Months Ended |                       |                |                         |    |  |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|-----------------------|----------------|-------------------------|------------------|----------------------------|------------------|---------------------|--------------------------------------------------------------------------------------|-------------------|-----------------------|----------------|-------------------------|----|--|
| Revenues, and benefits and expenses on an adjusted operating income basis by segment | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Interest Credited to Policyholders' |                       |                |                         |                  |                            |                  |                     | Revenues, and benefits and expenses on an adjusted operating income basis by segment | Total Benefits    |                       |                |                         |    |  |
|                                                                                      |                                                                                      | Total Revenues                      | Net Investment Income | Total Expenses | Policyholders' Benefits | Account Balances | Dividends to Policyholders | Interest Expense | Amortization of DAC |                                                                                      | Total Revenues    | Net Investment Income | Total Expenses | Policyholders' Benefits |    |  |
|                                                                                      |                                                                                      |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      |                   |                       |                |                         |    |  |
|                                                                                      |                                                                                      |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      |                   |                       |                |                         |    |  |
|                                                                                      |                                                                                      |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      |                   |                       |                |                         |    |  |
| PGIM                                                                                 | PGIM                                                                                 | \$ 1,755                            | \$ (18)               | \$ 1,361       | \$ 0                    | \$ 0             | \$ 0                       | \$ 16            | \$ 2                | PGIM                                                                                 | \$ 2,662          | \$ 38                 | \$ 2,049       | \$ 0                    | \$ |  |
| U.S. Businesses:                                                                     | U.S. Businesses:                                                                     |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      |                   | U.S. Businesses:      |                |                         |    |  |
| Institutional Retirement Strategies                                                  | Institutional Retirement Strategies                                                  | 5,169                               | 1,860                 | 4,222          | 4,488                   | 155              | 0                          | 2                | 6                   | Institutional Retirement Strategies                                                  | 16,637            | 2,684                 | 15,422         | 15,516                  |    |  |
| Individual Retirement Strategies                                                     | Individual Retirement Strategies                                                     | 3,522                               | 440                   | 1,342          | 91                      | 178              | 0                          | 21               | 186                 | Individual Retirement Strategies                                                     | 4,493             | 644                   | 1,926          | 105                     |    |  |
| Retirement Strategies                                                                | Retirement Strategies                                                                | 8,691                               | 2,300                 | 5,564          | 4,579                   | 333              | 0                          | 23               | 192                 | Retirement Strategies                                                                | 21,130            | 3,328                 | 17,348         | 15,621                  |    |  |
| Group Insurance                                                                      | Group Insurance                                                                      | 3,035                               | 241                   | 3,096          | 2,497                   | 75               | 0                          | 2                | (1)                 | Group Insurance                                                                      | 4,560             | 362                   | 4,591          | 3,693                   |    |  |
| Individual Life                                                                      | Individual Life                                                                      | 2,844                               | 1,258                 | 4,524          | 1,729                   | 458              | 17                         | 387              | 222                 | Individual Life                                                                      | 4,301             | 1,838                 | 6,051          | 2,503                   |    |  |
| Total U.S. Businesses                                                                | Total U.S. Businesses                                                                | 14,570                              | 3,799                 | 13,184         | 8,805                   | 866              | 17                         | 412              | 413                 | Total U.S. Businesses                                                                | 29,991            | 5,528                 | 27,990         | 21,817                  |    |  |
| International Businesses                                                             | International Businesses                                                             | 9,933                               | 2,583                 | 8,290          | 6,252                   | 365              | 28                         | 8                | 305                 | International Businesses                                                             | 14,551            | 3,695                 | 12,160         | 9,148                   |    |  |
| Corporate and Other(1)                                                               | Corporate and Other(1)                                                               | 1                                   | 290                   | 738            | (4)                     | 68               | 0                          | 329              | (22)                | Corporate and Other(1)                                                               | 135               | 440                   | 1,287          | (4)                     |    |  |
| Total revenues, and benefits and expenses on an adjusted operating income basis      | Total revenues, and benefits and expenses on an adjusted operating income basis      | 26,259                              | 6,654                 | 23,573         | 15,053                  | 1,299            | 45                         | 765              | 698                 | Total revenues, and benefits and expenses on an adjusted operating income basis      | 47,339            | 9,701                 | 43,486         | 30,961                  |    |  |
| Reconciling items:                                                                   | Reconciling items:                                                                   |                                     |                       |                |                         |                  |                            |                  |                     |                                                                                      |                   | Reconciling items:    |                |                         |    |  |
| Realized investment gains (losses), net, and related adjustments                     | Realized investment gains (losses), net, and related adjustments                     | (3,941)                             | (14)                  | (88)           | 59                      | (147)            | 0                          | 0                | 0                   | Realized investment gains (losses), net, and related adjustments                     | (5,077)           | (18)                  | (96)           | 74                      |    |  |
| Charges related to realized investment gains (losses), net                           | Charges related to realized investment gains (losses), net                           | 10                                  | 0                     | 316            | 122                     | 31               | 0                          | 0                | 22                  | Charges related to realized investment gains (losses), net                           | 43                | 0                     | 464            | 261                     |    |  |

|                                                                                                      |                                                                                                      |           |          |           |           |        |       |        |        |                                                                                                      |           |           |           |           |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------|----------|-----------|-----------|--------|-------|--------|--------|------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | (1,014)   | 0        | 0         | 0         | 0      | 0     | 0      | 0      | Change in value of market risk benefits, net of related hedging gains (losses)                       | (1,072)   | 0         | 0         | 0         |
| Market experience updates                                                                            | Market experience updates                                                                            | 113       | 0        | (379)     | (9)       | 0      | 0     | 0      | 1      | Market experience updates                                                                            | 139       | 0         | (478)     | (11)      |
| Divested and Run-off Businesses:                                                                     | Divested and Run-off Businesses:                                                                     |           |          |           |           |        |       |        |        | Divested and Run-off Businesses:                                                                     |           |           |           |           |
| Closed Block division                                                                                | Closed Block division                                                                                | 1,494     | 1,074    | 1,451     | 1,261     | 61     | (17)  | 0      | 7      | Closed Block division                                                                                | 2,204     | 1,508     | 2,182     | 1,810     |
| Other Divested and Run-off Businesses                                                                | Other Divested and Run-off Businesses                                                                | 278       | 582      | 50        | 247       | (540)  | 0     | 1      | 1      | Other Divested and Run-off Businesses                                                                | (149)     | 736       | (324)     | (210)     |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 48        | 0        | 33        | 0         | 0      | 0     | 0      | 0      | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 21        | 0         | 39        | 0         |
| Other adjustments                                                                                    | Other adjustments                                                                                    | 0         | 0        | 17        | 0         | 0      | 0     | 0      | 0      | Other adjustments                                                                                    | 0         | 0         | 27        | 0         |
| Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | \$ 23,247 | \$ 8,296 | \$ 24,973 | \$ 16,733 | \$ 704 | \$ 28 | \$ 766 | \$ 729 | Total revenue, and benefits and expenses per Consolidated Statements of Operations                   | \$ 43,448 | \$ 11,927 | \$ 45,300 | \$ 32,885 |

(1) Corporate and Other operations, through AIQ and Prudential Advisors, generates fee revenues from the sale and distribution of certain insurance, annuity and investment products offered by Prudential and third-parties.

**PRUDENTIAL FINANCIAL, INC.**  
**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Intersegment revenues**

Management has determined the intersegment revenues with reference to market rates. Intersegment revenues are eliminated in consolidation in Corporate and Other operations. The PGIM segment revenues include intersegment revenues, primarily consisting of asset-based management and administration fees, as follows:

|                                    | Three Months Ended |        | Six Months Ended |        |
|------------------------------------|--------------------|--------|------------------|--------|
|                                    | June 30,           |        | June 30,         |        |
|                                    | 2023               | 2022   | 2023             | 2022   |
|                                    | (in millions)      |        |                  |        |
| PGIM segment intersegment revenues | \$ 198             | \$ 201 | \$ 403           | \$ 433 |

  

|  | Three Months Ended |      | Nine Months Ended |      |
|--|--------------------|------|-------------------|------|
|  | September 30,      |      | September 30,     |      |
|  | 2023               | 2022 | 2023              | 2022 |
|  | (in millions)      |      |                   |      |

|                                    |    |     |    |     |    |     |    |     |
|------------------------------------|----|-----|----|-----|----|-----|----|-----|
| PGIM segment intersegment revenues | \$ | 201 | \$ | 199 | \$ | 604 | \$ | 631 |
|------------------------------------|----|-----|----|-----|----|-----|----|-----|

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

Segments may also enter into internal derivative contracts with other segments. For adjusted operating income, each segment accounts for the internal derivative results consistent with the manner in which that segment accounts for other similar external derivatives.

**Asset management and service fees**

The table below presents asset management and service fees, predominantly related to investment management activities, for the periods indicated:

|                                         |                                         |                             |        |                           |          |                                         | Three Months Ended |        |                                 |          |
|-----------------------------------------|-----------------------------------------|-----------------------------|--------|---------------------------|----------|-----------------------------------------|--------------------|--------|---------------------------------|----------|
|                                         |                                         | Three Months Ended June 30, |        | Six Months Ended June 30, |          |                                         | September 30,      |        | Nine Months Ended September 30, |          |
|                                         |                                         |                             |        |                           |          |                                         |                    |        |                                 |          |
|                                         |                                         | 2023                        | 2022   | 2023                      | 2022     |                                         | 2023               | 2022   | 2023                            | 2022     |
|                                         |                                         | (in millions)               |        |                           |          |                                         | (in millions)      |        |                                 |          |
| Asset-based management fees             | Asset-based management fees             | \$ 789                      | \$ 841 | \$ 1,577                  | \$ 1,822 | Asset-based management fees             | \$ 799             | \$ 820 | \$ 2,377                        | \$ 2,642 |
| Performance-based incentive fees        | Performance-based incentive fees        | 4                           | 6      | 7                         | 10       | Performance-based incentive fees        | 26                 | 15     | 33                              | 25       |
| Other fees                              | Other fees                              | 125                         | 140    | 251                       | 288      | Other fees                              | 127                | 131    | 377                             | 419      |
| Total asset management and service fees | Total asset management and service fees | \$ 918                      | \$ 987 | \$ 1,835                  | \$ 2,120 | Total asset management and service fees | \$ 952             | \$ 966 | \$ 2,787                        | \$ 3,086 |

**20. COMMITMENTS AND CONTINGENT LIABILITIES**

**Commitments and Guarantees**

**Commercial Mortgage Loan Commitments**

|                                                                       |                                                                       | June 30,<br>2023 | December 31,<br>2022 |                                                                       | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------|----------------------|-----------------------------------------------------------------------|-----------------------|----------------------|
|                                                                       |                                                                       | (in millions)    |                      |                                                                       | (in millions)         |                      |
| Total outstanding mortgage loan commitments                           | Total outstanding mortgage loan commitments                           | \$ 1,855         | \$ 1,995             | Total outstanding mortgage loan commitments                           | \$ 2,570              | \$ 1,995             |
| Portion of commitment where prearrangement to sell to investor exists | Portion of commitment where prearrangement to sell to investor exists | \$ 397           | \$ 582               | Portion of commitment where prearrangement to sell to investor exists | \$ 297                | \$ 582               |

In connection with the Company's commercial mortgage operations, it originates commercial mortgage loans. Commitments for loans that will be held for sale are recognized as derivatives and recorded at fair value. In certain of these transactions, the Company prearranges that it will sell the loan to an investor, including to government sponsored entities as discussed below, after the Company funds the loan. The above amount includes unfunded commitments that are not unconditionally cancellable. For related credit exposure, there was an allowance for credit losses of \$1 million as of both **June 30, 2023** **September 30, 2023** and December 31, 2022. The change in allowance is \$0 million for both the three months and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022.

**PRUDENTIAL FINANCIAL, INC.**

**Notes to Unaudited Interim Consolidated Financial Statements—(Continued)**

**Commitments to Purchase Investments (excluding Commercial Mortgage Loans)**

| June 30,<br>2023 | December 31,<br>2022 | September 30,<br>2023 | December 31,<br>2022 |
|------------------|----------------------|-----------------------|----------------------|
|------------------|----------------------|-----------------------|----------------------|

|                                                                                                   | (in millions)                                                                                     |    |        |    | (in millions) |                                                                                                   |    |        |    |       |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----|--------|----|---------------|---------------------------------------------------------------------------------------------------|----|--------|----|-------|
| Expected to be funded from the general account and other operations outside the separate accounts | Expected to be funded from the general account and other operations outside the separate accounts | \$ | 12,117 | \$ | 8,376         | Expected to be funded from the general account and other operations outside the separate accounts | \$ | 13,507 | \$ | 8,376 |
| Expected to be funded from separate accounts                                                      | Expected to be funded from separate accounts                                                      | \$ | 128    | \$ | 183           | Expected to be funded from separate accounts                                                      | \$ | 36     | \$ | 183   |

The Company has other commitments to purchase or fund investments, some of which are contingent upon events or circumstances not under the Company's control, including those at the discretion of the Company's counterparties. The Company anticipates a portion of these commitments will ultimately be funded from its separate accounts. The above amount includes unfunded commitments that are not unconditionally cancellable. There were no related charges for credit losses for either the three months or **six nine** months ended **June 30, 2023** **September 30, 2023** or 2022.

#### PRUDENTIAL FINANCIAL, INC.

#### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

#### Indemnification of Securities Lending and Securities Repurchase Transactions

| Indemnification of Securities Lending and Securities Repurchase Transactions                                 |                                                                                                              |                  |       |                      |       |                                                                                                              |    |                       |    |                      |  |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------|-------|----------------------|-------|--------------------------------------------------------------------------------------------------------------|----|-----------------------|----|----------------------|--|
|                                                                                                              |                                                                                                              | June 30,<br>2023 |       | December 31,<br>2022 |       |                                                                                                              |    | September 30,<br>2023 |    | December 31,<br>2022 |  |
|                                                                                                              |                                                                                                              | (in millions)    |       |                      |       |                                                                                                              |    | (in millions)         |    |                      |  |
| Indemnification provided to certain clients for securities lending and securities repurchase transactions(1) | Indemnification provided to certain clients for securities lending and securities repurchase transactions(1) | \$               | 5,847 | \$                   | 5,834 | Indemnification provided to certain clients for securities lending and securities repurchase transactions(1) | \$ | 5,734                 | \$ | 5,834                |  |
| Fair value of related collateral associated with above indemnifications(1)                                   | Fair value of related collateral associated with above indemnifications(1)                                   | \$               | 5,974 | \$                   | 5,985 | Fair value of related collateral associated with above indemnifications(1)                                   | \$ | 5,858                 | \$ | 5,985                |  |
| Accrued liability associated with guarantee                                                                  | Accrued liability associated with guarantee                                                                  | \$               | 0     | \$                   | 0     | Accrued liability associated with guarantee                                                                  | \$ | 0                     | \$ | 0                    |  |

(1) There were no securities repurchase transactions as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

In the normal course of business, the Company may facilitate securities lending or securities repurchase transactions on behalf of certain client accounts (collectively, "the accounts"). In certain of these arrangements, the Company has provided an indemnification to the accounts to hold them harmless against losses caused by counterparty (i.e., borrower) defaults associated with such transactions facilitated by the Company. In securities lending transactions, collateral is provided by the counterparty to the accounts at the inception of the transaction in an amount at least equal to 102% of the fair value of the loaned securities and the collateral is maintained daily to equal at least 102% of the fair value of the loaned securities. In securities repurchase transactions, collateral is provided by the counterparty to the accounts at the inception of the transaction in an amount at least equal to 95% of the fair value of the securities subject to repurchase and the collateral is maintained daily to equal at least 95% of the fair value of the securities subject to repurchase. The Company is only at risk if the counterparty to the transaction defaults and the value of the collateral held is less than the value of the securities loaned to, or subject to repurchase from, such counterparty. The Company believes the possibility of any payments under these indemnities is remote.

#### Credit Derivatives Written

As discussed further in Note 5, the Company writes credit derivatives under which the Company is obligated to pay the counterparty the referenced amount of the contract and receive in return the defaulted security or similar security.

#### Guarantees of Asset Values

| June 30,<br>2023 |  | December 31,<br>2022 |  | September 30,<br>2023 |  | December 31,<br>2022 |  |
|------------------|--|----------------------|--|-----------------------|--|----------------------|--|
| (in millions)    |  | (in millions)        |  | (in millions)         |  | (in millions)        |  |

|                                                                    |                                                                    |    |        |    |        |                                                                    |    |        |    |        |
|--------------------------------------------------------------------|--------------------------------------------------------------------|----|--------|----|--------|--------------------------------------------------------------------|----|--------|----|--------|
| Guaranteed value of third-parties' assets                          | Guaranteed value of third-parties' assets                          | \$ | 82,181 | \$ | 84,338 | Guaranteed value of third-parties' assets                          | \$ | 80,152 | \$ | 84,338 |
| Fair value of collateral supporting these assets                   | Fair value of collateral supporting these assets                   | \$ | 76,351 | \$ | 77,693 | Fair value of collateral supporting these assets                   | \$ | 73,603 | \$ | 77,693 |
| Asset (liability) associated with guarantee, carried at fair value | Asset (liability) associated with guarantee, carried at fair value | \$ | 0      | \$ | 1      | Asset (liability) associated with guarantee, carried at fair value | \$ | 0      | \$ | 1      |

Certain contracts underwritten by the Retirement Strategies segment include guarantees related to financial assets owned by the guaranteed party. These contracts are accounted for as derivatives and carried at fair value. The collateral supporting these guarantees is not reflected on the Unaudited Interim Consolidated Statements of Financial Position.

#### Indemnification of Serviced Mortgage Loans

|                                                                                              | September 30,<br>2023 | December 31,<br>2022 |
|----------------------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                                              | (in millions)         |                      |
| Maximum exposure under indemnification agreements for mortgage loans serviced by the Company | \$ 3,041              | \$ 2,972             |
| First-loss exposure portion of above                                                         | \$ 880                | \$ 862               |
| Accrued liability associated with guarantees(1)                                              | \$ 29                 | \$ 33                |

(1) The accrued liability associated with guarantees includes an allowance for credit losses of \$14 million and \$17 million as of September 30, 2023 and December 31, 2022, respectively. The change in allowance is a reduction of \$1 million for both three months ended September 30, 2023, and 2022, respectively, and a reduction for both nine months ended September 30, 2023, and 2022 of \$2 million and \$4 million, respectively.

### PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

#### Indemnification of Serviced Mortgage Loans

|                                                                                              | June 30,<br>2023 | December 31,<br>2022 |
|----------------------------------------------------------------------------------------------|------------------|----------------------|
|                                                                                              | (in millions)    |                      |
| Maximum exposure under indemnification agreements for mortgage loans serviced by the Company | \$ 2,992         | \$ 2,972             |
| First-loss exposure portion of above                                                         | \$ 867           | \$ 862               |
| Accrued liability associated with guarantees(1)                                              | \$ 30            | \$ 33                |

(1) The accrued liability associated with guarantees includes an allowance for credit losses of \$15 million and \$17 million as of June 30, 2023 and December 31, 2022, respectively. The change in allowance is a reduction of \$1 million for both three months ended June 30, 2023, and 2022, respectively, and a reduction for both six months ended June 30, 2023, and 2022 of \$2 million and \$4 million, respectively.

As part of the commercial mortgage activities of the Company's PGIM segment, the Company provides commercial mortgage origination, underwriting and servicing for certain government sponsored entities, such as Fannie Mae and Freddie Mac. The Company has agreed to indemnify the government sponsored entities for a portion of the credit risk associated with certain of the mortgages it services through a delegated authority arrangement. Under these arrangements, the Company originates multi-family mortgages for sale to the government sponsored entities based on underwriting standards they specify, and makes payments to them for a specified percentage share of losses they incur on certain loans serviced by the Company. The Company's percentage share of losses incurred generally varies from 4% to 20% of the loan balance, and is typically based on a first-loss exposure for a stated percentage of the loan balance, plus a shared exposure with the government sponsored entity for any losses in excess of the stated first-loss percentage, subject to a contractually specified maximum percentage. The Company determines the liability related to this exposure using historical loss experience, and the size and remaining life of the asset. The Company serviced \$24,110 million \$24,502 million and \$23,937 million of mortgages subject to these loss-sharing arrangements as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, all of which are collateralized by first priority liens on the underlying multi-family residential properties. As of June 30, 2023 September 30, 2023, these mortgages had a weighted-average debt service coverage ratio of 2.03 1.99 times and a weighted-average loan-to-value ratio of 60%. As of December 31, 2022, these mortgages had a weighted-average debt service coverage ratio of 1.92 times and a weighted-average loan-to-value ratio of 61%. The Company had no losses related to indemnifications that were settled for either the six nine months ended June 30, 2023 September 30, 2023 or 2022.

#### Other Guarantees

| June 30,<br>2023 | December 31,<br>2022 | September 30,<br>2023 | December 31,<br>2022 |
|------------------|----------------------|-----------------------|----------------------|
| (in millions)    |                      | (in millions)         |                      |

|                                                             |                                                             |    |    |    |    |                                                             |    |    |    |    |
|-------------------------------------------------------------|-------------------------------------------------------------|----|----|----|----|-------------------------------------------------------------|----|----|----|----|
| Other guarantees where amount can be determined             | Other guarantees where amount can be determined             | \$ | 36 | \$ | 57 | Other guarantees where amount can be determined             | \$ | 36 | \$ | 57 |
| Accrued liability for other guarantees and indemnifications | Accrued liability for other guarantees and indemnifications | \$ | 32 | \$ | 33 | Accrued liability for other guarantees and indemnifications | \$ | 32 | \$ | 33 |

The Company is also subject to other financial guarantees and indemnity arrangements. The Company has provided indemnities and guarantees related to acquisitions, dispositions, investments and other transactions that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. These obligations are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential obligation is subject to contractual limitations, while in other cases such limitations are not specified or applicable.

Since certain of these obligations are not subject to limitations, it is not possible to determine the maximum potential amount due under these guarantees. The accrued liability identified above relates to the sale of The Prudential Life Insurance Company of Taiwan Inc. ("POT") and represents a financial guarantee of certain insurance obligations of POT.

#### Contingent Liabilities

On an ongoing basis, the Company and its regulators review its operations including, but not limited to, sales and other customer interface procedures and practices, and procedures for meeting obligations to its customers and other parties. These reviews may result in the modification or enhancement of processes or the imposition of other action plans, including concerning management oversight, sales and other customer interface procedures and practices, and the timing or computation of payments to customers and other parties. In certain cases, if appropriate, the Company may offer customers or other parties remediation and may incur charges, including the cost of such remediation, administrative costs and regulatory fines.

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

The Company is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of unclaimed or abandoned funds, and is subject to audit and examination for compliance with these requirements.

It is possible that the results of operations or the cash flow of the Company in a particular quarterly or annual period could be materially affected as a result of payments in connection with the matters discussed above or other matters depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that ultimate payments in connection with these matters, after consideration of applicable reserves and rights to indemnification, should not have a material adverse effect on the Company's financial position.

#### PRUDENTIAL FINANCIAL, INC.

##### Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

#### Litigation and Regulatory Matters

The Company is subject to legal and regulatory actions in the ordinary course of its businesses. Pending legal and regulatory actions include proceedings relating to aspects of the Company's businesses and operations that are specific to it and proceedings that are typical of the businesses in which it operates, including in both cases businesses that have been either divested or placed in wind-down status. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. The outcome of litigation or a regulatory matter, and the amount or range of potential loss at any particular time, is often inherently uncertain.

The Company establishes accruals for litigation and regulatory matters when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. For litigation and regulatory matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established but the matter, if potentially material, is disclosed, including matters discussed below. The Company estimates that as of **June 30, 2023** **September 30, 2023**, the aggregate range of reasonably possible losses in excess of accruals established for those litigation and regulatory matters for which such an estimate currently can be made is less than \$250 million. Any estimate is not an indication of expected loss, if any, or the Company's maximum possible loss exposure on such matters. The Company reviews relevant information with respect to its litigation and regulatory matters on a quarterly and annual basis and updates its accruals, disclosures and estimates of reasonably possible loss based on such reviews.

The following discussion of litigation and regulatory matters provides an update of those matters discussed in Note 23 to the Company's Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and should be read in conjunction with the complete descriptions provided in the Form 10-K.

#### Individual Annuities, Individual Life and Group Insurance

##### Moreland, Socorro v. PICA, et al.

In September 2023, the court issued an Order denying plaintiff's class certification motion.

## Escheatment Litigation

*Total Asset Recovery Services, LLC v. MetLife, Inc., et al., Prudential Financial, Inc., The Prudential Insurance Company of America, and Prudential Insurance Agency, LLC*

In March 2023, defendants filed a motion to dismiss the Fourth Amended Complaint.

## Securities Litigation

*City of Warren v. PFI, et al.*

In June 2023, the Court of Appeals for the Third Circuit affirmed in part and reversed in part the trial court's December 2020 decision dismissing the amended complaint with prejudice and remanded the case to the District Court to consider alternative grounds for dismissal not reached by the District Court's 2020 decision.

## Assurance IQ, LLC

*William James Griffin, et al. v. Benefytt Technologies, Inc., et al. and Assurance IQ, LLC*

In February 2023, the Company filed its answer to the third amended complaint.

## PRUDENTIAL FINANCIAL, INC. Notes to Unaudited Interim Consolidated Financial Statements—(Continued)

## Other Matters

*Cho v. PICA, et al.*

In May 2023, plaintiff filed a motion for class certification. In August 2023, the court issued an Order granting plaintiff's class certification motion.

## Summary

The Company's litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. It is possible that the Company's results of operations or cash flow in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flow for such period. In light of the unpredictability of the Company's litigation and regulatory matters, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation or regulatory matters could have a material adverse effect on the Company's financial statements. Management believes, however, that, based on information currently known to it, the ultimate outcome of all pending litigation and regulatory matters, after consideration of applicable reserves and rights to indemnification, is not likely to have a material adverse effect on the Company's financial statements.

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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") addresses the consolidated financial condition of Prudential Financial, Inc. ("Prudential," "Prudential Financial," "PFI," or "the Company") as of [June 30, 2023](#) [September 30, 2023](#), compared with December 31, 2022, and its consolidated results of operations for the three and [six nine](#) months ended [June 30, 2023](#) [September 30, 2023](#) and 2022. You should read the following analysis of our consolidated financial condition and results of operations in conjunction with the MD&A, the "Risk Factors" section, and the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as well as the statements under "Forward-Looking Statements," and the Unaudited Interim Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

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### Overview

Prudential Financial, a financial services leader with approximately [\\$1.415 trillion](#) [\\$1.361 trillion](#) of assets under management as of [June 30, 2023](#) [September 30, 2023](#), has operations primarily in the United States of America ("U.S."), Asia, Europe and Latin America. Through our subsidiaries and affiliates, we offer a wide array of financial products and services, including life insurance, annuities, retirement solutions, mutual funds and investment management. We offer these products and services to individual and institutional customers through one of the largest distribution networks in the financial services industry.

Effective January 1, 2023, we made the following segment reporting changes, which do not impact our consolidated financial statements:

- Based on the write-down of Assurance IQ's ("AIQ") goodwill asset, and that its financial results and operations are not considered significant, AIQ no longer represents a separately reportable segment and is now included within our Corporate and Other operations.
- Since Prudential Advisors, our proprietary nationwide distribution business, is no longer managed through the Individual Life segment and its financial results and operations are not considered significant, it is now included within our Corporate and Other operations.

Historical segment results have been updated to conform to the current period presentation.

Our principal operations consist of PGIM (our global investment management business), our U.S. Businesses (consisting of our Retirement Strategies, Group Insurance and Individual Life businesses), our International Businesses, the Closed Block division, and our Corporate and Other operations. The Closed Block division is accounted for as a divested business that is reported separately from the Divested and Run-off Businesses that are included in Corporate and Other. Divested and Run-off Businesses consist of businesses that have been, or will be, sold or exited, including businesses that have been placed in wind-down status that do not qualify for "discontinued operations" accounting treatment under generally accepted accounting principles in the United States of America ("U.S. GAAP"). Our Corporate and Other operations include corporate items and initiatives that are not allocated to business segments as well as the Divested and Run-off Businesses described above.

We attribute financing costs to each segment based on the amount of financing used by each segment, excluding financing costs associated with corporate debt, which are reflected in our Corporate and Other operations. The net investment income of each segment includes earnings on the amount of capital that management believes is necessary to support the risks of that segment.

Management expects that results will continue to benefit from our differentiated mix of market-leading businesses that complement each other to provide competitive advantages, earnings diversification and capital benefits from a balanced risk profile. We believe we are well-positioned to tap into market opportunities to meet the evolving needs of individual customers, workplace clients, and society at large. Our mix of high-quality protection, retirement and investment management businesses enables us to offer solutions that cover a broad range of financial needs and to engage with our clients through multiple channels, including the ability to sell solutions across a broad socio-economic spectrum through Assurance IQ's digital platform. We aim to expand our addressable market, build deeper and longer-lasting relationships with customers and clients, and meaningfully improve their financial wellness.

In September 2023, we, together with Warburg Pincus and a group of institutional investors, announced the launch of Prismic Life Re, a licensed Bermuda-based life and annuity reinsurance company. In conjunction with this announcement, we made an initial equity investment of approximately \$200 million, equivalent to a 20% interest, in this limited partnership. We expect the increased reinsurance capacity that this partnership provides to support our vision of expanding access to investing, insurance, and retirement security for people around the world. Our initial transaction, effective September 2023, was to reinsure approximately \$9 billion, or 70%, of reserves related to our structured settlement annuities business. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information regarding this transaction.

As part of our continuous improvement process, we are working to become a leaner and more agile company by simplifying our management structure, empowering our employees with faster decision-making processes and investing in technology and data platforms. As part of this, we are implementing changes to our organizational structure, and expect to record a restructuring charge of approximately \$200 million in the fourth quarter of 2023. We expect these actions will create operating efficiencies, and provide reinvestment capacity to build capabilities, realize additional efficiencies, strengthen our competitiveness and fuel future growth.

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## Regulatory Developments

**Interest Maintenance Reserves.** In August 2023, the National Association of Insurance Commissioners ("NAIC") adopted a temporary change in the statutory accounting treatment of net negative interest maintenance reserves ("IMR") that permits an insurer to admit net negative IMR up to 10% of their adjusted statutory surplus, provided such insurer's risk-based capital ("RBC") ratio remains above 300% of its Authorized Control Level RBC. This change is currently scheduled to expire on January 1, 2026.

## Impact of Changes in the Interest Rate Environment

As a global financial services company, market interest rates are a key driver of our liquidity and capital positions, cash flows, results of operations and financial position. Changes in interest rates can affect these in several ways, including favorable or adverse impacts to:

- investment-related activity, including: investment income returns, net investment spread results, new money rates, mortgage loan prepayments and bond redemptions;
- the valuation of fixed income investments and derivative instruments;
- collateral posting requirements, hedging costs and other risk mitigation activities;
- customer account values and assets under management, including their impacts on fee-related income;
- insurance reserve levels, including market risk benefits ("MRB"), and market experience true-ups;
- policyholder behavior, including surrender or withdrawal activity;
- product offerings, design features, crediting rates and sales mix; and
- the fair value of, and possible impairments on, intangible assets such as goodwill.

For additional information regarding interest rate risks, see "Risk Factors—Market Risk" included in our Annual Report on Form 10-K for the year ended December 31, 2022.

See below for a discussion of the current interest rate environment and its impact to net investment spread in our U.S. and Japanese operations along with the composition of their insurance liabilities and policyholder account balances.

### *U.S. Operations excluding the Closed Block Division*

While interest rates in the U.S. have experienced a sustained period of historically low levels in recent years, rates increased throughout 2022 and have risen further in 2023, and our average reinvestment yield is generally now exceeding our current average portfolio yield.

In order to manage the impacts that changes in interest rates have on our net investment spread, we employ a proactive asset/liability management program, which includes strategic asset allocation and hedging strategies within a disciplined risk management framework. These strategies seek to match the liability characteristics of our products, and to closely approximate the interest rate sensitivity of the assets with the estimated interest rate sensitivity of the product liabilities. Our asset/liability management program also helps manage duration gaps, currency and other risks between assets and liabilities through the use of derivatives. We adjust this dynamic process as products change, as customer behavior changes and as changes in the market environment occur. As a result, our asset/liability management process has permitted us to manage the interest rate risk associated with our products through several market cycles. Our interest rate exposure is also mitigated by our business mix, which includes lines of business for which fee-based and

insurance underwriting earnings play a more prominent role in product profitability. We also regularly examine our product offerings and their profitability. As a result, we may reprice certain products and discontinue sales of other products that do not meet our profit expectations.

The portion of the general account supporting our U.S. Businesses and our Corporate and Other operations has ~~approximately \$183 billion~~ ~~approximately \$176 billion~~ of fixed maturity securities and commercial mortgage loans (based on net carrying value) as of ~~June 30, 2023~~ ~~September 30, 2023~~, with an average portfolio yield of approximately ~~4.4%~~ ~~4.6%~~. For this portion of the general account attributable to these operations, we estimate annual principal payments and prepayments that we would be required to reinvest to be approximately ~~7.7%~~ ~~7.4%~~ of the fixed maturity security and commercial mortgage loan portfolios through 2024.

Included in the ~~\$183 billion~~ ~~\$176 billion~~ of fixed maturity securities and commercial mortgage loans are approximately ~~\$151 billion~~ ~~\$148 billion~~ that are subject to call or redemption features at the issuer's option and have a weighted average interest rate of approximately 4%. Of this ~~\$151 billion~~ ~~\$148 billion~~, approximately ~~53%~~ ~~54%~~ contain provisions for ~~prepayment~~ ~~prepayment~~ premiums. Future operating results will be impacted by (i) the reinvestment of scheduled payments or prepayments (not subject to a prepayment fee) at different rates compared to the current portfolio yield, including in some cases at rates below those guaranteed under our insurance contracts,

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and (ii) our utilization of other asset/liability management strategies, as described above, in order to maintain favorable net investment spread.

The following table sets forth the insurance liabilities and policyholder account balances of our U.S. operations excluding the Closed Block Division, by type, for the date indicated:

|                                                                                            | As of         |                               |
|--------------------------------------------------------------------------------------------|---------------|-------------------------------|
|                                                                                            | June          | September 30, 2023            |
|                                                                                            | (in billions) |                               |
| Long-duration insurance products with fixed and guaranteed terms                           | \$            | <del>159</del> <del>156</del> |
| Contracts with adjustable crediting rates subject to guaranteed minimums                   |               | 36                            |
| Participating contracts where investment income risk ultimately accrues to contractholders |               | 1                             |
| Total                                                                                      | \$            | <del>196</del> <del>193</del> |

The ~~\$159 billion~~ ~~\$156 billion~~ above relates to long-duration products such as group annuities, structured settlements and other insurance products that have fixed and guaranteed terms. We seek to manage the impact of changes in interest rates on these contracts through asset/liability management, as discussed above.

The \$36 billion above relates to contracts with crediting rates that may be adjusted over the life of the contract, subject to guaranteed minimums. Although we may have the ability to lower crediting rates for those contracts above guaranteed minimums, our willingness to do so may be limited by competitive pressures. For additional information regarding contracts with adjustable crediting rates subject to guaranteed minimums, see Note 10 to the Unaudited Interim Financial Statements.

The ~~remaining~~ ~~remaining~~ \$1 billion of insurance liabilities and policyholder account balances in these operations relates to participating contracts for which the investment income risk is expected to ultimately accrue to contractholders. The crediting rates for these contracts are periodically adjusted based on the return earned on the related assets.

#### Closed Block Division

Substantially all of the ~~\$49 billion~~ ~~\$48 billion~~ of general account assets in the Closed Block division support obligations and liabilities relating to the Closed Block policies only. See Note 13 to the Unaudited Interim Consolidated Financial Statements for additional information regarding the Closed Block.

#### Japanese Operations

Japan has experienced a low interest rate environment for many ~~years. In recent~~ years, ~~during which~~ the Bank of Japan's monetary policy has resulted in even lower and, at times, negative yields for certain tenors of government bonds; however, despite the easing of its monetary policy in the fourth quarter of 2022, Japan continues to experience a low interest rate environment.

In order to manage, to the extent possible, the impact that the current interest rate environment has on our net investment spread, our Japanese operations employ a proactive asset/liability management program. We continue to purchase long-term bonds with tenors of ~~30~~ ~~10~~ years or greater. We also regularly examine our product offerings and their profitability. As a result, we may reprice certain products, adjust commissions for certain products and discontinue sales of other products that do not meet our profit expectations. Additionally, our diverse product portfolio in terms of currency mix and premium payment structure allows us to further manage any impacts from changes in the interest rate environment. ~~For additional information regarding sales within these operations, see "—International Businesses—Sales Results," below.~~

The portion of the general account supporting our Japanese operations has approximately \$143 billion of fixed maturity securities and commercial mortgage loans (based on net carrying value) as of September 30, 2023, with an average portfolio yield of approximately 2.7%. Our Japanese operations have continued to invest in U.S. dollar-denominated assets supporting our U.S. dollar-denominated product portfolio, which has now driven average reinvestment rates to exceed current average portfolio rates. For ~~additional information regarding sales within these operations, see "—International Businesses—Sales Results," below.~~

The portion of the general account supporting our Japanese operations has approximately \$152 billion of fixed maturity securities and commercial mortgage loans (based on net carrying value) as of June 30, 2023, with an average portfolio yield of approximately 2.6%. For this portion of the general account attributable to these operations, we estimate annual principal payments and prepayments that we would be required to reinvest to be approximately 5.2% 6.6% of the fixed maturity security and commercial mortgage loan portfolios through 2024.

Included in the \$152 \$143 billion of fixed maturity securities and commercial mortgage loans are approximately \$15 billion that are subject to call or redemption features at the issuer's option and have a weighted average interest rate of approximately 4%. Of this \$15 billion, approximately 6% contain provisions for prepayment premiums. Future operating results will be impacted

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by (i) the reinvestment of scheduled payments or prepayments (not subject to a prepayment fee) at different rates compared to the current portfolio yield, including in some cases at rates below those guaranteed under our insurance contracts, and (ii) our utilization of other asset/liability management strategies, as described above, in order to maintain favorable net investment spread.

The following table sets forth the insurance liabilities and policyholder account balances of our Japanese operations, by type, for the date indicated:

|                                                                                                     | As of<br>June September 30, 2023 |
|-----------------------------------------------------------------------------------------------------|----------------------------------|
|                                                                                                     | (in billions)                    |
| Insurance products with fixed and guaranteed terms                                                  | \$ 122 111                       |
| Contracts with a market value adjustment if invested amount is not held to canceled before maturity | 28                               |
| Contracts with adjustable crediting rates subject to guaranteed minimums                            | 9                                |
| Total                                                                                               | \$ 159 148                       |

The \$122 billion \$111 billion is primarily comprised of long-duration insurance products that have fixed and guaranteed terms for which underlying assets may have to be reinvested at interest rates that are lower than current portfolio yields. The remaining insurance liabilities and policyholder account balances include \$28 billion related to contracts that impose a market value adjustment if if the invested amount is not held to contracts are canceled before maturity and \$9 billion related related to contracts with crediting rates that may be adjusted over the life of the contract, subject to guaranteed minimums. Most of the current crediting rates on these contracts, however, are at or near contractual minimums. Although we have the ability in some cases to lower crediting rates for those contracts that are above guaranteed minimum crediting rates, the majority of this business has interest crediting rates that are

determined by formula. See Note 10 to the Unaudited Interim Financial Statements for additional information regarding crediting rates on policyholder account balances.

## Results of Operations

### Consolidated Results of Operations

The following table summarizes net income (loss) for the periods presented.

|                                                                                      |                                                                                      | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           | Three Months Ended<br>September 30,                                                  |          | Nine Months Ended<br>September 30, |           |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------|-----------|------------------------------|-----------|--------------------------------------------------------------------------------------|----------|------------------------------------|-----------|
|                                                                                      |                                                                                      | 2023                           | 2022      | 2023                         | 2022      | 2023                                                                                 | 2022     | 2023                               | 2022      |
|                                                                                      |                                                                                      | (in millions)                  |           |                              |           | (in millions)                                                                        |          |                                    |           |
| Revenues                                                                             | Revenues                                                                             | \$ 13,498                      | \$ 11,392 | \$ 30,543                    | \$ 23,247 | Revenues                                                                             | \$ 8,352 | \$ 20,201                          | \$ 38,895 |
| Benefits and expenses                                                                | Benefits and expenses                                                                | 12,877                         | 12,460    | 28,075                       | 24,973    | Benefits and expenses                                                                | 9,410    | 20,327                             | 37,485    |
| Income (loss) before income taxes and equity in earnings of operating joint ventures | Income (loss) before income taxes and equity in earnings of operating joint ventures | 621                            | (1,068)   | 2,468                        | (1,726)   | Income (loss) before income taxes and equity in earnings of operating joint ventures | (1,058)  | (126)                              | 1,410     |
| Income tax expense (benefit)                                                         | Income tax expense (benefit)                                                         | 123                            | (119)     | 505                          | (263)     | Income tax expense (benefit)                                                         | (251)    | (11)                               | 254       |
|                                                                                      |                                                                                      |                                |           |                              |           |                                                                                      |          |                                    | (1,852)   |
|                                                                                      |                                                                                      |                                |           |                              |           |                                                                                      |          |                                    | (274)     |

|                                                                     |                                                                     |        |            |          |            |                                                                     |          |         |          |            |
|---------------------------------------------------------------------|---------------------------------------------------------------------|--------|------------|----------|------------|---------------------------------------------------------------------|----------|---------|----------|------------|
| Income (loss) before equity in earnings of operating joint ventures | Income (loss) before equity in earnings of operating joint ventures | 498    | (949)      | 1,963    | (1,463)    | Income (loss) before equity in earnings of operating joint ventures | (807)    | (115)   | 1,156    | (1,578)    |
| Equity in earnings of operating joint ventures, net of taxes        | Equity in earnings of operating joint ventures, net of taxes        | (2)    | (68)       | 10       | (60)       | Equity in earnings of operating joint ventures, net of taxes        | 16       | 7       | 26       | (53)       |
| Net income (loss)                                                   | Net income (loss)                                                   | 496    | (1,017)    | 1,973    | (1,523)    | Net income (loss)                                                   | (791)    | (108)   | 1,182    | (1,631)    |
| Less: Income attributable to noncontrolling interests               | Less: Income attributable to noncontrolling interests               | (15)   | (7)        | 0        | (20)       | Less: Income attributable to noncontrolling interests               | 11       | (16)    | 11       | (36)       |
| Net income (loss) attributable to Prudential Financial, Inc.        | Net income (loss) attributable to Prudential Financial, Inc.        | \$ 511 | \$ (1,010) | \$ 1,973 | \$ (1,503) | Net income (loss) attributable to Prudential Financial, Inc.        | \$ (802) | \$ (92) | \$ 1,171 | \$ (1,595) |

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*Three Month Comparison.* The **\$1,521** **\$710** million **increase** **decrease** in "Net income (loss) attributable to Prudential Financial, Inc." for the **second** **third** quarter of 2023 compared to the **second** **third** quarter of 2022 reflected the following notable items on a pre-tax basis:

- **\$1,673** **1,248** million unfavorable variance from realized investment gains (losses), net, and related charges and adjustments; and
- **\$193** million unfavorable variance reflecting the change in value of market risk benefits, net of related hedging gains (losses).

Partially offsetting these decreases in "Net income (loss) attributable to Prudential Financial, Inc." were the following items:

- **\$439** million favorable variance from higher adjusted operating income from our business segments (see "Segment Results of Operations" for additional information); and
- **\$240** million favorable variance from income taxes reflecting the decrease in pre-tax earnings.

*Nine Month Comparison.* The **\$2,766** million increase in "Net income (loss) attributable to Prudential Financial, Inc." for the first nine months of 2023 compared to the first nine months of 2022 reflected the following notable items on a pre-tax basis:

- **\$2,515** million favorable variance from realized investment gains (losses), net, and related charges and adjustments;
- **\$726** **912** million favorable variance reflecting the change in value of market risk benefits, net of related hedging gains (losses); and
- **\$242** **411** million favorable variance from higher adjusted operating income from our business segments, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements, primarily reflecting a net charge from these updates in the prior year period in our Individual Life business. This increase was partially offset by the **absence** of a gain from the sale of Prudential Annuities Life Assurance Corporation ("PALAC") in the prior year period (see "Segment Results of Operations" for additional information).

Partially offsetting these increases in "Net income (loss) attributable to Prudential Financial, Inc." were the following items:

- **\$499** **528** million unfavorable variance from our Divested and Run-off Businesses, **income taxes** reflecting the **absence** of a gain from the sale of the Full Service Retirement business **increase** in the prior year period, partially offset by higher results in the current year period; **pre-tax earnings**;
- **\$374** **429** million unfavorable variance driven by market experience updates, primarily within our Individual Life and International businesses; and
- **\$242** million unfavorable variance from income taxes reflecting the increase in pre-tax earnings.

*Six Month Comparison.* The **\$3,476** million increase in "Net income (loss) attributable to Prudential Financial, Inc." for the first six months of 2023 compared to the first six months of 2022 reflected the following notable items on a pre-tax basis:

- **\$3,763** million favorable variance from realized investment gains (losses), net, and related charges and adjustments; and

- \$1,105 million favorable variance reflecting the change in value of market risk benefits, net of related hedging gains (losses).

Partially offsetting these increases in "Net income (loss) attributable to Prudential Financial, Inc." were the following items:

- \$768 million unfavorable variance from income taxes reflecting the increase in pre-tax earnings;
- \$447 million unfavorable variance driven by market experience updates primarily within our Individual Life and International businesses; and
- \$152.122 million unfavorable variance from our Divested and Run-off Businesses, reflecting lower results from our Closed Block division and the absence of a gain from the sale of the Full Service Retirement business in the prior year period, partially offset by higher results in the current year period.

## Segment Results of Operations

We analyze the performance of our segments and Corporate and Other operations using a measure of segment profitability called adjusted operating income. See "—Segment Measures" below for a discussion of adjusted operating income and its use as a measure of segment operating performance.

### Annual Reviews and Update of Assumptions and Other Refinements

During the second quarter of each year, we perform an annual comprehensive review of the assumptions used for estimating future premiums, benefits, and other cash flows, including reviews related to mortality, morbidity, lapse, surrender, and other contractholder behavior assumptions, and economic assumptions, including expected future rates of returns on investments. The Company generally looks to relevant Company experience as the primary basis for these assumptions; however, if relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either elsewhere within the Company or within the industry. As part of this review, we may update these assumptions and make refinements to our models based upon emerging experience, future expectations and other data, including any observable market data we feel is indicative of a long-term trend. These assumptions are generally updated annually unless a material change in our own experience or in industry experience made available to us is observed in an interim period that we feel is also indicative of a long-term trend. Generally, we do not expect trends to change significantly in the short-term and, to the extent these trends may change, we expect such changes to be gradual over the long-term. The impact on our results of operations of changes in these assumptions can be offsetting and we are unable to predict their movement or offsetting impact over time.

Shown below are the impacts on our adjusted operating income from updates of actuarial assumptions and other refinements as discussed above. The information below is presented by each segment and Corporate and Other operations and includes a reconciliation of these impacts to the impacts within income (loss) before income taxes and equity in earnings of operating joint ventures.

|                                                                                                                                     | Three and Six Months Ended |            |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------|
|                                                                                                                                     | June 30,                   |            |
|                                                                                                                                     | 2023                       | 2022       |
|                                                                                                                                     | (in millions)              |            |
| Favorable (unfavorable) impact to adjusted operating income before income taxes by segment:                                         |                            |            |
| U.S. Businesses:                                                                                                                    |                            |            |
| Retirement Strategies                                                                                                               | \$ 6                       | \$ 21      |
| Group Insurance                                                                                                                     | 36                         | (3)        |
| Individual Life                                                                                                                     | (26)                       | (1,608)    |
| Total U.S. Businesses                                                                                                               | 16                         | (1,590)    |
| International Businesses                                                                                                            | 13                         | (19)       |
| Corporate and Other                                                                                                                 | (2)                        | 4          |
| Total segment favorable (unfavorable) impact to adjusted operating income before income taxes                                       | 27                         | (1,605)    |
| Reconciling items:                                                                                                                  |                            |            |
| Realized investment gains (losses), net, and related adjustments                                                                    | (76)                       | (16)       |
| Charges related to realized investment gains (losses), net                                                                          | 10                         | (138)      |
| Change in value of market risk benefits, net of related hedging gains (losses)                                                      | (275)                      | 144        |
| Divested and Run-off Businesses:                                                                                                    |                            |            |
| Closed Block division                                                                                                               | 0                          | 0          |
| Other Divested and Run-off Businesses                                                                                               | (83)                       | (5)        |
| Favorable (unfavorable) impact to consolidated income (loss) before income taxes and equity in earnings of operating joint ventures | \$ (397)                   | \$ (1,620) |

Shown below are the adjusted operating income contributions of each segment and Corporate and Other operations for the periods indicated and a reconciliation of this segment measure of performance to "Income (loss) before income taxes and equity in earnings of operating joint ventures" as presented in the Unaudited Interim Consolidated Statements of Operations.

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|                                                                                |                                                                                | Three Months Ended |         | Six Months Ended |         |                                                                                | Three Months Ended |               | Nine Months Ended |         |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|---------|------------------|---------|--------------------------------------------------------------------------------|--------------------|---------------|-------------------|---------|
|                                                                                |                                                                                | June 30,           |         | June 30,         |         |                                                                                | September 30,      |               | September 30,     |         |
|                                                                                |                                                                                | 2023               | 2022    | 2023             | 2022    |                                                                                | 2023               | 2022          | 2023              | 2022    |
|                                                                                |                                                                                | (in millions)      |         |                  |         |                                                                                |                    | (in millions) |                   |         |
| Adjusted operating income before income taxes by segment:                      | Adjusted operating income before income taxes by segment:                      |                    |         |                  |         | Adjusted operating income before income taxes by segment:                      |                    |               |                   |         |
| PGIM                                                                           | PGIM                                                                           | \$ 179             | \$ 206  | \$ 330           | \$ 394  | PGIM                                                                           | \$ 211             | \$ 219        | \$ 541            | \$ 613  |
| U.S. Businesses:                                                               | U.S. Businesses:                                                               |                    |         |                  |         | U.S. Businesses:                                                               |                    |               |                   |         |
| Retirement Strategies                                                          | Retirement Strategies                                                          | 876                | 2,181   | 1,713            | 3,127   | Retirement Strategies                                                          | 941                | 655           | 2,654             | 3,782   |
| Group Insurance                                                                | Group Insurance                                                                | 139                | 54      | 164              | (61)    | Group Insurance                                                                | 89                 | 30            | 253               | (31)    |
| Individual Life                                                                | Individual Life                                                                | (59)               | (1,662) | (161)            | (1,680) | Individual Life                                                                | 58                 | (70)          | (103)             | (1,750) |
| Total U.S. Businesses                                                          | Total U.S. Businesses                                                          | 956                | 573     | 1,716            | 1,386   | Total U.S. Businesses                                                          | 1,088              | 615           | 2,804             | 2,001   |
| International Businesses                                                       | International Businesses                                                       | 784                | 692     | 1,624            | 1,643   | International Businesses                                                       | 811                | 748           | 2,435             | 2,391   |
| Corporate and Other                                                            | Corporate and Other                                                            | (527)              | (321)   | (1,012)          | (737)   | Corporate and Other                                                            | (504)              | (415)         | (1,516)           | (1,152) |
| Total segment adjusted operating income before income taxes                    | Total segment adjusted operating income before income taxes                    | 1,392              | 1,150   | 2,658            | 2,686   | Total segment adjusted operating income before income taxes                    | 1,606              | 1,167         | 4,264             | 3,853   |
| Reconciling items:                                                             | Reconciling items:                                                             |                    |         |                  |         | Reconciling items:                                                             |                    |               |                   |         |
| Realized investment gains (losses), net, and related adjustments(1)            | Realized investment gains (losses), net, and related adjustments(1)            | (853)              | (2,216) | (535)            | (3,853) | Realized investment gains (losses), net, and related adjustments(1)            | (2,430)            | (1,128)       | (2,965)           | (4,981) |
| Charges related to realized investment gains (losses), net(1)                  | Charges related to realized investment gains (losses), net(1)                  | 88                 | (222)   | 139              | (306)   | Charges related to realized investment gains (losses), net(1)                  | (61)               | (115)         | 78                | (421)   |
| Change in value of market risk benefits, net of related hedging gains (losses) | Change in value of market risk benefits, net of related hedging gains (losses) | 16                 | (710)   | 91               | (1,014) | Change in value of market risk benefits, net of related hedging gains (losses) | (251)              | (58)          | (160)             | (1,072) |
| Market experience updates                                                      | Market experience updates                                                      | (3)                | 371     | 45               | 492     | Market experience updates                                                      | 143                | 125           | 188               | 617     |
| Divested and Run-off Businesses(2):                                            | Divested and Run-off Businesses(2):                                            |                    |         |                  |         | Divested and Run-off Businesses(2):                                            |                    |               |                   |         |

|                                                                                                         |                                                                                                         |        |            |          |            |                                                                                                         |            |          |          |            |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------|------------|----------|------------|---------------------------------------------------------------------------------------------------------|------------|----------|----------|------------|
| Closed Block division                                                                                   | Closed Block division                                                                                   | (48)   | 16         | (52)     | 43         | Closed Block division                                                                                   | 2          | (21)     | (50)     | 22         |
| Other Divested and Run-off Businesses                                                                   | Other Divested and Run-off Businesses                                                                   | 64     | 499        | 171      | 228        | Other Divested and Run-off Businesses                                                                   | (46)       | (53)     | 125      | 175        |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests(3) | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests(3) | (26)   | 44         | (31)     | 15         | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests(3) | (11)       | (33)     | (42)     | (18)       |
| Other adjustments(4)                                                                                    | Other adjustments(4)                                                                                    | (9)    | 0          | (18)     | (17)       | Other adjustments(4)                                                                                    | (10)       | (10)     | (28)     | (27)       |
| Consolidated income (loss) before income taxes and equity in earnings of operating joint ventures       | Consolidated income (loss) before income taxes and equity in earnings of operating joint ventures       | \$ 621 | \$ (1,068) | \$ 2,468 | \$ (1,726) | Consolidated income (loss) before income taxes and equity in earnings of operating joint ventures       | \$ (1,058) | \$ (126) | \$ 1,410 | \$ (1,852) |

- (1) See "—General Account Investments" and Note 19 to the Unaudited Interim Consolidated Financial Statements for additional information.
- (2) Represents the contribution to income (loss) of Divested and Run-off Businesses that have been or will be sold or exited, including businesses that have been placed in wind-down, but that did not qualify for "discontinued operations" accounting treatment under U.S. GAAP. See "—Divested and Run-off Businesses" for additional information.
- (3) Equity in earnings of operating joint ventures is included in adjusted operating income but excluded from "Income (loss) before income taxes and equity in earnings of operating joint ventures" as it is reflected on an after-tax U.S. GAAP basis as a separate line in the Unaudited Interim Consolidated Statements of Operations. Earnings attributable to noncontrolling interests are excluded from adjusted operating income but included in "Income (loss) before income taxes and equity in earnings of operating joint ventures" as they are reflected on a U.S. GAAP basis as a separate line in the Unaudited Interim Consolidated Statements of Operations. Earnings attributable to noncontrolling interests represent the portion of earnings from consolidated entities that relates to the equity interests of minority investors.
- (4) Includes certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

Segment results for the period presented above reflect the following:

**PGIM.** Results for both the second third quarter of 2023 decreased in comparison to the prior year period, primarily reflecting higher compensation expenses and lower net other related revenues, partially offset by higher service, distribution and other revenues. Results for the first six nine months of 2023 decreased in comparison to the prior year periods, period, primarily reflecting lower net asset management fees and higher compensation and operating expenses, partially offset by higher net other related revenues and service, distribution and other revenues and net other related revenues.

**Retirement Strategies.** Results for both the second third quarter and the first six months of 2023 decreasedincreased in comparison to the prior year periods, period, primarily driven by higher net investment spread results, partially offset by lower fee income, net of distribution expenses and other associated costs. Results for the first nine months of 2023 decreased in comparison to the prior year period, inclusive of a less favorable comparative comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results for both periods decreased, primarily reflecting the absence of a gain in the prior year period from the sale of PALAC and lower fee income, net of distribution expenses and other associated costs, partially offset by higher net investment spread results.

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**Group Insurance.** Results for both the second third quarter and of 2023 increased in comparison to the prior year period, driven by higher underwriting results. Results for the first six nine months of 2023 increased in comparison to the prior year periods, period, inclusive of a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results increased, for both periods, primarily driven by higher underwriting results, partially offset by higher expenses.

**Individual Life.** Results for both the second third quarter of 2023 increased in comparison to the prior year period, driven by higher net investment spread results and lower expenses, partially offset by lower underwriting results. Results for the first six nine months of 2023 increased in comparison to the prior year periods, period, inclusive of a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding this item, results for the second quarter of 2023 increased, primarily driven by lower expenses and higher net investment spread results, while results for the first six months of 2023 decreased, primarily driven partially offset by lower net investment spread results and lower underwriting results.

*International Businesses.* Results for the **second third** quarter of 2023 increased in comparison to the prior year period, inclusive of an unfavorable net impact from foreign currency exchange rates, primarily driven by higher net investment spread results and higher underwriting results, partially offset by higher expenses. Results for the first nine months of 2023 decreased in comparison to the prior year period, inclusive of an unfavorable net impact from foreign currency exchange rates and a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding these items, results increased, primarily driven by higher earnings from our joint venture investments and higher underwriting results, partially offset by lower net investment spread results. Results for the first six months of 2023 decreased in comparison to the prior year period, inclusive of an unfavorable net impact from foreign currency exchange rates and a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Excluding these items, results decreased, primarily driven by lower net investment spread results and lower underwriting results, partially offset by higher earnings from our joint venture investments.

*Corporate and Other.* Results for both the **second third** quarter and the first **six nine** months of 2023 reflected increased losses in comparison to the prior year periods, primarily driven by higher net charges from other corporate activities.

*Closed Block Division.* Results for both the **second third** quarter and of 2023 increased in comparison to the prior year period, while results for the first **six nine** months of 2023 decreased in comparison to the prior year periods, period, both reflecting changes in cumulative earnings and other factors, partially offset by a reduction changes in the policyholder dividend obligation.

## Segment Measures

*Adjusted Operating Income.* In managing our business, we analyze our segments' operating performance using "adjusted operating income." Adjusted operating income does not equate to "Income (loss) before income taxes and equity in earnings of operating joint ventures" or "Net income (loss)" as determined in accordance with U.S. GAAP but is the measure of segment profit or loss we use to evaluate segment performance and allocate resources and, consistent with authoritative guidance, is our measure of segment performance. The adjustments to derive adjusted operating income are important to an understanding of our overall results of operations. Adjusted operating income is not a substitute for income determined in accordance with U.S. GAAP, and our definition of adjusted operating income may differ from that used by other companies; however, we believe that the presentation of adjusted operating income as we measure it for management purposes enhances the understanding of our results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses.

See Note 19 to the Unaudited Interim Consolidated Financial Statements for additional information regarding the presentation of segment results and our definition of adjusted operating income.

*Annualized New Business Premiums.* In managing our Individual Life, Group Insurance and International Businesses segments, we analyze annualized new business premiums, which do not correspond to revenues under U.S. GAAP. Annualized new business premiums measure the current sales performance of the business, while revenues primarily reflect the renewal persistency of policies written in prior years and net investment income, in addition to current sales. Annualized new business premiums include 10% of first year premiums or deposits from single-payment products. No other adjustments are made for limited-payment contracts.

The amount of annualized new business premiums for any given period can be significantly impacted by several factors, including but not limited to: addition of new products, discontinuation of existing products, changes in credited interest rates for certain products and other product modifications, changes in premium rates, changes in tax laws, changes in regulations or changes in the competitive environment. Sales volume may increase or decrease prior to certain of these changes becoming effective, and then fluctuate in the other direction following such changes.

*Assets Under Management.* In managing our PGIM segment, we analyze assets under management (which do not correspond directly to U.S. GAAP assets) because the principal source of revenues is fees based on assets under management. Assets under management represent the fair market value or account value of assets that we manage directly for institutional clients, retail clients, and for our general account, as well as assets invested in our products that are managed by third-party managers.

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*Account Values.* In managing our Retirement Strategies segment, we analyze account values, which do not correspond directly to U.S. GAAP assets. Net additions (withdrawals) in our Institutional Retirement Strategies business and sales (redemptions) in our Individual Retirement Strategies business do not correspond to revenues under U.S. GAAP but are used as a relevant measure of business activity.

## Impact of Foreign Currency Exchange Rates

### Foreign currency exchange rate movements and related hedging strategies

As a U.S.-based company with significant business operations outside the U.S., particularly in Japan, we are subject to foreign currency exchange rate movements that could impact our U.S. dollar ("USD")-equivalent shareholder return on equity. We seek to mitigate this impact through various hedging strategies, including holding USD-denominated assets in certain of our foreign subsidiaries.

In order to reduce equity volatility from foreign currency exchange rate movements, we primarily utilize a yen hedging strategy that calibrates the hedge level to preserve the relative contribution of our yen-based business to the Company's overall return on equity on a leverage neutral basis. We implement this hedging strategy utilizing a variety of instruments, including USD-denominated assets and dual currency and synthetic dual currency investments held locally in our Japanese insurance subsidiaries. The total hedge level may vary based on our periodic assessment of the relative contribution of our yen-based business to the Company's overall return on equity.

The table below presents the aggregate amount of instruments that serve to hedge the impact of foreign currency exchange movements on our USD-equivalent shareholder return on equity from our Japanese insurance subsidiaries as of the dates indicated.

|                                                              |                                                              | June 30,<br>2023 | December 31,<br>2022 |                                                              |               | September 30,<br>2023 | December 31,<br>2022 |
|--------------------------------------------------------------|--------------------------------------------------------------|------------------|----------------------|--------------------------------------------------------------|---------------|-----------------------|----------------------|
|                                                              |                                                              | (in billions)    |                      |                                                              |               | (in billions)         |                      |
| <b>Foreign currency hedging instruments:</b>                 | <b>Foreign currency hedging instruments:</b>                 |                  |                      | <b>Foreign currency hedging instruments:</b>                 |               |                       |                      |
| USD-denominated assets associated with yen-based entities(1) | USD-denominated assets associated with yen-based entities(1) | \$ 6.7           | \$ 7.8               | USD-denominated assets associated with yen-based entities(1) | \$ 6.5        | \$ 7.8                |                      |
| Dual currency and synthetic dual currency investments(2)     | Dual currency and synthetic dual currency investments(2)     | 0.4              | 0.4                  | Dual currency and synthetic dual currency investments(2)     | 0.3           | 0.4                   |                      |
| <b>Total foreign currency hedges</b>                         | <b>Total foreign currency hedges</b>                         | <b>\$ 7.1</b>    | <b>\$ 8.2</b>        | <b>Total foreign currency hedges</b>                         | <b>\$ 6.8</b> | <b>\$ 8.2</b>         |                      |

(1) Includes USD-denominated fixed maturities at amortized cost plus any related accrued investment income, as well as USD notional amount of foreign currency derivative contracts outstanding. Note this amount represents only those USD assets serving to hedge the impact of foreign currency volatility on equity. Separate from this program, our Japanese operations also have \$74.4 billion \$74.5 billion and \$70.1 billion as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, of USD-denominated assets supporting USD-denominated liabilities related to USD-denominated products.

(2) Dual currency and synthetic dual currency investments are held by our yen-based entities in the form of fixed maturities and loans with a yen-denominated principal component and USD-denominated interest income. The amounts shown represent the present value of future USD-denominated cash flows.

The USD-denominated investments that hedge the impact of foreign currency exchange rate movements on USD-equivalent shareholder return on equity from our Japanese insurance operations are reported within yen-based entities and, as a result, foreign currency exchange rate movements will impact their value reported within our yen-based Japanese insurance entities. We seek to mitigate the risk that future unfavorable foreign currency exchange rate movements will decrease the value of these USD-denominated investments reported within our yen-based Japanese insurance entities, and therefore negatively impact their equity and regulatory solvency margins, by having our Japanese insurance operations enter into currency hedging transactions with a subsidiary of Prudential Financial. These hedging strategies have the economic effect of moving the change in value of these USD-denominated investments due to foreign currency exchange rate movements from our Japanese yen-based entities to our USD-based entities.

These USD-denominated investments also pay a coupon which is generally higher than what a similar yen-denominated investment would pay. The incremental impact of this higher yield on our USD-denominated investments, as well as our dual currency and synthetic dual currency investments, will vary over time, and is dependent on the duration of the underlying investments as well as interest rate environments in both the U.S. and Japan at the time of the investments.

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### Impact of intercompany foreign currency exchange rate arrangements on segment results of operations

The financial results of our International Businesses and PGIM reflect the impact of intercompany arrangements with our Corporate and Other operations pursuant to which these segments' non-USD-denominated earnings are translated at fixed currency exchange rates that are predetermined during the third quarter of the prior year using forward currency exchange rates. Results of our Corporate and Other operations include differences between the translation adjustments recorded by the segments at the fixed currency exchange rate versus the actual average rate during the period.

In addition, specific to our International Businesses where we hedge certain currencies utilizing forward currency contracts with third-parties, the results of our Corporate and Other operations also include the impact of any gains or losses recorded from these contracts that settled during the period, which include the impact of any over or under hedging of actual earnings that differ from projected earnings.

The table below presents, for the periods indicated, the increase (decrease) to revenues and adjusted operating income for our International Businesses, PGIM and Corporate and Other operations, reflecting the impact of these intercompany arrangements.

|                                                      |                                                      | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |      | Three Months Ended<br>September 30,                  |      | Nine Months Ended<br>September 30, |      |
|------------------------------------------------------|------------------------------------------------------|--------------------------------|------|------------------------------|------|------------------------------------------------------|------|------------------------------------|------|
|                                                      |                                                      | 2023                           | 2022 | 2023                         | 2022 | 2023                                                 | 2022 | 2023                               | 2022 |
|                                                      |                                                      | (in millions)                  |      |                              |      | (in millions)                                        |      |                                    |      |
| <b>Segment impacts of intercompany arrangements:</b> | <b>Segment impacts of intercompany arrangements:</b> |                                |      |                              |      | <b>Segment impacts of intercompany arrangements:</b> |      |                                    |      |

|                                                                   |                                                                   |         |         |        |         |                                                                   |         |         |         |         |
|-------------------------------------------------------------------|-------------------------------------------------------------------|---------|---------|--------|---------|-------------------------------------------------------------------|---------|---------|---------|---------|
| International Businesses                                          | International Businesses                                          | \$ (12) | \$ (19) | \$ (9) | \$ (16) | International Businesses                                          | \$ (3)  | \$ (42) | \$ (12) | \$ (58) |
| PGIM                                                              | PGIM                                                              | 0       | 1       | 0      | 3       | PGIM                                                              | 0       | 5       | 0       | 8       |
| Impact of intercompany arrangements(1)                            | Impact of intercompany arrangements(1)                            | (12)    | (18)    | (9)    | (13)    | Impact of intercompany arrangements(1)                            | (3)     | (37)    | (12)    | (50)    |
| Corporate and Other:                                              | Corporate and Other:                                              |         |         |        |         | Corporate and Other:                                              |         |         |         |         |
| Impact of intercompany arrangements(1)                            | Impact of intercompany arrangements(1)                            | 12      | 18      | 9      | 13      | Impact of intercompany arrangements(1)                            | 3       | 37      | 12      | 50      |
| Settlement gains (losses) on forward currency contracts(2)        | Settlement gains (losses) on forward currency contracts(2)        | (7)     | 11      | (4)    | 22      | Settlement gains (losses) on forward currency contracts(2)        | (13)    | 6       | (17)    | 28      |
| Net benefit (detriment) to Corporate and Other                    | Net benefit (detriment) to Corporate and Other                    | 5       | 29      | 5      | 35      | Net benefit (detriment) to Corporate and Other                    | (10)    | 43      | (5)     | 78      |
| Net impact on consolidated revenues and adjusted operating income | Net impact on consolidated revenues and adjusted operating income | \$ (7)  | \$ 11   | \$ (4) | \$ 22   | Net impact on consolidated revenues and adjusted operating income | \$ (13) | \$ 6    | \$ (17) | \$ 28   |

(1) Represents the difference between non-USD-denominated earnings translated on the basis of weighted average monthly currency exchange rates versus fixed currency exchange rates determined in connection with the foreign currency income hedging program.

(2) As of **June 30, 2023** **September 30, 2023** and 2022, the total notional amounts of these forward currency contracts within our Corporate and Other operations were **\$0.8 billion** **\$0.9 billion** and **\$0.5 billion** **\$0.8 billion**, respectively.

#### Impact of products denominated in non-local currencies on U.S. GAAP earnings

While our international insurance operations offer products denominated in local currency, several also offer products denominated in non-local currencies. This is most notable in our Japanese operations, which currently offer primarily USD-denominated products, but have also historically offered Australian dollar ("AUD")-denominated products. The non-local currency-denominated insurance liabilities related to these products are supported by investments denominated in corresponding currencies, including a significant portion designated as available-for-sale. While the impact from foreign currency exchange rate movements on these non-local currency-denominated assets and liabilities is economically matched, differences in the accounting for changes in the value of these assets and liabilities due to changes in foreign currency exchange rate movements have historically resulted in volatility in U.S. GAAP earnings.

As a result, we implemented a structure in Gibraltar Life's operations that disaggregated the USD- and AUD-denominated businesses into separate divisions, each with its own functional currency that aligns with the underlying products and investments. The result of this alignment was to reduce differences in the accounting for changes in the value of these assets and liabilities that arise due to changes in foreign currency exchange rate movements. For the USD- and AUD-denominated assets that were transferred under this structure, the net cumulative unrealized investment gains associated with foreign exchange remeasurement that were recorded in "Accumulated other comprehensive income (loss)" ("AOCI") totaled \$1.5 billion and \$1.6 billion as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively, and will be recognized in earnings within "Realized investment gains (losses), net" over time as these assets mature or are sold. Absent the sale of any of these assets prior to their stated maturity, approximately **5%** **2%** of the \$1.5 billion balance as of **June 30, 2023** **September 30, 2023** will be recognized throughout the remainder of 2023, approximately 9% will be recognized in 2024, and the remaining balance will be recognized from 2025 through 2051.

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#### Highly inflationary economy in Argentina

Our insurance operations in Argentina, Prudential of Argentina ("POA"), have historically utilized the Argentine peso as the functional currency given it is the currency of the primary economic environment in which the entity operates. During 2018, Argentina experienced a cumulative inflation rate that exceeded 100% over a 3-year period. As a result, Argentina's economy was deemed to be highly inflationary, resulting in reporting changes effective July 1, 2018. Under U.S. GAAP, the financial statements of a foreign entity in a highly inflationary economy are to be remeasured as if its functional currency (formerly the Argentine peso) is the reporting currency of its parent reporting entity (the USD) on a prospective basis. While this changed how the results of POA are remeasured and/or translated into USD, the impact to our financial statements was not material nor is it expected to be material in future periods given the relative size of our POA operations. It should also be noted that due to the macroeconomic environment in Argentina, the majority of POA's balance sheet consists of USD-denominated product liabilities supported by USD-denominated assets. As a result, this accounting change serves to reduce the remeasurement impact reflected in net income given that the functional currency and currency in which the assets and liabilities are denominated will be more closely aligned.

#### Accounting Policies & Pronouncements

## Application of Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the application of accounting policies that often involve a significant degree of judgment. Management, on an ongoing basis, reviews the estimates and assumptions used in the preparation of the Company's financial statements. If management determines that modifications to assumptions and estimates are appropriate given current facts and circumstances, the Company's results of operations and financial position as reported in the Unaudited Interim Consolidated Financial Statements could change significantly.

The following sections discuss the accounting policies applied in preparing our financial statements that management believes are most dependent on the application of estimates and assumptions and require management's most difficult, subjective, or complex judgments.

### Insurance Liabilities

#### Future Policy Benefits

##### *Future Policy Benefit Reserves, including Unpaid Claims and Claim Adjustment Expenses*

We establish reserves for future policy benefits to, or on behalf of, policyholders using methodologies prescribed by U.S. GAAP. The reserving methodologies used include the following:

- For most long-duration contracts, we utilize a net premium valuation methodology in measuring the liability for future policy benefits. Under this methodology, the Company accrues a liability for future policy benefits when premium revenue is recognized. The liability represents the present value of expected future benefits to be paid to or on behalf of policyholders and related non-level claim settlement expenses less the present value of expected future net premiums (portion of the gross premium required to provide for all benefits and related non-level claim settlement expenses using current best estimate assumptions). A net-to-gross ("NTG") ratio is calculated as the ratio of the present value of expected policy benefits and non-level claim settlement expenses divided by the present value of expected gross premiums. The NTG ratio is applied to gross premiums, as premium revenue is recognized, to determine net premiums that are subtracted from the present value of expected benefits and non-level claim settlement expenses to determine the liability for future policy benefits, which cannot be less than zero. The NTG ratio at the cohort measurement unit level cannot exceed 100%, and if it exceeds 100%, the excess benefit expenses are recorded as a charge to current period earnings. The result of the net premium valuation methodology is that the liability at any point in time represents an accumulation of the portion of premiums received to date expected to fund future benefits (i.e., net premiums received to date), less any benefits and expenses already paid. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that obligation would be funded by net premiums received in the future and would be recognized in the liability at that time. The insurance cash flow assumptions are updated quarterly to reflect actual experience and are generally updated annually to reflect changes in best estimate future insurance cash flow assumptions using a retrospective unlocking method with the impact recorded through current period earnings. At the time of an experience or best estimate

assumption unlocking, a revised NTG ratio is calculated using actual historical cash flow experience and updated, if any, best estimate future cash flow assumptions, discounted using the locked-in discount rate. The revised NTG ratio is

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then applied to prior period cash flows to derive a cumulative catch-up adjustment as of the beginning of the quarter. The revised NTG ratio is then used going forward to accrue the reserve, until the next unlocking. The liability is also remeasured each quarter using a current discount rate, based on an upper medium grade fixed-income instrument yield, with the impact recorded through accumulated other comprehensive income. Expense assumptions included in the liability only include claim related expenses and exclude acquisition costs and non-claim related costs such as costs relating to investments, general administration, policy maintenance, product development, market research, and general overhead. For limited-payment contracts, a deferred profit liability ("DPL") is established for the amount of gross premiums received in excess of expected net premiums and is amortized into premium income in relation to the discounted amount of insurance in force for life insurance or expected benefit payments for annuity contracts. The DPL is subject to a retrospective unlocking adjustment consistent with the liability for future policy benefits.

- For certain contract features, such as no-lapse guarantees, a liability is established when associated assessments (which include investment margin on policyholders' account balances in the general account and policy charges for administration, mortality, expense, surrender, and other charges) are recognized. This liability is established using current best estimate assumptions and is based on the ratio of the present value of total expected excess payments (e.g., payments in excess of account value) over the life of the contract divided by the present value of total expected assessments (i.e., benefit ratio). The liability equals the current benefit ratio multiplied by cumulative assessments recognized to date, plus interest, less cumulative excess payments to date. The liability does not necessarily reflect the full policyholder obligation the Company expects to pay at the conclusion of the contract since a portion of that excess payment would be funded by assessments received in the future and would be recognized in the liability at that time. The reserves are subject to adjustments based on annual reviews of assumptions and quarterly adjustments for experience as described below, including market performance. These adjustments reflect the impact on the benefit ratio of using actual historical experience from the issuance date to the balance sheet date plus updated estimates of future experience. The updated benefit ratio is then applied to all prior periods' assessments to derive an adjustment to the reserve recognized through a benefit or charge to current period earnings.
- For universal life type contracts and participating contracts, the Company performs premium deficiency tests using best estimate assumptions, at a minimum, on an annual basis, and on a quarterly basis for business whose profitability is closely tied to equity market performance. If the current net reserves are less than the best estimate liability, the existing net reserves are adjusted by first reducing the associated deferred sales inducements ("DSI") or value of business acquired ("VOBA") by the amount of

the deficiency or to zero through a charge to current period earnings. If the deficiency is more than the DSI or VOBA for insurance contracts, the net reserves are increased by the excess through a charge to current period earnings. Since investment yields are used as the discount rate, the premium deficiency test is also performed using a discount rate based on the market yield (i.e., assuming what would be the impact if any unrealized gains (losses) were realized as of the testing date). In the event that by using the market yield a deficiency occurs, an adjustment is established for the deficiency and is included in AOCI.

- In certain instances, the policyholder liability for a particular line of universal life type and participating contract business may not be deficient in the aggregate to trigger loss recognition, but the pattern of earnings may be such that profits are expected to be recognized in earlier years followed by losses in later years. In these situations, accounting standards require that an additional liability (Profits Followed by Losses or "PFL" liability) be recognized by an amount necessary to sufficiently offset the losses that would be recognized in later years. The PFL liability is based on our current estimate of the present value of the amount necessary to offset losses anticipated in future periods. Because the liability is measured on a discounted basis, there will also be accretion into future earnings through an interest charge, and the liability will ultimately be released into earnings as an offset to future losses. Historically, the Company's PFL liabilities have been predominantly associated with certain universal life contracts that measure net GAAP reserves using current best estimate assumptions and accordingly, have been updated each quarter using current in-force and market data and as part of the annual assumption update. At the target accrual date (i.e., date of peak deficiency), the PFL liability transitions to a premium deficiency reserve and, for universal life type products, will continue to be updated each quarter using current in-force and market data and as part of the annual assumption update.

#### *Annual assumptions review and quarterly adjustments*

The assumptions used in establishing reserves are generally based on the Company's experience, industry experience and/or other factors, as applicable. We update our actuarial assumptions, such as mortality, morbidity, retirement and policyholder behavior assumptions, annually unless a material change in our own experience or in industry experience made available to us is observed in an interim period that we feel is indicative of a long-term trend. Generally, we do not expect trends to change

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significantly in the short-term and, to the extent these trends may change, we expect such changes to be gradual over the long-term.

We perform an annual comprehensive review of the assumptions used for estimating future premiums, benefits, and other cash flows, including reviews related to mortality, morbidity, lapse, surrender, and other contractholder behavior assumptions, and economic assumptions, including expected future rates of returns on investments. The Company generally looks to relevant Company experience as the primary basis for these assumptions. If relevant Company experience is not available or does not have sufficient credibility, the Company may look to experience of similar blocks of business, either elsewhere within the Company or within the industry. As part of this review, we may update these assumptions and make refinements to our models based upon emerging experience, future expectations and other data, including any observable market data we feel is indicative of a long-term trend. The impact on our results of operations of changes in these assumptions can be offsetting and we are unable to predict their movement or offsetting impact over time.

The quarterly adjustments for market performance referred to above reflect the impact of changes to our estimate of future rates of returns on investments to reflect actual fund performance and market conditions. A portion of returns on investments for our variable life contracts are dependent upon the total rate of return on assets held in separate account investment options. This rate of return influences the fees we earn and expected claims to be paid on variable life contracts, as well as other sources of profit. Returns that are higher than our expectations for a given period produce higher than expected account balances, which increase the future fees we expect to earn on variable life contracts and decrease expected claims to be paid on variable life contracts. The opposite occurs when returns are lower than our expectations.

The weighted average rate of return assumptions used in developing estimated market returns consider many factors specific to each product type, including asset durations, asset allocations and other factors. With regard to equity market assumptions, the near-term future rate of return assumption used in evaluating liabilities for future policy benefits for certain of our products, primarily our domestic and international variable life insurance products, is generally updated each quarter and is derived using a reversion to the mean approach, a common industry practice. Under this approach, we consider historical equity returns and adjust projected equity returns over an initial future period of five years (the "near-term") so that equity returns converge to the long-term expected rate of return. If the near-term projected future rate of return is greater than our near-term maximum future rate of return of 15.0%, we use our maximum future rate of return. If the near-term projected future rate of return is lower than our near-term minimum future rate of return of 0%, we use our minimum future rate of return. As of **June 30, 2023** **September 30, 2023**, our domestic variable life insurance businesses assume an 8.0% long-term equity expected rate of return and a **4.6%** **5.4%** near-term mean reversion equity expected rate of return, and our international variable life insurance business assumes a 5.0% long-term equity expected rate of return and a **1.3%** **1.4%** near-term mean reversion equity expected rate of return.

With regard to interest rate assumptions used in evaluating liabilities for future policy benefits for certain of our products, we update the long-term and near-term future rates used to project fixed income returns annually and quarterly, respectively. As a result of our 2023 annual reviews and update of assumptions and other refinements, we kept our long-term expectation of the U.S. Treasury rate and Japanese Government Bond yield unchanged and continue to grade to rates of 3.25% and 1.00%, respectively, over ten years. As part of our quarterly market experience updates, we update our near-term projections of interest rates to reflect changes in current rates. For additional information regarding discount rates used to establish the liability for future policy benefits, see Note 2 to the Unaudited Interim Consolidated Financial Statements.

The following paragraphs provide additional details about the reserves we have established:

**International Businesses.** The reserves for future policy benefits of our International Businesses, which as of **June 30, 2023** **September 30, 2023**, represented **42%** **40%** of our total future policy benefit reserves, primarily relate to non-participating whole life and term life products and endowment contracts, and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in determining expected future benefits and expenses include mortality, lapse, morbidity, and investment yield assumptions. Reserves also include claims reported but not yet paid, and claims incurred but not yet reported. In addition, future policy benefit reserves for certain contracts also include amounts related to our deferred profit liability, as described above.

*Institutional Retirement Strategies.* The reserves for future policy benefits of our Institutional Retirement Strategies segment, which as of **June 30, 2023** **September 30, 2023**, represented **27%** **28%** of our total future policy benefit reserves, primarily relate to our non-participating life contingent group annuity and structured settlement products and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in establishing these reserves include mortality, retirement, and investment yield assumptions. In addition, future policy benefit reserves for certain contracts also include amounts related to our deferred profit liability, as described above.

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*Individual Retirement Strategies.* The reserves for future policy benefits of our Individual Retirement Strategies segment, which as of **June 30, 2023** **September 30, 2023**, represented 1% of our total future policy benefit reserves, primarily relate to reserves for life contingent payout annuity contracts for which a deferred profit liability is established for the amount of gross premiums received in excess of net premiums, and are generally calculated using the net premium valuation methodology. The primary assumptions used in determining expected future benefits and expenses include mortality, lapse, morbidity, and investment yield assumptions.

*Individual Life.* The reserves for future policy benefits of our Individual Life segment, which as of **June 30, 2023** **September 30, 2023**, represented 9% of our total future policy benefit reserves, primarily relate to term life, universal life and variable life products. For term life contracts, the future policy benefit reserves are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in determining expected future benefits and expenses include mortality, lapse, and investment yield assumptions. For variable and universal life products, which include universal life contracts that contain no-lapse guarantees, reserves for future policy benefits are established using current best estimate assumptions and are based on the benefit ratio, as described above. The primary assumptions used in establishing these reserves generally include mortality, lapse, and premium pattern, as well as interest rate and equity market return assumptions. Reserves also include claims reported but not yet paid, and claims incurred but not yet reported.

*Group Insurance.* The reserves for future policy benefits of our Group Insurance segment, which as of **June 30, 2023** **September 30, 2023**, represented 2% of our total future policy benefit reserves, primarily relate to reserves for group life and disability benefits. For short-duration contracts, a liability is established when the claim is incurred. The reserves for group life and disability benefits also include a liability for unpaid claims and claim adjustment expenses, which relates primarily to the group long-term disability product. This liability represents our estimate of the present value of future disability claim payments and expenses as well as estimates of claims that have been incurred, but have not yet been reported, as of the balance sheet date. The primary assumptions used in determining expected future claim payments are claim termination factors, an assumed interest rate and expected Social Security offsets. The remaining reserves for future policy benefits for group life and disability benefits relate primarily to our group life business, and include reserves for waiver of premium, claims reported but not yet paid, and claims incurred but not yet reported. The waiver of premium reserve is calculated as the present value of future benefits and utilizes assumptions such as expected mortality and recovery rates. The reserve for claims reported but not yet paid is based on the inventory of claims that have been reported but not yet paid. The reserve for claims incurred but not yet reported is estimated using expected patterns of claims reporting.

*Corporate and Other.* The reserves for future policy benefits of our Corporate & Other operations, which as of **June 30, 2023** **September 30, 2023**, represented 3% of our total future policy benefit reserves, primarily relate to our long-term care products and are generally calculated using the net premium valuation methodology, as described above. The primary assumptions used in establishing these reserves include inflation, interest rate, morbidity, mortality, lapse and premium rate increase assumptions.

*Closed Block Division.* The future policy benefit reserves for the traditional participating life insurance products of the Closed Block division, which as of **June 30, 2023** **September 30, 2023**, represented **16%** **17%** of our total future policy benefit reserves are determined using the net premium valuation methodology, as described above. In applying this method, we use mortality assumptions to determine our expected future benefits and expected future premiums, and apply an interest rate to determine the present value of both of these amounts. The mortality assumptions are based on standard industry mortality tables that were used to determine the cash surrender value of the policies, and the interest rates used are the interest rates used to calculate the cash surrender value of the policies.

#### **Policyholders' Account Balances**

Policyholders' account balances liability represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is primarily associated with the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. Policyholders' account balances also include amounts representing the fair value of embedded derivative instruments associated with the index-linked features of certain universal life and annuity products. The changes in the fair value of the embedded derivatives, including changes in non-performance risk ("NPR"), are recorded in net income. For additional information regarding the valuation of these embedded derivatives, see Note 6 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

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#### **Market Risk Benefits ("MRB")**

Market risk benefit liabilities (or assets) represent contracts or contract features that provide protection to the contractholder and expose the Company to other than nominal capital market risk. MRBs are primarily related to deferred annuities with guaranteed minimum benefits in the Individual Retirement Strategies segment including guaranteed minimum death benefits ("GMDB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum income and withdrawal benefits ("GMIWB"). The liability (or asset) for MRBs is estimated using a fair value measurement methodology. The fair value of these MRBs is based on assumptions a market participant would use in valuing market risk benefits. On a quarterly basis, the fair value of these MRBs is calculated as the present value of expected future benefit payments to contractholders less the present value of expected future rider fees attributable to the market risk benefits. The changes in the fair value of market risk benefits are recorded in net income, net of related hedges, in "Change in value of market risk benefits, net of related hedging gains (losses)", except for the portion of the change attributable to changes in the Company's own NPR which is recorded in other comprehensive income ("OCI"). The Company estimates that a hypothetical change to its own credit risk of plus

50 and minus 50 basis points would result in an increase and a decrease to OCI of \$1,015 million and \$1,115 million, respectively. For additional information regarding the valuation of MRBs, see Note 6 to the Unaudited Interim Consolidated Financial Statements.

## Sensitivities for Insurance Assets and Liabilities

The following table summarizes the aggregate impact that could result on each of the listed financial statement balances from changes in certain key assumptions. The figures below are presented in aggregate for the Company. The information below is for illustrative purposes and includes only the hypothetical direct impact on December 31, 2022, balances of changes in a single assumption and not changes in any combination of assumptions. Additionally, the illustration of the insurance assumption impacts below reflects a parallel shift in the insurance assumptions across the Company; however, these may be non-parallel in practice and only applicable to specific businesses. Changes in current assumptions could result in impacts to financial statement balances that are in excess of the amounts illustrated. A description of the estimates and assumptions used in the preparation of each of these financial statement balances is provided above. Changes to the insurance cash flow assumptions are reflected in net income through the retrospective unlocking method for traditional long duration, limited-payment and universal life type products.

The impacts presented within this table exclude the impacts of our asset liability management strategy, which seeks to offset the changes in the balances presented within this table and is primarily composed of investments and derivatives. See further below for a discussion of the estimates and assumptions involved with the application of U.S. GAAP accounting policies for these instruments and "Item 3. Quantitative and Qualitative Disclosures about Market Risk" for hypothetical impacts on related balances as a result of changes in certain significant assumptions.

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|                                             | Increase (Decrease) in Net Income due to<br>changes in Future Policy Benefits, Market<br>Risk Benefits(1), and Policyholders' Account<br>Balances |       |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------|
|                                             | (in millions)                                                                                                                                     |       |
| Hypothetical change in current assumptions: |                                                                                                                                                   |       |
| Long-term interest rate:                    |                                                                                                                                                   |       |
| Increase by 25 basis points                 | \$                                                                                                                                                | 70    |
| Decrease by 25 basis points                 | \$                                                                                                                                                | (70)  |
| Long-term equity expected rate of return:   |                                                                                                                                                   |       |
| Increase by 50 basis points                 | \$                                                                                                                                                | 50    |
| Decrease by 50 basis points                 | \$                                                                                                                                                | (50)  |
| Mortality:                                  |                                                                                                                                                   |       |
| Increase by 1%                              | \$                                                                                                                                                | 105   |
| Decrease by 1%                              | \$                                                                                                                                                | (110) |
| Lapse(2)(3):                                |                                                                                                                                                   |       |
| Increase by 10%                             | \$                                                                                                                                                | 570   |
| Decrease by 10%                             | \$                                                                                                                                                | (595) |
| Long-Term Care Disability Claim Incidence:  |                                                                                                                                                   |       |
| Increase by 5%                              | \$                                                                                                                                                | (45)  |
| Decrease by 5%                              | \$                                                                                                                                                | 40    |

(1) "Market risk benefits" reflects the net impact of market risk benefit assets and liabilities prior to hedging.

(2) Lapse sensitivity shocks applied for the post-level premium period for term products are capped at the level where the rates would equal 100% under an increased lapse scenario. These same capped shock levels are also applied for the decreased lapse scenario.

(3) Assumes the same shock across all products; however, we would not expect lapse rates of different products to move uniformly.

## Other Accounting Policies

In addition to the items listed above, management believes the accounting policies relating to the following areas are also most dependent on the application of estimates and assumptions and require management's most difficult, subjective, or complex judgments:

- Goodwill;
- Valuation of investments including derivatives, measurement of allowance for credit losses, and recognition of other-than-temporary impairments ("OTTI");

- Pension and other postretirement benefits;
- Taxes on income; and
- Reserves for contingencies, including reserves for losses in connection with unresolved legal matters.

For further discussion of impacts that could result from changes in these key estimates and assumptions, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies and Pronouncements—Application of Critical Accounting Estimates—Other Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2022.

#### Adoption of New Accounting Pronouncements

Effective January 1, 2023, the Company adopted ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. Adoption of this ASU impacted the accounting and disclosure

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requirements for long-duration insurance and investment contracts issued by the Company. See Note 1 to the Unaudited Interim Consolidated Financial Statements for additional information.

As of the January 1, 2021 transition date, the adoption of the standard resulted in a decrease to "Retained earnings" of \$2.6 billion primarily from reclassifying the cumulative effect of changes in non-performance risk on market risk benefits from "Retained earnings" to "Accumulated other comprehensive income" ("AOCI") as well as from a net increase in additional insurance reserves and other related balances primarily related to the no-lapse guarantee features on certain universal life contracts. AOCI decreased \$42.4 billion as of the January 1, 2021 transition date largely from remeasuring in-force contract liabilities using upper-medium grade fixed income instrument yields as of the transition date. As of the January 1, 2023 adoption date, the impacts amounted to a decrease to "Retained earnings" of \$1.7 billion and an increase to AOCI of \$16.0 billion. The changes in the impacts from January 1, 2021 to January 1, 2023 primarily reflect the increase in interest rates during 2021 and 2022. See Note 2 to the Unaudited Interim Consolidated Financial Statements for a more detailed discussion of ASU 2018-12, as well as other accounting pronouncements issued but not yet adopted and newly adopted accounting pronouncements.

#### Results of Operations by Segment

##### PGIM

##### Business Update

- In May 2023, we agreed to acquire a majority stake in Deerpath Capital Management, LP, a leading U.S.-based private credit and direct lending manager with approximately \$5 billion in assets under management. This planned acquisition is subject to regulatory approvals and customary closing conditions.

##### Operating Results

The following table sets forth PGIM's operating results for the periods indicated:

|                                                                  | Three Months Ended                                               |    |      |    | Six Months Ended |                       |       | Three Months Ended |       |                                                                  |    | Nine Months Ended |    |     |    |       |    |       |
|------------------------------------------------------------------|------------------------------------------------------------------|----|------|----|------------------|-----------------------|-------|--------------------|-------|------------------------------------------------------------------|----|-------------------|----|-----|----|-------|----|-------|
|                                                                  | June 30,                                                         |    |      |    | June 30,         |                       |       | September 30,      |       |                                                                  |    | September 30,     |    |     |    |       |    |       |
|                                                                  | 2023                                                             |    | 2022 |    | 2023             |                       |       | 2022               |       | 2023                                                             |    | 2022              |    |     |    |       |    |       |
| (in millions)                                                    |                                                                  |    |      |    |                  | (in millions)         |       |                    |       |                                                                  |    |                   |    |     |    |       |    |       |
| Operating results(1):                                            | Operating results(1):                                            |    |      |    |                  | Operating results(1): |       |                    |       |                                                                  |    |                   |    |     |    |       |    |       |
| Revenues                                                         | Revenues                                                         | \$ | 849  | \$ | 829              | \$                    | 1,747 | \$                 | 1,755 | Revenues                                                         | \$ | 976               | \$ | 907 | \$ | 2,723 | \$ | 2,662 |
| Expenses                                                         | Expenses                                                         |    | 670  |    | 623              |                       | 1,417 |                    | 1,361 | Expenses                                                         |    | 765               |    | 688 |    | 2,182 |    | 2,049 |
| Adjusted operating income                                        | Adjusted operating income                                        |    | 179  |    | 206              |                       | 330   |                    | 394   | Adjusted operating income                                        |    | 211               |    | 219 |    | 541   |    | 613   |
| Realized investment gains (losses), net, and related adjustments | Realized investment gains (losses), net, and related adjustments |    | (1)  |    | (2)              |                       | (1)   |                    | (5)   | Realized investment gains (losses), net, and related adjustments |    | 1                 |    | (1) |    | 0     |    | (6)   |

|                                                                                                      |                                                                                                      |        |        |        |        |                                                                                                      |        |        |        |        |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (47)   | (14)   | (34)   | (7)    | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 48     | (6)    | 14     | (13)   |
| Other adjustments(2)                                                                                 | Other adjustments(2)                                                                                 | (8)    | 4      | (16)   | (8)    | Other adjustments(2)                                                                                 | (8)    | (7)    | (24)   | (15)   |
| Income (loss) before income taxes and equity in earnings of operating joint ventures                 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 123 | \$ 194 | \$ 279 | \$ 374 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 252 | \$ 205 | \$ 531 | \$ 579 |

(1) Certain of PGIM's investment activities are based in currencies other than the U.S. dollar and are therefore subject to foreign currency exchange rate risk. The financial results of PGIM include the impact of an intercompany arrangement with our Corporate and Other operations designed to mitigate the impact of exchange rate changes on PGIM's U.S. dollar-equivalent earnings. For additional information regarding this intercompany arrangement, see "—Results of Operations—Impact of Foreign Currency Exchange Rates," above.

(2) Includes certain components of consideration for business acquisitions, which are recognized as compensation expense over the requisite service periods.

#### Adjusted Operating Income

**Three Month Comparison.** Adjusted operating income decreased \$27 million \$8 million, primarily reflecting higher compensation and operating expenses and lower asset management fees, other related revenues, net of related expenses. These impacts were partially offset by higher other related revenues, net of related expenses, and higher service, distribution and other revenues.

**Six Nine Month Comparison.** Adjusted operating income decreased \$64 million \$72 million, primarily reflecting lower asset management fees, net of related expenses, and higher compensation and operating expenses. These impacts were partially offset by higher service, distribution and other revenues, and higher other related revenues, net of related expenses, and higher service, distribution and other revenues.

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#### Revenues and Expenses

The following table sets forth PGIM's revenues, presented on a basis consistent with the table above under "—Operating Results," by type:

|                                  |                                  | Three Months Ended |        | Six Months Ended |        |                                  | Three Months Ended |        | Nine Months Ended |          |
|----------------------------------|----------------------------------|--------------------|--------|------------------|--------|----------------------------------|--------------------|--------|-------------------|----------|
|                                  |                                  | June 30,           |        | June 30,         |        |                                  | September 30,      |        | September 30,     |          |
|                                  |                                  | 2023               | 2022   | 2023             | 2022   |                                  | 2023               | 2022   | 2023              | 2022     |
|                                  |                                  | (in millions)      |        |                  |        |                                  | (in millions)      |        |                   |          |
| Revenues by type:                | Revenues by type:                |                    |        |                  |        | Revenues by type:                |                    |        |                   |          |
| Asset management fees by source: | Asset management fees by source: |                    |        |                  |        | Asset management fees by source: |                    |        |                   |          |
| Institutional customers          | Institutional customers          | \$ 357             | \$ 357 | \$ 719           | \$ 720 | Institutional customers          | \$ 363             | \$ 364 | \$ 1,082          | \$ 1,084 |
| Retail customers(1)              | Retail customers(1)              | 253                | 274    | 496              | 575    | Retail customers(1)              | 261                | 256    | 757               | 831      |
| General account                  | General account                  | 116                | 125    | 231              | 270    | General account                  | 114                | 122    | 345               | 392      |
| Total asset management fees      | Total asset management fees      | 726                | 756    | 1,446            | 1,565  | Total asset management fees      | 738                | 742    | 2,184             | 2,307    |

| Other related revenues by source:        | Other related revenues by source:        |        |        |          |          | Other related revenues by source:        |        |        |          |          |
|------------------------------------------|------------------------------------------|--------|--------|----------|----------|------------------------------------------|--------|--------|----------|----------|
| Incentive fees                           | Incentive fees                           | 4      | 6      | 7        | 10       | Incentive fees                           | 26     | 16     | 33       | 26       |
| Transaction fees                         | Transaction fees                         | 3      | 5      | 7        | 9        | Transaction fees                         | 3      | 2      | 10       | 11       |
| Seed and co-investments                  | Seed and co-investments                  | 38     | (18)   | 71       | (39)     | Seed and co-investments                  | 29     | 17     | 100      | (22)     |
| Commercial mortgage(2)                   | Commercial mortgage(2)                   | 13     | 24     | 25       | 56       | Commercial mortgage(2)                   | 13     | 45     | 38       | 101      |
| Total other related revenues             | Total other related revenues             | 58     | 17     | 110      | 36       | Total other related revenues             | 71     | 80     | 181      | 116      |
| Service, distribution and other revenues | Service, distribution and other revenues | 65     | 56     | 191      | 154      | Service, distribution and other revenues | 167    | 85     | 358      | 239      |
| Total revenues                           | Total revenues                           | \$ 849 | \$ 829 | \$ 1,747 | \$ 1,755 | Total revenues                           | \$ 976 | \$ 907 | \$ 2,723 | \$ 2,662 |

(1) Consists of fees from: individual mutual funds and variable annuities and variable life insurance separate account assets; funds invested in proprietary mutual funds through our defined contribution plan products; and third-party sub-advisory relationships. Revenues from fixed annuities and the fixed-rate accounts of variable annuities and variable life insurance are included in the general account.

(2) Includes mortgage origination revenues from our commercial mortgage origination and servicing business.

**Three Month Comparison.** Revenues increased \$20 million \$69 million, primarily driven by higher other related revenues reflecting higher seed and co-investments results driven by improved investment performance, partially offset by lower commercial mortgage origination revenues. Service, service, distribution, and other revenues were favorable reflecting increased interest income from higher interest rates partially offset by lower and higher revenues from certain consolidated funds (which were fully offset by lower higher expenses related to noncontrolling interests in these funds). These impacts were The increase was partially offset by a decrease in other related revenues reflecting lower asset commercial mortgage origination revenues, partially offset by higher performance-based incentive fees, reflecting outperformance in a real estate fund. Asset management fees due to remained relatively flat as the impacts of higher net outflows and market depreciation reflecting higher interest rates partially on average assets under management were offset by favorable equity markets. market appreciation and tightening credit spreads.

Expenses increased \$47 million \$77 million, primarily reflecting higher compensation variable expenses corresponding to higher revenues from certain consolidated funds, as discussed above, and operating higher interest expense from higher interest rates, as well as higher compensation expenses driven by certain long-term employee compensation plans tied tied to investment performance and business growth, partially offset growth.

**Nine Month Comparison.** Revenues increased \$61 million, primarily driven by lower variable expenses corresponding to lower higher service, distribution and other revenues reflecting increased interest income from higher interest rates and higher revenues from certain consolidated funds as discussed above.

**Six Month Comparison.** Revenues decreased \$8 million. Asset management fees decreased primarily due to lower average assets under management, driven by market depreciation reflecting higher interest rates, partially offset by favorable equity markets. The decrease was partially (which were fully offset by higher other expenses related to noncontrolling interests in these funds). Other related revenues were favorable primarily reflecting higher seed and co-investments results driven by improved investment performance, partially offset by lower commercial mortgage origination revenues. Service, distribution and other revenues These impacts were favorable partially offset by lower asset management fees primarily due to lower average assets under management reflecting increased interest income from higher interest rates. rates, partially offset by equity market appreciation.

Expenses increased \$56 million \$133 million, primarily reflecting higher compensation variable expenses corresponding to higher revenues from certain consolidated funds, as discussed above, and higher interest expense from higher interest rates, partially offset by lower expenses associated with a decrease in overall segment revenues. Compensation and operating expenses increased, driven by certain long-term employee compensation plans tied to markets investment performance and performance, partially offset by lower variable expenses associated with a decrease in overall segment revenues. business growth.

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#### Assets Under Management

The following table sets forth assets under management by asset class as of the dates indicated:

| June 30, 2023 | December 31, 2022 | June 30, 2022 | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---------------|-------------------|---------------|--------------------|-------------------|--------------------|
| (in billions) |                   |               | (in billions)      |                   |                    |

| Assets Under Management(1) (at fair value):                | Assets Under Management(1) (at fair value):                |    |         |    | Assets Under Management(1) (at fair value): |    |         |                                                            |    |         |    |         |    |         |
|------------------------------------------------------------|------------------------------------------------------------|----|---------|----|---------------------------------------------|----|---------|------------------------------------------------------------|----|---------|----|---------|----|---------|
| Public equity                                              | Public equity                                              | \$ | 177.5   | \$ | 147.8                                       | \$ | 149.1   | Public equity                                              | \$ | 167.9   | \$ | 147.8   | \$ | 144.1   |
| Public fixed income                                        | Public fixed income                                        |    | 780.1   |    | 776.8                                       |    | 800.5   | Public fixed income                                        |    | 747.4   |    | 776.8   |    | 762.5   |
| Real estate                                                | Real estate                                                |    | 128.7   |    | 129.6                                       |    | 131.8   | Real estate                                                |    | 127.1   |    | 129.6   |    | 129.0   |
| Private credit and other alternatives                      | Private credit and other alternatives                      |    | 105.3   |    | 103.4                                       |    | 103.2   | Private credit and other alternatives                      |    | 105.2   |    | 103.4   |    | 99.7    |
| Multi-asset                                                | Multi-asset                                                |    | 74.2    |    | 70.8                                        |    | 72.8    | Multi-asset                                                |    | 71.0    |    | 70.8    |    | 70.9    |
| Total PGIM assets under management                         | Total PGIM assets under management                         | \$ | 1,265.8 | \$ | 1,228.4                                     | \$ | 1,257.4 | Total PGIM assets under management                         | \$ | 1,218.6 | \$ | 1,228.4 | \$ | 1,206.2 |
| Assets under management within other reporting segments(2) | Assets under management within other reporting segments(2) |    | 148.8   |    | 148.9                                       |    | 152.2   | Assets under management within other reporting segments(2) |    | 142.7   |    | 148.9   |    | 143.3   |
| Total PFI assets under management                          | Total PFI assets under management                          | \$ | 1,414.6 | \$ | 1,377.3                                     | \$ | 1,409.6 | Total PFI assets under management                          | \$ | 1,361.3 | \$ | 1,377.3 | \$ | 1,349.5 |

- (1) "Public equity" represents stock ownership interest in a corporation or partnership (excluding hedge funds) or real estate investment trust. "Public fixed income" represents debt instruments that pay interest and usually have a maturity (excluding mortgages). "Real estate" includes direct real estate equity and real estate mortgages. "Private credit and other alternatives" includes private credit, private equity, hedge funds and other alternative strategies. "Multi-asset" includes funds or products that invest in more than one asset class, balancing equity and fixed income funds and target date funds.
- (2) Primarily includes assets related to certain annuity, variable life, retirement and group life products in our U.S. Businesses and Corporate & Other operations, and certain general account assets in our International Businesses. These assets are not directly managed by PGIM, but rather are invested in non-proprietary funds or are managed by either the divisions themselves or by our Chief Investment Officer Organization.

The following table sets forth assets under management by source as of the dates indicated:

|                                                            |                                                            | June 30, 2023 | December 31, 2022 | June 30, 2022 |                                                            | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------------------------------------|------------------------------------------------------------|---------------|-------------------|---------------|------------------------------------------------------------|--------------------|-------------------|--------------------|
|                                                            |                                                            | (in billions) |                   |               |                                                            | (in billions)      |                   |                    |
| Assets Under Management(1) (at fair value):                | Assets Under Management(1) (at fair value):                |               |                   |               | Assets Under Management(1) (at fair value):                |                    |                   |                    |
| Institutional customers                                    | Institutional customers                                    | \$ 556.7      | \$ 549.2          | \$ 560.7      | Institutional customers                                    | \$ 547.6           | \$ 549.2          | \$ 536.3           |
| Retail customers                                           | Retail customers                                           | 324.1         | 299.6             | 314.3         | Retail customers                                           | 312.5              | 299.6             | 298.1              |
| General account                                            | General account                                            | 385.0         | 379.6             | 382.4         | General account                                            | 358.5              | 379.6             | 371.8              |
| Total PGIM assets under management                         | Total PGIM assets under management                         | \$ 1,265.8    | \$ 1,228.4        | \$ 1,257.4    | Total PGIM assets under management                         | \$ 1,218.6         | \$ 1,228.4        | \$ 1,206.2         |
| Assets under management within other reporting segments(2) | Assets under management within other reporting segments(2) | 148.8         | 148.9             | 152.2         | Assets under management within other reporting segments(2) | 142.7              | 148.9             | 143.3              |
| Total PFI assets under management                          | Total PFI assets under management                          | \$ 1,414.6    | \$ 1,377.3        | \$ 1,409.6    | Total PFI assets under management                          | \$ 1,361.3         | \$ 1,377.3        | \$ 1,349.5         |

- (1) "Institutional customers" consist of third-party institutional assets and group insurance contracts. "Retail customers" consist of individual mutual funds and variable annuities and variable life insurance separate account assets, funds invested in proprietary mutual funds through our defined contribution plan products, and third-party sub-advisory relationships. "General account" also includes fixed annuities and the fixed-rate accounts of variable annuities and variable life insurance.

- (2) Primarily includes assets related to certain annuity, variable life, retirement and group life products in our U.S. Businesses and Corporate & Other operations, and certain general account assets in our International Businesses. These assets are not directly managed by PGIM, but rather are invested in non-proprietary funds or are managed by either the divisions themselves or by our Chief Investment Officer Organization.

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The following table sets forth the component changes in PGIM's assets under management for the periods indicated:

|                                                              |                                                              |            |            |            |            |            |                                                               |            |                   |            |               |            | Twelve<br>Months<br>Ended |
|--------------------------------------------------------------|--------------------------------------------------------------|------------|------------|------------|------------|------------|---------------------------------------------------------------|------------|-------------------|------------|---------------|------------|---------------------------|
|                                                              |                                                              |            |            |            |            |            | Three Months Ended                                            |            | Nine Months Ended |            | September     |            |                           |
|                                                              |                                                              |            |            |            |            |            | September 30,                                                 |            | September 30,     |            | September 30, |            |                           |
|                                                              |                                                              |            |            |            |            |            | 2023                                                          |            | 2022              |            | 2023          |            |                           |
|                                                              |                                                              |            |            |            |            |            | 2023                                                          |            | 2022              |            | 2023          |            |                           |
|                                                              | (in billions)                                                |            |            |            |            |            | (in billions)                                                 |            |                   |            |               |            |                           |
| Beginning assets under management                            | Beginning assets under management                            | \$ 1,269.8 | \$ 1,414.6 | \$ 1,228.4 | \$ 1,523.8 | \$ 1,257.4 | Beginning assets under management                             | \$ 1,265.8 | \$ 1,257.4        | \$ 1,228.4 | \$ 1,523.8    | \$ 1,206.2 |                           |
| Institutional third-party flows                              | Institutional third-party flows                              | (3.0)      | 8.1        | (13.2)     | 8.4        | (18.6)     | Institutional third-party flows                               | (3.8)      | 0.6               | (17.0)     | 9.0           | (23.0)     |                           |
| Retail third-party flows                                     | Retail third-party flows                                     | (2.2)      | (8.3)      | (6.0)      | (12.9)     | (16.3)     | Retail third-party flows                                      | (1.9)      | (4.6)             | (7.9)      | (17.5)        | (13.6)     |                           |
| Total third-party flows                                      | Total third-party flows                                      | (5.2)      | (0.2)      | (19.2)     | (4.5)      | (34.9)     | Total third-party flows                                       | (5.7)      | (4.0)             | (24.9)     | (8.5)         | (36.6)     |                           |
| Affiliated flows(1)                                          | Affiliated flows(1)                                          | (4.2)      | 7.5        | (2.1)      | 7.0        | 4.1        | Affiliated flows(1)                                           | 1.9        | 7.2               | (0.1)      | 14.2          | (1.1)      |                           |
| Market appreciation (depreciation) (2)                       | Market appreciation (depreciation) (2)                       | 15.5       | (122.5)    | 65.7       | (221.8)    | 46.6       | Market appreciation (depreciation) (2)                        | (37.8)     | (50.9)            | 27.9       | (272.7)       | 59.7       |                           |
| Foreign exchange rate impact                                 | Foreign exchange rate impact                                 | (6.3)      | (11.6)     | (6.4)      | (16.7)     | (5.7)      | Foreign exchange rate impact                                  | (3.2)      | (7.2)             | (9.6)      | (23.9)        | (1.7)      |                           |
| Net money market activity and other increases (decreases)(3) | Net money market activity and other increases (decreases)(3) | (3.8)      | (30.4)     | (0.6)      | (30.4)     | (1.7)      | Net money market activity and other increases (decreases) (3) | (2.4)      | 3.7               | (3.1)      | (26.7)        | (7.9)      |                           |
| Ending assets under management                               | Ending assets under management                               | \$ 1,265.8 | \$ 1,257.4 | \$ 1,265.8 | \$ 1,257.4 | \$ 1,265.8 | Ending assets under management                                | \$ 1,218.6 | \$ 1,206.2        | \$ 1,218.6 | \$ 1,206.2    | \$ 1,218.6 |                           |

(1) Represents assets that PGIM manages for the benefit of other reporting segments within the Company. Additions and withdrawals of these assets are attributable to third-party product inflows and outflows in other reporting segments.

(2) Includes income reinvestment, where applicable.

(3) Results for the three months and six nine months ended June 30, 2022 September 30, 2022 include a reduction in assets under management from the sales of the Full Service Retirement business and PALAC.

PGIM's assets under management as of June 30, 2023 September 30, 2023 increased \$8 billion \$12 billion in comparison to the prior year quarter, primarily driven by equity market appreciation and tightening credit spreads, partially offset by net outflows and the impact of higher interest rates and net outflows. rates. PGIM's assets under management as of June 30, 2023 increased \$37 billion September 30, 2023 decreased \$10 billion in comparison to the prior year end, primarily driven by net outflows and the impact of higher interest rates, partially offset by equity market appreciation lower interest rates and tightening credit spreads, partially offset by net outflows. spread tightening.

*Private Capital Deployment*

Private capital deployment is indicative of the pace and magnitude of capital that is invested and will result in future revenues that may include management fees, transaction fees, incentive fees and servicing revenues, as well as future costs to manage these assets.

Private capital deployment represents the gross value of private capital invested in real estate debt and equity, and private credit and equity asset classes. Assets under management resulting from private capital deployment are included in "Real estate" and "Private credit and other alternatives" in the "—Assets Under Management— by asset class table" above. As of **June 30, 2023** **September 30, 2023**, these assets **increased decreased** approximately \$0.9 billion compared to December 31, 2022, primarily reflecting **market depreciation, partially offset by** net private capital inflows.

Private capital deployment includes PGIM's real estate agency debt business, which consists of agency commercial loans that are originated and sold to third party investors. PGIM continues to service these commercial loans; however, they are not included in assets under management.

The following table sets forth PGIM's private capital deployed by asset class for the periods indicated:

|                                |                                |                             |         |                           |         | Three Months Ended September 30, |        |                                 |         |         |
|--------------------------------|--------------------------------|-----------------------------|---------|---------------------------|---------|----------------------------------|--------|---------------------------------|---------|---------|
|                                |                                | Three Months Ended June 30, |         | Six Months Ended June 30, |         | 30,                              |        | Nine Months Ended September 30, |         |         |
|                                |                                | 2023                        | 2022    | 2023                      | 2022    | 2023                             | 2022   | 2023                            | 2022    |         |
|                                |                                | (in billions)               |         |                           |         | (in billions)                    |        |                                 |         |         |
| Private capital deployed:      | Private capital deployed:      |                             |         |                           |         | Private capital deployed:        |        |                                 |         |         |
| Real estate debt and equity    | Real estate debt and equity    | \$ 3.9                      | \$ 9.0  | \$ 7.6                    | \$ 14.6 | Real estate debt and equity      | \$ 4.6 | \$ 7.4                          | \$ 12.2 | \$ 22.0 |
| Private credit and equity      | Private credit and equity      | 4.0                         | 5.9     | 6.7                       | 9.9     | Private credit and equity        | 3.4    | 2.2                             | 10.1    | 12.1    |
| Total private capital deployed | Total private capital deployed | \$ 7.9                      | \$ 14.9 | \$ 14.3                   | \$ 24.5 | Total private capital deployed   | \$ 8.0 | \$ 9.6                          | \$ 22.3 | \$ 34.1 |

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#### Seed and Co-Investments

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, PGIM had approximately **\$1,070 million** **\$1,142 million** and \$1,444 million of seed investments and **\$424 million** **\$433 million** and \$497 million of co-investments at carrying value, respectively, primarily consisting of public fixed income, public equity, private credit and other alternatives, and real estate investments.

#### U.S. Businesses

##### Operating Results

The following table sets forth the operating results for our U.S. Businesses for the periods indicated:

|                                                | Three Months Ended<br>June 30,                 |  |          |  | Six Months Ended<br>June 30, |  | Three Months Ended<br>September 30,            |  |        |  | Nine Months Ended<br>September 30, |  |          |  |          |  |
|------------------------------------------------|------------------------------------------------|--|----------|--|------------------------------|--|------------------------------------------------|--|--------|--|------------------------------------|--|----------|--|----------|--|
|                                                | 2023                                           |  | 2022     |  | 2023                         |  | 2022                                           |  | 2023   |  | 2022                               |  |          |  |          |  |
|                                                | (in millions)                                  |  |          |  |                              |  | (in millions)                                  |  |        |  |                                    |  |          |  |          |  |
| Adjusted operating income before income taxes: | Adjusted operating income before income taxes: |  |          |  |                              |  | Adjusted operating income before income taxes: |  |        |  |                                    |  |          |  |          |  |
| U.S. Businesses:                               | U.S. Businesses:                               |  |          |  |                              |  | U.S. Businesses:                               |  |        |  |                                    |  |          |  |          |  |
| Retirement Strategies                          | \$ 876                                         |  | \$ 2,181 |  | \$ 1,713                     |  | \$ 3,127                                       |  | \$ 941 |  | \$ 655                             |  | \$ 2,654 |  | \$ 3,782 |  |
| Group Insurance                                | 139                                            |  | 54       |  | 164                          |  | (61)                                           |  | 89     |  | 30                                 |  | 253      |  | (31)     |  |
| Individual Life                                | (59)                                           |  | (1,662)  |  | (161)                        |  | (1,680)                                        |  | 58     |  | (70)                               |  | (103)    |  | (1,750)  |  |
| Total U.S. Businesses                          | 956                                            |  | 573      |  | 1,716                        |  | 1,386                                          |  | 1,088  |  | 615                                |  | 2,804    |  | 2,001    |  |
| Reconciling items:                             | Reconciling items:                             |  |          |  |                              |  | Reconciling items:                             |  |        |  |                                    |  |          |  |          |  |

|                                                                                                      |                                                                                                      |        |            |          |            |                                                                                                      |          |          |         |            |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|------------|----------|------------|------------------------------------------------------------------------------------------------------|----------|----------|---------|------------|
| Realized investment gains (losses), net, and related adjustments                                     | Realized investment gains (losses), net, and related adjustments                                     | (582)  | (1,429)    | (633)    | (2,342)    | Realized investment gains (losses), net, and related adjustments                                     | (1,759)  | (686)    | (2,392) | (3,028)    |
| Charges related to realized investment gains (losses), net                                           | Charges related to realized investment gains (losses), net                                           | 67     | (252)      | 103      | (334)      | Charges related to realized investment gains (losses), net                                           | (90)     | (154)    | 13      | (488)      |
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | 9      | (714)      | 88       | (1,027)    | Change in value of market risk benefits, net of related hedging gains (losses)                       | (262)    | (64)     | (174)   | (1,091)    |
| Market experience updates                                                                            | Market experience updates                                                                            | 15     | 272        | 113      | 352        | Market experience updates                                                                            | 50       | 74       | 163     | 426        |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (1)    | 1          | 0        | 2          | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 1        | (1)      | 1       | 1          |
| Income (loss) before income taxes and equity in earnings of operating joint ventures                 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 464 | \$ (1,549) | \$ 1,387 | \$ (1,963) | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ (972) | \$ (216) | \$ 415  | \$ (2,179) |

*Three Month Comparison.* Adjusted operating income for our U.S. Businesses increased by **\$383 million** \$473 million primarily due to:

- Higher net investment spread results, primarily reflecting higher reinvestment and short-term rates, as well as business growth and higher income on non-coupon investments;
- Lower expenses, including a reduction in legal reserves in our Individual Life business; and
- Higher underwriting results, primarily reflecting favorable mortality experience in our Group Insurance business, partially offset by unfavorable mortality experience in our Individual Life business.
- Partially offsetting these increases was lower fee income, net of distribution expenses and other associated costs, primarily in our Individual Retirement Strategies business due to a reduction in account values resulting from net outflows and the impact of the Prudential Defined Income ("PDI") reinsurance transaction.

*Nine Month Comparison.* Adjusted operating income for our U.S. Businesses increased by **\$803 million** primarily due to:

- A favorable comparative net impact from our annual reviews and update of assumptions and other refinements, primarily reflecting a net charge from these updates in the second quarter of 2022 in our Individual Life business, mainly driven by unfavorable impacts related to assumptions for policyholder behavior and mortality;
- Higher net investment spread results, driven primarily reflecting higher reinvestment and short-term rates, as well as business growth, partially offset by higher lower income on coupon investments, primarily reflecting business growth and higher reinvestment rates; non-coupon investments; and

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- Higher underwriting results, primarily reflecting improved mortality experience and more favorable disability results in our Group Insurance business.

- Partially offsetting these increases were the absence of a gain in our Individual Retirement Strategies business, from the sale of PALAC in the second quarter of 2022; and
- Lower fee income, net of distribution expenses and other associated costs, primarily in our Individual Retirement Strategies business due to a reduction in account values resulting from net outflows and the impact of the Prudential Defined Income ("PDI") reinsurance transaction.

**Six Month Comparison.** Adjusted operating income for our U.S. Businesses increased partially offset by \$330 million primarily due to:

- A favorable comparative net impact from our annual reviews and update of assumptions and other refinements, primarily reflecting a net charge from these updates in the second quarter of 2022 unfavorable mortality experience in our Individual Life business, mainly driven by unfavorable impacts related to assumptions for policyholder behavior and mortality;
  - Higher underwriting results, primarily reflecting improved mortality experience and more favorable disability results in our Group Insurance business; and
  - Higher net investment spread results driven by higher income on coupon investments, primarily reflecting higher reinvestment rates and business growth; partially offset by lower income on non-coupon investments, business.
- Partially offsetting these increases were the absence of a gain in our Individual Retirement Strategies business from the sale of PALAC in the second quarter of 2022; and
  - Lower fee income, net of distribution expenses and other associated costs, primarily in our Individual Retirement Strategies business due to a reduction in account values resulting from net outflows, the impacts of the sale of PALAC and the PDI reinsurance transaction, and unfavorable equity markets.

## Retirement Strategies

### Business Update

- In May 2023, the Company entered into an agreement with The Ohio National Life Insurance Company ("Ohio National"), an affiliate of Constellation Insurance Holdings, Inc., to reinsure approximately \$10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits issued by Pruco Life Insurance Company, a wholly-owned subsidiary of Prudential Financial. The transaction was completed on June 30, 2023 with an effective date of April 1, 2023. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information.
- In September 2023, the Company entered into an agreement with Prismic Life Reinsurance, Ltd ("Prismic Re") to reinsure approximately \$9 billion of reserves for certain structured settlement annuity contracts issued by PICA, a wholly-owned subsidiary of Prudential Financial. These contracts represent approximately 70% of the Company's in-force structured settlement annuities business. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information.

### Operating Results

The following table sets forth Retirement Strategies' operating results for the periods indicated:

|                                     |                                     | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |          |                                     | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|-------------------------------------|-------------------------------------|--------------------------------|----------|------------------------------|----------|-------------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
|                                     |                                     | 2023                           | 2022     | 2023                         | 2022     |                                     | 2023                                | 2022      | 2023                               | 2022      |
|                                     |                                     | (in millions)                  |          |                              |          |                                     | (in millions)                       |           |                                    |           |
| Operating results:                  | Operating results:                  |                                |          |                              |          | Operating results:                  |                                     |           |                                    |           |
| Revenues:                           | Revenues:                           |                                |          |                              |          | Revenues:                           |                                     |           |                                    |           |
| Institutional Retirement Strategies | Institutional Retirement Strategies | \$ 2,737                       | \$ 2,422 | \$ 7,626                     | \$ 5,169 | Institutional Retirement Strategies | \$ 221                              | \$ 11,468 | \$ 7,847                           | \$ 16,637 |
| Individual Retirement Strategies    | Individual Retirement Strategies    | 1,119                          | 2,425    | 2,214                        | 3,522    | Individual Retirement Strategies    | 1,153                               | 971       | 3,367                              | 4,493     |
| Total revenues                      | Total revenues                      | 3,856                          | 4,847    | 9,840                        | 8,691    | Total revenues                      | 1,374                               | 12,439    | 11,214                             | 21,130    |
| Benefits and expenses:              | Benefits and expenses:              |                                |          |                              |          | Benefits and expenses:              |                                     |           |                                    |           |

|                                                                                                      |                                                                                                      |        |        |          |         |                                                                                                      |          |        |         |         |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|--------|----------|---------|------------------------------------------------------------------------------------------------------|----------|--------|---------|---------|
| Institutional Retirement Strategies                                                                  | Institutional Retirement Strategies                                                                  | 2,309  | 1,990  | 6,802    | 4,222   | Institutional Retirement Strategies                                                                  | (218)    | 11,200 | 6,584   | 15,422  |
| Individual Retirement Strategies                                                                     | Individual Retirement Strategies                                                                     | 671    | 676    | 1,325    | 1,342   | Individual Retirement Strategies                                                                     | 651      | 584    | 1,976   | 1,926   |
| Total benefits and expenses                                                                          | Total benefits and expenses                                                                          | 2,980  | 2,666  | 8,127    | 5,564   | Total benefits and expenses                                                                          | 433      | 11,784 | 8,560   | 17,348  |
| Adjusted operating income:                                                                           | Adjusted operating income:                                                                           |        |        |          |         | Adjusted operating income:                                                                           |          |        |         |         |
| Institutional Retirement Strategies                                                                  | Institutional Retirement Strategies                                                                  | 428    | 432    | 824      | 947     | Institutional Retirement Strategies                                                                  | 439      | 268    | 1,263   | 1,215   |
| Individual Retirement Strategies                                                                     | Individual Retirement Strategies                                                                     | 448    | 1,749  | 889      | 2,180   | Individual Retirement Strategies                                                                     | 502      | 387    | 1,391   | 2,567   |
| Total adjusted operating income                                                                      | Total adjusted operating income                                                                      | 876    | 2,181  | 1,713    | 3,127   | Total adjusted operating income                                                                      | 941      | 655    | 2,654   | 3,782   |
| Realized investment gains (losses), net, and related adjustments                                     | Realized investment gains (losses), net, and related adjustments                                     | (391)  | (790)  | (467)    | (1,178) | Realized investment gains (losses), net, and related adjustments                                     | (1,300)  | (432)  | (1,767) | (1,610) |
| Charges related to realized investment gains (losses), net                                           | Charges related to realized investment gains (losses), net                                           | 30     | (162)  | 62       | (255)   | Charges related to realized investment gains (losses), net                                           | (66)     | (160)  | (4)     | (415)   |
| Change in value of market risk benefits, net of related hedging gains (losses)                       | Change in value of market risk benefits, net of related hedging gains (losses)                       | 9      | (714)  | 88       | (1,027) | Change in value of market risk benefits, net of related hedging gains (losses)                       | (262)    | (64)   | (174)   | (1,091) |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (1)    | 1      | 0        | 2       | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 1        | (1)    | 1       | 1       |
| Income (loss) before income taxes and equity in earnings of operating joint ventures                 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 523 | \$ 516 | \$ 1,396 | \$ 669  | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ (686) | \$ (2) | \$ 710  | \$ 667  |

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Adjusted Operating Income

*Three Month Comparison.* Adjusted operating income from our Institutional Retirement Strategies business decreased \$4 million increased \$171 million, driven by higher net investment spread results, primarily reflecting higher income on non-coupon investments, business growth and higher reinvestment rates.

Adjusted operating income from our Individual Retirement Strategies business increased \$115 million, primarily driven by higher net investment spread results due to more favorable short-term interest rates, higher reinvestment rates and growth in indexed variable annuities. This increase was partially offset by lower fee income, net of distribution expenses and other associated costs, resulting from lower average separate account values due to net outflows and the impact of the PDI reinsurance transaction, partially offset by favorable equity markets.

*Nine Month Comparison.* Adjusted operating income from our Institutional Retirement Strategies business increased \$48 million, including a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for the second quarter of 2023 and 2022 included net benefits from this update of \$6 million and \$14 million, respectively. Excluding this item, adjusted operating income increased \$4 million \$56 million, driven by higher net investment spread results, primarily reflecting business growth and higher reinvestment rates, partially offset by lower income on non-coupon investments. Also contributing to the increase was higher fee income, net of distribution expenses and other associated costs, primarily driven by business growth.

Adjusted operating income from our Individual Retirement Strategies business decreased \$1,301 million \$1,176 million, including a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for the second quarter of 2023 had no net impact from our annual reviews and update of assumptions, while results for the second quarter of 2022 included a \$7 million net benefit. Excluding this item, adjusted operating income decreased \$1,294 million primarily reflecting the absence of a gain in the prior year period from the sale of PALAC and lower fee income, net of distribution expenses and other associated costs, resulting from lower average separate account values due to net outflows and the impact of the PDI reinsurance transaction. These decreases were partially offset by higher net investment spread results, due to more favorable short-term interest rates and growth in indexed variable annuities, partially offset by lower income on non-coupon investments.

*Six Month Comparison.* Adjusted operating income from our Institutional Retirement Strategies business decreased \$123 million, including a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements, as discussed above. Excluding this item, adjusted operating income decreased \$115 million, driven by lower net investment spread results, primarily reflecting lower income on non-coupon investments, partially offset by higher reinvestment rates and business growth.

Adjusted operating income from our Individual Retirement Strategies business decreased \$1,291 million, including a less favorable comparative net impact from our annual reviews and update of assumptions and other refinements, as discussed above. Excluding this item, adjusted operating income decreased \$1,284 million \$1,169 million, primarily reflecting the absence of a gain in the prior year period from the sale of PALAC and lower fee income, net of distribution expenses and other associated costs, resulting from lower average separate account values due to net outflows, the impacts from the sale of PALAC and the PDI reinsurance transaction, and unfavorable equity markets. These decreases were partially offset by higher net investment spread results due to more favorable short-term interest rates, higher reinvestment rates and growth in indexed variable annuities, partially offset by lower income on non-coupon investments.

#### Revenues, Benefits and Expenses

*Three Month Comparison.* Revenues from our Institutional Retirement Strategies business increased \$315 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues decreased \$40 million \$11,247 million. This decrease primarily reflected lower pension risk transfer premiums partially offset by higher net investment income, primarily reflecting higher reinvestment yields, partially offset by lower income on non-coupon investments, due to a significant sale in the prior period and the impact of the reinsurance of certain structured settlement annuity contracts, with corresponding offsets in policyholders' benefits, as discussed below.

Benefits and expenses of our Institutional Retirement Strategies business increased \$319 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses decreased \$44 million \$11,418 million. Policyholders' benefits, including the change changes in policy reserves, decreased primarily related to the lower pension risk transfer premiums and the impact of the reinsurance of certain structured settlement annuity contracts, as discussed above, partially offset by an increase in interest credited to policyholders' account balance, above.

Revenues from our Individual Retirement Strategies business decreased \$1,306 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues decreased \$1,299 million increased \$182 million primarily driven by higher net investment income due to higher reinvestment rates and growth in indexed variable annuities, partially offset by lower income on non-coupon investments. Also contributing to the absence of a gain in the prior year period from the sale of PALAC as well as increase was higher other income primarily driven by more favorable short-term interest rates on collateral posted to counterparties, partially offset by lower asset management and service fees and lower policy charges and fee income resulting from lower separate average account values due to net outflows and the impact of the PDI reinsurance transaction. These decreases were partially offset by higher net investment income due to more favorable short-term interest rates and growth in indexed variable annuities, partially offset by lower income on non-coupon investments.

Benefits and expenses of our Individual Retirement Strategies business decreased \$5 million increased \$67 million primarily due to higher interest expense, partially offset by lower general and administrative expenses, net of capitalization, partially offset by higher policyholders' benefits, including changes in reserves, due to higher reserve provisions and higher interest expense, capitalization.

*Six Nine Month Comparison.* Revenues from our Institutional Retirement Strategies business increased \$2,457 million decreased \$8,790 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased \$2,102 million decreased \$9,145 million. This increase decrease primarily reflected higher lower pension risk transfer premiums due to a significant sale in the current prior period and the impact of the reinsurance of certain structured settlement annuity contracts, with corresponding offsets in policyholders' benefits, as discussed below.

Benefits and expenses of our Institutional Retirement Strategies business increased \$2,580 million decreased \$8,838 million. Excluding the impact

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of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased \$2,217 million decreased \$9,201 million. Policyholders' benefits, including the change changes in policy reserves, increased decreased primarily related to the higher lower pension risk transfer premiums and the impact of the reinsurance of certain structured settlement annuity contracts, as discussed above.

Revenues from our Individual Retirement Strategies business decreased \$1,308 million \$1,126 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues decreased \$1,301 million \$1,119 million primarily driven by the absence of a gain in the prior year period from the sale of PALAC and lower policy charges and fee income resulting from lower average separate account values due to net outflows, the impacts from the sale of PALAC and the PDI reinsurance transaction, and unfavorable equity markets. These decreases were partially offset by higher net investment income due to more favorable short-term interest higher reinvestment rates and growth in indexed variable annuities, partially offset by lower income on non-coupon investments.

Benefits and expenses of our Individual Retirement Strategies business decreased \$17 million increased \$50 million primarily driven by higher interest expense, partially offset by lower general and administrative expenses, net of capitalization, partially offset by higher interest expense, capitalization.

#### Account Values

*Institutional Retirement Strategies.* Account values are a significant driver of our operating results and are primarily driven by net additions (withdrawals) and the impact of market changes. The investment income and interest we credit to policyholders on our spread-based products varies with the level of general account values. The income we earn on most of our fee-based products varies with the level of fee-based account values as many policy fees are determined by these values.

The following table shows the changes in the account values of Institutional Retirement Strategies' products for the periods indicated. Account values include both internally- and externally-managed client balances as the total balances drive revenue for the Institutional Retirement Strategies business. For additional information regarding internally-managed balances, see "—PGIM."

|                                                                                 |                                                                                 |                    |                   |                   |                   |                           |                                                                                 |                    |            |                   |            |            | Twelve<br>Months<br>Ended |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|---------------------------|---------------------------------------------------------------------------------|--------------------|------------|-------------------|------------|------------|---------------------------|
|                                                                                 |                                                                                 | Three Months Ended |                   | Six Months Ended  |                   | Twelve<br>Months<br>Ended |                                                                                 | Three Months Ended |            | Nine Months Ended |            | September  |                           |
|                                                                                 |                                                                                 | June 30,           |                   | June 30,          |                   | June 30,                  |                                                                                 | September 30,      |            | September 30,     |            | September  |                           |
|                                                                                 |                                                                                 | 2023               | 2022              | 2023              | 2022              | 2023                      |                                                                                 | 2023               | 2022       | 2023              | 2022       | 30,        |                           |
|                                                                                 |                                                                                 | (in millions)      |                   |                   |                   |                           |                                                                                 | (in millions)      |            |                   |            |            | 30,                       |
| Total<br>Institutional<br>Retirement<br>Strategies:                             | Total<br>Institutional<br>Retirement<br>Strategies:                             |                    |                   |                   |                   |                           | Total<br>Institutional<br>Retirement<br>Strategies:                             |                    |            |                   |            |            |                           |
| Beginning total<br>account value                                                | Beginning total<br>account value                                                | \$ 252,952         | \$ 239,102        | \$ 251,818        | \$ 245,720        | \$ 234,594                | Beginning total<br>account value                                                | \$ 258,533         | \$ 234,594 | \$ 251,818        | \$ 245,720 | \$ 238,313 |                           |
| Additions(1)                                                                    | Additions(1)                                                                    | 5,686              | 3,700             | 9,514             | 5,978             | 35,309                    | Additions(1)                                                                    | 4,697              | 13,518     | 14,211            | 19,496     | 26,488     |                           |
| Withdrawals<br>and benefits                                                     | Withdrawals<br>and benefits                                                     | (5,865)            | (3,560)           | (11,339)          | (8,459)           | (19,278)                  | Withdrawals<br>and benefits                                                     | (7,781)            | (3,691)    | (19,120)          | (12,150)   | (23,368)   |                           |
| Change in<br>market<br>value,<br>interest<br>credited and<br>interest<br>income | Change in<br>market<br>value,<br>interest<br>credited and<br>interest<br>income | 2,456              | (2,389)           | 4,279             | (3,959)           | 4,128                     | Change in<br>market<br>value,<br>interest<br>credited and<br>interest<br>income | 878                | (553)      | 5,157             | (4,512)    | 5,559      |                           |
| Other(2)                                                                        | Other(2)                                                                        | 3,304              | (2,259)           | 4,261             | (4,686)           | 3,780                     | Other(2)                                                                        | (1,394)            | (5,555)    | 2,867             | (10,241)   | 7,941      |                           |
| Ending total account value                                                      |                                                                                 | <u>\$ 258,533</u>  | <u>\$ 234,594</u> | <u>\$ 258,533</u> | <u>\$ 234,594</u> | <u>\$ 258,533</u>         |                                                                                 |                    |            |                   |            |            |                           |
| Ending total<br>account value,<br>gross                                         |                                                                                 |                    |                   |                   |                   |                           | Ending total<br>account value,<br>gross                                         | 254,933            | 238,313    | 254,933           | 238,313    | 254,933    |                           |
| Reinsurance<br>ceded                                                            |                                                                                 |                    |                   |                   |                   |                           | Reinsurance<br>ceded                                                            | (9,273)            | 0          | (9,273)           | 0          | (9,273)    |                           |
| Ending total<br>account value,<br>net                                           |                                                                                 |                    |                   |                   |                   |                           | Ending total<br>account value,<br>net                                           | \$ 245,660         | \$ 238,313 | \$ 245,660        | \$ 238,313 | \$ 245,660 |                           |

- (1) Additions primarily include: group annuities and funded pension reinsurance calculated based on premiums received; international longevity reinsurance contracts calculated as the present value of future projected benefits; investment-only stable value contracts calculated as the fair value of customers' funds held in a client-owned trust; and funding agreements issued calculated based on premiums received.
- (2) "Other" activity includes the effect of foreign exchange rate changes associated with our British pounds sterling denominated international reinsurance business and changes in asset balances for externally-managed accounts. For the three months ended **June 30, 2023** **September 30, 2023** and 2022, "Other" activity also **includes \$441 million** **includes \$1,109 million** in receipts offset by **\$727 million** **\$788 million** in payments **and \$892 million** **and \$1,461 million** in receipts offset by **\$867 million** **\$958 million** in payments, respectively, and for the **six nine** months ended **June 30, 2023** **September 30, 2023** and 2022,, includes **\$1,709 million** **\$2,818 million** in receipts offset by **\$1,771 million** **\$2,559 million** in payments and **\$1,711 million** **\$3,172 million** in receipts offset by **\$1,708 million** **\$2,666 million** in payments, respectively, related to funding agreements backed by commercial paper **which that** typically have maturities of less than 90 days.

The **increase** **decrease** in Institutional Retirement Strategies **net** account values for the three months and **six nine** months ended **June 30, 2023** **reflect** **September 30, 2023** was primarily driven by the reinsurance of certain structured settlement annuity contracts and net withdrawals. The decrease in net account values for the nine months ended **September 30, 2023** was partially offset by interest credited on customer funds and the positive impact of foreign exchange rate changes.

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The **increase** in Institutional Retirement Strategies net account values for the twelve months ended **September 30, 2023** reflects the positive impact of foreign exchange rate changes, interest credited on customer funds and **an increase in the market value of assets, partially offset by net withdrawals**.

The **increase** in Institutional Retirement Strategies account values for the twelve months ended **June 30, 2023** reflects net additions primarily driven by significant pension risk transfer transactions, including funded pension risk transfer and international reinsurance sales, **interest credited on customer funds and partially offset by** the **positive impact** **reinsurance of foreign exchange rate changes. certain structured settlement annuity contracts**.

*Individual Retirement Strategies.* Account values are a significant driver of our operating results. Since most fees are determined by the level of separate account assets, fee income varies primarily based on the level of account values. Account values are driven by net flows from new business sales, surrenders, withdrawals and benefit payments, policy charges and the impact of positive or negative market value changes. The annuity industry's competitive and regulatory landscapes may impact our net flows, including new business sales. The following table sets forth account value information of **Individual Retirement Strategies' products** for the periods indicated:

|                                                  |                                                  | Twelve Months Ended |            |                  |            |                     |                                                  | Twelve Months Ended |            |                   |            |            |
|--------------------------------------------------|--------------------------------------------------|---------------------|------------|------------------|------------|---------------------|--------------------------------------------------|---------------------|------------|-------------------|------------|------------|
|                                                  |                                                  | Three Months Ended  |            | Six Months Ended |            | Twelve Months Ended |                                                  | Three Months Ended  |            | Nine Months Ended |            | September  |
|                                                  |                                                  | June 30,            |            | June 30,         |            | June 30,            |                                                  | September 30,       |            | September 30,     |            | 30,        |
|                                                  |                                                  | 2023                | 2022       | 2023             | 2022       | 2023                |                                                  | 2023                | 2022       | 2023              | 2022       | 2023       |
|                                                  |                                                  | (in millions)       |            |                  |            |                     |                                                  | (in millions)       |            |                   |            |            |
| Total Individual Retirement Strategies(1) (2):   | Total Individual Retirement Strategies(1) (2):   |                     |            |                  |            |                     | Total Individual Retirement Strategies(1) (2):   |                     |            |                   |            |            |
| Beginning total account value                    | Beginning total account value                    | \$ 123,804          | \$ 168,794 | \$ 120,022       | \$ 182,305 | \$ 123,138          | Beginning total account value                    | \$ 126,297          | \$ 123,138 | \$ 120,022        | \$ 182,305 | \$ 115,790 |
| Sales                                            | Sales                                            | 1,901               | 1,598      | 3,576            | 3,141      | 6,462               | Sales                                            | 1,950               | 1,389      | 5,526             | 4,530      | 7,023      |
| Full surrenders and death benefits               | Full surrenders and death benefits               | (1,651)             | (1,560)    | (3,139)          | (3,748)    | (5,506)             | Full surrenders and death benefits               | (1,752)             | (1,225)    | (4,891)           | (4,973)    | (6,033)    |
| Sales, net of full surrenders and death benefits | Sales, net of full surrenders and death benefits | 250                 | 38         | 437              | (607)      | 956                 | Sales, net of full surrenders and death benefits | 198                 | 164        | 635               | (443)      | 990        |
| Partial withdrawals and other benefit payments   | Partial withdrawals and other benefit payments   | (1,057)             | (994)      | (2,177)          | (2,461)    | (4,386)             | Partial withdrawals and other benefit payments   | (1,062)             | (976)      | (3,239)           | (3,437)    | (4,472)    |

|                                                                    |                                                                    |            |            |            |            |            |                                                                    |            |            |            |            |            |
|--------------------------------------------------------------------|--------------------------------------------------------------------|------------|------------|------------|------------|------------|--------------------------------------------------------------------|------------|------------|------------|------------|------------|
| Net flows                                                          | Net flows                                                          | (807)      | (956)      | (1,740)    | (3,068)    | (3,430)    | Net flows                                                          | (864)      | (812)      | (2,604)    | (3,880)    | (3,482)    |
| Change in market value, interest credited and other activity(3)(4) | Change in market value, interest credited and other activity(3)(4) | 3,864      | (44,080)   | 9,194      | (54,627)   | 9,012      | Change in market value, interest credited and other activity(3)(4) | (3,792)    | (5,921)    | 5,402      | (60,548)   | 11,141     |
| Policy charges(4)                                                  | Policy charges(4)                                                  | (564)      | (620)      | (1,179)    | (1,472)    | (2,423)    | Policy charges(4)                                                  | (551)      | (615)      | (1,730)    | (2,087)    | (2,359)    |
| Ending total account value, gross                                  | Ending total account value, gross                                  | 126,297    | 123,138    | 126,297    | 123,138    | 126,297    | Ending total account value, gross                                  | 121,090    | 115,790    | 121,090    | 115,790    | 121,090    |
| Reinsurance ceded                                                  | Reinsurance ceded                                                  | (11,584)   | (514)      | (11,584)   | (514)      | (11,584)   | Reinsurance ceded                                                  | (10,984)   | (637)      | (10,984)   | (637)      | (10,984)   |
| Ending total account value, net                                    | Ending total account value, net                                    | \$ 114,713 | \$ 122,624 | \$ 114,713 | \$ 122,624 | \$ 114,713 | Ending total account value, net                                    | \$ 110,106 | \$ 115,153 | \$ 110,106 | \$ 115,153 | \$ 110,106 |

- (1) Includes net variable and fixed annuities sold as retail investment products, products. Variable annuity account values were \$109.1 billion \$104.1 billion and \$117.6 billion \$110.1 billion as of June 30, 2023 September 30, 2023 and 2022, respectively. Fixed annuity account values were \$5.7 billion \$6.0 billion and \$5.0 billion \$5.1 billion as of June 30, 2023 September 30, 2023 and 2022, respectively.
- (2) Beginning total account values value for three months and six the nine months ended June 30, 2022 include September 30, 2022 includes approximately \$30 billion of account values that were classified as "held-for-sale" as of March 31, 2022 and December 31, 2021, in relation to the PALAC sale.
- (3) Results for the three months and six nine months ended June 30, 2022 September 30, 2022 reflect the reduction in account values value resulting from the sale of PALAC.
- (4) Prior period amounts have been updated to conform to current period presentation.

Sales, Individual Retirement Strategies sales, net of full surrenders and death benefits, for the three months and six nine months ended June 30, 2023 September 30, 2023 increased in comparison to the prior year period periods driven by higher sales of fixed annuity products. Sales, net of full surrenders and death benefits, for the six months ended June 30, 2023 also reflect lower full surrenders due to general uncertainty and volatility in financial markets in the current year period.

The decrease in Individual Retirement Strategies net account values for the three months six ended September 30, 2023 was primarily driven by market value depreciation and net outflows. The decrease in Individual Retirement Strategies net account values for the nine months and twelve months ended June 30, 2023 September 30, 2023 was primarily driven by the reinsurance of PDI traditional variable annuity contracts, net outflows and policy charges on contractholder accounts, partially offset by market value appreciation.

#### Risks and Risk Mitigants

The following is a summary of certain risks associated with Individual Retirement Strategies' products, certain strategies in mitigating those risks including any updates to those strategies since the previous year-end, and the related financial results.

**Fixed Annuity Risks and Risk Mitigants.** The primary risk exposure of our fixed annuity products relates to investment risks we bear for providing customers a minimum guaranteed interest rate or an index-linked interest rate required to be credited to the customer's account value, which include interest rate fluctuations and/or sustained periods of low interest rates, and credit risk related to the underlying investments. We manage these risk exposures primarily through our investment strategies and

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product design features, which include credit rate resetting subject to the minimum guaranteed interest rate as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, a portion of our fixed products has a market value adjustment provision that affords protection of lapse in the case of rising interest rates. We also manage these risk exposures through external reinsurance for certain of our fixed annuity products. For additional information regarding our external reinsurance agreements, see Note 12 to the Unaudited Interim Consolidated Financial Statements.

**Indexed Variable Annuity Risks and Risk Mitigants.** The primary risk exposure of our indexed variable annuity products relates to the investment risks we bear in order to credit to the customer's account balance the required crediting rate based on the performance of the elected indices at the end of each term. We manage this risk primarily through our investment strategies and product design features, which include credit rate resetting subject to contractual minimums as well as surrender charges applied during the early years of the contract that help to provide protection for premature withdrawals. In addition, our indexed

variable annuity strategies have an interim value provision that provides some protection from lapse in the case of rising interest rates.

*Variable Annuity Risks and Risk Mitigants.* The primary risk exposures of our variable annuity contracts relate to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including capital markets assumptions such as equity market returns, interest rates and market volatility, along with actuarial assumptions such as contractholder mortality, the timing and amount of annuitization and withdrawals, and contract lapses. For these risk exposures, achievement of our expected returns is subject to the risk that actual experience will differ from the assumptions used in the original pricing of these products. We manage our exposure to certain risks driven by fluctuations in capital markets primarily through a combination of i) Product Design Features, and ii) our Asset Liability Management Strategy, as discussed below. We also manage these risk exposures through external reinsurance for certain of our variable annuity products.

Sales of traditional variable annuities with guaranteed living benefit riders were discontinued as of December 31, 2020, and, in April 2022, the sale of a portion of our in-force traditional variable annuity block was completed. Effective April 2023, the Company entered into an agreement with Ohio National to reinsure approximately \$10 billion of account values of PDI traditional variable annuity contracts with guaranteed living benefits. For additional information regarding our external reinsurance agreements, see Note 12 to the Unaudited Interim Consolidated Financial Statements.

i. Product Design Features:

A portion of the variable annuity contracts that we offered include an automatic rebalancing feature, also referred to as an asset transfer feature. This feature is implemented at the contract level, and transfers assets between certain variable investment sub-accounts selected by the annuity contractholder and, depending on the benefit feature, a fixed-rate account in the general account or a bond fund sub-account within the separate accounts. The objective of the automatic rebalancing feature is to reduce our exposure to equity market risk and market volatility. Other product design features we utilize include, among others, asset allocation restrictions, minimum issuance age requirements and certain limitations on the amount of purchase payments, as well as a required minimum allocation to our general account for certain of our products. In addition, there is diversity in our fee arrangements, as certain fees are primarily based on the benefit guarantee amount, the contractholder account value and/or premiums, which helps preserve certain revenue streams when market fluctuations cause account values to decline.

ii. Asset Liability Management ("ALM") Strategy (including fixed income instruments and derivatives):

We employ an ALM strategy that utilizes a combination of both traditional fixed income instruments and derivatives to meet expected liabilities associated with our annuity guarantees that under U.S. GAAP are considered market risk benefits ("MRB"). The MRB liability that we hedge consists of expected living and death benefit claims under various market conditions, which are managed using fixed income instruments, derivatives, or a combination thereof. For our PDI variable annuity, we utilize fixed income instruments to meet expected liabilities. For the portion of our ALM strategy executed with derivatives, we enter into a range of exchange-traded and over-the-counter ("OTC") equity, interest rate and credit derivatives, including, but not limited to: equity and treasury futures; total return, credit default and interest rate swaps; and options including equity options, swaptions, and floors and caps. The intent of this strategy is to more efficiently manage the capital and liquidity associated with these products while continuing to mitigate fluctuations in net income due to movements in capital markets. To achieve this, we periodically review and recalibrate the ALM strategy by optimizing the mix of derivatives and fixed income instruments to achieve expected outcomes. As part of our periodic review of our variable annuities ALM strategy, and in accordance with our Risk Appetite Framework ("RAF"), the Company simplified its hedging approach in the first quarter of 2023 and collapsed the aggregate amount of equity hedging into one program.

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Under our ALM strategy, we expect differences in the U.S. GAAP net income impact between the changes in value of the fixed income instruments (either designated as available-for-sale or designated as trading) and derivatives as compared to the changes in the MRB liability these assets support. These differences can be primarily attributed to two distinct areas:

- *Different accounting treatment between liabilities and assets supporting those liabilities.* Under U.S. GAAP, changes in the fair value of the derivative instruments and fixed income instruments designated as trading, and MRB, excluding the changes in the Company's NPR spreads, are immediately reflected in net income, while changes in the fair value of fixed income instruments that are designated as available-for-sale are recorded as unrealized gains (losses) in other comprehensive income.
- *General hedge results.* For the derivative portion of the ALM strategy, the net hedging impact (the extent to which the changes in value of the hedging instruments offset the change in value of the portion of the MRB we are hedging) may

be impacted by a number of factors, including: cash flow timing differences between our hedging instruments and the corresponding portion of the MRB we are hedging, basis differences attributable to actual underlying contractholder funds to be hedged versus hedgeable indices, rebalancing costs related to dynamic rebalancing of hedging instruments as markets move, certain elements of the MRB that may not be hedged (including certain actuarial assumptions), and implied and realized market volatility on the hedge positions relative to the portion of the MRB we seek to hedge.

*Product Specific Risks and Risk Mitigants*

As noted above, the risks associated with our Individual Retirement Strategies' products are mitigated through product design features, including automatic rebalancing, as well as through our ALM strategy and external reinsurance. The following table sets forth the risk management profile of our living benefit guarantees and guaranteed minimum death benefit ("GMDB") features as of the periods indicated:

|                                                   |                                                   | June 30, 2023    |       | December 31, 2022 |       | June 30, 2022 |       |                                                   | September 30, 2023 |       | December 31, 2022 |       | September 30, 2022 |       |
|---------------------------------------------------|---------------------------------------------------|------------------|-------|-------------------|-------|---------------|-------|---------------------------------------------------|--------------------|-------|-------------------|-------|--------------------|-------|
|                                                   |                                                   | Account          | % of  | Account           | % of  | Account       | % of  |                                                   | Account            | % of  | Account           | % of  | Account            | % of  |
|                                                   |                                                   | Value            | Total | Value             | Total | Value         | Total |                                                   | Value              | Total | Value             | Total | Value              | Total |
|                                                   |                                                   | (\$ in millions) |       |                   |       |               |       |                                                   | (\$ in millions)   |       |                   |       |                    |       |
| Living benefit/GMDB features(1):                  | Living benefit/GMDB features(1):                  |                  |       |                   |       |               |       | Living benefit/GMDB features(1):                  |                    |       |                   |       |                    |       |
| Both ALM strategy and automatic rebalancing(2)(3) | Both ALM strategy and automatic rebalancing(2)(3) | \$ 70,734        | 59 %  | \$ 69,282         | 61 %  | \$ 72,983     | 63 %  | Both ALM strategy and automatic rebalancing(2)(3) | \$ 66,483          | 59 %  | \$ 69,282         | 61 %  | \$ 67,570          | 62 %  |
| ALM strategy only(3)                              | ALM strategy only(3)                              | 1,981            | 2 %   | 1,972             | 2 %   | 2,111         | 2 %   | ALM strategy only(3)                              | 1,849              | 2 %   | 1,972             | 2 %   | 1,924              | 2 %   |
| Automatic rebalancing only                        | Automatic rebalancing only                        | 81               | 0 %   | 83                | 0 %   | 87            | 0 %   | Automatic rebalancing only                        | 79                 | 0 %   | 83                | 0 %   | 84                 | 0 %   |
| External reinsurance(4)                           | External reinsurance(4)                           | 12,695           | 11 %  | 2,482             | 2 %   | 2,660         | 2 %   | External reinsurance(4)                           | 11,701             | 10 %  | 2,482             | 2 %   | 2,446              | 2 %   |
| PDI                                               | PDI                                               | 1,558            | 1 %   | 11,988            | 11 %  | 13,078        | 11 %  | PDI                                               | 1,430              | 1 %   | 11,988            | 11 %  | 11,893             | 11 %  |
| Other products                                    | Other products                                    | 1,602            | 1 %   | 1,561             | 1 %   | 1,631         | 1 %   | Other products                                    | 1,499              | 1 %   | 1,561             | 1 %   | 1,519              | 1 %   |
| Total living benefit/GMDB features                | Total living benefit/GMDB features                | \$ 88,651        |       | \$ 87,368         |       | \$ 92,550     |       | Total living benefit/GMDB features                | 83,041             |       | 87,368            |       | 85,436             |       |
| GMDB features and other(5)                        | GMDB features and other(5)                        | 30,633           | 26 %  | 26,573            | 23 %  | 25,024        | 21 %  | GMDB features and other(5)                        | 30,495             | 27 %  | 26,573            | 23 %  | 24,594             | 22 %  |
| Total variable annuity account value              | Total variable annuity account value              | \$ 119,284       |       | \$ 113,941        |       | \$ 117,574    |       | Total variable annuity account value              | \$ 113,536         |       | \$ 113,941        |       | \$ 110,030         |       |

(1) All contracts with living benefit guarantees also contain GMDB features, which cover the same insured contract.

(2) Contracts with living benefits that are included in our ALM strategy and that have an automatic rebalancing feature.

(3) Excludes PDI which is presented separately within this table.

(4) Represents contracts subject to reinsurance transactions with external counterparties. Includes approximately \$10 billion \$9 billion of account values in relation to the PDI reinsurance transaction, as discussed above, and certain Highest Daily Lifetime Income ("HDI") v.3.0 business for the period April 1, 2015 through December 31, 2016. The HDI contracts with living benefits also have an automatic rebalancing feature. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information.

(5) Includes contracts that have a GMDB feature and do not have an automatic rebalancing feature.

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### Results excluded from adjusted operating income

The following table provides the net impact to the Unaudited Interim Consolidated Statements of Operations from the portion of Retirement Strategies' results excluded from adjusted operating income:

|                                                  |                                                  | Three Months Ended |      |      |      | Six Months Ended |      |      |      |                                                  |  | Three Months Ended |      |      |      | Nine Months Ended |      |  |  |
|--------------------------------------------------|--------------------------------------------------|--------------------|------|------|------|------------------|------|------|------|--------------------------------------------------|--|--------------------|------|------|------|-------------------|------|--|--|
|                                                  |                                                  | June 30,           |      |      |      | June 30,         |      |      |      |                                                  |  | September 30,      |      |      |      | September 30,     |      |  |  |
|                                                  |                                                  |                    |      |      |      |                  |      |      |      |                                                  |  |                    |      |      |      |                   |      |  |  |
|                                                  |                                                  | 2023               | 2022 | 2023 | 2022 | 2023             | 2022 | 2023 | 2022 |                                                  |  | 2023               | 2022 | 2023 | 2022 | 2023              | 2022 |  |  |
|                                                  |                                                  | (in millions)(1)   |      |      |      |                  |      |      |      | (in millions)(1)                                 |  |                    |      |      |      |                   |      |  |  |
| Results excluded from adjusted operating income: | Results excluded from adjusted operating income: |                    |      |      |      |                  |      |      |      | Results excluded from adjusted operating income: |  |                    |      |      |      |                   |      |  |  |

|                                                                                            |                                                                                            |          |            |          |            |                                                                                            |            |          |            |            |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------|------------|----------|------------|--------------------------------------------------------------------------------------------|------------|----------|------------|------------|
| Change in MRBs, excluding changes in the NPR adjustment(2)                                 | Change in MRBs, excluding changes in the NPR adjustment(2)                                 | \$ 1,432 | \$ 314     | \$ 1,484 | \$ 2,356   | Change in MRBs, excluding changes in the NPR adjustment(2)                                 | \$ 1,707   | \$ 1,034 | \$ 3,191   | \$ 3,390   |
| Change in the value of the non-MRB liabilities, excluding changes in the NPR adjustment(3) | Change in the value of the non-MRB liabilities, excluding changes in the NPR adjustment(3) | (91)     | (225)      | 187      | (268)      | Change in the value of the non-MRB liabilities, excluding changes in the NPR adjustment(3) | (570)      | (123)    | (383)      | (391)      |
| Change in the NPR adjustment, excluding changes recognized in OCI                          | Change in the NPR adjustment, excluding changes recognized in OCI                          | 27       | 7          | 37       | 36         | Change in the NPR adjustment, excluding changes recognized in OCI                          | (17)       | 10       | 20         | 46         |
| Change in the fair value of hedge assets(4)(5)                                             | Change in the fair value of hedge assets(4)(5)                                             | (1,462)  | (559)      | (1,658)  | (2,668)    | Change in the fair value of hedge assets(4)(5)                                             | (2,000)    | (944)    | (3,658)    | (3,612)    |
| Other(6)                                                                                   | Other(6)                                                                                   | 26       | (536)      | (74)     | (713)      | Other(6)                                                                                   | (48)       | (250)    | (122)      | (963)      |
| Total Individual Retirement Strategies results excluded from adjusted operating income     | Total Individual Retirement Strategies results excluded from adjusted operating income     | (68)     | (999)      | (24)     | (1,257)    | Total Individual Retirement Strategies results excluded from adjusted operating income     | (928)      | (273)    | (952)      | (1,530)    |
| Total Institutional Retirement Strategies results excluded from adjusted operating income  | Total Institutional Retirement Strategies results excluded from adjusted operating income  | (285)    | (666)      | (293)    | (1,201)    | Total Institutional Retirement Strategies results excluded from adjusted operating income  | (699)      | (384)    | (992)      | (1,585)    |
| Total results excluded from adjusted operating income                                      | Total results excluded from adjusted operating income                                      | \$ (353) | \$ (1,665) | \$ (317) | \$ (2,458) | Total results excluded from adjusted operating income                                      | \$ (1,627) | \$ (657) | \$ (1,944) | \$ (3,115) |

(1) Positive amounts represent income; negative amounts represent a loss.

(2) Also excludes related hedging gains (losses), which are included within this table in "Change in the fair value of hedge assets".

(3) Represents the change in the liability for our fixed and variable indexed annuities, which is measured utilizing a valuation methodology required under U.S. GAAP. The total GAAP liability includes the fair value of all index credits for the current term and all future projected renewals of the policy; however, only changes in the fair value of the current term elected by the policyholder are included in adjusted operating income, while changes in the fair value of all future projected renewals of the policy are excluded from adjusted operating income.

(4) Represents the change in fair value of the derivatives utilized to hedge potential claims associated with our variable annuity living and death benefit guarantees.

(5) Includes changes in the fair value of equity derivatives related to the capital hedge program of \$0 million and \$445 million \$154 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and \$(225) million and \$670 million \$824 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively, that were intended to protect a portion of the overall capital position of

the variable annuities business business against its exposure to the equity markets. The capital hedge program was discontinued in the first quarter of 2023.

(6) Includes the changes in duration swaps, DAC amortization, trading gains or losses, and other activity.

For the three months ended September 30, 2023, the loss of \$1,627 million was primarily driven by the impact of rising interest rates on fixed maturity securities and six derivatives as well as unfavorable equity market performance. For the nine months ended June 30, 2023 September 30, 2023, the losses loss of \$353 million and \$317 million, respectively, were \$1,944 million was primarily driven by the impact of rising interest rates on fixed maturity securities and derivatives and an unfavorable impact from our annual reviews and update of assumptions and other refinements, as well as rising interest rates on fixed maturity securities and derivatives, partially offset by favorable equity market performance.

For the three months and six nine months ended June 30, 2022 September 30, 2022, the losses of \$1,665 million \$657 million and \$2,458 million \$3,115 million, respectively, were primarily driven by the impact of rising interest rates on fixed maturity securities and derivatives, and unfavorable equity market performance, performance. The loss for the nine months ended September 30, 2022 was partially offset by a favorable impact from our annual reviews and update of assumptions and other refinements.

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## Group Insurance

### Operating Results

The following table sets forth Group Insurance's operating results and benefits and administrative operating expense ratios for the periods indicated:

|                                                                                      |                                                                                      | Three Months Ended |          | Six Months Ended |          |                                                                                      | Three Months Ended |          | Nine Months Ended |          |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------|----------|------------------|----------|--------------------------------------------------------------------------------------|--------------------|----------|-------------------|----------|
|                                                                                      |                                                                                      | June 30,           |          | June 30,         |          |                                                                                      | September 30,      |          | September 30,     |          |
|                                                                                      |                                                                                      | 2023               | 2022     | 2023             | 2022     |                                                                                      | 2023               | 2022     | 2023              | 2022     |
|                                                                                      |                                                                                      | (\$ in millions)   |          |                  |          |                                                                                      | (\$ in millions)   |          |                   |          |
| Operating results:                                                                   | Operating results:                                                                   |                    |          |                  |          | Operating results:                                                                   |                    |          |                   |          |
| Revenues                                                                             | Revenues                                                                             | \$ 1,598           | \$ 1,496 | \$ 3,162         | \$ 3,035 | Revenues                                                                             | \$ 1,576           | \$ 1,525 | \$ 4,738          | \$ 4,560 |
| Benefits and expenses                                                                | Benefits and expenses                                                                | 1,459              | 1,442    | 2,998            | 3,096    | Benefits and expenses                                                                | 1,487              | 1,495    | 4,485             | 4,591    |
| Adjusted operating income                                                            | Adjusted operating income                                                            | 139                | 54       | 164              | (61)     | Adjusted operating income                                                            | 89                 | 30       | 253               | (31)     |
| Realized investment gains (losses), net, and related adjustments                     | Realized investment gains (losses), net, and related adjustments                     | (40)               | (58)     | (49)             | (109)    | Realized investment gains (losses), net, and related adjustments                     | (31)               | 15       | (80)              | (94)     |
| Income (loss) before income taxes and equity in earnings of operating joint ventures | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ 99              | \$ (4)   | \$ 115           | \$ (170) | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ 58              | \$ 45    | \$ 173            | \$ (125) |
| Benefits ratio(1)(4):                                                                | Benefits ratio(1)(4):                                                                |                    |          |                  |          | Benefits ratio(1)(4):                                                                |                    |          |                   |          |
| Group life(2)                                                                        | Group life(2)                                                                        | 83.0 %             | 87.0 %   | 87.9 %           | 95.9 %   | Group life(2)                                                                        | 84.8 %             | 91.2 %   | 86.9 %            | 94.2 %   |
| Group disability(2)                                                                  | Group disability(2)                                                                  | 66.4 %             | 75.5 %   | 66.1 %           | 74.5 %   | Group disability(2)                                                                  | 76.2 %             | 72.5 %   | 69.6 %            | 73.8 %   |
| Total Group Insurance(2)                                                             | Total Group Insurance(2)                                                             | 78.7 %             | 84.1 %   | 82.2 %           | 90.7 %   | Total Group Insurance(2)                                                             | 82.4 %             | 86.4 %   | 82.3 %            | 89.2 %   |
| Administrative operating expense ratio(3)(4):                                        | Administrative operating expense ratio(3)(4):                                        |                    |          |                  |          | Administrative operating expense ratio(3)(4):                                        |                    |          |                   |          |
| Group life                                                                           | Group life                                                                           | 11.9 %             | 10.7 %   | 11.8 %           | 10.7 %   | Group life                                                                           | 11.8 %             | 10.9 %   | 11.8 %            | 10.8 %   |
| Group disability                                                                     | Group disability                                                                     | 25.6 %             | 32.2 %   | 25.4 %           | 31.7 %   | Group disability                                                                     | 24.1 %             | 30.3 %   | 24.9 %            | 31.2 %   |

|                       |                       |        |        |        |        |                       |        |        |        |        |
|-----------------------|-----------------------|--------|--------|--------|--------|-----------------------|--------|--------|--------|--------|
| Total Group Insurance | Total Group Insurance | 15.4 % | 15.9 % | 15.3 % | 15.8 % | Total Group Insurance | 15.1 % | 15.9 % | 15.2 % | 15.8 % |
|-----------------------|-----------------------|--------|--------|--------|--------|-----------------------|--------|--------|--------|--------|

- (1) Ratio of policyholder benefits to earned premiums plus policy charges and fee income.
- (2) Benefit ratios reflect the impact of our annual reviews and update of assumptions and other refinements. Excluding these impacts, the group life, group disability and total Group Insurance benefit ratios were **85.1%** 87.6%, **59.8%** 70.7% and **81.1%** 83.1% for the **three nine** months ended **June 30, 2023** September 30, 2023, respectively; **89.0%**, **67.8%** and **83.5%** for the **six months ended June 30, 2023**, respectively; **87.6%** **94.4%**, 73.0% and **83.9%** **89.2%** for the **three nine** months ended **June 30, 2022**, respectively; **96.1%**, **73.2%** and **90.5%** for the **six months ended June 30, 2022** September 30, 2022, respectively.
- (3) Ratio of general and administrative expenses (excluding commissions) to gross premiums plus policy charges and fee income.
- (4) The benefits and administrative ratios are measures used to evaluate profitability and efficiency.

#### Adjusted Operating Income

**Three Month Comparison.** Adjusted operating income increased **\$85 million** \$59 million, primarily reflecting higher underwriting results in our group life business, driven by favorable mortality experience on non-experience-rated contracts. This increase was partially offset by higher variable expenses, largely driven by business growth.

**Nine Month Comparison.** Adjusted operating income increased \$284 million, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for **the second quarter of 2023** included a \$36 million net benefit from these updates, while results for **the second quarter of 2022** included a \$3 million net charge from these updates. Excluding this item, adjusted operating income increased **\$46 million**, primarily reflecting higher underwriting results in our group life business, driven by more favorable mortality experience on non-experience-rated contracts, and higher underwriting results in our group disability business, driven by more favorable claims experience on long-term disability contracts and a favorable impact to reserves from higher interest rates, as well as business growth. These increases were partially offset by higher variable expenses, largely driven by business growth.

**Six Month Comparison.** Adjusted operating income increased \$225 million, including a favorable comparative net impact from our annual reviews and update of assumptions and other refinements, as discussed above. Excluding this item, adjusted operating income increased **\$186 million** \$245 million, primarily reflecting higher underwriting results in our group life business, driven by a decline in COVID-19 impacts and favorable mortality experience on non-experience-rated contracts, and higher underwriting results in our group disability business, driven by a favorable impact to reserves from higher interest rates and more favorable claims experience on long-term disability contracts, as well as business growth. These increases were partially offset by higher variable expenses, largely driven by business growth.

#### Revenues, Benefits and Expenses

**Three Month Comparison.** Revenues increased **\$102 million** \$51 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased **\$99 million**. The increase primarily reflected higher premiums and policy charges and fee income driven by business growth in our group disability business, including for supplemental health products, and the impact from unfavorable mortality on experience-rated contracts in our group life business, with offsets in policyholders' benefits and changes in reserves, as discussed below. products. This increase also reflected higher net investment income driven by higher non-coupon income and higher reinvestment rates.

Benefits and expenses increased \$17 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased **\$53 million** decreased **\$8 million**. The increase decrease primarily reflected higher lower policyholders' benefits and changes in reserves in our group life business driven by unfavorable favorable mortality experience on experience-rated contracts, as described above, as well as non-experience-rated contracts. This decrease was partially offset by higher policyholders' benefits and changes in reserves in our group disability business driven by the less

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favorable claims experience on long-term disability contracts and business growth, in supplemental health products, partially offset by favorable mortality on non-experience-rated contracts in our group life business. This increase also reflected as well as higher general and administrative expenses, largely driven by business growth.

**Six Nine Month Comparison.** Revenues increased **\$127 million** \$178 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased **\$124 million** \$175 million. The increase primarily reflected higher premiums and policy charges and fee income driven by business growth in our group disability business, including for supplemental health products, as well as growth in non-experience-rated contracts and lower COVID-19 impacts on experience-rated contracts in our group life business, with offsets in policyholders' benefits and changes in reserves, as discussed below. business. This increase also reflected higher net investment income driven by higher reinvestment rates, partially offset by lower non-coupon income. rates.

Benefits and expenses decreased **\$98 million** \$106 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses decreased **\$62 million** \$70 million. The decrease primarily reflected lower policyholders' benefits and changes in reserves in our group life business, driven by less unfavorable claim favorable mortality experience, from including a decline in COVID-19 impacts on non-experience-rated contracts. These decreases were This decrease was partially offset by higher policyholders' benefits and changes in reserves in our group disability business driven by business growth, as well as higher general and administrative expenses, largely driven by business growth.

#### Sales Results

The following table sets forth Group Insurance's annualized new business premiums, as defined under "—Segment Measures" above, for the periods indicated:

|                                      |                                      | Three Months Ended |       | Six Months Ended |        |                                      | Three Months Ended |               | Nine Months Ended |        |
|--------------------------------------|--------------------------------------|--------------------|-------|------------------|--------|--------------------------------------|--------------------|---------------|-------------------|--------|
|                                      |                                      | June 30,           |       | June 30,         |        |                                      | September 30,      |               | September 30,     |        |
|                                      |                                      | 2023               | 2022  | 2023             | 2022   |                                      | 2023               | 2022          | 2023              | 2022   |
|                                      |                                      | (in millions)      |       |                  |        |                                      |                    | (in millions) |                   |        |
| Annualized new business premiums(1): | Annualized new business premiums(1): |                    |       |                  |        | Annualized new business premiums(1): |                    |               |                   |        |
| Group life                           | Group life                           | \$ 32              | \$ 26 | \$ 194           | \$ 206 | Group life                           | \$ 61              | \$ 67         | \$ 255            | \$ 273 |
| Group disability                     | Group disability                     | 25                 | 17    | 182              | 147    | Group disability                     | 34                 | 36            | 216               | 183    |
| Total                                | Total                                | \$ 57              | \$ 43 | \$ 376           | \$ 353 | Total                                | \$ 95              | \$ 103        | \$ 471            | \$ 456 |

(1) Amounts exclude new premiums resulting from rate changes on existing policies, from additional coverage under our Servicemembers' Group Life Insurance contract and from excess premiums on group universal life insurance that build cash value but do not purchase face amounts.

Total annualized new business premiums for the three months ended **June 30, 2023 increased \$14** **September 30, 2023 decreased \$8** million compared to the prior year period, driven by **lower sales in both our group life and group disability businesses in the National segment, partially offset by higher sales in the National segment in both our group disability business, including an increase in supplemental health product sales, Premier and our group life business, Association segments.**

Total annualized new business premiums for the **six** **nine** months ended **June 30, 2023** **September 30, 2023 increased \$23** **\$15** million compared to the prior year period, driven by higher sales in our group disability business in the Premier segment, including an increase in supplemental health product sales. Sales were lower in our group life business, driven by a decrease in sales in the National segment, partially offset by higher sales in the Premier **segment, and Association segments.**

## Individual Life

### Business Update

- Effective January 1, 2023, Prudential Advisors, the Company's proprietary nationwide distribution business, which was previously part of the Individual Life segment, is now included within Corporate and Other operations. There are no impacts to the Company's consolidated financial statements from this change and historical results have been updated to conform to the current period presentation.
- In July 2023, the Company entered into an agreement with Somerset Re to reinsure certain guaranteed universal life policies issued by Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both of which are wholly-owned subsidiaries of Prudential Financial. These policies represent approximately 30% of the Company's reserves on its in-force guaranteed universal life block of business. **The This** transaction, which is structured on a modified coinsurance basis and contains significant structural protections, including overcollateralization by the counterparty and agreed upon investment guidelines, is **expected to close by the end of 2023**, subject to regulatory approvals and customary closing conditions.

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### Operating Results

The following table sets forth Individual Life's operating results for the periods indicated:

|                       | Three Months Ended    |          |          |          |          |      | Three Months Ended    |          |          |          |          |      |
|-----------------------|-----------------------|----------|----------|----------|----------|------|-----------------------|----------|----------|----------|----------|------|
|                       | June 30,              |          |          |          |          |      | September 30,         |          |          |          |          |      |
|                       |                       |          |          |          |          |      |                       |          |          |          |          |      |
|                       | 2023                  | 2022     | 2023     | 2022     | 2023     | 2022 | 2023                  | 2022     | 2023     | 2022     | 2023     | 2022 |
|                       | (in millions)         |          |          |          |          |      | (in millions)         |          |          |          |          |      |
| Operating results:    | Operating results:    |          |          |          |          |      | Operating results:    |          |          |          |          |      |
| Revenues              | Revenues              | \$ 1,564 | \$ 1,286 | \$ 3,091 | \$ 2,844 |      | Revenues              | \$ 1,589 | \$ 1,457 | \$ 4,680 | \$ 4,301 |      |
| Benefits and expenses | Benefits and expenses | 1,623    | 2,948    | 3,252    | 4,524    |      | Benefits and expenses | 1,531    | 1,527    | 4,783    | 6,051    |      |

|                                                                                      |                                                                                      |          |            |          |            |                                                                                      |          |          |          |            |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------|------------|----------|------------|--------------------------------------------------------------------------------------|----------|----------|----------|------------|
| Adjusted operating income                                                            | Adjusted operating income                                                            | (59)     | (1,662)    | (161)    | (1,680)    | Adjusted operating income                                                            | 58       | (70)     | (103)    | (1,750)    |
| Realized investment gains (losses), net, and related adjustments                     | Realized investment gains (losses), net, and related adjustments                     | (151)    | (581)      | (117)    | (1,055)    | Realized investment gains (losses), net, and related adjustments                     | (428)    | (269)    | (545)    | (1,324)    |
| Charges related to realized investment gains (losses), net                           | Charges related to realized investment gains (losses), net                           | 37       | (90)       | 41       | (79)       | Charges related to realized investment gains (losses), net                           | (24)     | 6        | 17       | (73)       |
| Market experience updates                                                            | Market experience updates                                                            | 15       | 272        | 113      | 352        | Market experience updates                                                            | 50       | 74       | 163      | 426        |
| Income (loss) before income taxes and equity in earnings of operating joint ventures | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ (158) | \$ (2,061) | \$ (124) | \$ (2,462) | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ (344) | \$ (259) | \$ (468) | \$ (2,721) |

#### Adjusted Operating Income

**Three Month Comparison.** Adjusted operating income increased \$1,603 million \$128 million, primarily reflecting higher net investment spread results, driven by higher income on non-coupon investments and the impact from higher reinvestment rates, partially offset by unfavorable derivative settlements. Also contributing to the increase were lower expenses, including a reduction in legal reserves. These increases were partially offset by lower underwriting results, driven by unfavorable mortality experience, net of reinsurance.

**Nine Month Comparison.** Adjusted operating income increased \$1,647 million, primarily reflecting a less unfavorable net impact from our annual reviews and update of assumptions and other refinements. Results for the second quarter of 2023 included a \$26 million net charge from these updates, compared to a \$1,608 million net charge for the second quarter of 2022 which was mainly driven by unfavorable impacts related to assumptions for policyholder behavior and mortality. Excluding this item, adjusted operating income increased \$21 million \$65 million primarily reflecting driven by lower expenses, including a reduction in legal reserves, and higher net investment spread results including reflecting the impact from higher reinvestment rates, partially offset by losses from unfavorable derivative settlements, in the current period.

**Six Month Comparison.** Adjusted operating income increased \$1,519 million, primarily reflecting a less unfavorable net impact from our annual reviews and update of assumptions and other refinements, as discussed above. Excluding this item, adjusted operating income decreased \$63 million primarily reflecting lower net investment spread results driven by lower income on non-coupon investments, and investments. These increases were partially offset by lower underwriting results, driven by unfavorable reserve experience versus expectations. These decreases were partially offset by less expectations and unfavorable mortality experience, net of reinsurance, including lower COVID-19 related claims. reinsurance.

#### Revenues, Benefits and Expenses

**Three Month Comparison.** Revenues increased \$278 million \$132 million, primarily driven by higher net investment income reflecting higher income from non-coupon investments and higher reinvestment and short-term rates, partially offset by lower realized investment gains from unfavorable derivative settlements.

Benefits and expenses increased \$4 million, primarily driven by higher policyholder benefits and changes in reserves, due to unfavorable mortality experience. These increases were partially offset by lower general and administrative expenses, including a reduction in legal reserves.

**Nine Month Comparison.** Revenues increased \$379 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased \$54 million This increase was \$155 million, primarily driven by higher net investment income reflecting higher reinvestment and short-term rates, partially offset by lower realized investment losses gains from unfavorable derivative settlements in the current period. settlements.

Benefits and expenses decreased **\$1,325 million** **\$1,268 million**. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased **\$33 million** **\$90 million**. This increase was primarily driven by **unfavorable changes in estimates of the liability for future policy benefits reflecting unfavorable reserve experience, and higher interest expense due to higher reserve financing costs corresponding to higher net investment income, as discussed above, and unfavorable changes in estimates of liability for future policy benefits reflecting unfavorable reserve experience, above**. These increases were partially offset by lower **policyholder benefits general and changes administrative expenses, including a reduction in reserves, primarily driven by less unfavorable mortality experience, legal reserves**.

**Six Month Comparison.** Revenues increased \$247 million. Excluding the impact **Table of our annual reviews and update of assumptions and other refinements, as discussed above, revenues increased \$23 million. This increase was primarily driven by higher net investment income reflecting higher reinvestment and short-term rates, partially offset by lower income on non-coupon investments. The increase was partially offset by realized investment losses from derivative settlements in the current period.** [Contents](#)

Benefits and expenses decreased \$1,272 million. Excluding the impact of our annual reviews and update of assumptions and other refinements, as discussed above, benefits and expenses increased \$86 million. This increase was primarily driven by higher interest expense due to higher reserve financing costs corresponding to higher net investment income, as discussed above, and unfavorable changes in estimates of the liability for future policy benefits reflecting unfavorable reserve experience. These increases were mostly offset by lower policyholder benefits and changes in reserves, primarily driven by less unfavorable mortality experience.

## Sales Results

The following table sets forth Individual Life's annualized new business premiums, as defined under "—Results of Operations—Segment Measures" above, by distribution channel and product, for the periods indicated:

|                | Three Months Ended June 30, 2023 |    |    |             |     |       |     | Three Months Ended June 30, 2022 |    |    |             |    |       |                | Three Months Ended September 30, 2023 |     |    |             |    |       |    | Three Months Ended September 30, 2022 |    |     |             |     |       |  |
|----------------|----------------------------------|----|----|-------------|-----|-------|-----|----------------------------------|----|----|-------------|----|-------|----------------|---------------------------------------|-----|----|-------------|----|-------|----|---------------------------------------|----|-----|-------------|-----|-------|--|
|                | Prudential Advisors              |    |    | Third-Party |     | Total |     | Prudential Advisors              |    |    | Third-Party |    | Total |                | Prudential Advisors                   |     |    | Third-Party |    | Total |    | Prudential Advisors                   |    |     | Third-Party |     | Total |  |
|                | (in millions)                    |    |    |             |     |       |     |                                  |    |    |             |    |       |                | (in millions)                         |     |    |             |    |       |    |                                       |    |     |             |     |       |  |
|                |                                  |    |    |             |     |       |     |                                  |    |    |             |    |       |                |                                       |     |    |             |    |       |    |                                       |    |     |             |     |       |  |
| Variable Life  | Variable Life                    | \$ | 32 | \$          | 114 | \$    | 146 | \$                               | 27 | \$ | 83          | \$ | 110   | Variable Life  | \$                                    | 29  | \$ | 107         | \$ | 136   | \$ | 27                                    | \$ | 76  | \$          | 103 |       |  |
| Term Life      | Term Life                        |    | 5  |             | 26  |       | 31  |                                  | 5  |    | 18          |    | 23    | Term Life      |                                       | 5   |    | 28          |    | 33    |    | 4                                     |    | 20  |             | 24  |       |  |
| Universal Life | Universal Life                   |    | 1  |             | 19  |       | 20  |                                  | 1  |    | 21          |    | 22    | Universal Life |                                       | 1   |    | 16          |    | 17    |    | 2                                     |    | 21  |             | 23  |       |  |
| Total          | Total                            | \$ | 38 | \$          | 159 | \$    | 197 | \$                               | 33 | \$ | 122         | \$ | 155   | Total          | \$                                    | 35  | \$ | 151         | \$ | 186   | \$ | 33                                    | \$ | 117 | \$          | 150 |       |  |
|                | Six Months Ended June 30, 2023   |    |    |             |     |       |     | Six Months Ended June 30, 2022   |    |    |             |    |       |                | Nine Months Ended September 30, 2023  |     |    |             |    |       |    | Nine Months Ended September 30, 2022  |    |     |             |     |       |  |
|                | Prudential Advisors              |    |    | Third-Party |     | Total |     | Prudential Advisors              |    |    | Third-Party |    | Total |                | Prudential Advisors                   |     |    | Third-Party |    | Total |    | Prudential Advisors                   |    |     | Third-Party |     | Total |  |
|                | (in millions)                    |    |    |             |     |       |     |                                  |    |    |             |    |       |                | (in millions)                         |     |    |             |    |       |    |                                       |    |     |             |     |       |  |
|                |                                  |    |    |             |     |       |     |                                  |    |    |             |    |       |                |                                       |     |    |             |    |       |    |                                       |    |     |             |     |       |  |
| Variable Life  | Variable Life                    | \$ | 59 | \$          | 196 | \$    | 255 | \$                               | 56 | \$ | 158         | \$ | 214   | Variable Life  | \$                                    | 88  | \$ | 303         | \$ | 391   | \$ | 83                                    | \$ | 234 | \$          | 317 |       |  |
| Term Life      | Term Life                        |    | 10 |             | 44  |       | 54  |                                  | 9  |    | 38          |    | 47    | Term Life      |                                       | 15  |    | 72          |    | 87    |    | 13                                    |    | 58  |             | 71  |       |  |
| Universal Life | Universal Life                   |    | 2  |             | 35  |       | 37  |                                  | 3  |    | 41          |    | 44    | Universal Life |                                       | 3   |    | 51          |    | 54    |    | 5                                     |    | 62  |             | 67  |       |  |
| Total          | Total                            | \$ | 71 | \$          | 275 | \$    | 346 | \$                               | 68 | \$ | 237         | \$ | 305   | Total          | \$                                    | 106 | \$ | 426         | \$ | 532   | \$ | 101                                   | \$ | 354 | \$          | 455 |       |  |

Total annualized new business premiums for the **second third** quarter and first **six nine** months of 2023 increased **\$42 million** **\$36 million** and **\$41 million** **\$77 million**, respectively, primarily reflecting higher third-party sales across variable and term life products.

## International Businesses

### Operating Results

The results of our International Businesses' operations are translated on the basis of weighted average monthly exchange rates, inclusive of the effects of the intercompany arrangement discussed in "—Results of Operations—Impact of Foreign Currency Exchange Rates" above. To provide a better understanding of operating performance within the International Businesses, where indicated below, we have analyzed our results of operations excluding the effect of the year over year change in foreign currency exchange rates. Our results of operations, excluding the effect of foreign currency fluctuations, were derived by translating foreign currencies to USD at uniform exchange rates for all periods presented, including for constant dollar information discussed below. For our Japan operations, we used an exchange rate of 110 yen per USD. In addition, for constant dollar information discussed below, activity denominated in USD is generally reported based on the amounts as transacted in USD. Annualized new business premiums presented on a constant exchange rate basis in the "Sales Results" section below reflect translation based on these same uniform exchange rates.

The following table sets forth the International Businesses' operating results for the periods indicated:

|                                                                                |                                                                                | Three Months Ended |          | Six Months Ended |          |                                                                                | Three Months Ended |          | Nine Months Ended |          |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|----------|------------------|----------|--------------------------------------------------------------------------------|--------------------|----------|-------------------|----------|
|                                                                                |                                                                                | June 30,           |          | June 30,         |          |                                                                                | September 30,      |          | September 30,     |          |
|                                                                                |                                                                                | 2023               | 2022     | 2023             | 2022     |                                                                                | 2023               | 2022     | 2023              | 2022     |
|                                                                                |                                                                                | (in millions)      |          |                  |          |                                                                                | (in millions)      |          |                   |          |
| Operating results:                                                             | Operating results:                                                             |                    |          |                  |          | Operating results:                                                             |                    |          |                   |          |
| Revenues:                                                                      | Revenues:                                                                      |                    |          |                  |          | Revenues:                                                                      |                    |          |                   |          |
| Life Planner                                                                   | Life Planner                                                                   | \$ 2,381           | \$ 2,264 | \$ 5,005         | \$ 5,064 | Life Planner                                                                   | \$ 2,359           | \$ 2,244 | \$ 7,364          | \$ 7,308 |
| Gibraltar Life and Other                                                       | Gibraltar Life and Other                                                       | 2,342              | 2,191    | 4,733            | 4,869    | Gibraltar Life and Other                                                       | 2,207              | 2,374    | 6,940             | 7,243    |
| Total revenues                                                                 | Total revenues                                                                 | 4,723              | 4,455    | 9,738            | 9,933    | Total revenues                                                                 | 4,566              | 4,618    | 14,304            | 14,551   |
| Benefits and expenses:                                                         | Benefits and expenses:                                                         |                    |          |                  |          | Benefits and expenses:                                                         |                    |          |                   |          |
| Life Planner                                                                   | Life Planner                                                                   | 1,894              | 1,821    | 3,996            | 4,043    | Life Planner                                                                   | 1,832              | 1,814    | 5,828             | 5,857    |
| Gibraltar Life and Other                                                       | Gibraltar Life and Other                                                       | 2,045              | 1,942    | 4,118            | 4,247    | Gibraltar Life and Other                                                       | 1,923              | 2,056    | 6,041             | 6,303    |
| Total benefits and expenses                                                    | Total benefits and expenses                                                    | 3,939              | 3,763    | 8,114            | 8,290    | Total benefits and expenses                                                    | 3,755              | 3,870    | 11,869            | 12,160   |
| Adjusted operating income:                                                     | Adjusted operating income:                                                     |                    |          |                  |          | Adjusted operating income:                                                     |                    |          |                   |          |
| Life Planner                                                                   | Life Planner                                                                   | 487                | 443      | 1,009            | 1,021    | Life Planner                                                                   | 527                | 430      | 1,536             | 1,451    |
| Gibraltar Life and Other                                                       | Gibraltar Life and Other                                                       | 297                | 249      | 615              | 622      | Gibraltar Life and Other                                                       | 284                | 318      | 899               | 940      |
| Total adjusted operating income                                                | Total adjusted operating income                                                | 784                | 692      | 1,624            | 1,643    | Total adjusted operating income                                                | 811                | 748      | 2,435             | 2,391    |
| Realized investment gains (losses), net, and related adjustments               | Realized investment gains (losses), net, and related adjustments               | (131)              | (798)    | 289              | (1,554)  | Realized investment gains (losses), net, and related adjustments               | (834)              | (451)    | (545)             | (2,005)  |
| Charges related to realized investment gains (losses), net                     | Charges related to realized investment gains (losses), net                     | 19                 | 31       | 34               | 28       | Charges related to realized investment gains (losses), net                     | 29                 | 38       | 63                | 66       |
| Change in value of market risk benefits, net of related hedging gains (losses) | Change in value of market risk benefits, net of related hedging gains (losses) | 7                  | 4        | 3                | 13       | Change in value of market risk benefits, net of related hedging gains (losses) | 11                 | 6        | 14                | 19       |
| Market experience updates                                                      | Market experience updates                                                      | (18)               | 84       | (65)             | 132      | Market experience updates                                                      | 97                 | 48       | 32                | 180      |

|                                                                                                      |                                                                                                      |        |       |          |        |                                                                                                      |       |        |          |        |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------|-------|----------|--------|------------------------------------------------------------------------------------------------------|-------|--------|----------|--------|
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (7)    | 68    | (23)     | 55     | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (19)  | (24)   | (42)     | 31     |
| Income (loss) before income taxes and equity in earnings of operating joint ventures                 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 654 | \$ 81 | \$ 1,862 | \$ 317 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | \$ 95 | \$ 365 | \$ 1,957 | \$ 682 |

#### Adjusted Operating Income

**Three Month Comparison.** Adjusted operating income from our Life Planner operations increased \$44 million \$97 million, including a net unfavorable impact of \$7 million \$9 million from currency fluctuations. Excluding this item, adjusted operating income from our Life Planner operations increased \$106 million primarily reflecting higher net investment spread results driven by higher income on non-coupon investments and higher reinvestment rates, as well as higher underwriting results primarily due to the growth of business in force in our Brazil operations, and less unfavorable morbidity and mortality experience. These increases were partially offset by higher variable expenses, largely driven by business growth.

Adjusted operating income from our Gibraltar Life and Other operations decreased \$34 million, including a net favorable impact of \$5 million from currency fluctuations. Excluding this item, adjusted operating income from our Gibraltar Life and Other operations decreased \$39 million primarily reflecting lower net investment spread results driven by unfavorable derivative settlements and the decline of business in force, partially offset by higher income on non-coupon investments. Also contributing to the decrease were lower surrender charges. These decreases were partially offset by higher underwriting results, primarily driven by less unfavorable morbidity and mortality experience, partially offset by the decline of business in force.

**Nine Month Comparison.** Adjusted operating income from our Life Planner operations increased \$85 million, including a net unfavorable impact of \$33 million from currency fluctuations. Both periods also include the impact of our annual reviews and update of assumptions and other refinements, which resulted in a \$5 million net charge in the second quarter of 2023 compared to a \$5 million net charge in the second quarter of 2022.

Excluding these items, adjusted operating income from our Life Planner operations increased \$51 million \$118 million primarily reflecting higher net investment spread results driven by higher reinvestment rates and higher income on non-coupon investments, and as well as higher underwriting results primarily due to the growth of business in force in our Brazil operations, operations, and less unfavorable morbidity and mortality experience.

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Adjusted operating income from our Gibraltar Life and Other operations increased \$48 million decreased \$41 million, including a net favorable impact of \$2 million \$11 million from currency fluctuations. Both periods also include the impact of our annual reviews and update of assumptions and other refinements, which resulted in a \$18 million net benefit in the second quarter of 2023 compared to a \$14 million net charge in the second quarter of 2022.

Excluding these items, adjusted operating income from our Gibraltar Life and Other operations increased \$14 million primarily reflecting higher earnings from our joint venture investments, partially offset by lower net investment spread results driven by lower derivative income and the decline of business in force, as well as lower underwriting results, primarily driven by the decline of business in force.

**Six Month Comparison.** Adjusted operating income from our Life Planner operations decreased \$12 million, including a net unfavorable impact of \$24 million from currency fluctuations. Excluding the impact of currency fluctuations, as well as the impact from our annual reviews and update of assumptions and other refinements as discussed above, adjusted operating income from our Life Planner operations increased \$12 million primarily reflecting higher net investment spread results driven by higher reinvestment rates, partially offset by lower income on non-coupon investments. This increase was partially offset by lower underwriting results, including unfavorable mortality experience, and the decline of business in force in Japan.

Adjusted operating income from our Gibraltar Life and Other operations decreased \$7 million, including a net favorable impact of \$6 million from currency fluctuations. Excluding the impact of currency fluctuations, as well as the impact from our annual reviews and update of assumptions and other refinements as discussed above, adjusted operating income from our Gibraltar Life and Other operations decreased \$45 million \$84 million primarily reflecting lower net investment spread results driven by lower unfavorable derivative income settlements and the decline in business in force, as well as lower underwriting results, primarily driven by the decline of business in force, force, partially offset by less unfavorable morbidity and mortality experience. These decreases were partially offset by higher earnings from our joint venture investments.

#### Revenues, Benefits and Expenses

*Three Month Comparison.* Revenues from our Life Planner operations increased **\$117 million** **\$115 million**, including a net unfavorable impact of **\$11 million** **\$3 million** from currency fluctuations. Excluding this item, revenues increased **\$118 million**, primarily reflecting higher net investment income driven by higher income on non-coupon investments and higher reinvestment yields.

Benefits and expenses of our Life Planner operations increased **\$18 million**, including a net unfavorable impact of **\$6 million** from currency fluctuations. Excluding this item, benefits and expenses increased **\$12 million**, primarily reflecting higher interest credited on policyholders' account balances and higher general and administrative expenses, largely driven by business growth, partially offset by lower policyholder benefits, including changes in reserves due to less unfavorable morbidity and mortality experience.

Revenues from our Gibraltar Life and Other operations decreased **\$167 million**, including a net favorable impact of **\$52 million** from currency fluctuations. Excluding this item, revenues decreased **\$219 million**, primarily reflecting lower premiums and policy charges and fee income attributable to the decline of business in force and lower realized investment gains from unfavorable derivative settlements.

Benefits and expenses of our Gibraltar Life and Other operations decreased **\$133 million**, including a net unfavorable impact of **\$47 million** from currency fluctuations. Excluding this item, benefits and expenses decreased **\$180 million**, primarily reflecting lower policyholder benefits, including changes in reserves due to the decline of business in force, as discussed above, and less unfavorable morbidity and mortality experience, partially offset by higher interest credited on policyholders' account balances.

*Nine Month Comparison.* Revenues from our Life Planner operations increased **\$56 million**, including a net unfavorable impact of **\$130 million** from currency fluctuations and a net benefit of **\$82 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues increased **\$46 million** **\$104 million**, primarily reflecting higher net investment income driven by higher reinvestment yields, rates and higher income on non-coupon investments, partially offset by lower income on non-coupon investments, and higher premiums and policy charges and fee income attributable to the growth decline of business in force, force in Japan.

Benefits and expenses of our Life Planner operations increased **\$73 million** decreased **\$29 million**, including a net favorable impact of **\$4 million** **\$97 million** from currency fluctuations and a net charge of **\$82 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses decreased **\$5 million** **\$14 million**, primarily reflecting lower policyholder benefits, including changes in reserves, due to the decline of business in force, as discussed above, and less unfavorable morbidity and mortality experience, partially offset by higher changes in estimates of the liability for future policy benefits and higher interest credited on policyholders' account balances, balances and higher general and administrative expenses, largely driven by business growth.

Revenues from our Gibraltar Life and Other operations increased **\$151 million** decreased **\$303 million**, including a net favorable unfavorable impact of **\$14 million** **\$28 million** from currency fluctuations and a net benefit of **\$214 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues decreased **\$77 million** **\$489 million**, primarily reflecting lower premiums and policy charges and fee income attributable to the decline of business in force, partially offset by higher other income driven by higher earnings and lower realized investment gains from our joint venture investments, unfavorable derivative settlements.

Benefits and expenses of our Gibraltar Life and Other operations increased **\$103 million** decreased **\$262 million**, including a net unfavorable favorable impact of **\$12 million** **\$39 million** from currency fluctuations and a net charge of **\$182 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses decreased **\$91 million**, primarily reflecting lower policyholder benefits, including changes in reserves due to the decline of business in force, as discussed above, partially offset by higher interest credited on policyholders' account balances.

*Six Month Comparison.* Revenues from our Life Planner operations decreased **\$59 million**, including a net unfavorable impact of **\$127 million** from currency fluctuations and a net benefit of **\$82 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues decreased **\$14 million**, primarily reflecting higher net investment income driven by higher reinvestment yields, largely offset by lower income on non-coupon investments, and lower premiums and policy charges and fee income attributable to the decline of business in force.

Benefits and expenses of our Life Planner operations decreased **\$47 million**, including a net favorable impact of **\$103 million** from currency fluctuations and a net charge of **\$82 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses decreased **\$26 million**, primarily reflecting lower policyholder benefits, including changes in reserves, due to the decline of business in force, as discussed above, partially offset by higher interest credited on policyholders' account balances.

Revenues from our Gibraltar Life and Other operations decreased **\$136 million**, including a net unfavorable impact of **\$80 million** from currency fluctuations and a net benefit of **\$214 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, revenues decreased **\$270 million**, primarily reflecting lower premiums and policy charges and fee income attributable to the decline of business in force, and higher realized investment losses from derivative settlements in the current period. These decreases were partially offset by higher other income from an increase in earnings from joint venture investments.

Benefits and expenses of our Gibraltar Life and Other operations decreased **\$129 million**, including a net favorable impact of **\$86 million** from currency fluctuations and a net charge of **\$182 million** from our annual reviews and update of assumptions and other refinements. Excluding these items, benefits and expenses decreased **\$225 million** **\$405 million**, primarily reflecting lower policyholders' benefits, including changes in reserves, due to the decline of business in force, as discussed above, and less unfavorable morbidity and mortality experience, partially offset by higher interest credited on policyholders' account balances.

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### Sales Results

The following table sets forth annualized new business premiums, as defined under “—Results of Operations—Segment Measures” above, on an actual and constant exchange rate basis for the periods indicated:

|                                      |                                      | Three Months Ended |     |      |     | Six Months Ended |       |      |     |                                      | Three Months Ended |     |      |     | Nine Months Ended |       |      |       |
|--------------------------------------|--------------------------------------|--------------------|-----|------|-----|------------------|-------|------|-----|--------------------------------------|--------------------|-----|------|-----|-------------------|-------|------|-------|
|                                      |                                      | June 30,           |     |      |     | June 30,         |       |      |     |                                      | September 30,      |     |      |     | September 30,     |       |      |       |
|                                      |                                      | 2023               |     | 2022 |     | 2023             |       | 2022 |     |                                      | 2023               |     | 2022 |     | 2023              |       | 2022 |       |
|                                      |                                      | (in millions)      |     |      |     |                  |       |      |     |                                      | (in millions)      |     |      |     |                   |       |      |       |
| Annualized new business premiums:    | Annualized new business premiums:    |                    |     |      |     |                  |       |      |     | Annualized new business premiums:    |                    |     |      |     |                   |       |      |       |
| On an actual exchange rate basis(1): | On an actual exchange rate basis(1): |                    |     |      |     |                  |       |      |     | On an actual exchange rate basis(1): |                    |     |      |     |                   |       |      |       |
| Life Planner                         | Life Planner                         | \$                 | 249 | \$   | 226 | \$               | 526   | \$   | 482 | Life Planner                         | \$                 | 255 | \$   | 215 | \$                | 781   | \$   | 697   |
| Gibraltar Life and Other             | Gibraltar Life and Other             |                    | 241 |      | 231 |                  | 472   |      | 436 | Gibraltar Life and Other             |                    | 236 |      | 198 |                   | 708   |      | 634   |
| Total                                | Total                                | \$                 | 490 | \$   | 457 | \$               | 998   | \$   | 918 | Total                                | \$                 | 491 | \$   | 413 | \$                | 1,489 | \$   | 1,331 |
| On a constant exchange rate basis:   | On a constant exchange rate basis:   |                    |     |      |     |                  |       |      |     | On a constant exchange rate basis:   |                    |     |      |     |                   |       |      |       |
| Life Planner                         | Life Planner                         | \$                 | 250 | \$   | 224 | \$               | 532   | \$   | 474 | Life Planner                         | \$                 | 259 | \$   | 219 | \$                | 791   | \$   | 693   |
| Gibraltar Life and Other             | Gibraltar Life and Other             |                    | 251 |      | 237 |                  | 490   |      | 443 | Gibraltar Life and Other             |                    | 246 |      | 205 |                   | 736   |      | 648   |
| Total                                | Total                                | \$                 | 501 | \$   | 461 | \$               | 1,022 | \$   | 917 | Total                                | \$                 | 505 | \$   | 424 | \$                | 1,527 | \$   | 1,341 |

(1) The ~~six~~ nine months ended ~~June 30, 2023~~ ~~September 30, 2023~~ includes the correction of first quarter sales amounts previously reported for both Life Planner and Gibraltar Life and Other.

The amount of annualized new business premiums and the sales mix in terms of types and currency denomination of products for any given period can be significantly impacted by several factors, including but not limited to: the addition of new products, discontinuation of existing products, changes in credited interest rates for certain products and other product modifications, changes in premium rates, changes in interest rates or fluctuations in currency markets, changes in tax laws, changes in life insurance regulations or changes in the competitive environment. Sales volume may increase or decrease prior to certain of these changes becoming effective, and then fluctuate in the other direction following such changes.

Our diverse product portfolio in Japan, in terms of currency mix and premium payment structure, allows us to adapt to changing market and competitive dynamics, including the extremely low interest rate environment. We regularly examine our product offerings and their related profitability and, as a result, we have repriced or discontinued sales of certain products that do not meet our profit expectations. The impact of these actions, coupled with the introduction of certain new products, has generally resulted in an increase in sales of products denominated in USD relative to products denominated in other currencies.

The table below presents annualized new business premiums on a constant exchange rate basis, by product category and distribution channel, for the periods indicated:

|                           |                           | Three Months Ended June 30, 2023 |        |           |              |       |           | Three Months Ended June 30, 2022 |       |           |              |                           |           |               | Three Months Ended September 30, 2023 |       |           |              |        |           | Three Months End |  |           |  |  |
|---------------------------|---------------------------|----------------------------------|--------|-----------|--------------|-------|-----------|----------------------------------|-------|-----------|--------------|---------------------------|-----------|---------------|---------------------------------------|-------|-----------|--------------|--------|-----------|------------------|--|-----------|--|--|
|                           |                           | Accident                         |        |           | Investment   |       |           | Accident                         |       |           | Investment   |                           |           |               | Accident                              |       |           | Investment   |        |           | Accident         |  |           |  |  |
|                           |                           | & Retirement                     |        | Contracts | & Retirement |       | Contracts | & Retirement                     |       | Contracts | & Retirement |                           | Contracts |               | & Retirement                          |       | Contracts | & Retirement |        | Contracts | & Retirement     |  | Contracts |  |  |
|                           |                           | Life                             | Health | (1)       | (2)          | Total | Life      | Health                           | (1)   | (2)       | Total        | Life                      | Health    |               | (1)                                   | (2)   | Total     | Life         | Health | Reti      |                  |  |           |  |  |
|                           |                           | (in millions)                    |        |           |              |       |           |                                  |       |           |              |                           |           | (in millions) |                                       |       |           |              |        |           |                  |  |           |  |  |
| Life Planner              | Life Planner              | \$131                            | \$ 21  | \$ 66     | \$ 32        | \$250 | \$119     | \$ 18                            | \$ 85 | \$ 2      | \$224        | Life Planner              | \$144     | \$ 21         | \$ 63                                 | \$ 31 | \$259     | \$125        | \$ 16  | \$        |                  |  |           |  |  |
| Gibraltar Life and Other: | Gibraltar Life and Other: |                                  |        |           |              |       |           |                                  |       |           |              | Gibraltar Life and Other: |           |               |                                       |       |           |              |        |           |                  |  |           |  |  |
| Life Consultants          | Life Consultants          | 34                               | 7      | 5         | 103          | 149   | 40        | 6                                | 7     | 90        | 143          | Life Consultants          | 37        | 6             | 9                                     | 85    | 137       | 42           | 8      |           |                  |  |           |  |  |
| Banks                     | Banks                     | 8                                | 0      | 0         | 43           | 51    | 18        | 0                                | 1     | 14        | 33           | Banks                     | 6         | 0             | 2                                     | 61    | 69        | 13           | 0      |           |                  |  |           |  |  |
| Independent Agency        | Independent Agency        | 16                               | 11     | 24        | 0            | 51    | 24        | 6                                | 31    | 0         | 61           | Independent Agency        | 15        | 6             | 19                                    | 0     | 40        | 19           | 1      |           |                  |  |           |  |  |

|          |          |       |       |       |        |       |       |       |        |        |       |          |       |       |       |        |       |       |       |
|----------|----------|-------|-------|-------|--------|-------|-------|-------|--------|--------|-------|----------|-------|-------|-------|--------|-------|-------|-------|
| Subtotal | Subtotal | 58    | 18    | 29    | 146    | 251   | 82    | 12    | 39     | 104    | 237   | Subtotal | 58    | 12    | 30    | 146    | 246   | 74    | 9     |
| Total    | Total    | \$189 | \$ 39 | \$ 95 | \$ 178 | \$501 | \$201 | \$ 30 | \$ 124 | \$ 106 | \$461 | Total    | \$202 | \$ 33 | \$ 93 | \$ 177 | \$505 | \$199 | \$ 25 |

(1) Includes retirement income, endowment and savings variable life.

(2) Includes single-payment market value adjusted investment contracts and single-payment whole life products.

**Three Month Comparison.** Annualized new business premiums, on a constant exchange rate basis, from our Life Planner operations increased \$26 million \$40 million, primarily driven by higher life product sales in Brazil Brazil. In Japan, higher USD-denominated

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single premium investment contract sales were partially offset by lower USD-denominated recurring premium life and Argentina retirement product sales.

Annualized new business premiums, on a constant exchange rate basis, from our Gibraltar Life and Other operations increased \$41 million. Bank channel and Life Consultants sales increased \$35 million and \$8 million, respectively, both reflecting higher USD-denominated single premium investment contract sales, partially offset by lower USD-denominated recurring premium life product sales. Independent Agency sales decreased \$2 million reflecting lower life and retirement product sales, partially offset by higher accident and health product sales.

|                           | Nine Months Ended September 30, 2023 |        |                |        |                          |        | Nine Months Ended September 30, 2022 |        |                |          |                          |       |
|---------------------------|--------------------------------------|--------|----------------|--------|--------------------------|--------|--------------------------------------|--------|----------------|----------|--------------------------|-------|
|                           | Accident & Health                    |        | Retirement (1) |        | Investment Contracts (2) |        | Accident & Health                    |        | Retirement (1) |          | Investment Contracts (2) |       |
|                           | Life                                 | Health | (1)            | (2)    | Total                    | Total  | Life                                 | Health | (1)            | (2)      | Total                    | Total |
|                           | (in millions)                        |        |                |        |                          |        |                                      |        |                |          |                          |       |
| Life Planner              | \$ 412                               | \$ 62  | \$ 210         | \$ 107 | \$ 791                   | \$ 378 | \$ 49                                | \$ 257 | \$ 9           | \$ 693   |                          |       |
| Gibraltar Life and Other: |                                      |        |                |        |                          |        |                                      |        |                |          |                          |       |
| Life Consultants          | 108                                  | 19     | 20             | 270    | 417                      | 141    | 20                                   | 26     | 186            | 373      |                          |       |
| Banks                     | 25                                   | 0      | 2              | 148    | 175                      | 66     | 0                                    | 3      | 50             | 119      |                          |       |
| Independent Agency        | 49                                   | 30     | 65             | 0      | 144                      | 64     | 8                                    | 84     | 0              | 156      |                          |       |
| Subtotal                  | 182                                  | 49     | 87             | 418    | 736                      | 271    | 28                                   | 113    | 236            | 648      |                          |       |
| Total                     | \$ 594                               | \$ 111 | \$ 297         | \$ 525 | \$ 1,527                 | \$ 649 | \$ 77                                | \$ 370 | \$ 245         | \$ 1,341 |                          |       |

(1) Includes retirement income, endowment and savings variable life.

(2) Includes single-payment market value adjusted investment contracts and single-payment whole life products.

**Nine Month Comparison.** Annualized new business premiums, on a constant exchange rate basis, from our Life Planner operations increased \$98 million, primarily driven by higher life product sales in Brazil. In Japan, higher USD-denominated single premium investment contract sales were partially offset by lower USD-denominated recurring premium life and retirement product sales.

Annualized new business premiums, on a constant exchange rate basis, from our Gibraltar Life and Other operations increased \$14 million \$88 million. Bank channel and Life Consultants sales increased \$18 million \$56 million and \$6 million \$44 million, respectively, both reflecting higher USD-denominated single premium investment contract sales, partially offset by lower USD-denominated recurring premium life product sales. Independent Agency sales decreased \$10 million \$12 million reflecting lower life and retirement product sales, partially offset by higher accident and health product sales.

|                           | Six Months Ended June 30, 2023 |        |                |        |                          |        | Six Months Ended June 30, 2022 |        |                |        |                          |       |
|---------------------------|--------------------------------|--------|----------------|--------|--------------------------|--------|--------------------------------|--------|----------------|--------|--------------------------|-------|
|                           | Accident & Health              |        | Retirement (1) |        | Investment Contracts (2) |        | Accident & Health              |        | Retirement (1) |        | Investment Contracts (2) |       |
|                           | Life                           | Health | (1)            | (2)    | Total                    | Total  | Life                           | Health | (1)            | (2)    | Total                    | Total |
|                           | (in millions)                  |        |                |        |                          |        |                                |        |                |        |                          |       |
| Life Planner              | \$ 268                         | \$ 41  | \$ 147         | \$ 76  | \$ 532                   | \$ 253 | \$ 33                          | \$ 184 | \$ 4           | \$ 474 |                          |       |
| Gibraltar Life and Other: |                                |        |                |        |                          |        |                                |        |                |        |                          |       |
| Life Consultants          | 71                             | 13     | 11             | 185    | 280                      | 99     | 12                             | 19     | 114            | 244    |                          |       |
| Banks                     | 19                             | 0      | 0              | 87     | 106                      | 53     | 0                              | 3      | 29             | 85     |                          |       |
| Independent Agency        | 34                             | 24     | 46             | 0      | 104                      | 45     | 7                              | 62     | 0              | 114    |                          |       |
| Subtotal                  | 124                            | 37     | 57             | 272    | 490                      | 197    | 19                             | 84     | 143            | 443    |                          |       |
| Total                     | \$ 392                         | \$ 78  | \$ 204         | \$ 348 | \$ 1,022                 | \$ 450 | \$ 52                          | \$ 268 | \$ 147         | \$ 917 |                          |       |

(1) Includes retirement income, endowment and savings variable life.

(2) Includes single-payment market value adjusted investment contracts and single-payment whole life products.

**Six Month Comparison.** Annualized new business premiums, on a constant exchange rate basis, from our Life Planner operations increased \$58 million, primarily driven by higher life product sales in Brazil and Argentina. In Japan, higher USD-denominated single premium investment contract sales were partially offset by lower USD-denominated recurring premium life and retirement product sales.

Annualized new business premiums, on a constant exchange rate basis, from our Gibraltar Life and Other operations increased \$47 million. Life Consultants and Bank channel sales increased \$36 million and \$21 million, respectively, both reflecting higher USD-denominated single premium investment contract sales, partially offset by lower USD-denominated recurring premium life product sales. Independent Agency sales decreased \$10 million reflecting lower life and retirement product sales, partially offset by higher accident and health product sales.

## Corporate and Other

### Business Update

- Effective January 1, 2023, AIQ and Prudential Advisors are included within Corporate and Other operations. There are no impacts to the Company's consolidated financial statements from these reporting changes and historical results have been updated to conform to the current period presentation.
- In September 2023, the Company acquired a 20% interest as a limited partner in Prismic Life Holding Company, LP ("Prismic HoldCo"), a Bermuda exempted limited partnership that owns all of the outstanding capital stock of Prismic Re. Beginning with the fourth quarter of 2023, the operating results of Corporate and Other will reflect the Company's share of earnings in Prismic HoldCo on a quarter lag. In connection with this transaction, the Company entered into an agreement with Prismic Re to reinsure approximately \$9 billion of reserves for certain structured settlement annuities contracts issued by PICA, 90% of which is on a coinsurance with funds withheld basis and 10% of which is on a coinsurance basis. The invested assets supporting the contracts reinsured via coinsurance with funds withheld consist primarily of public fixed maturities available-for-sale, private fixed maturities available-for-sale and fixed maturities designated as trading. As the Company considers its relationship with Prismic to be an enterprise initiative that could span business segments, Corporate and Other will report these segregated assets along with the offsetting funds withheld payable. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information.

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### Operating Results

Corporate and Other includes corporate operations, after allocations to our business segments, and Divested and Run-off Businesses other than those that qualify for "discontinued operations" accounting treatment under U.S. GAAP. The following table sets forth Corporate and Other's operating results for the periods indicated:

|                               |                               | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |          | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|-------------------------------|-------------------------------|--------------------------------|----------|------------------------------|----------|-------------------------------------|----------|------------------------------------|----------|
|                               |                               | 2023                           | 2022     | 2023                         | 2022     | 2023                                | 2022     | 2023                               | 2022     |
|                               |                               | (in millions)                  |          |                              |          |                                     |          |                                    |          |
| <b>Operating results:</b>     | <b>Operating results:</b>     |                                |          |                              |          |                                     |          |                                    |          |
| Investment income             |                               |                                |          |                              |          |                                     |          |                                    |          |
| Interest expense on debt      | Interest expense on debt      | \$ (215)                       | \$ (208) | \$ (427)                     | \$ (407) | \$ (201)                            | \$ (213) | \$ (628)                           | \$ (620) |
| Investment income             |                               | 31                             | 49       | 92                           | 77       |                                     |          |                                    |          |
| Pension and employee benefits | Pension and employee benefits | 86                             | 108      | 177                          | 188      | 81                                  | 100      | 258                                | 288      |
| Other corporate activities    | Other corporate activities    | (429)                          | (270)    | (854)                        | (595)    | (439)                               | (340)    | (1,293)                            | (935)    |
| Adjusted operating income     | Adjusted operating income     | (527)                          | (321)    | (1,012)                      | (737)    | (504)                               | (415)    | (1,516)                            | (1,152)  |

|                                                                                                      |                                                                                                      |                 |               |                   |                 |                                                                                                      |                 |                 |                   |                 |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------|---------------|-------------------|-----------------|------------------------------------------------------------------------------------------------------|-----------------|-----------------|-------------------|-----------------|
| Realized investment gains (losses), net, and related adjustments                                     | Realized investment gains (losses), net, and related adjustments                                     | (139)           | 13            | (190)             | 48              | Realized investment gains (losses), net, and related adjustments                                     | 162             | 10              | (28)              | 58              |
| Charges related to realized investment gains (losses), net                                           | Charges related to realized investment gains (losses), net                                           | 2               | (1)           | 2                 | 0               | Charges related to realized investment gains (losses), net                                           | 0               | 1               | 2                 | 1               |
| Market experience updates                                                                            | Market experience updates                                                                            | 0               | 15            | (3)               | 8               | Market experience updates                                                                            | (4)             | 3               | (7)               | 11              |
| Divested and Run-off Businesses                                                                      | Divested and Run-off Businesses                                                                      | 64              | 499           | 171               | 228             | Divested and Run-off Businesses                                                                      | (46)            | (53)            | 125               | 175             |
| Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | 29              | (11)          | 26                | (35)            | Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests | (41)            | (2)             | (15)              | (37)            |
| Other adjustments(1)                                                                                 | Other adjustments(1)                                                                                 | (1)             | (4)           | (2)               | (9)             | Other adjustments(1)                                                                                 | (2)             | (3)             | (4)               | (12)            |
| Income (loss) before income taxes and equity in earnings of operating joint ventures                 | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | <u>\$ (572)</u> | <u>\$ 190</u> | <u>\$ (1,008)</u> | <u>\$ (497)</u> | Income (loss) before income taxes and equity in earnings of operating joint ventures                 | <u>\$ (435)</u> | <u>\$ (459)</u> | <u>\$ (1,443)</u> | <u>\$ (956)</u> |

(1) Includes certain components of consideration for a business acquisition, which are recognized as compensation expense over the requisite service periods.

**Three Month Comparison.** The loss from Corporate and Other operations, on an adjusted operating income basis, increased **\$206** **\$89** million. Net charges from other corporate activities increased **\$159** **\$99** million primarily driven by **unfavorable foreign exchange rate impacts, and** higher costs related to technology and other corporate initiatives. **initatives, the absence of gains from the sales of certain home office properties in the prior year period, and less favorable foreign exchange rate impacts.** Pension and employee benefits results were unfavorable by **\$22** **\$19** million primarily driven by an increase in employee **health** benefit plan **costs, costs.** **These impacts were** partially offset by **lower service costs on plan obligations.** Investment **increased investment** income results **decreased by \$18 of \$17** million, primarily driven **by a decrease in income on non-coupon investments, partially offset** by higher earnings on highly liquid assets due to higher interest **rates, rates** and higher income on non-coupon investments, and decreased interest expense on debt of **\$12** million, primarily reflecting **lower average debt balances.**

**Six Nine Month Comparison.** The loss from Corporate and Other operations, on an adjusted operating income basis, increased **\$275** **\$364** million. Net charges from other corporate activities increased **\$259** **\$358** million primarily driven by higher **expenses, including an increase in** costs related to technology and other corporate initiatives, **and less** favorable foreign exchange rate impacts, **and the absence of gains from the sales of certain home office properties in the prior year period,** partially offset by less unfavorable Assurance IQ results. **Interest expense on debt increased \$20 million due to higher average debt balances.** Pension and employee benefits were unfavorable by **\$11** **\$30** million primarily driven by an increase in employee **health** benefit plan **costs, partially offset by lower service costs costs.** **Interest expense on plan obligations. debt increased \$8 million due to higher average debt balances.** These impacts were partially offset by favorable investment income results of **\$15** **\$32** million primarily reflecting an increase in earnings on highly liquid assets due to higher interest **rates, partially offset by lower income on non-coupon investments, rates.**

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## Divested and Run-off Businesses

*Divested and Run-off Businesses Included in Corporate and Other*

Income from our Divested and Run-off Businesses includes results from several businesses that have been or will be sold or exited, including businesses that have been placed in wind down status that do not qualify for "discontinued operations" accounting treatment under U.S. GAAP. The results of these Divested and Run-off Businesses are

reflected in our Corporate and Other operations but are excluded from adjusted operating income. A summary of the results of the Divested and Run-off Businesses reflected in our Corporate and Other operations is as follows for the periods indicated:

|                                                                                             |                                                                                             | Three Months Ended |          | Six Months Ended |          |                                                                                             | Three Months Ended |         | Nine Months Ended |          |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------|----------|------------------|----------|---------------------------------------------------------------------------------------------|--------------------|---------|-------------------|----------|
|                                                                                             |                                                                                             | June 30,           |          | June 30,         |          |                                                                                             | September 30,      |         | September 30,     |          |
|                                                                                             |                                                                                             | 2023               | 2022     | 2023             | 2022     |                                                                                             | 2023               | 2022    | 2023              | 2022     |
|                                                                                             |                                                                                             | (in millions)      |          |                  |          |                                                                                             | (in millions)      |         |                   |          |
| Long-Term Care                                                                              | Long-Term Care                                                                              | \$ 19              | \$ (211) | \$ 114           | \$ (306) | Long-Term Care                                                                              | \$ (117)           | \$ (70) | \$ (3)            | \$ (376) |
| Other                                                                                       | Other                                                                                       | 45                 | 710      | 57               | 534      | Other                                                                                       | 71                 | 17      | 128               | 551      |
| Total Divested and Run-off Businesses income (loss) excluded from adjusted operating income | Total Divested and Run-off Businesses income (loss) excluded from adjusted operating income | \$ 64              | \$ 499   | \$ 171           | \$ 228   | Total Divested and Run-off Businesses income (loss) excluded from adjusted operating income | \$ (46)            | \$ (53) | \$ 125            | \$ 175   |

#### Long-Term Care

**Three Month Comparison.** Results decreased \$47 million compared to the prior year period primarily driven by unfavorable impacts from changes in the market value of derivatives used for duration management and lower underwriting results, partially offset by higher income on non-coupon investments and favorable impacts from changes in the market value of equity securities.

**Nine Month Comparison.** Results increased \$230 \$373 million, including an unfavorable comparative net impact from our annual reviews and update of assumptions and other refinements. Results for the second quarter of 2023 and 2022 included net charges from these updates of \$79 million and \$3 million, respectively. Excluding this item, results increased \$306 million compared to the prior year period primarily driven by favorable impacts from changes in the market value of equity securities and changes in the market value of derivatives used for duration management, partially offset by lower income on non-coupon investments.

**Six Month Comparison.** Results increased \$420 million, including an unfavorable comparative net impact from our annual reviews and update of assumptions and other refinements, as discussed above. Excluding this item, results increased \$496 \$449 million compared to the prior year period primarily driven by favorable impacts from changes in the market value of equity securities and less unfavorable impacts from changes in the market value of derivatives used for duration management, partially offset by lower income on non-coupon investments.

#### Other Divested and Run-off Businesses

Results for the second third quarter and of 2023 increased \$54 million primarily driven by accelerated amortization in the current quarter of the deferred gain related to the sale of the Full Service Retirement business as a result of the surrender of certain contracts. Results for the first six nine months of 2023 decreased \$665 million and \$477 million \$423 million, respectively, primarily reflecting driven by the absence of a gain in the prior periods period from the sale of the Full Service Retirement business, which was completed in April 2022. See Note 1 to the Unaudited Interim Consolidated Financial Statements for additional information regarding this sale. Results for the first six nine months of 2023 also reflect the absence of losses related to the Full Service Retirement business recorded in the first quarter of 2022, which were largely driven by the impact of rising interest rates on the market value of assets supporting experience-rated contractholder liabilities.

#### Closed Block Division

The Closed Block division includes certain in-force traditional domestic participating life insurance and annuity products and assets that are used for the payment of benefits and policyholder dividends on these policies (collectively the "Closed Block"), as well as certain related assets and liabilities. We no longer offer these traditional domestic participating policies. See Note 13 to the Unaudited Interim Consolidated Financial Statements for additional information.

Each year, the Board of Directors of The Prudential Insurance Company of America ("PICA") determines the dividends payable on participating policies for the following year based on the experience of the Closed Block, including investment income, net realized and unrealized investment gains (losses), mortality experience and other factors. Although the Closed Block experience for dividend action decisions is based upon statutory results, at the time the Closed Block was established, we developed, as required by U.S. GAAP, an actuarial calculation of the timing of the maximum future earnings from the policies included in the Closed Block. Actual cumulative earnings, as required by U.S. GAAP, reflect the recognition of realized investment gains and losses in the current period, as well as changes in assets and related liabilities that support the Closed

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Block policies. If actual cumulative earnings in any given period are greater than the cumulative earnings we expected, we record this excess as a policyholder dividend obligation. Additionally, any accumulated net unrealized investment gains that have arisen subsequent to the establishment of the Closed Block are reflected as a policyholder dividend

obligation, with a corresponding amount reported in AOCI, while any accumulated net unrealized investment losses are reflected as a reduction of the policyholder dividend obligation, to the extent the overall policyholder dividend obligation is otherwise positive.

We will subsequently pay this excess to Closed Block policyholders as an additional dividend unless it is otherwise offset by future Closed Block performance that is less favorable than we originally expected. The policyholder dividends we charge to expense within the Closed Block division will include any change in our policyholder dividend obligation that we recognize for the excess of actual cumulative earnings in any given period over the cumulative earnings we expected in addition to the actual policyholder dividends declared by the Board of Directors of PICA. If actual cumulative earnings fall below expected cumulative earnings in future periods, earnings volatility in the Closed Block division, which is primarily due to changes in investment results, may not be offset by changes in the cumulative earnings policyholder dividend obligation. For a discussion of the Closed Block division's realized investment gains (losses), net, see "—General Account Investments."

As of **June 30, 2023** **September 30, 2023**, the excess of actual cumulative earnings over the expected cumulative earnings was **\$3,145 million, which was recorded as a policyholder dividend obligation**. Actual cumulative earnings, as required by U.S. GAAP, reflect **\$2,811 million**; however, due to the recognition accumulation of realized investment gains and losses in the current period, as well as changes in assets and related liabilities that support the Closed Block policies. As of June 30, 2023, net unrealized investment losses have arisen subsequent to the establishment in excess of the Closed Block due to the impacts of rising interest rates on the market value of fixed maturities available-for-sale. The impact of these net unrealized investment losses has been reflected as a decrease to this amount, the policyholder dividend obligation balance as of **\$2,753 million at June 30, 2023**, with a corresponding amount reported in AOCI. **September 30, 2023 was reduced to zero.**

#### Operating Results

The following table sets forth the Closed Block division's results for the periods indicated:

|                                                                                      |                                                                                      | Three Months Ended |        | Six Months Ended |          | Three Months Ended                                                                   |        | Nine Months Ended |          |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------|--------|------------------|----------|--------------------------------------------------------------------------------------|--------|-------------------|----------|
|                                                                                      |                                                                                      | June 30,           |        | June 30,         |          | September 30,                                                                        |        | September 30,     |          |
|                                                                                      |                                                                                      | 2023               | 2022   | 2023             | 2022     | 2023                                                                                 | 2022   | 2023              | 2022     |
|                                                                                      |                                                                                      | (in millions)      |        |                  |          | (in millions)                                                                        |        |                   |          |
| <b>U.S. GAAP results:</b>                                                            | <b>U.S. GAAP results:</b>                                                            |                    |        |                  |          | <b>U.S. GAAP results:</b>                                                            |        |                   |          |
| Revenues                                                                             | Revenues                                                                             | \$ 955             | \$ 529 | \$ 1,926         | \$ 1,494 | Revenues                                                                             | \$ 615 | \$ 710            | \$ 2,541 |
| Benefits and expenses                                                                | Benefits and expenses                                                                | 1,003              | 513    | 1,978            | 1,451    | Benefits and expenses                                                                | 613    | 731               | 2,591    |
| Income (loss) before income taxes and equity in earnings of operating joint ventures | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ (48)            | \$ 16  | \$ (52)          | \$ 43    | Income (loss) before income taxes and equity in earnings of operating joint ventures | \$ 2   | \$ (21)           | \$ (50)  |
|                                                                                      |                                                                                      |                    |        |                  |          |                                                                                      | \$ 22  |                   |          |

#### Income (loss) Before Income Taxes and Equity in Earnings of Operating Joint Ventures

**Three Month Comparison.** Income (loss) before income taxes and equity in earnings of operating joint ventures **decreased \$64 million increased \$23 million**. Net investment activity results **increased, decreased**, primarily reflecting **lower realized investment gains driven by unfavorable changes in the market value of derivatives, partially offset by higher other income driven by favorable changes in the market value of equity securities, partially offset by a decrease in realized investment gains (losses) driven by derivative losses and higher losses on the sale of fixed income investments in the current period, and lower equity securities, and higher net investment income on non-coupon investments.** Net insurance activity results increased driven by a favorable comparative change in reserves. As a result of these and other factors, a \$38 million reduction in the policyholder dividend obligation was recorded in the second quarter of 2023, compared to a \$548 million reduction in the second quarter of 2022.

**Six Month Comparison.** Income (loss) before income taxes and equity in earnings of operating joint ventures decreased \$95 million. Net investment activity results increased, primarily reflecting higher other income driven by favorable changes in the value of equity securities, partially offset by a decrease in realized investment gains (losses) driven by lower derivative gains and higher losses on the sale of fixed income investments in the current period, and lower net investment income on non-coupon investments, investments and higher reinvestment rates. Net insurance activity results increased driven by a favorable comparative change in claims experience. As a result of these and other factors, a \$397 million reduction in the policyholder dividend obligation was recorded in the third quarter of 2023, compared to a \$233 million reduction in the third quarter of 2022.

**Nine Month Comparison.** Income (loss) before income taxes and equity in earnings of operating joint ventures decreased \$72 million. Net investment activity results increased, primarily reflecting higher other income driven by favorable changes in the market value of equity and fixed income securities, partially offset by lower realized investment gains driven by unfavorable changes in the market value of derivatives and higher losses on the sale of fixed income investments, as well as lower net investment income driven by lower income on non-coupon investments, partially offset by higher reinvestment rates. Net insurance activity results increased driven by a favorable comparative change in claims experience. As a result of these and other factors, a \$397 million reduction in the policyholder dividend obligation was recorded in the first **six nine** months of 2023, compared to a **\$653 million \$886 million** reduction in the first **six nine** months of 2022.

#### Revenues, Benefits and Expenses

**Three Month Comparison.** Revenues **increased \$426 million decreased \$95 million** primarily driven **by an increase in other income, partially offset by a decrease in realized investment gains, (losses) partially offset by an increase in other income, and a decrease an increase in net investment income, as discussed above.**

Benefits and expenses increased \$490 million decreased \$118 million primarily driven by an increase a decrease in dividends to policyholders, reflecting less of a higher reduction in the policyholder dividend obligation due to changes in cumulative earnings and other factors, as discussed above.

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**Nine Month Comparison.** Revenues increased \$432 million \$337 million primarily driven by an increase in other income, partially offset by a decrease in realized investment gains (losses) and a decrease in net investment income, as discussed above.

Benefits and expenses increased \$527 million \$409 million primarily driven by an increase in dividends to policyholders, reflecting less of a reduction in the policyholder dividend obligation due to changes in cumulative earnings and other factors, as discussed above.

## Income Taxes

For information regarding income taxes, see Note 14 to the Unaudited Interim Consolidated Financial Statements.

## Valuation of Assets and Liabilities

### Fair Value of Assets and Liabilities

The authoritative guidance related to fair value measurement establishes a framework that includes a three-level hierarchy used to classify the inputs used in measuring fair value. The level in the hierarchy within which the fair value falls is determined based on the lowest level input that is significant to the measurement. The fair values of assets and liabilities classified as Level 3 include at least one significant unobservable input in the measurement. See Note 6 to the Unaudited Interim Consolidated Financial Statements for an additional description of the valuation hierarchy levels as well as for the balances of assets and liabilities measured at fair value on a recurring basis by hierarchy level presented on a consolidated basis.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis, as of the periods indicated, and the portion of such assets and liabilities that are classified in Level 3 of the valuation hierarchy. The table also provides details about these assets and liabilities excluding those held in the Closed Block division. We believe the amounts excluding the Closed Block division are most relevant to an understanding of our operations that are pertinent to investors in Prudential Financial because substantially all Closed Block division assets support obligations and liabilities relating to the Closed Block policies only. See Note 13 to the Unaudited Interim Consolidated Financial Statements for additional information regarding the Closed Block.

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|                                                                |                                                                | As of June 30, 2023  |            |              |       | As of December 31, 2022 |         |              |       |                                                                | As of September 30, 2023 |          |              |            | As of Decem          |         |
|----------------------------------------------------------------|----------------------------------------------------------------|----------------------|------------|--------------|-------|-------------------------|---------|--------------|-------|----------------------------------------------------------------|--------------------------|----------|--------------|------------|----------------------|---------|
|                                                                |                                                                | PFI excluding Closed |            | Closed Block |       | PFI excluding Closed    |         | Closed Block |       |                                                                | PFI excluding Closed     |          | Closed Block |            | PFI excluding Closes |         |
|                                                                |                                                                | Block Division       |            | Division     |       | Block Division          |         | Division     |       |                                                                | Block Division           |          | Division     |            | Block Division       |         |
|                                                                |                                                                | Total                |            | Total        |       | Total                   |         | Total        |       |                                                                | Total                    |          | Total        |            | Total                |         |
|                                                                |                                                                | Total at             | Level      | Total at     | Level | Total at                | Level   | Total at     | Level |                                                                | Total at                 | Level    | Total at     | Level      | Total at             | Level   |
|                                                                |                                                                | Fair Value           | Level 3(1) | Fair Value   | 3(1)  | Fair Value              | 3(1)    | Fair Value   | 3(1)  |                                                                | Fair Value               | 3(1)     | Fair Value   | Level 3(1) | Fair Value           | 3(1)    |
| (in millions)                                                  |                                                                |                      |            |              |       |                         |         |              |       |                                                                |                          |          |              |            |                      |         |
| Fixed maturities, available-for-sale                           | Fixed maturities, available-for-sale                           | \$282,132            | \$ 4,964   | \$30,098     | \$776 | \$277,648               | \$4,345 | \$30,071     | \$817 | Fixed maturities, available-for-sale                           | \$266,580                | \$ 5,188 | \$28,738     | \$824      | \$277,648            | \$4,345 |
| Assets supporting experience-rated contractholder liabilities: | Assets supporting experience-rated contractholder liabilities: |                      |            |              |       |                         |         |              |       | Assets supporting experience-rated contractholder liabilities: |                          |          |              |            |                      |         |
| Fixed maturities                                               | Fixed maturities                                               | 925                  | 0          | 0            | 0     | 945                     | 0       | 0            | 0     | Fixed maturities                                               | 888                      | 0        | 0            | 0          | 945                  | 0       |
| Equity securities                                              | Equity securities                                              | 2,094                | 0          | 0            | 0     | 1,899                   | 0       | 0            | 0     | Equity securities                                              | 2,055                    | 0        | 0            | 0          | 1,899                | 0       |
| All other(2)                                                   | All other(2)                                                   | 0                    | 0          | 0            | 0     | 0                       | 0       | 0            | 0     | All other(2)                                                   | 0                        | 0        | 0            | 0          | 0                    | 0       |

|                                                                  |                                     |           |          |          |       |           |         |          |       |                                                                  |           |          |          |       |           |         |
|------------------------------------------------------------------|-------------------------------------|-----------|----------|----------|-------|-----------|---------|----------|-------|------------------------------------------------------------------|-----------|----------|----------|-------|-----------|---------|
| Subtotal                                                         | Subtotal                            | 3,019     | 0        | 0        | 0     | 2,844     | 0       | 0        | 0     | Subtotal                                                         | 2,943     | 0        | 0        | 0     | 2,844     | 0       |
| Market risk benefit assets                                       | Market risk benefit assets          | 1,951     | 1,951    | 0        | 0     | 800       | 800     | 0        | 0     | Market risk benefit assets                                       | 2,200     | 2,200    | 0        | 0     | 800       | 800     |
| Fixed maturities, trading                                        | Fixed maturities, trading           | 5,497     | 290      | 852      | 12    | 5,051     | 289     | 900      | 15    | Fixed maturities, trading                                        | 6,314     | 283      | 815      | 14    | 5,051     | 289     |
| Equity securities                                                | Equity securities                   | 6,384     | 631      | 1,975    | 142   | 5,416     | 528     | 1,734    | 99    | Equity securities                                                | 5,260     | 605      | 1,779    | 136   | 5,416     | 528     |
| Commercial mortgage and other loans                              | Commercial mortgage and other loans | 323       | 0        | 0        | 0     | 137       | 0       | 0        | 0     | Commercial mortgage and other loans                              | 387       | 0        | 0        | 0     | 137       | 0       |
| Other invested assets(3)                                         | Other invested assets(3)            | 2,110     | 865      | 1        | 0     | 1,990     | 537     | 3        | 2     | Other invested assets(3)                                         | 1,863     | 861      | 1        | 0     | 1,990     | 537     |
| Short-term investments                                           | Short-term investments              | 3,907     | 13       | 141      | 12    | 3,637     | 18      | 150      | 0     | Short-term investments                                           | 3,593     | 14       | 101      | 10    | 3,637     | 18      |
| Cash equivalents                                                 | Cash equivalents                    | 6,836     | 0        | 541      | 0     | 6,398     | 0       | 1,076    | 0     | Cash equivalents                                                 | 7,694     | 0        | 280      | 0     | 6,398     | 0       |
| Other assets                                                     | Other assets                        | 611       | 229      | 0        | 0     | 152       | 152     | 0        | 0     | Other assets                                                     | 659       | 281      | 0        | 0     | 152       | 152     |
| Separate account assets                                          | Separate account assets             | 171,677   | 1,175    | 0        | 0     | 171,805   | 1,081   | 0        | 0     | Separate account assets                                          | 162,625   | 1,160    | 0        | 0     | 171,805   | 1,081   |
| Total assets                                                     | Total assets                        | \$484,447 | \$10,118 | \$33,608 | \$942 | \$475,878 | \$7,750 | \$33,934 | \$933 | Total assets                                                     | \$460,118 | \$10,592 | \$31,714 | \$984 | \$475,878 | \$7,750 |
| Market risk benefit liabilities                                  | Market risk benefit liabilities     | \$ 5,462  | \$ 5,462 | \$ 0     | \$ 0  | \$ 5,864  | \$5,864 | \$ 0     | \$ 0  | Market risk benefit liabilities                                  | \$ 4,660  | \$ 4,660 | \$ 0     | \$ 0  | \$ 5,864  | \$5,864 |
| Policyholders' account balances                                  | Policyholders' account balances     | 5,629     | 5,629    | 0        | 0     | 3,492     | 3,492   | 0        | 0     | Policyholders' account balances                                  | 6,108     | 6,108    | 0        | 0     | 3,492     | 3,492   |
| Other liabilities(3)                                             | Other liabilities(3)                | 3,019     | 1        | 0        | 0     | 2,682     | 1       | 0        | 0     | Other liabilities(3)                                             | 4,987     | 1        | 0        | 0     | 2,682     | 1       |
| Notes issued by consolidated variable interest entities ("VIEs") |                                     |           |          |          |       |           |         |          |       | Notes issued by consolidated variable interest entities ("VIEs") | 392       | 392      | 0        | 0     | 0         | 0       |
| Total liabilities                                                | Total liabilities                   | \$ 14,110 | \$11,092 | \$ 0     | \$ 0  | \$ 12,038 | \$9,357 | \$ 0     | \$ 0  | Total liabilities                                                | \$ 16,147 | \$11,161 | \$ 0     | \$ 0  | \$ 12,038 | \$9,357 |

(1) Level 3 assets expressed as a percentage of total assets measured at fair value on a recurring basis for PFI excluding the Closed Block division and for the Closed Block division totaled **2.1%** **2.3%** and **2.8%** **3.1%**, respectively, as of **June 30, 2023** **September 30, 2023**, and 1.6% and 2.7%, respectively, as of December 31, 2022.

(2) "All other" represents cash equivalents and short-term investments.

(3) "Other invested assets" and "Other liabilities" primarily include derivatives. The amounts include the impact of netting subject to master netting agreements.

The determination of fair value, which for certain assets and liabilities is dependent on the application of estimates and assumptions, can have a significant impact on our results of operations and may require the application of a greater degree of judgment depending on market conditions, as the ability to value assets and liabilities can be significantly impacted by a decrease in market activity or a lack of transactions executed in an orderly manner.

Fixed maturity securities included in Level 3 in our fair value hierarchy are generally priced based on internally-developed valuations or indicative broker quotes. For certain private fixed maturity and equity securities, the internal valuation models use significant unobservable inputs and, accordingly, such securities are included in Level 3 in our fair value hierarchy. Level 3 fixed maturity securities for PFI excluding the Closed Block division included approximately **\$1.1 billion** **\$1.2 billion** of public fixed maturities as of **June 30, 2023** **September 30, 2023**, with values primarily based on indicative broker quotes, and approximately **\$4.1 billion** **\$4.3 billion** of private fixed maturities, with values primarily based on internally-developed models. Significant unobservable inputs used in their valuation included: issue specific spread adjustments, material non-public financial information, management judgment, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. Separate account assets included in Level 3 in our fair value hierarchy primarily include corporate securities and commercial mortgage loans.

Contracts or contract features reported in "Market risk benefit assets" and "Market risk benefit liabilities" and embedded derivatives reported in "Policyholders' account balances" that are included in Level 3 of our fair value hierarchy represent general account assets and liabilities pertaining to living benefit features of the Company's variable annuity contracts and the

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index-linked interest credited features on certain life and annuity products. "Market risk benefit assets" and "Market risk benefit liabilities" are carried at fair value with changes in fair value included in "Change in value of market risk benefits, net of related hedging gains (losses)" except for the portion of the change attributable to changes in the Company's NPR that is recorded in OCI. Embedded derivatives included in "Policyholder account balances" are carried at fair value with changes in fair value included in "Realized investment gains (losses), net." These assets and liabilities are valued using internally-developed models that require significant estimates and assumptions developed by management. Changes in these estimates and assumptions can have a significant impact on the results of our operations. For additional information, see Note 6 to the Unaudited Interim Consolidated Financial Statements.

For additional information regarding the valuation techniques and the key estimates and assumptions used in our determination of fair value, see Note 6 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## General Account Investments

### Portfolio Composition

Our investment portfolio consists of public and private fixed maturity securities, commercial mortgage and other loans, policy loans and non-coupon investments, which include equity securities and other invested assets such as limited partnerships and limited liability companies ("LPs/LLCs"), real estate held through direct ownership, derivative instruments and seed money investments in separate accounts. The composition of our general account reflects, within the discipline provided by our risk management approach, our need for competitive results and the selection of diverse investment alternatives available primarily through our PGIM segment. The size of our portfolio enables us to invest in asset classes that may be unavailable to the typical investor.

The following tables set forth the composition of our general account investment portfolio apportioned between PFI excluding the Closed Block division and the Closed Block division, as of the dates indicated:

|                                                                              |                                                                              | June 30, 2023         |         |      |          |              |                       |    |                   | September 30, 2023                                                           |       |         |      |              |    |        |    |         |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------|---------|------|----------|--------------|-----------------------|----|-------------------|------------------------------------------------------------------------------|-------|---------|------|--------------|----|--------|----|---------|
|                                                                              |                                                                              | PFI Excluding         |         |      |          | Closed Block |                       |    |                   | PFI Excluding                                                                |       |         |      | Closed Block |    |        |    |         |
|                                                                              |                                                                              | Closed Block Division |         |      | Division | Total        | Closed Block Division |    |                   | Division                                                                     | Total |         |      |              |    |        |    |         |
|                                                                              |                                                                              | (\$ in millions)      |         |      |          |              |                       |    |                   | (\$ in millions)                                                             |       |         |      |              |    |        |    |         |
| Fixed maturities:                                                            | Fixed maturities:                                                            |                       |         |      |          |              |                       |    | Fixed maturities: |                                                                              |       |         |      |              |    |        |    |         |
| Public, available-for-sale, at fair value                                    | Public, available-for-sale, at fair value                                    | \$                    | 223,168 | 60.2 | %        | \$           | 21,134                | \$ | 244,302           | Public, available-for-sale, at fair value                                    | \$    | 206,813 | 58.5 | %            | \$ | 19,563 | \$ | 226,376 |
| Public, held-to-maturity, at amortized cost, net of allowance                | Public, held-to-maturity, at amortized cost, net of allowance                |                       | 1,116   | 0.3  |          |              | 0                     |    | 1,116             | Public, held-to-maturity, at amortized cost, net of allowance                |       | 0       | 0.0  |              |    | 0      |    | 0       |
| Private, available-for-sale, at fair value                                   | Private, available-for-sale, at fair value                                   |                       | 58,147  | 15.7 |          |              | 8,964                 |    | 67,111            | Private, available-for-sale, at fair value                                   |       | 58,938  | 16.7 |              |    | 9,175  |    | 68,113  |
| Private, held-to-maturity, at amortized cost, net of allowance               | Private, held-to-maturity, at amortized cost, net of allowance               |                       | 55      | 0.0  |          |              | 0                     |    | 55                | Private, held-to-maturity, at amortized cost, net of allowance               |       | 0       | 0.0  |              |    | 0      |    | 0       |
| Fixed maturities, trading, at fair value                                     | Fixed maturities, trading, at fair value                                     |                       | 5,259   | 1.4  |          |              | 851                   |    | 6,110             | Fixed maturities, trading, at fair value                                     |       | 5,700   | 1.6  |              |    | 816    |    | 6,516   |
| Assets supporting experience-rated contractholder liabilities, at fair value | Assets supporting experience-rated contractholder liabilities, at fair value |                       | 3,019   | 0.8  |          |              | 0                     |    | 3,019             | Assets supporting experience-rated contractholder liabilities, at fair value |       | 2,943   | 0.8  |              |    | 0      |    | 2,943   |
| Equity securities, at fair value                                             | Equity securities, at fair value                                             |                       | 5,799   | 1.6  |          |              | 1,975                 |    | 7,774             | Equity securities, at fair value                                             |       | 4,588   | 1.3  |              |    | 1,778  |    | 6,366   |

|                                                                      |                                                                      |            |         |           |            |                                                                      |            |         |           |            |
|----------------------------------------------------------------------|----------------------------------------------------------------------|------------|---------|-----------|------------|----------------------------------------------------------------------|------------|---------|-----------|------------|
| Commercial mortgage and other loans, at book value, net of allowance | Commercial mortgage and other loans, at book value, net of allowance | 49,650     | 13.4    | 7,716     | 57,366     | Commercial mortgage and other loans, at book value, net of allowance | 49,685     | 14.0    | 7,836     | 57,521     |
| Policy loans, at outstanding balance                                 | Policy loans, at outstanding balance                                 | 6,435      | 1.7     | 3,548     | 9,983      | Policy loans, at outstanding balance                                 | 6,439      | 1.8     | 3,520     | 9,959      |
| Other invested assets, net of allowance(1)                           | Other invested assets, net of allowance(1)                           | 13,353     | 3.6     | 4,775     | 18,128     | Other invested assets, net of allowance(1)                           | 13,995     | 4.0     | 4,679     | 18,674     |
| Short-term investments, net of allowance                             | Short-term investments, net of allowance                             | 4,722      | 1.3     | 323       | 5,045      | Short-term investments, net of allowance                             | 4,755      | 1.3     | 303       | 5,058      |
| Total general account investments                                    | Total general account investments                                    | 370,723    | 100.0 % | 49,286    | 420,009    | Total general account investments                                    | 353,856    | 100.0 % | 47,670    | 401,526    |
| Invested assets of other entities and operations(2)                  | Invested assets of other entities and operations(2)                  | 5,323      |         | 0         | 5,323      | Invested assets of other entities and operations(2)                  | 5,710      |         | 0         | 5,710      |
| Total investments                                                    | Total investments                                                    | \$ 376,046 |         | \$ 49,286 | \$ 425,332 | Total investments                                                    | \$ 359,566 |         | \$ 47,670 | \$ 407,236 |

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| December 31, 2022                                                            |                                     |         |                       |            |
|------------------------------------------------------------------------------|-------------------------------------|---------|-----------------------|------------|
|                                                                              | PFI Excluding Closed Block Division |         | Closed Block Division | Total      |
| (\$ in millions)                                                             |                                     |         |                       |            |
| Fixed maturities:                                                            |                                     |         |                       |            |
| Public, available-for-sale, at fair value                                    | \$ 221,106                          | 60.8 %  | \$ 21,140             | \$ 242,246 |
| Public, held-to-maturity, at amortized cost, net of allowance                | 1,229                               | 0.3     | 0                     | 1,229      |
| Private, available-for-sale, at fair value                                   | 55,814                              | 15.4    | 8,931                 | 64,745     |
| Private, held-to-maturity, at amortized cost, net of allowance               | 67                                  | 0.0     | 0                     | 67         |
| Fixed maturities, trading, at fair value                                     | 4,838                               | 1.3     | 900                   | 5,738      |
| Assets supporting experience-rated contractholder liabilities, at fair value | 2,844                               | 0.8     | 0                     | 2,844      |
| Equity securities, at fair value                                             | 4,671                               | 1.3     | 1,733                 | 6,404      |
| Commercial mortgage and other loans, at book value, net of allowance         | 48,682                              | 13.4    | 7,926                 | 56,608     |
| Policy loans, at outstanding balance                                         | 6,409                               | 1.8     | 3,637                 | 10,046     |
| Other invested assets, net of allowance(1)                                   | 13,277                              | 3.7     | 4,254                 | 17,531     |
| Short-term investments, net of allowance                                     | 4,236                               | 1.2     | 337                   | 4,573      |
| Total general account investments                                            | 363,173                             | 100.0 % | 48,858                | 412,031    |
| Invested assets of other entities and operations(2)                          | 5,410                               |         | 0                     | 5,410      |
| Total investments                                                            | \$ 368,583                          |         | \$ 48,858             | \$ 417,441 |

(1) Other invested assets consist of investments in LPs/LLCs, investment real estate held through direct ownership, derivative instruments and other miscellaneous investments. For additional information regarding these investments, see "—Other Invested Assets" below.

(2) Includes invested assets of our investment management and derivative operations. Excludes assets of our investment management operations that are managed for third-parties and those assets classified as "Separate account assets" on our balance sheet. For additional information regarding these investments, see "—Invested Assets of Other Entities and Operations" below.

The increase/decrease in general account investments attributable to PFI excluding the Closed Block division in the first six/nine months of 2023 was primarily due to a decrease in U.S. interest rates and the reinvestment of net investment income and net business inflows, partially offset by the translation impact of the U.S. dollar strengthening against the yen, yen and an increase in U.S. interest rates, partially offset by the reinvestment of net investment income and net business inflows. For information regarding the methodology used in determining the fair value of our fixed maturities, see Note 6 to the Unaudited Interim Consolidated Financial Statements.

As of **June 30, 2023** **September 30, 2023** and December 31, 2022, 44% and 45%, respectively, of our general account investments attributable to PFI excluding the Closed Block division related to our Japanese insurance operations. The following table sets forth the composition of the investments of our Japanese insurance operations' general account, as of the dates indicated:

|                                                                              |                                                                              | June 30, 2023 | December 31, 2022 |                                                                              | September 30, 2023 | December 31, 2022 |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------|-------------------|------------------------------------------------------------------------------|--------------------|-------------------|
|                                                                              |                                                                              | (in millions) |                   |                                                                              | (in millions)      |                   |
| Fixed maturities:                                                            | Fixed maturities:                                                            |               |                   | Fixed maturities:                                                            |                    |                   |
| Public, available-for-sale, at fair value                                    | Public, available-for-sale, at fair value                                    | \$ 111,795    | \$ 112,013        | Public, available-for-sale, at fair value                                    | \$ 104,691         | \$ 112,013        |
| Public, held-to-maturity, at amortized cost, net of allowance                | Public, held-to-maturity, at amortized cost, net of allowance                | 1,116         | 1,229             | Public, held-to-maturity, at amortized cost, net of allowance                | 0                  | 1,229             |
| Private, available-for-sale, at fair value                                   | Private, available-for-sale, at fair value                                   | 19,555        | 19,268            | Private, available-for-sale, at fair value                                   | 19,497             | 19,268            |
| Private, held-to-maturity, at amortized cost, net of allowance               | Private, held-to-maturity, at amortized cost, net of allowance               | 55            | 67                | Private, held-to-maturity, at amortized cost, net of allowance               | 0                  | 67                |
| Fixed maturities, trading, at fair value                                     | Fixed maturities, trading, at fair value                                     | 551           | 612               | Fixed maturities, trading, at fair value                                     | 516                | 612               |
| Assets supporting experience-rated contractholder liabilities, at fair value | Assets supporting experience-rated contractholder liabilities, at fair value | 3,019         | 2,844             | Assets supporting experience-rated contractholder liabilities, at fair value | 2,943              | 2,844             |
| Equity securities, at fair value                                             | Equity securities, at fair value                                             | 1,788         | 1,806             | Equity securities, at fair value                                             | 1,669              | 1,806             |
| Commercial mortgage and other loans, at book value, net of allowance         | Commercial mortgage and other loans, at book value, net of allowance         | 17,728        | 18,080            | Commercial mortgage and other loans, at book value, net of allowance         | 17,640             | 18,080            |
| Policy loans, at outstanding balance                                         | Policy loans, at outstanding balance                                         | 2,556         | 2,607             | Policy loans, at outstanding balance                                         | 2,545              | 2,607             |
| Other invested assets(1)                                                     | Other invested assets(1)                                                     | 5,512         | 5,272             | Other invested assets(1)                                                     | 5,694              | 5,272             |
| Short-term investments, net of allowance                                     | Short-term investments, net of allowance                                     | 520           | 100               | Short-term investments, net of allowance                                     | 196                | 100               |
| Total Japanese general account investments                                   | Total Japanese general account investments                                   | \$ 164,195    | \$ 163,898        | Total Japanese general account investments                                   | \$ 155,391         | \$ 163,898        |

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(1) Other invested assets consist of investments in LPs/LLCs, investment real estate held through direct ownership, derivative instruments and other miscellaneous investments.

The **increase decrease** in general account investments related to our Japanese insurance operations in the first **six nine** months of 2023 was primarily due to **a decrease in U.S. interest rates and net business inflows and the reinvestment of net investment income, partially offset by** the translation impact of the U.S. dollar strengthening against the **yen, yen**

and an increase in U.S. interest rates, partially offset by net business inflows and the reinvestment of net investment income.

As of June 30, 2023 September 30, 2023, our Japanese insurance operations had \$81.2 billion \$78.7 billion, at carrying value, of investments denominated in U.S. dollars, including \$1.5 billion \$1.3 billion that were hedged to yen through third-party derivative contracts and \$71.9 billion \$70.1 billion that support liabilities denominated in U.S. dollars, with the remainder constituting part of the hedging of foreign currency exchange rate exposure to U.S. dollar-equivalent equity. As of December 31, 2022, our Japanese insurance operations had \$77.5 billion, at carrying value, of investments denominated in U.S. dollars, including \$1.5 billion that were hedged to yen through third-party derivative contracts and \$67.4 billion that support liabilities denominated in U.S. dollars, with the remainder constituting part of the hedging of foreign currency exchange rate exposure of U.S. dollar-equivalent equity. The \$3.7 billion \$1.2 billion increase in the carrying value of U.S. dollar-denominated investments from December 31, 2022 was primarily attributable to a decrease in U.S. interest rates, reinvestment of net investment income and portfolio growth as a result of net business inflows, partially offset by an increase in U.S. interest rates.

Our Japanese insurance operations had \$4.7 billion \$4.2 billion and \$5.2 billion, at carrying value, of investments denominated in Australian dollars that support liabilities denominated in Australian dollars as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The \$0.5 billion \$1.0 billion decrease in the carrying value of Australian dollar-denominated investments from December 31, 2022 was primarily attributable to run-off of the portfolio. For additional information regarding U.S. and Australian dollar investments held in our Japanese insurance operations and a discussion of our yen hedging strategy, see “—Results of Operations by Segment—Impact of Foreign Currency Exchange Rates” above.

## Investment Results

The following tables set forth the investment results of our general account apportioned between PFI excluding the Closed Block division, and the Closed Block division, for the periods indicated. The yields are based on net investment income as reported under U.S. GAAP and as such do not include certain interest-related items, such as settlements of duration management swaps which are included in “Realized investment gains (losses), net.”

### 2023 to 2022 Three Month Comparison

|                                                               |                                                               | Three Months Ended June 30, 2023 |         |                               |        |                                     |         |                       |         | Three Months Ended September 30, 2023 |         |                               |         |                                     |         |                       |        |
|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------|---------|-------------------------------|--------|-------------------------------------|---------|-----------------------|---------|---------------------------------------|---------|-------------------------------|---------|-------------------------------------|---------|-----------------------|--------|
|                                                               |                                                               | PFI Excluding Closed Block       |         |                               |        |                                     |         |                       |         | PFI Excluding Closed Block            |         |                               |         |                                     |         |                       |        |
|                                                               |                                                               | Division and Japanese Operations |         | Japanese Insurance Operations |        | PFI Excluding Closed Block Division |         | Closed Block Division |         | Division and Japanese Operations      |         | Japanese Insurance Operations |         | PFI Excluding Closed Block Division |         | Closed Block Division |        |
|                                                               |                                                               | Yield(1)                         | Amount  | Yield(1)                      | Amount | Yield(1)                            | Amount  | Amount                | Amount  | Yield(1)                              | Amount  | Yield(1)                      | Amount  | Yield(1)                            | Amount  | Amount                | Amount |
|                                                               |                                                               | (\$ in millions)                 |         |                               |        |                                     |         |                       |         | (\$ in millions)                      |         |                               |         |                                     |         |                       |        |
| Fixed maturities(2)                                           | Fixed maturities(2)                                           | 4.95 %                           | \$2,046 | 2.84 %                        | \$ 989 | 3.98 %                              | \$3,035 | \$ 368                | \$3,403 | 5.22 %                                | \$2,089 | 2.96 %                        | \$1,009 | 4.18 %                              | \$3,098 | \$ 390                |        |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 0.00                             | 0       | 1.03                          | 7      | 1.03                                | 7       | 0                     | 7       | 0.00                                  | 0       | 1.04                          | 8       | 1.04                                | 8       | 0                     |        |
| Equity securities                                             | Equity securities                                             | 3.02                             | 27      | 5.98                          | 26     | 3.94                                | 53      | 12                    | 65      | 2.92                                  | 25      | 1.12                          | 5       | 2.32                                | 30      | 8                     |        |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 4.05                             | 316     | 3.63                          | 161    | 3.90                                | 477     | 80                    | 557     | 4.19                                  | 333     | 3.67                          | 162     | 4.01                                | 495     | 80                    |        |
| Policy loans                                                  | Policy loans                                                  | 5.01                             | 48      | 3.75                          | 24     | 4.50                                | 72      | 52                    | 124     | 4.90                                  | 47      | 3.89                          | 25      | 4.50                                | 72      | 52                    |        |
| Short-term investments and cash equivalents                   | Short-term investments and cash equivalents                   | 5.70                             | 173     | 4.13                          | 26     | 5.50                                | 199     | 12                    | 211     | 6.57                                  | 205     | 5.20                          | 27      | 6.41                                | 232     | 12                    |        |
| Gross investment income                                       | Gross investment income                                       | 4.82                             | 2,610   | 2.95                          | 1,233  | 4.00                                | 3,843   | 524                   | 4,367   | 5.09                                  | 2,699   | 3.05                          | 1,236   | 4.21                                | 3,935   | 542                   |        |
| Investment expenses                                           | Investment expenses                                           | (0.13)                           | (134)   | (0.12)                        | (79)   | (0.12)                              | (213)   | (61)                  | (274)   | (0.13)                                | (132)   | (0.12)                        | (79)    | (0.13)                              | (211)   | (64)                  |        |
| Investment income after investment expenses                   | Investment income after investment expenses                   | 4.69 %                           | 2,476   | 2.83 %                        | 1,154  | 3.88 %                              | 3,630   | 463                   | 4,093   | 4.96 %                                | 2,567   | 2.93 %                        | 1,157   | 4.08 %                              | 3,724   | 478                   |        |

|                                                        |                                                        |         |         |         |        |         |                                                        |         |         |         |        |
|--------------------------------------------------------|--------------------------------------------------------|---------|---------|---------|--------|---------|--------------------------------------------------------|---------|---------|---------|--------|
| Other invested assets(3)                               | Other invested assets(3)                               | 184     | 92      | 276     | 36     | 312     | Other invested assets(3)                               | 215     | 76      | 291     | 33     |
| Investment results of other entities and operations(4) | Investment results of other entities and operations(4) | 71      | 0       | 71      | 0      | 71      | Investment results of other entities and operations(4) | 45      | 0       | 45      | 0      |
| Total net investment income                            | Total net investment income                            | \$2,731 | \$1,246 | \$3,977 | \$ 499 | \$4,476 | Total net investment income                            | \$2,827 | \$1,233 | \$4,060 | \$ 511 |

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|                                                               |                                                               | Three Months Ended June 30, 2022 |         |                               |         |                                     |         |                       |         | Three Months Ended September 30, 2022                         |        |                               |        |                                     |        |                       |        |
|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------|---------|-------------------------------|---------|-------------------------------------|---------|-----------------------|---------|---------------------------------------------------------------|--------|-------------------------------|--------|-------------------------------------|--------|-----------------------|--------|
|                                                               |                                                               | PFI Excluding Closed Block       |         |                               |         |                                     |         |                       |         | PFI Excluding Closed Block                                    |        |                               |        |                                     |        |                       |        |
|                                                               |                                                               | Division and Japanese Operations |         | Japanese Insurance Operations |         | PFI Excluding Closed Block Division |         | Closed Block Division |         | Division and Japanese Operations                              |        | Japanese Insurance Operations |        | PFI Excluding Closed Block Division |        | Closed Block Division |        |
|                                                               |                                                               | Yield(1)                         | Amount  | Yield(1)                      | Amount  | Yield(1)                            | Amount  | Amount                | Amount  | Yield(1)                                                      | Amount | Yield(1)                      | Amount | Yield(1)                            | Amount | Amount                | Amount |
|                                                               |                                                               | (\$ in millions)                 |         |                               |         |                                     |         |                       |         | (\$ in millions)                                              |        |                               |        |                                     |        |                       |        |
| Fixed maturities(2)                                           | Fixed maturities(2)                                           | 4.43 %                           | \$1,686 | 2.70 %                        | \$ 943  | 3.60 %                              | \$2,629 | \$ 341                | \$2,970 | Fixed maturities(2)                                           | 4.57 % | \$1,663                       | 2.82 % | \$ 954                              | 3.72 % | \$2,617               |        |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 0.00                             | 0       | 0.84                          | 7       | 0.21                                | 7       | 0                     | 7       | Assets supporting experience-rated contractholder liabilities | 0.00   | 0                             | 1.07   | 7                                   | 1.07   | 7                     |        |
| Equity securities                                             | Equity securities                                             | 1.68                             | 9       | 6.75                          | 33      | 3.89                                | 42      | 9                     | 51      | Equity securities                                             | 2.18   | 15                            | 1.04   | 4                                   | 1.73   | 19                    |        |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 3.45                             | 266     | 3.60                          | 174     | 3.51                                | 440     | 80                    | 520     | Commercial mortgage and other loans                           | 3.82   | 277                           | 3.63   | 169                                 | 3.75   | 446                   |        |
| Policy loans                                                  | Policy loans                                                  | 5.02                             | 47      | 3.76                          | 25      | 4.51                                | 72      | 54                    | 126     | Policy loans                                                  | 4.88   | 46                            | 3.94   | 24                                  | 4.51   | 70                    |        |
| Short-term investments and cash equivalents                   | Short-term investments and cash equivalents                   | 1.69                             | 51      | 1.45                          | 3       | 1.68                                | 54      | 2                     | 56      | Short-term investments and cash equivalents                   | 3.24   | 118                           | 3.07   | 12                                  | 3.23   | 130                   |        |
| Gross investment income                                       | Gross investment income                                       | 4.00                             | 2,059   | 2.83                          | 1,185   | 3.48                                | 3,244   | 486                   | 3,730   | Gross investment income                                       | 4.33   | 2,119                         | 2.88   | 1,170                               | 3.67   | 3,289                 |        |
| Investment expenses(3)                                        | Investment expenses(3)                                        | (0.13)                           | (69)    | (0.13)                        | (63)    | (0.13)                              | (132)   | (34)                  | (166)   | Investment expenses(3)                                        | (0.15) | (102)                         | (0.13) | (74)                                | (0.14) | (176)                 |        |
| Investment income after investment expenses                   | Investment income after investment expenses                   | 3.87 %                           | 1,990   | 2.70 %                        | 1,122   | 3.35 %                              | 3,112   | 452                   | 3,564   | Investment income after investment expenses                   | 4.18 % | 2,017                         | 2.75 % | 1,096                               | 3.53 % | 3,113                 |        |
| Other invested assets(4) (3)                                  | Other invested assets(4) (3)                                  |                                  | 256     |                               | 62      |                                     | 318     | 68                    | 386     | Other invested assets(4) (3)                                  |        | 22                            |        | 6                                   |        | 28                    |        |
| Investment results of other entities and operations(5) (4)    | Investment results of other entities and operations(5) (4)    |                                  | (12)    |                               | 0       |                                     | (12)    | 0                     | (12)    | Investment results of other entities and operations(5) (4)    |        | 56                            |        | 0                                   |        | 56                    |        |
| Total net investment income                                   | Total net investment income                                   |                                  | \$2,234 |                               | \$1,184 |                                     | \$3,418 | \$ 520                | \$3,938 | Total net investment income                                   |        | \$2,095                       |        | \$1,102                             |        | \$3,197               |        |

- (1) For interim periods, yields are annualized. The denominator in the yield percentage is based on quarterly average carrying values for all asset types except for fixed maturities which are based on amortized cost, net of allowance. Amounts for fixed maturities, short-term investments and cash equivalents are also netted for securities lending activity (i.e., income netted for rebate expenses and asset values netted for securities lending liabilities). A yield is not presented for other invested assets as it is not considered a meaningful measure of investment performance. Yields exclude investment income and assets related to other invested assets.
- (2) Includes fixed maturity securities classified as available-for-sale and held-to-maturity and excludes fixed maturity securities classified as trading, which are included in other invested assets.

(3) Prior period amounts have been reclassified to conform to current period presentation.

(4) Other invested assets consist of investments in LPs/LLCs, investment real estate held through direct ownership, derivative instruments, fixed maturities classified as trading and other miscellaneous investments.

(5) (4) Includes net investment income of our investment management operations.

(6) (5) The total yield was 3.91% 4.11% and 3.46% 3.62% for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively.

**Three Month Comparison.** The increase in investment income after investment expenses yield attributable to our general account investments, excluding both the Closed Block division and the Japanese insurance operations' portfolio, for the three months ended June 30, 2023 September 30, 2023, compared to the three months ended June 30, 2022 September 30, 2022, was primarily the result of higher fixed income reinvestment rates and higher returns on short-term investments based on an increase in short-term rates.

The increase in investment income after investment expenses yield attributable to the Japanese insurance operations' portfolio, for the three months ended June 30, 2023 September 30, 2023, compared to the three months ended June September 30, 2022, was primarily the result of higher fixed income reinvestment rates and higher returns on short-term investments based on an increase in short-term rates.

Both the U.S. dollar-denominated and Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts provide a yield that is substantially higher than the yield on comparable yen-denominated fixed maturities. The average amortized cost of U.S. dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately \$61.2 billion \$61.1 billion and \$61.6 billion \$59.9 billion for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively. The majority of U.S. dollar-denominated fixed maturities support liabilities that are denominated in U.S. dollars. The average amortized cost of Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately \$4.7 billion \$4.3 billion and \$6.4 billion \$5.4 billion for the three months ended June September 30, 2023 and 2022, respectively. The majority of Australian dollar-denominated fixed maturities support liabilities that are denominated in Australian dollars. For additional information regarding U.S. and Australian dollar investments held in our Japanese insurance operations, see "—Results of Operations by Segment —Impact of Foreign Currency Exchange Rates" above.

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### 2023 to 2022 Six Month Comparison

|                                                               |                                                               | Six Months Ended June 30, 2023   |         |                               |         |                                     |         |                       |         | Nine Months Ended September 30, 2023 |         |                               |         |                                     |          |                       |          |
|---------------------------------------------------------------|---------------------------------------------------------------|----------------------------------|---------|-------------------------------|---------|-------------------------------------|---------|-----------------------|---------|--------------------------------------|---------|-------------------------------|---------|-------------------------------------|----------|-----------------------|----------|
|                                                               |                                                               | PFI Excluding Closed Block       |         |                               |         | PFI Excluding Closed Block          |         |                       |         | PFI Excluding Closed Block           |         |                               |         | PFI Excluding Closed Block          |          |                       |          |
|                                                               |                                                               | Division and Japanese Operations |         | Japanese Insurance Operations |         | PFI Excluding Closed Block Division |         | Closed Block Division |         | Division and Japanese Operations     |         | Japanese Insurance Operations |         | PFI Excluding Closed Block Division |          | Closed Block Division |          |
|                                                               |                                                               | Yield(1)                         | Amount  | Yield(1)                      | Amount  | Yield(1)                            | Amount  | Amount                | Amount  | Yield(1)                             | Amount  | Yield(1)                      | Amount  | Yield(1)                            | Amount   | Amount                | Amount   |
|                                                               |                                                               | (\$ in millions)                 |         |                               |         |                                     |         |                       |         | (\$ in millions)                     |         |                               |         |                                     |          |                       |          |
| Fixed maturities(2)                                           | Fixed maturities(2)                                           | 4.97 %                           | \$4,055 | 2.83 %                        | \$1,972 | 3.98 %                              | \$6,027 | \$ 728                | \$6,755 | 5.14 %                               | \$6,144 | 2.88 %                        | \$2,981 | 4.09 %                              | \$ 9,125 | \$1,118               | \$10,243 |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 0.00                             | 0       | 1.18                          | 17      | 1.18                                | 17      | 0                     | 17      | 0.00                                 | 0       | 1.14                          | 25      | 1.14                                | 25       | 0                     | 25       |
| Equity securities                                             | Equity securities                                             | 2.80                             | 47      | 3.63                          | 32      | 3.06                                | 79      | 26                    | 105     | 2.98                                 | 72      | 2.84                          | 37      | 2.93                                | 109      | 34                    | 143      |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 4.01                             | 618     | 3.63                          | 322     | 3.87                                | 940     | 158                   | 1,098   | 4.11                                 | 951     | 3.66                          | 484     | 3.95                                | 1,435    | 239                   | 1,674    |
| Policy loans                                                  | Policy loans                                                  | 5.01                             | 95      | 3.84                          | 49      | 4.53                                | 144     | 104                   | 248     | 5.02                                 | 142     | 3.88                          | 74      | 4.56                                | 216      | 156                   | 372      |
| Short-term investments and cash equivalents                   | Short-term investments and cash equivalents                   | 4.96                             | 367     | 4.20                          | 44      | 5.13                                | 411     | 27                    | 438     | 5.93                                 | 572     | 4.76                          | 71      | 5.80                                | 643      | 39                    | 682      |
| Gross investment income                                       | Gross investment income                                       | 4.85                             | 5,182   | 2.92                          | 2,436   | 4.00                                | 7,618   | 1,043                 | 8,661   | 4.99                                 | 7,881   | 3.00                          | 3,672   | 4.12                                | 11,553   | 1,586                 | 13,139   |
| Investment expenses                                           | Investment expenses                                           | (0.13)                           | (260)   | (0.12)                        | (162)   | (0.12)                              | (422)   | (122)                 | (544)   | (0.13)                               | (392)   | (0.13)                        | (241)   | (0.13)                              | (633)    | (186)                 | (819)    |

|                                                        |                                                        |        |         |        |         |        |         |        |         |                                                        |        |         |        |         |        |          |         |
|--------------------------------------------------------|--------------------------------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|--------------------------------------------------------|--------|---------|--------|---------|--------|----------|---------|
| Investment income after investment expenses            | Investment income after investment expenses            | 4.72 % | 4,922   | 2.80 % | 2,274   | 3.88 % | 7,196   | 921    | 8,117   | Investment income after investment expenses            | 4.86 % | 7,489   | 2.87 % | 3,431   | 3.99 % | 10,920   | 1,400   |
| Other invested assets(3)                               | Other invested assets(3)                               |        | 327     |        | 137     |        | 464     | 59     | 523     | Other invested assets(3)                               |        | 542     |        | 213     |        | 755      | 91      |
| Investment results of other entities and operations(4) | Investment results of other entities and operations(4) |        | 156     |        | 0       |        | 156     | 0      | 156     | Investment results of other entities and operations(4) |        | 201     |        | 0       |        | 201      | 0       |
| Total net investment income                            | Total net investment income                            |        | \$5,405 |        | \$2,411 |        | \$7,816 | \$ 980 | \$8,796 | Total net investment income                            |        | \$8,232 |        | \$3,644 |        | \$11,876 | \$1,491 |

| Six Months Ended June 30, 2022                                |                                                               |          |         |          |         |        |         |         |         | Nine Months Ended September 30, 2022                          |        |          |        |          |        |          |        |  |  |
|---------------------------------------------------------------|---------------------------------------------------------------|----------|---------|----------|---------|--------|---------|---------|---------|---------------------------------------------------------------|--------|----------|--------|----------|--------|----------|--------|--|--|
| PFI Excluding Closed Block                                    |                                                               |          |         |          |         |        |         |         |         | PFI Excluding Closed Block                                    |        |          |        |          |        |          |        |  |  |
| Division and Japanese Operations                              |                                                               |          |         |          |         |        |         |         |         | Division and Japanese Operations                              |        |          |        |          |        |          |        |  |  |
| Japanese Insurance Operations                                 |                                                               |          |         |          |         |        |         |         |         | Japanese Insurance Operations                                 |        |          |        |          |        |          |        |  |  |
| PFI Excluding Closed Block Division                           |                                                               |          |         |          |         |        |         |         |         | PFI Excluding Closed Block Division                           |        |          |        |          |        |          |        |  |  |
| Closed Block Division                                         |                                                               |          |         |          |         |        |         |         |         | Closed Block Division                                         |        |          |        |          |        |          |        |  |  |
| Total(6)                                                      |                                                               |          |         |          |         |        |         |         |         | Total(6)                                                      |        |          |        |          |        |          |        |  |  |
| Yield(1)                                                      | Amount                                                        | Yield(1) | Amount  | Yield(1) | Amount  | Amount | Amount  |         |         | Yield(1)                                                      | Amount | Yield(1) | Amount | Yield(1) | Amount | Amount   | Amount |  |  |
| (\$ in millions)                                              |                                                               |          |         |          |         |        |         |         |         | (\$ in millions)                                              |        |          |        |          |        |          |        |  |  |
| Fixed maturities(2)                                           | Fixed maturities(2)                                           | 4.52 %   | \$3,468 | 2.70 %   | \$1,909 | 3.65 % | \$5,377 | \$ 678  | \$6,055 | Fixed maturities(2)                                           | 4.53 % | \$5,131  | 2.75 % | \$2,863  | 3.68 % | \$ 7,994 |        |  |  |
| Assets supporting experience-rated contractholder liabilities | Assets supporting experience-rated contractholder liabilities | 2.01     | 123     | 0.97     | 16      | 1.80   | 139     | 0       | 139     | Assets supporting experience-rated contractholder liabilities | 1.79   | 123      | 1.00   | 23       | 1.60   | 14       |        |  |  |
| Equity securities                                             | Equity securities                                             | 1.34     | 19      | 3.66     | 37      | 2.29   | 56      | 20      | 76      | Equity securities                                             | 1.54   | 34       | 2.89   | 41       | 2.07   | 7        |        |  |  |
| Commercial mortgage and other loans                           | Commercial mortgage and other loans                           | 3.55     | 593     | 3.63     | 352     | 3.58   | 945     | 160     | 1,105   | Commercial mortgage and other loans                           | 3.62   | 870      | 3.65   | 521      | 3.64   | 1,391    |        |  |  |
| Policy loans                                                  | Policy loans                                                  | 4.91     | 93      | 3.89     | 51      | 4.49   | 144     | 108     | 252     | Policy loans                                                  | 4.94   | 139      | 3.92   | 75       | 4.53   | 21       |        |  |  |
| Short-term investments and cash equivalents                   | Short-term investments and cash equivalents                   | 1.05     | 66      | 1.76     | 6       | 1.08   | 72      | 3       | 75      | Short-term investments and cash equivalents                   | 1.82   | 184      | 2.08   | 18       | 1.83   | 20       |        |  |  |
| Gross investment income                                       | Gross investment income                                       | 4.01     | 4,362   | 2.80     | 2,371   | 3.47   | 6,733   | 969     | 7,702   | Gross investment income                                       | 4.08   | 6,481    | 2.84   | 3,541    | 3.53   | 10,021   |        |  |  |
| Investment expenses(3)                                        | Investment expenses(3)                                        | (0.14)   | (140)   | (0.14)   | (123)   | (0.14) | (263)   | (64)    | (327)   | Investment expenses(3)                                        | (0.14) | (242)    | (0.13) | (197)    | (0.14) | (43)     |        |  |  |
| Investment income after investment expenses                   | Investment income after investment expenses                   | 3.87 %   | 4,222   | 2.66 %   | 2,248   | 3.33 % | 6,470   | 905     | 7,375   | Investment income after investment expenses                   | 3.94 % | 6,239    | 2.71 % | 3,344    | 3.39 % | 9,580    |        |  |  |
| Other invested assets(4) (3)                                  | Other invested assets(4) (3)                                  |          | 635     |          | 136     |        | 771     | 169     | 940     | Other invested assets(4) (3)                                  |        | 657      |        | 142      |        | 79       |        |  |  |
| Investment results of other entities and operations(5) (4)    | Investment results of other entities and operations(5) (4)    |          | (19)    |          | 0       |        | (19)    | 0       | (19)    | Investment results of other entities and operations(5) (4)    |        | 37       |        | 0        |        | 3        |        |  |  |
| Total net investment income                                   | Total net investment income                                   |          | \$4,838 |          | \$2,384 |        | \$7,222 | \$1,074 | \$8,296 | Total net investment income                                   |        | \$6,933  |        | \$3,486  |        | \$10,419 |        |  |  |

(1) For interim periods, yields are annualized. The denominator in the yield percentage is based on quarterly average carrying values for all asset types except for fixed maturities which are based on amortized cost, net of allowance. Amounts for fixed maturities, short-term investments and cash equivalents are also netted for securities lending activity (i.e., income netted for rebate expenses and asset values netted for securities lending

liabilities). A yield is not presented for other invested assets as it is not considered a meaningful measure of investment performance. Yields exclude investment income and assets related to other invested assets.

- (2) Includes fixed maturity securities classified as available-for-sale and held-to-maturity and excludes fixed maturity securities classified as trading, which are included in other invested assets.
- (3) Prior period amounts have been reclassified to conform to current period presentation.
- (4) Other invested assets consist of investments in LPs/LLCs, investment real estate held through direct ownership, derivative instruments, fixed maturities classified as trading and other miscellaneous investments.
- (5) (4) Includes net investment income of our investment management operations.

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(5) The total yield was 3.90% 4.02% and 3.42% 3.48% for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

**Nine Month Comparison.** The increase in investment income after investment expenses yield attributable to our general account investments, excluding both the Closed Block division and the Japanese insurance operations' portfolio, for the six nine months ended June 30, 2023, September 30, 2023 compared to the six nine months ended June 30, 2022 September 30, 2022, was primarily the result of higher fixed income reinvestment rates and higher returns on short-term investments based on an increase in short-term rates.

The increase in investment income after investment expenses yield attributable to the Japanese insurance operations' portfolio, for the six nine months ended June 30, 2023, September 30, 2023 compared to the six nine months ended June September 30, 2022, was primarily the result of higher fixed income reinvestment rates and higher returns on short-term investments based on an increase in short-term rates.

Both the U.S. dollar-denominated and Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts provide a yield that is substantially higher than the yield on comparable yen-denominated fixed maturities. The average amortized cost of U.S. dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately \$60.2 billion \$60.1 billion and \$61.6 billion \$59.4 billion for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. The majority of U.S. dollar-denominated fixed maturities support liabilities that are denominated in U.S. dollars. The average amortized cost of Australian dollar-denominated fixed maturities that are not hedged to yen through third-party derivative contracts was approximately \$4.8 billion \$4.5 billion and \$6.4 billion \$6.2 billion for the six nine months ended June September 30, 2023 and 2022, respectively. The majority of Australian dollar-denominated fixed maturities support liabilities that are denominated in Australian dollars. For additional information regarding U.S. and Australian dollar investments held in our Japanese insurance operations, see “—Results of Operations by Segment—Impact of Foreign Currency Exchange Rates” above.

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Realized Investment Gains and Losses

The following table sets forth “Realized investment gains (losses), net” of our general account apportioned between PFI excluding Closed Block division, and the Closed Block division, by investment type as well as “Related adjustments” and “Charges related to realized investment gains (losses), net” for the periods indicated:

|                                                                          | Three Months Ended                                                       |     |      |    | Six Months Ended |       |      |    | Three Months Ended                                                       |    |      |      | Nine Months Ended |       |      |      |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------|-----|------|----|------------------|-------|------|----|--------------------------------------------------------------------------|----|------|------|-------------------|-------|------|------|
|                                                                          | June 30,                                                                 |     |      |    | June 30,         |       |      |    | September 30,                                                            |    |      |      | September 30,     |       |      |      |
|                                                                          | 2023                                                                     |     | 2022 |    | 2023             |       | 2022 |    | 2023                                                                     |    | 2022 |      | 2023              |       | 2022 |      |
|                                                                          | (in millions)                                                            |     |      |    |                  |       |      |    | (in millions)                                                            |    |      |      |                   |       |      |      |
| PFI excluding Closed Block Division:                                     | PFI excluding Closed Block Division:                                     |     |      |    |                  |       |      |    | PFI excluding Closed Block Division:                                     |    |      |      |                   |       |      |      |
| Realized investment gains (losses), net:                                 | Realized investment gains (losses), net:                                 |     |      |    |                  |       |      |    | Realized investment gains (losses), net:                                 |    |      |      |                   |       |      |      |
| (Addition to) release of allowance for credit losses on fixed maturities | (Addition to) release of allowance for credit losses on fixed maturities |     |      |    |                  |       |      |    | (Addition to) release of allowance for credit losses on fixed maturities |    |      |      |                   |       |      |      |
|                                                                          | \$                                                                       | (7) | \$   | 58 | \$               | (156) | \$   | 16 | \$                                                                       | 25 | \$   | (30) | \$                | (131) | \$   | (14) |

|                                                                               |                                                                               |       |         |       |         |                                                                               |         |         |         |         |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------|---------|-------|---------|-------------------------------------------------------------------------------|---------|---------|---------|---------|
| Write-downs on fixed maturities(1)                                            | Write-downs on fixed maturities(1)                                            | (1)   | (60)    | (4)   | (61)    | Write-downs on fixed maturities(1)                                            | (53)    | (20)    | (57)    | (81)    |
| Net gains (losses) on sales and maturities                                    | Net gains (losses) on sales and maturities                                    | (167) | (577)   | (60)  | (913)   | Net gains (losses) on sales and maturities                                    | (340)   | 76      | (400)   | (837)   |
| Fixed maturity securities(2)                                                  | Fixed maturity securities(2)                                                  | (175) | (579)   | (220) | (958)   | Fixed maturity securities(2)                                                  | (368)   | 26      | (588)   | (932)   |
| (Addition to) release of allowance for credit losses on loans                 | (Addition to) release of allowance for credit losses on loans                 | (21)  | (66)    | (37)  | (63)    | (Addition to) release of allowance for credit losses on loans                 | (68)    | (16)    | (105)   | (79)    |
| Net gains (losses) on sales and maturities                                    | Net gains (losses) on sales and maturities                                    | (1)   | (10)    | 0     | (10)    | Net gains (losses) on sales and maturities                                    | 0       | 0       | 0       | (10)    |
| Commercial mortgage and other loans                                           | Commercial mortgage and other loans                                           | (22)  | (76)    | (37)  | (73)    | Commercial mortgage and other loans                                           | (68)    | (16)    | (105)   | (89)    |
| Derivatives                                                                   | Derivatives                                                                   | (633) | (1,125) | (349) | (1,962) | Derivatives                                                                   | (1,880) | (525)   | (2,229) | (2,487) |
| OTTI losses on other invested assets recognized in earnings                   | OTTI losses on other invested assets recognized in earnings                   | (18)  | (6)     | (35)  | (6)     | OTTI losses on other invested assets recognized in earnings                   | (10)    | (8)     | (45)    | (14)    |
| (Addition to) release of allowance for credit losses on other invested assets | (Addition to) release of allowance for credit losses on other invested assets | 0     | 1       | (1)   | (1)     | (Addition to) release of allowance for credit losses on other invested assets | 5       | (2)     | 4       | (3)     |
| Other net gains (losses)                                                      | Other net gains (losses)                                                      | 21    | 99      | 62    | 102     | Other net gains (losses)                                                      | 112     | (11)    | 174     | 91      |
| Other                                                                         | Other                                                                         | 3     | 94      | 26    | 95      | Other                                                                         | 107     | (21)    | 133     | 74      |
| Subtotal                                                                      | Subtotal                                                                      | (827) | (1,686) | (580) | (2,898) | Subtotal                                                                      | (2,209) | (536)   | (2,789) | (3,434) |
| Investment results of other entities and operations(3)                        | Investment results of other entities and operations(3)                        | 2     | 110     | (11)  | 178     | Investment results of other entities and operations(3)                        | 38      | 77      | 27      | 255     |
| <b>Total — PFI excluding Closed Block Division</b>                            | <b>Total — PFI excluding Closed Block Division</b>                            | (825) | (1,576) | (591) | (2,720) | <b>Total — PFI excluding Closed Block Division</b>                            | (2,171) | (459)   | (2,762) | (3,179) |
| Related adjustments                                                           | Related adjustments                                                           | (28)  | (640)   | 56    | (1,133) | Related adjustments                                                           | (259)   | (669)   | (203)   | (1,802) |
| Realized investment gains (losses), net, and related adjustments              | Realized investment gains (losses), net, and related adjustments              | (853) | (2,216) | (535) | (3,853) | Realized investment gains (losses), net, and related adjustments              | (2,430) | (1,128) | (2,965) | (4,981) |

| Charges related to realized investment gains (losses), net                                                                      | Charges related to realized investment gains (losses), net                                                                      | 88       | (222)      | 139      | (306)      | Charges related to realized investment gains (losses), net               | (61)       | (115)      | 78         | (421)      |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------|------------|----------|------------|--------------------------------------------------------------------------|------------|------------|------------|------------|
| Realized investment gains (losses), net, and charges related to realized investment gains (losses), net and adjustments         |                                                                                                                                 |          |            |          |            |                                                                          |            |            |            |            |
|                                                                                                                                 |                                                                                                                                 | \$ (765) | \$ (2,438) | \$ (396) | \$ (4,159) |                                                                          |            |            |            |            |
| Realized investment gains (losses), net, and charges related to realized investment gains (losses), net and related adjustments | Realized investment gains (losses), net, and charges related to realized investment gains (losses), net and related adjustments |          |            |          |            |                                                                          | \$ (2,491) | \$ (1,243) | \$ (2,887) | \$ (5,402) |
| <b>Closed Block Division:</b>                                                                                                   | <b>Closed Block Division:</b>                                                                                                   |          |            |          |            | <b>Closed Block Division:</b>                                            |            |            |            |            |
| Realized investment gains (losses), net:                                                                                        | Realized investment gains (losses), net:                                                                                        |          |            |          |            | Realized investment gains (losses), net:                                 |            |            |            |            |
| (Addition to) release of allowance for credit losses on fixed maturities                                                        | (Addition to) release of allowance for credit losses on fixed maturities                                                        | \$ 0     | \$ 25      | \$ 18    | \$ (10)    | (Addition to) release of allowance for credit losses on fixed maturities | \$ 13      | \$ (13)    | \$ 31      | \$ (23)    |
| Write-downs on fixed maturities(1)                                                                                              | Write-downs on fixed maturities(1)                                                                                              | 0        | (26)       | (6)      | (31)       | Write-downs on fixed maturities(1)                                       | 0          | 0          | (6)        | (31)       |
| Net gains (losses) on sales and maturities                                                                                      | Net gains (losses) on sales and maturities                                                                                      | (90)     | (64)       | (212)    | (56)       | Net gains (losses) on sales and maturities                               | (99)       | (124)      | (311)      | (180)      |
| Fixed maturity securities(2)                                                                                                    | Fixed maturity securities(2)                                                                                                    | (90)     | (65)       | (200)    | (97)       | Fixed maturity securities(2)                                             | (86)       | (137)      | (286)      | (234)      |
| (Addition to) release of allowance for credit losses on loans                                                                   | (Addition to) release of allowance for credit losses on loans                                                                   | 1        | (10)       | (1)      | (9)        | (Addition to) release of allowance for credit losses on loans            | (22)       | (7)        | (23)       | (16)       |
| Net gains (losses) on sales and maturities                                                                                      | Net gains (losses) on sales and maturities                                                                                      | 0        | 0          | 0        | 0          | Net gains (losses) on sales and maturities                               | 0          | 0          | 0          | 0          |
| Commercial mortgage and other loans                                                                                             | Commercial mortgage and other loans                                                                                             | 1        | (10)       | (1)      | (9)        | Commercial mortgage and other loans                                      | (22)       | (7)        | (23)       | (16)       |
| Derivatives                                                                                                                     | Derivatives                                                                                                                     | (24)     | 13         | 70       | 153        | Derivatives                                                              | (123)      | 175        | (53)       | 328        |

|                                                                                                 |                                                                                                 |          |            |          |            |                                                                                                 |            |          |            |            |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------|------------|----------|------------|-------------------------------------------------------------------------------------------------|------------|----------|------------|------------|
| (Addition to)<br>release of<br>allowance for<br>credit losses<br>on other<br>invested<br>assets | (Addition to)<br>release of<br>allowance for<br>credit losses<br>on other<br>invested<br>assets | 0        | 9          | 0        | 0          | (Addition to)<br>release of<br>allowance for<br>credit losses<br>on other<br>invested<br>assets | 2          | (2)      | 2          | (2)        |
| Other net<br>gains (losses)                                                                     | Other net<br>gains (losses)                                                                     | 0        | (7)        | 1        | (7)        | Other net<br>gains (losses)                                                                     | (2)        | 0        | (1)        | (7)        |
| Other                                                                                           | Other                                                                                           | 0        | 2          | 1        | (7)        | Other                                                                                           | 0          | (2)      | 1          | (9)        |
| <b>Subtotal —<br/>Closed Block<br/>Division</b>                                                 | <b>Subtotal —<br/>Closed Block<br/>Division</b>                                                 | (113)    | (60)       | (130)    | 40         | <b>Subtotal —<br/>Closed Block<br/>Division</b>                                                 | (231)      | 29       | (361)      | 69         |
| <b>Consolidated<br/>PFI realized<br/>investment<br/>gains (losses),<br/>net</b>                 | <b>Consolidated<br/>PFI realized<br/>investment<br/>gains (losses),<br/>net</b>                 | \$ (938) | \$ (1,636) | \$ (721) | \$ (2,680) | <b>Consolidated PFI<br/>realized<br/>investment gains<br/>(losses), net</b>                     | \$ (2,402) | \$ (430) | \$ (3,123) | \$ (3,110) |

(1) Amounts represent write-downs of credit adverse securities and securities actively marketed for sale.

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(2) Includes fixed maturity securities classified as available-for-sale and held-to-maturity and excludes fixed maturity securities classified as trading.

(3) Includes "realized investment gains (losses), net" of our investment management operations.

**Three Month Comparison.** Net losses on sales and maturities of fixed maturity securities were \$167 million \$340 million for the second third quarter of 2023 primarily driven by rotation net losses on sales of public securities into private securities and mortgage loans in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. dollar-denominated securities that matured or were sold within our International Businesses. Net losses gains on sales and maturities of fixed maturity securities were \$577 million \$76 million for the second third quarter of 2022 primarily driven by rotation sales of public securities into private securities and mortgage loans coupled with relative value trading in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. and Australian non-U.S. dollar-denominated securities that matured or were sold within our International Businesses, segment, partially offset by net losses on sales of fixed maturity securities in a higher interest rate environment.

Net realized losses on derivative instruments of \$633 million \$1,880 million, for the second third quarter of 2023 primarily included:

- \$383 2,041 million of losses on interest rate derivatives due to an increase increases in the swap and U.S. Treasury rates; and rates.

Partially offsetting these losses were:

- \$254 102 million of losses gains on foreign currency hedges due to U.S. dollar depreciation appreciation versus foreign currencies.

Net realized losses on derivative instruments of \$1,125 million \$525 million, for the second third quarter of 2022 primarily included:

- \$1,758 955 million of losses on interest rate derivatives due to an increase increases in the swap and U.S. Treasury rates; and
- \$81 million of losses on credit default swaps due to spread widening rates.

Partially offsetting these losses were:

- \$417 million of gains on capital hedges due to decreases in equity indices; and
- \$355 364 million of gains on foreign currency hedges due to U.S. dollar appreciation versus the Euro, British Pound, Brazilian Real, and Australian Dollar, dollar; and Chilean Peso.
- \$117 million of gains on capital hedges due to decreases in equity indices.

For a discussion of living benefit guarantees and related hedge positions in our Individual Retirement Strategies business, see "—Results of Operations by Segment—U.S. Businesses—Retirement Strategies" above.

Included in the table above are "Related adjustments," which include the portions of "Realized investment gains (losses), net" that are either (1) included in adjusted operating income or (2) included in other reconciling line items to adjusted operating income, such as "Divested and Run-off Businesses." "Related adjustments" also includes the portions of "Other income (loss)", "Net investment income", and "Insurance and annuity Policyholders' benefits" that are excluded from adjusted operating income. These adjustments are

made to arrive at "Realized investment gains (losses), net, and related adjustments" which is excluded from adjusted operating income. See Note 19 to the Unaudited Interim Consolidated Financial Statements for additional details on information regarding adjusted operating income and its reconciliation to "Income (loss) before income taxes and equity in earnings of operating joint ventures." Results for the second third quarter of 2023 and 2022 reflect net related adjustments of \$(28) \$(259) million and \$(640) \$(669) million, respectively. Both periods include changes in the fair value of equity securities and fixed income securities that are designated as trading, settlements and changes in the value of derivatives, as well as the impact of foreign currency exchange rate movements on certain non-local currency denominated assets and liabilities.

Also included in the table above are "Charges related to realized investment gains (losses), net," which are excluded from adjusted operating income and which may be reflected as either a net charge or net benefit. Results for the second third quarter of 2023 and 2022 included a net benefit charges of \$88 million \$61 million and a net charge of \$222 million \$115 million, respectively, and were primarily driven by the impact of changes in certain policyholder reserves and other costs, inclusive of impacts from our annual reviews and update of assumptions and other refinements, costs.

Six Nine Month Comparison. Net losses on sales and maturities of fixed maturity securities were \$60 million \$400 million for the first six nine months of 2023 primarily driven by rotation net losses on sales of public securities into private securities and mortgage loans in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. dollar-denominated securities that matured or were sold within our International Businesses. Net losses on sales and maturities of fixed maturity securities were \$913 million \$837 million for the first six nine months of 2022 primarily driven by rotation sales of public securities into private securities and mortgage loans coupled with relative value trading in a higher interest rate environment, partially offset by the impact of foreign currency exchange rate movements on U.S. and Australian dollar-denominated securities that matured or were sold within our International Businesses segment, Businesses.

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Net realized losses on derivative instruments of \$349 million, \$2,229 million for the first six nine months of 2023 primarily included:

- \$355 1,931 million of losses on interest rate derivatives due to increases in swap and U.S. Treasury rates; and
- \$252 million of losses on foreign currency hedges due to U.S. dollar depreciation versus foreign currencies; the British Pound and
- \$138 million of losses on equity derivatives due to increases in equity indices. Brazilian Real.

Partially offsetting these losses were:

- \$87 80 million of gains on interest rate derivatives credit default swaps due to a decrease in the swap rates, credit spreads tightening.

Net realized losses on derivative instruments of \$1,962 million \$2,487 million, for the first the six nine months of 2022 primarily included:

- \$3,183 4,138 million of losses on interest rate derivatives due to an increase increases in the swap and U.S. Treasury rates; and
- \$99 124 million of losses on credit default swaps due to spread credit spreads widening.

Partially offsetting these losses were:

- \$544 660 million of gains on capital hedges due to decreases in equity indices;
- \$623 629 million of gains on product-related embedded derivatives and related hedge positions; positions associated with certain variable annuity contracts; and
- \$240 608 million of gains on foreign currency hedges due to U.S. dollar appreciation versus the Euro, British Pound, Brazilian Real, and Australian Dollar, and Chilean Peso, dollar.

For a discussion of living benefit guarantees and related hedge positions in our Individual Retirement Strategies business, see "—Results of Operations by Segment—U.S. Businesses—Retirement Strategies" above.

Results for the the first six nine months of 2023 and 2022 reflect net related adjustments of \$56 million \$(203) million and \$(1,133) \$(1,802) million, respectively. Both periods include changes in the fair value of equity securities and fixed income securities that are designated as trading, settlements and changes in the value of derivatives, as well as the impact of foreign currency exchange rate movements on certain non-local currency denominated assets and liabilities.

Results for the first six nine months of 2023 and 2022 included included a net benefit of \$139 million \$78 million and a net charge of \$306 million \$421 million, respectively, and were were primarily driven by the impact of changes in certain policyholder reserves and other costs, inclusive of impacts from our annual reviews and update of assumptions and other refinements.

#### Credit Losses

The level of credit losses generally reflects current and expected economic conditions and is expected to increase when economic conditions worsen and to decrease when economic conditions improve. Historically, the causes of credit losses have been specific to each individual issuer and have not directly resulted in credit losses to other securities within the same industry or geographic region. We may also realize additional credit and interest rate-related losses through sales of investments pursuant to our credit risk and portfolio management objectives.

We maintain separate monitoring processes for public and private fixed maturities and create watch lists to highlight securities that require special scrutiny and management. For private placements, our credit and portfolio management processes help ensure prudent controls over valuation and management. We have separate pricing and authorization processes to establish "checks and balances" for new investments. We apply consistent standards of credit analysis and due diligence for all transactions, whether they originate through our own in-house staff or through agents. Our regional offices closely monitor the portfolios in their regions. We set all valuation standards centrally, and we assess the fair value of all investments quarterly. Our public and private fixed maturity investment managers formally review all public and private fixed maturity holdings on a quarterly basis and more frequently when necessary to identify potential credit deterioration whether due to ratings downgrades, unexpected price variances and/or company or industry-specific concerns.

For LPs/LLCs accounted for using the equity method and for wholly-owned investment real estate, the carrying value of these investments is written down or impaired to fair value when a decline in value is considered to be other-than-temporary. For additional information regarding our OTTI policies, see Note 2 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

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## General Account Investments of PFI excluding Closed Block Division

In the following sections, we provide details about our investment portfolio, excluding investments held in the Closed Block division. We believe the details of the composition of our investment portfolio excluding the Closed Block division are most relevant to an understanding of our operations that are pertinent to investors in Prudential Financial, Inc. because substantially all Closed Block division assets support obligations and liabilities relating to the Closed Block policies only. See Note 13 to the Unaudited Interim Consolidated Financial Statements for additional information regarding the Closed Block.

### Fixed Maturity Securities

In the following sections, we provide details about our fixed maturity securities portfolio, which excludes fixed maturity securities classified as assets supporting experience-rated contractholder liabilities and classified as trading.

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#### Fixed Maturity Securities by Industry

The following table sets forth the composition of the portion of our fixed maturity, available-for-sale portfolio by industry category attributable to PFI excluding the Closed Block division and the associated gross unrealized gains and losses, as well as the allowance for credit losses ("ACL"), as of the dates indicated:

| Industry(1)                | Industry(1)                | June 30, 2023     |                              |                               |               |               | December 31, 2022 |                              |                               |               |                   | Industry(1)                | September 30, 2021           |                               |          |
|----------------------------|----------------------------|-------------------|------------------------------|-------------------------------|---------------|---------------|-------------------|------------------------------|-------------------------------|---------------|-------------------|----------------------------|------------------------------|-------------------------------|----------|
|                            |                            | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value | Fair<br>Value | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value | Amortized<br>Cost |                            | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses |          |
|                            |                            |                   |                              |                               |               |               |                   |                              |                               |               |                   |                            |                              |                               |          |
|                            |                            |                   | (in millions)                |                               |               |               |                   |                              |                               |               |                   |                            |                              |                               |          |
| Corporate securities:      | Corporate securities:      |                   |                              |                               |               |               |                   |                              |                               |               |                   | Corporate securities:      |                              |                               |          |
| Finance                    | Finance                    | \$ 40,665         | \$ 327                       | \$ 4,440                      | \$ 12         | \$ 36,540     | \$ 40,144         | \$ 277                       | \$ 4,719                      | \$ 2          | \$ 35,700         | Finance                    | \$ 40,749                    | \$ 284                        | \$ 5,748 |
| Consumer non-cyclical      | Consumer non-cyclical      | 32,829            | 499                          | 3,757                         | 12            | 29,559        | 31,546            | 387                          | 4,219                         | 16            | 27,698            | Consumer non-cyclical      | 33,531                       | 373                           | 5,293    |
| Utility                    | Utility                    | 26,938            | 407                          | 3,290                         | 28            | 24,027        | 25,871            | 350                          | 3,443                         | 27            | 22,751            | Utility                    | 27,688                       | 303                           | 4,520    |
| Capital goods              | Capital goods              | 16,939            | 247                          | 1,740                         | 24            | 15,422        | 16,612            | 196                          | 2,100                         | 36            | 14,672            | Capital goods              | 17,556                       | 178                           | 2,307    |
| Consumer cyclical          | Consumer cyclical          | 10,757            | 214                          | 823                           | 6             | 10,142        | 10,659            | 165                          | 1,026                         | 0             | 9,798             | Consumer cyclical          | 10,938                       | 142                           | 1,141    |
| Foreign agencies           | Foreign agencies           | 3,307             | 106                          | 270                           | 0             | 3,143         | 3,952             | 123                          | 289                           | 0             | 3,786             | Foreign agencies           | 2,913                        | 78                            | 336      |
| Energy                     | Energy                     | 11,534            | 207                          | 1,056                         | 0             | 10,685        | 11,488            | 181                          | 1,166                         | 0             | 10,503            | Energy                     | 11,556                       | 165                           | 1,389    |
| Communications             | Communications             | 6,565             | 185                          | 720                           | 89            | 5,941         | 6,556             | 160                          | 898                           | 14            | 5,804             | Communications             | 6,809                        | 124                           | 1,011    |
| Basic industry             | Basic industry             | 7,009             | 132                          | 692                           | 12            | 6,437         | 6,746             | 103                          | 780                           | 2             | 6,067             | Basic industry             | 7,162                        | 98                            | 942      |
| Transportation             | Transportation             | 10,333            | 197                          | 1,060                         | 0             | 9,470         | 9,894             | 175                          | 1,183                         | 4             | 8,882             | Transportation             | 10,967                       | 149                           | 1,436    |
| Technology                 | Technology                 | 4,848             | 57                           | 447                           | 17            | 4,441         | 4,460             | 32                           | 523                           | 0             | 3,969             | Technology                 | 5,150                        | 40                            | 610      |
| Industrial other           | Industrial other           | 4,796             | 41                           | 874                           | 1             | 3,962         | 4,544             | 35                           | 953                           | 0             | 3,626             | Industrial other           | 5,054                        | 29                            | 1,131    |
| Total corporate securities | Total corporate securities | 176,520           | 2,619                        | 19,169                        | 201           | 159,769       | 172,472           | 2,184                        | 21,299                        | 101           | 153,256           | Total corporate securities | 180,073                      | 1,963                         | 25,864   |

|                                               |                                               |           |          |          |       |           |           |          |          |       |           |                                               |           |          |          |
|-----------------------------------------------|-----------------------------------------------|-----------|----------|----------|-------|-----------|-----------|----------|----------|-------|-----------|-----------------------------------------------|-----------|----------|----------|
| Foreign government(2)                         | Foreign government(2)                         | 69,793    | 5,134    | 3,046    | 56    | 71,825    | 73,638    | 4,490    | 5,316    | 0     | 72,812    | Foreign government(2)                         | 68,097    | 3,380    | 5,263    |
| Residential mortgage-backed(3)                | Residential mortgage-backed(3)                | 2,354     | 17       | 211      | 0     | 2,160     | 2,481     | 28       | 215      | 0     | 2,294     | Residential mortgage-backed(3)                | 2,329     | 16       | 294      |
| Asset-backed                                  | Asset-backed                                  | 10,422    | 200      | 144      | 0     | 10,478    | 10,060    | 151      | 206      | 0     | 10,005    | Asset-backed                                  | 10,446    | 203      | 138      |
| Commercial mortgage-backed                    | Commercial mortgage-backed                    | 6,668     | 5        | 549      | 0     | 6,124     | 7,331     | 18       | 521      | 0     | 6,828     | Commercial mortgage-backed                    | 6,486     | 5        | 630      |
| U.S. Government                               | U.S. Government                               | 23,442    | 1,097    | 3,039    | 0     | 21,500    | 24,857    | 1,089    | 3,482    | 0     | 22,464    | U.S. Government                               | 21,897    | 747      | 5,081    |
| State & Municipal                             | State & Municipal                             | 9,766     | 240      | 547      | 0     | 9,459     | 9,725     | 226      | 690      | 0     | 9,261     | State & Municipal                             | 8,484     | 151      | 1,022    |
| Total fixed maturities, available-for-sale(4) | Total fixed maturities, available-for-sale(4) | \$298,965 | \$ 9,312 | \$26,705 | \$257 | \$281,315 | \$300,564 | \$ 8,186 | \$31,729 | \$101 | \$276,920 | Total fixed maturities, available-for-sale(4) | \$297,812 | \$ 6,465 | \$38,292 |

- (1) Investment data has been classified based on standard industry categorizations for domestic public holdings and similar classifications by industry for all other holdings.
- (2) As of **June 30, 2023** **September 30, 2023** and December 31, 2022, based on amortized cost, **87%** **88%** and 89%, respectively, represent Japanese government bonds held by our Japanese insurance operations with no other individual country representing **no** more than 5% of the **balance, respectively, balance.**
- (3) As of **both June 30, 2023** **September 30, 2023** and December 31, 2022, based on amortized cost, **100% and** 99% were rated A or **higher.**
- (4) Excluded from the table above are securities held outside the general account in other entities and operations. For additional information regarding investments held outside the general account, see "—Invested Assets of Other Entities and Operations" below, **higher, respectively.**

The **decrease** **increase** in net unrealized losses from December 31, 2022 to **June 30, 2023** **September 30, 2023** was primarily due to **a decrease** **an increase** in U.S. interest rates.

In the third quarter of 2023, the Company changed its intent to hold a portion of its held-to-maturity portfolio, which will be redeemed as part of a recently announced reinsurance transaction. As a result, the entire held-to-maturity portfolio (amortized cost, net of allowance of \$1,212 million) was reclassified to fixed maturities, available-for-sale and recorded at fair

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value, while the \$136 million net unrealized gain on the portfolio was recorded in "Accumulated other comprehensive income" as of September 30, 2023.

The following table sets forth the composition of the portion of our fixed maturity, held-to-maturity portfolio by industry category attributable to PFI excluding the Closed Block division and the associated gross unrealized gains and losses, as well as the allowance for credit losses, as of the dates indicated:

| Industry(1)                    | Industry(1)                    | June 30, 2023 |            |       |        |      |           | December 31, 2022 |       |        |      |                                |                       | Industry(1) | September 30, 2023 |      |       |        |        |       |       |        |       |        |       |     |      |  |  |  |
|--------------------------------|--------------------------------|---------------|------------|-------|--------|------|-----------|-------------------|-------|--------|------|--------------------------------|-----------------------|-------------|--------------------|------|-------|--------|--------|-------|-------|--------|-------|--------|-------|-----|------|--|--|--|
|                                |                                | Amortized     | Gross      |       | Fair   | ACL  | Amortized | Gross             |       | Fair   | ACL  | Amortized                      | Gross                 |             | Fair               | ACL  |       |        |        |       |       |        |       |        |       |     |      |  |  |  |
|                                |                                |               | Unrealized | Gross |        |      |           | Unrealized        | Gross |        |      |                                | Unrealized            |             |                    |      | Gross |        |        |       |       |        |       |        |       |     |      |  |  |  |
|                                |                                |               | Cost       | Gains |        |      |           | Losses            | Value |        |      |                                | Cost                  |             |                    |      | Gains | Losses | Value  | Cost  | Gains | Losses | Value |        |       |     |      |  |  |  |
|                                |                                |               | Cost       | Gains |        |      |           | Losses            | Value |        |      |                                | ACL                   |             |                    |      | Cost  | Gains  | Losses | Value | ACL   | Cost   | Gains | Losses | Value | ACL | Cost |  |  |  |
| (in millions)                  |                                |               |            |       |        |      |           |                   |       |        |      | (in millions)                  |                       |             |                    |      |       |        |        |       |       |        |       |        |       |     |      |  |  |  |
| Corporate securities:          | Corporate securities:          |               |            |       |        |      |           |                   |       |        |      |                                | Corporate securities: |             |                    |      |       |        |        |       |       |        |       |        |       |     |      |  |  |  |
| Finance                        | Finance                        | \$ 395        | \$ 21      | \$ 0  | \$ 416 | \$ 2 | \$ 430    | \$ 24             | \$ 0  | \$ 454 | \$ 2 | Finance                        | \$ 0                  | \$ 0        | \$ 0               | \$ 0 | \$ 0  | \$ 0   | \$ 430 |       |       |        |       |        |       |     |      |  |  |  |
| Total corporate securities     | Total corporate securities     | 395           | 21         | 0     | 416    | 2    | 430       | 24                | 0     | 454    | 2    | Total corporate securities     | 0                     | 0           | 0                  | 0    | 0     | 0      | 430    |       |       |        |       |        |       |     |      |  |  |  |
| Foreign government(2)          | Foreign government(2)          | 661           | 129        | 0     | 790    | 0    | 725       | 128               | 0     | 853    | 0    | Foreign government(2)          | 0                     | 0           | 0                  | 0    | 0     | 0      | 725    |       |       |        |       |        |       |     |      |  |  |  |
| Residential mortgage-backed(3) | Residential mortgage-backed(3) | 117           | 6          | 0     | 123    | 0    | 143       | 5                 | 0     | 148    | 0    | Residential mortgage-backed(3) | 0                     | 0           | 0                  | 0    | 0     | 0      | 143    |       |       |        |       |        |       |     |      |  |  |  |

|                                          |                                          |          |        |      |          |      |          |        |      |          |      |                                          |      |      |      |      |      |          |
|------------------------------------------|------------------------------------------|----------|--------|------|----------|------|----------|--------|------|----------|------|------------------------------------------|------|------|------|------|------|----------|
| Total fixed maturities, held-to-maturity | Total fixed maturities, held-to-maturity | \$ 1,173 | \$ 156 | \$ 0 | \$ 1,329 | \$ 2 | \$ 1,298 | \$ 157 | \$ 0 | \$ 1,455 | \$ 2 | Total fixed maturities, held-to-maturity | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,298 |
|------------------------------------------|------------------------------------------|----------|--------|------|----------|------|----------|--------|------|----------|------|------------------------------------------|------|------|------|------|------|----------|

(1) Investment data has been classified based on standard industry categorizations for domestic public holdings and similar classifications by industry for all other holdings.

(2) As of both June 30, 2023 and December 31, 2022, based on amortized cost, 97% represent Japanese government bonds held by our Japanese insurance operations.

(3) As of June 30, 2023 and December 31, 2022, based on amortized cost, 100% and 94% were rated A or higher, respectively, higher.

#### Fixed Maturity Securities Credit Quality

The Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("NAIC") evaluates the investments of insurers for statutory reporting purposes and assigns fixed maturity securities to one of six categories called "NAIC Designations." In general, NAIC Designations of "1" highest quality, or "2" high quality, include fixed maturities considered investment grade, which include securities rated Baa3 or higher by Moody's Investor Service, Inc. ("Moody's") or BBB- or higher by Standard & Poor's Rating Services ("S&P"). NAIC Designations of "3" through "6" generally include fixed maturities referred to as below investment grade, which include securities rated Ba1 or lower by Moody's and BB+ or lower by S&P. The NAIC Designations for commercial mortgage-backed securities and non-agency residential mortgage-backed securities, including our asset-backed securities collateralized by sub-prime mortgages, are based on security level expected losses as modeled by an independent third-party (engaged by the NAIC) and the statutory carrying value of the security, including any purchase discounts or impairment charges previously recognized.

As a result of time lags between the funding of investments, the finalization of legal documents, and the completion of the SVO filing process, the fixed maturity portfolio includes certain securities that have not yet been designated by the SVO as of each balance sheet date. Pending receipt of SVO designations, the categorization of these securities by NAIC Designation is based on the expected ratings indicated by internal analysis.

Investments of our international insurance companies are not subject to NAIC guidelines. Investments of our Japanese insurance operations are regulated locally by the Financial Services Agency ("FSA"), an agency of the Japanese government. The FSA has its own investment quality criteria and risk control standards. Our Japanese insurance companies comply with the FSA's credit quality review and risk monitoring guidelines. The credit quality ratings of the investments of our Japanese insurance companies are based on ratings assigned by nationally recognized credit rating agencies, including Moody's and S&P, or rating equivalents based on ratings assigned by Japanese credit ratings rating agencies.

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The following table sets forth our fixed maturity, available-for-sale portfolio by NAIC Designation or equivalent rating attributable to PFI excluding the Closed Block division, as of the dates indicated:

| NAIC<br>Designation(1)<br>(2) | NAIC<br>Designation(1)<br>(2) | June 30, 2023 |            |            |      |               | December 31, 2022 |            |            |      |               | NAIC<br>Designation(1)<br>(2) | September 30, 2023 |            |            |      |          |
|-------------------------------|-------------------------------|---------------|------------|------------|------|---------------|-------------------|------------|------------|------|---------------|-------------------------------|--------------------|------------|------------|------|----------|
|                               |                               | Gross         |            | Gross      |      | Fair<br>Value | Gross             |            | Gross      |      | Fair<br>Value |                               | Gross              |            | Gross      |      |          |
|                               |                               | Amortized     | Unrealized | Unrealized |      |               | Amortized         | Unrealized | Unrealized |      |               |                               | Amortized          | Unrealized | Unrealized |      |          |
|                               |                               | Cost          | Gains      | Losses(3)  | ACL  |               | Cost              | Gains      | Losses(3)  | ACL  |               |                               | Cost               | Gains      | Losses(3)  | ACL  |          |
| (in millions)                 |                               |               |            |            |      |               |                   |            |            |      |               |                               |                    |            |            |      |          |
| 1                             | 1                             | \$203,721     | \$ 7,757   | \$16,942   | \$ 0 | \$194,536     | \$206,050         | \$ 7,044   | \$20,290   | \$ 0 | \$192,804     | 1                             | \$200,532          | \$ 5,294   | \$25,755   | \$ 1 | \$18,804 |
| 2                             | 2                             | 77,919        | 1,228      | 8,556      | 0    | 70,591        | 76,161            | 940        | 9,519      | 0    | 67,582        | 2                             | 80,396             | 969        | 11,158     | 0    | 7,158    |
| Subtotal                      | Subtotal                      |               |            |            |      |               |                   |            |            |      |               | Subtotal                      |                    |            |            |      |          |
| High or Highest Quality       | High or Highest Quality       |               |            |            |      |               |                   |            |            |      |               | High or Highest Quality       |                    |            |            |      |          |
| Securities(4)                 | Securities(4)                 | 281,640       | 8,985      | 25,498     | 0    | 265,127       | 282,211           | 7,984      | 29,809     | 0    | 260,386       | Securities(4)                 | 280,928            | 6,263      | 36,913     | 1    | 25,123   |
| 3                             | 3                             | 10,551        | 213        | 815        | 5    | 9,944         | 10,938            | 104        | 1,163      | 0    | 9,879         | 3                             | 10,177             | 118        | 903        | 5    | 9,059    |
| 4                             | 4                             | 5,047         | 60         | 255        | 58   | 4,794         | 5,016             | 50         | 435        | 1    | 4,630         | 4                             | 5,151              | 41         | 329        | 65   | 4,765    |
| 5                             | 5                             | 1,309         | 22         | 116        | 39   | 1,176         | 1,921             | 17         | 258        | 24   | 1,656         | 5                             | 1,162              | 24         | 122        | 40   | 1,602    |
| 6                             | 6                             | 418           | 32         | 21         | 155  | 274           | 478               | 31         | 64         | 76   | 369           | 6                             | 394                | 19         | 25         | 123  | 351      |
| Subtotal                      | Subtotal                      |               |            |            |      |               |                   |            |            |      |               | Subtotal                      |                    |            |            |      |          |
| Other Securities(5)           | Other Securities(5)           |               |            |            |      |               |                   |            |            |      |               | Other Securities(5)           |                    |            |            |      |          |
| (6)                           | (6)                           | 17,325        | 327        | 1,207      | 257  | 16,188        | 18,353            | 202        | 1,920      | 101  | 16,534        | (6)                           | 16,884             | 202        | 1,379      | 233  | 16,453   |

|                                               |                                               |           |          |          |       |           |           |          |          |       |           |                                               |           |          |          |       |      |
|-----------------------------------------------|-----------------------------------------------|-----------|----------|----------|-------|-----------|-----------|----------|----------|-------|-----------|-----------------------------------------------|-----------|----------|----------|-------|------|
| Total fixed maturities, available-for-sale(7) | Total fixed maturities, available-for-sale(7) | \$298,965 | \$ 9,312 | \$26,705 | \$257 | \$281,315 | \$300,564 | \$ 8,186 | \$31,729 | \$101 | \$276,920 | Total fixed maturities, available-for-sale(7) | \$297,812 | \$ 6,465 | \$38,292 | \$234 | \$26 |
|-----------------------------------------------|-----------------------------------------------|-----------|----------|----------|-------|-----------|-----------|----------|----------|-------|-----------|-----------------------------------------------|-----------|----------|----------|-------|------|

- (1) Reflects equivalent ratings for investments of the international insurance operations.
- (2) Includes, as of **June 30, 2023** **September 30, 2023** and December 31, 2022, **742 781** securities with amortized cost of **\$8,301 \$8,710** million (fair value, **\$7,974 million \$8,318 million**) and 422 securities with amortized cost of \$4,836 million (fair value, \$4,610 million), respectively, that have been categorized based on expected NAIC Designations pending receipt of SVO ratings.
- (3) As of **June 30, 2023** **September 30, 2023**, includes gross unrealized losses of **\$601 million \$678 million** on public fixed maturities and **\$606 million \$701 million** on private fixed maturities considered to be other than high or highest quality and, as of December 31, 2022, includes gross unrealized losses of \$1,116 million on public fixed maturities and \$804 million on private fixed maturities considered to be other than high or highest quality.
- (4) On an amortized cost basis, as of **June 30, 2023** **September 30, 2023**, includes **\$226,877 million \$224,043 million** of public fixed maturities and **\$54,763 million \$56,885 million** of private fixed maturities and, as of December 31, 2022, includes \$229,327 million of public fixed maturities and \$52,884 million of private fixed maturities.
- (5) On an amortized cost basis, as of **June 30, 2023** **September 30, 2023**, includes **\$8,115 million \$7,582 million** of public fixed maturities and **\$9,210 million \$9,302 million** of private fixed maturities and, as of December 31, 2022, includes \$8,710 million of public fixed maturities and \$9,643 million of private fixed maturities.
- (6) On an amortized cost basis, as of **June 30, 2023** **September 30, 2023**, securities considered below investment grade based on low issue composite ratings total **\$14,596 million \$14,624 million**, or 5% of the total fixed maturities, and include securities considered high or highest quality by the NAIC based on the rules described above.
- (7) Excluded from the table above are securities held outside the general account in other entities and operations. For additional information regarding investments held outside the general account, see "—Invested Assets of Other Entities and Operations" below.

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The following table sets forth our fixed maturity, held-to-maturity portfolio by NAIC Designation or equivalent rating attributable to PFI excluding the Closed Block division, as of the dates indicated:

| NAIC<br>Designation(1)                                     | NAIC<br>Designation(1)                                     | June 30, 2023     |                     |                         |               |     | December 31, 2022 |                     |                         |               |     | NAIC<br>Designation(1)                                     | September 30, 2023 |                     |                         |               |      |                   |     |  |  |  |  |
|------------------------------------------------------------|------------------------------------------------------------|-------------------|---------------------|-------------------------|---------------|-----|-------------------|---------------------|-------------------------|---------------|-----|------------------------------------------------------------|--------------------|---------------------|-------------------------|---------------|------|-------------------|-----|--|--|--|--|
|                                                            |                                                            | Amortized<br>Cost | Gross               |                         | Fair<br>Value | ACL | Amortized<br>Cost | Gross               |                         | Fair<br>Value | ACL |                                                            | Amortized<br>Cost  | Gross               |                         | Fair<br>Value | ACL  | Amortized<br>Cost | ACL |  |  |  |  |
|                                                            |                                                            |                   | Unrealized<br>Gains | Unrealized<br>Losses(2) |               |     |                   | Unrealized<br>Gains | Unrealized<br>Losses(2) |               |     |                                                            |                    | Unrealized<br>Gains | Unrealized<br>Losses(2) |               |      |                   |     |  |  |  |  |
|                                                            |                                                            |                   |                     |                         |               |     |                   |                     |                         |               |     |                                                            |                    |                     |                         |               |      |                   |     |  |  |  |  |
| (in millions)                                              |                                                            |                   |                     |                         |               |     |                   |                     |                         |               |     | (in millions)                                              |                    |                     |                         |               |      |                   |     |  |  |  |  |
| 1                                                          | 1                                                          | \$ 1,099          | \$ 153              | \$ 0                    | \$1,252       | \$1 | \$ 1,217          | \$ 153              | \$ 0                    | \$1,370       | \$1 | 1                                                          | \$ 0               | \$ 0                | \$ 0                    | \$ 0          | \$ 0 | \$ 1,217          | \$  |  |  |  |  |
| 2                                                          | 2                                                          | 74                | 3                   | 0                       | 77            | 1   | 81                | 4                   | 0                       | 85            | 1   | 2                                                          | 0                  | 0                   | 0                       | 0             | 0    | 81                |     |  |  |  |  |
| Subtotal<br>High or<br>Highest<br>Quality<br>Securities(3) | Subtotal<br>High or<br>Highest<br>Quality<br>Securities(3) | 1,173             | 156                 | 0                       | 1,329         | 2   | 1,298             | 157                 | 0                       | 1,455         | 2   | Subtotal<br>High or<br>Highest<br>Quality<br>Securities(3) | 0                  | 0                   | 0                       | 0             | 0    | 1,298             |     |  |  |  |  |
| 3                                                          | 3                                                          | 0                 | 0                   | 0                       | 0             | 0   | 0                 | 0                   | 0                       | 0             | 0   | 3                                                          | 0                  | 0                   | 0                       | 0             | 0    | 0                 |     |  |  |  |  |
| 4                                                          | 4                                                          | 0                 | 0                   | 0                       | 0             | 0   | 0                 | 0                   | 0                       | 0             | 0   | 4                                                          | 0                  | 0                   | 0                       | 0             | 0    | 0                 |     |  |  |  |  |
| 5                                                          | 5                                                          | 0                 | 0                   | 0                       | 0             | 0   | 0                 | 0                   | 0                       | 0             | 0   | 5                                                          | 0                  | 0                   | 0                       | 0             | 0    | 0                 |     |  |  |  |  |
| 6                                                          | 6                                                          | 0                 | 0                   | 0                       | 0             | 0   | 0                 | 0                   | 0                       | 0             | 0   | 6                                                          | 0                  | 0                   | 0                       | 0             | 0    | 0                 |     |  |  |  |  |
| Subtotal<br>Other<br>Securities                            | Subtotal<br>Other<br>Securities                            | 0                 | 0                   | 0                       | 0             | 0   | 0                 | 0                   | 0                       | 0             | 0   | Subtotal<br>Other<br>Securities                            | 0                  | 0                   | 0                       | 0             | 0    | 0                 |     |  |  |  |  |
| Total fixed<br>maturities,<br>held-to-<br>maturity         | Total fixed<br>maturities,<br>held-to-<br>maturity         | \$ 1,173          | \$ 156              | \$ 0                    | \$1,329       | \$2 | \$ 1,298          | \$ 157              | \$ 0                    | \$1,455       | \$2 | Total fixed<br>maturities,<br>held-to-<br>maturity         | \$ 0               | \$ 0                | \$ 0                    | \$ 0          | \$ 0 | \$ 1,298          | \$  |  |  |  |  |

- (1) Reflects equivalent ratings for investments of the international insurance operations.
- (2) As of **June 30, 2023** and December 31, 2022, there were **no and** less than \$1 million gross unrealized losses on public and private fixed maturities considered to be other than high or highest quality, respectively.
- (3) On an amortized cost basis, as of **June 30, 2023**, includes **\$1,118 million** of public fixed maturities and **\$55 million** of private fixed maturities and, as of December 31, 2022, includes **there were** \$1,231 million of public fixed maturities and \$67 million of private fixed maturities.

#### Asset-Backed and Commercial Mortgage-Backed Securities

The following table sets forth the amortized cost and fair value of asset-backed and commercial mortgage-backed securities within our fixed maturity, available-for-sale portfolio attributable to PFI excluding the Closed Block division by credit quality, as of the dates indicated:

|               |              | June 30, 2023              |          |                               |          | December 31, 2022          |          |                               |          |               |              | September 30, 2023         |          |                               |          | December 31, 2022          |          |                               |          |
|---------------|--------------|----------------------------|----------|-------------------------------|----------|----------------------------|----------|-------------------------------|----------|---------------|--------------|----------------------------|----------|-------------------------------|----------|----------------------------|----------|-------------------------------|----------|
|               |              |                            |          | Commercial                    |          |                            |          | Commercial                    |          |               |              |                            |          | Commercial                    |          |                            |          | Commercial                    |          |
|               |              | Asset-Backed Securities(2) |          | Mortgage-Backed Securities(3) |          | Asset-Backed Securities(2) |          | Mortgage-Backed Securities(3) |          |               |              | Asset-Backed Securities(2) |          | Mortgage-Backed Securities(3) |          | Asset-Backed Securities(2) |          | Mortgage-Backed Securities(3) |          |
| Low Issue     | Low Issue    |                            |          |                               |          |                            |          |                               |          | Low Issue     | Low Issue    |                            |          |                               |          |                            |          |                               |          |
| Composite     | Composite    | Amortized                  | Fair     | Amortized                     | Fair     | Amortized                  | Fair     | Amortized                     | Fair     | Composite     | Composite    | Amortized                  | Fair     | Amortized                     | Fair     | Amortized                  | Fair     | Amortized                     | Fair     |
| Rating(1)     | Rating(1)    | Cost                       | Value    | Cost                          | Value    | Cost                       | Value    | Cost                          | Value    | Rating(1)     | Rating(1)    | Cost                       | Value    | Cost                          | Value    | Cost                       | Value    | Cost                          | Value    |
| (in millions) |              |                            |          |                               |          |                            |          |                               |          | (in millions) |              |                            |          |                               |          |                            |          |                               |          |
| AAA           | AAA          | \$ 6,614                   | \$ 6,676 | \$ 6,667                      | \$ 6,123 | \$ 7,078                   | \$ 7,070 | \$ 7,320                      | \$ 6,817 | AAA           | AAA          | \$ 6,153                   | \$ 6,231 | \$ 4,996                      | \$ 4,577 | \$ 7,078                   | \$ 7,070 | \$ 7,320                      | \$ 6,817 |
| AA            | AA           | 3,173                      | 3,140    | 0                             | 0        | 2,741                      | 2,660    | 0                             | 0        | AA            | AA           | 3,400                      | 3,370    | 1,489                         | 1,283    | 2,741                      | 2,660    | 0                             | 0        |
| A             | A            | 456                        | 441      | 1                             | 1        | 162                        | 151      | 2                             | 2        | A             | A            | 721                        | 696      | 1                             | 1        | 162                        | 151      | 2                             | 2        |
| BBB           | BBB          | 94                         | 94       | 0                             | 0        | 20                         | 20       | 9                             | 9        | BBB           | BBB          | 90                         | 90       | 0                             | 0        | 20                         | 20       | 9                             | 9        |
| BB and below  | BB and below | 85                         | 127      | 0                             | 0        | 59                         | 104      | 0                             | 0        | BB and below  | BB and below | 82                         | 124      | 0                             | 0        | 59                         | 104      | 0                             | 0        |
| Total(4)      | Total(4)     | \$10,422                   | \$10,478 | \$ 6,668                      | \$ 6,124 | \$10,060                   | \$10,005 | \$ 7,331                      | \$ 6,828 | Total(4)      | Total(4)     | \$10,446                   | \$10,511 | \$ 6,486                      | \$ 5,861 | \$10,060                   | \$10,005 | \$ 7,331                      | \$ 6,828 |

- (1) The table above provides ratings as assigned by nationally recognized rating agencies as of [June 30, 2023](#) [September 30, 2023](#), including S&P, Moody's, Fitch Ratings, Inc. ("Fitch") and Morningstar, Inc. ("Morningstar"). Low issue composite rating uses ratings from the major credit rating agencies or if these are not available an equivalent internal rating. For securities where the ratings assigned are not equivalent, the second lowest rating is utilized.
- (2) Includes collateralized loan obligations ("CLOs"), credit-tranched securities collateralized by auto loans, education loans and other asset types.
- (3) As of [June 30, 2023](#) [September 30, 2023](#) and December 31, 2022, based on amortized cost, 100% and 99% were securities with vintages of 2013 or later, respectively.
- (4) Excludes fixed maturity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Fixed maturities, trading, trading," as well as securities held outside the general account in other entities and operations.

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Included in "Asset-backed securities" above are investments in CLOs. The following table sets forth information pertaining to these investments in CLOs within our fixed maturity, available-for-sale portfolio attributable to PFI excluding the Closed Block division, as of the dates indicated:

|                               | June 30, 2023                   |                |            |                | December 31, 2022 |                               |                | September 30, 2023              |                | December 31, 2022 |  |
|-------------------------------|---------------------------------|----------------|------------|----------------|-------------------|-------------------------------|----------------|---------------------------------|----------------|-------------------|--|
|                               | Collateralized Loan Obligations |                |            |                |                   |                               |                | Collateralized Loan Obligations |                |                   |  |
| Low Issue Composite Rating(1) | Low Issue Composite Rating(1)   | Amortized Cost | Fair Value | Amortized Cost | Fair Value        | Low Issue Composite Rating(1) | Amortized Cost | Fair Value                      | Amortized Cost | Fair Value        |  |
|                               |                                 | (in millions)  |            |                |                   |                               | (in millions)  |                                 |                |                   |  |
| AAA                           | AAA                             | \$ 5,724       | \$ 5,806   | \$ 6,132       | \$ 6,143          | AAA                           | \$ 5,429       | \$ 5,531                        | \$ 6,132       | \$ 6,143          |  |
| AA                            | AA                              | 3,064          | 3,031      | 2,687          | 2,606             | AA                            | 3,170          | 3,153                           | 2,687          | 2,606             |  |
| A                             | A                               | 14             | 13         | 13             | 12                | A                             | 13             | 13                              | 13             | 12                |  |
| BBB                           | BBB                             | 15             | 13         | 15             | 13                | BBB                           | 15             | 14                              | 15             | 13                |  |
| BB and below                  | BB and below                    | 11             | 10         | 11             | 9                 | BB and below                  | 11             | 10                              | 11             | 9                 |  |
| Total(2) (3)                  | Total(2) (3)                    | \$ 8,828       | \$ 8,873   | \$ 8,858       | \$ 8,783          | Total(2) (3)                  | \$ 8,638       | \$ 8,721                        | \$ 8,858       | \$ 8,783          |  |

- (1) The table above provides ratings as assigned by nationally recognized rating agencies as of [June 30, 2023](#) [September 30, 2023](#), including S&P, Moody's, Fitch and Morningstar. Low issue composite rating uses ratings from the major credit rating agencies or if these are not available an equivalent internal rating. For securities where the ratings assigned are not equivalent, the second lowest rating is utilized.
- (2) There was no allowance for credit losses as of both [June 30, 2023](#) [September 30, 2023](#) and December 31, 2022.
- (3) Excludes fixed maturity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Fixed maturities, trading, trading," as well as securities held outside the general account in other entities and operations.

#### Assets Supporting Experience-Rated Contractholder Liabilities

For information regarding the composition of "Assets supporting experience-rated contractholder liabilities," see Note 3 to the Unaudited Interim Consolidated Financial Statements.

#### Commercial Mortgage and Other Loans

## Investment Mix

The following table sets forth the composition of our commercial mortgage and other loans portfolio attributable to PFI excluding the Closed Block division, as of the dates indicated:

|                                                     |                                                     | June 30, 2023 | December 31, 2022 |                                                     | September 30, 2023 | December 31, 2022 |
|-----------------------------------------------------|-----------------------------------------------------|---------------|-------------------|-----------------------------------------------------|--------------------|-------------------|
|                                                     |                                                     | (in millions) |                   |                                                     | (in millions)      |                   |
| Commercial mortgage and agricultural property loans | Commercial mortgage and agricultural property loans | \$ 49,300     | \$ 48,240         | Commercial mortgage and agricultural property loans | \$ 49,427          | \$ 48,240         |
| Uncollateralized loans                              | Uncollateralized loans                              | 421           | 463               | Uncollateralized loans                              | 406                | 463               |
| Residential property loans                          | Residential property loans                          | 34            | 43                | Residential property loans                          | 30                 | 43                |
| Other collateralized loans                          | Other collateralized loans                          | 104           | 108               | Other collateralized loans                          | 100                | 108               |
| Total recorded investment gross of allowance(1)     | Total recorded investment gross of allowance(1)     | 49,859        | 48,854            | Total recorded investment gross of allowance(1)     | 49,963             | 48,854            |
| Allowance for credit losses                         | Allowance for credit losses                         | (209)         | (172)             | Allowance for credit losses                         | (278)              | (172)             |
| Total net commercial mortgage and other loans(2)    |                                                     | \$ 49,650     | \$ 48,682         |                                                     |                    |                   |
| Total commercial mortgage and other loans, net      |                                                     |               |                   | Total commercial mortgage and other loans, net      | \$ 49,685          | \$ 48,682         |

(1) As a percentage of recorded investment gross of allowance, 99% of these assets were current as of both **June 30, 2023** **September 30, 2023** and December 31, 2022.

(2) Excluded from the table above are commercial mortgage and other loans held outside the general account in other entities and operations. For additional information regarding commercial mortgage and other loans held outside the general account, see "—Invested Assets of Other Entities and Operations" below.

We originate commercial mortgage and agricultural property loans using a dedicated sales and underwriting staff through our various regional offices in the U.S. and international offices primarily in London and Tokyo. All loans are underwritten consistently to our standards using a proprietary quality rating system that has been developed from our industry experience in real estate and mortgage lending.

Uncollateralized loans primarily represent corporate loans held by the Company's international insurance operations.

Residential property loans primarily include Japanese recourse loans. To the extent there is a default on these recourse loans, we can make a claim against the personal assets of the property owner, in addition to the mortgaged property. These loans are also backed by third-party guarantors.

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Other collateralized loans include mezzanine real estate debt investments and consumer loans.

### Composition of Commercial Mortgage and Agricultural Property Loans

Our commercial mortgage and agricultural property loan portfolio strategy emphasizes diversification by property type and geographic location. The following tables set forth the breakdown of the gross carrying values of commercial mortgage and agricultural property loans attributable to PFI excluding the Closed Block division by geographic region and property type, as of the dates indicated:

| June 30, 2023    |       |  |  | December 31, 2022 |       |  |  | September 30, 2023 |       |  |  | December 31, 2022 |       |  |  |
|------------------|-------|--|--|-------------------|-------|--|--|--------------------|-------|--|--|-------------------|-------|--|--|
| Gross            |       |  |  | Gross             |       |  |  | Gross              |       |  |  | Gross             |       |  |  |
| Carrying         | % of  |  |  | Carrying          | % of  |  |  | Carrying           | % of  |  |  | Carrying          | % of  |  |  |
| Value            | Total |  |  | Value             | Total |  |  | Value              | Total |  |  | Value             | Total |  |  |
| (\$ in millions) |       |  |  |                   |       |  |  | (\$ in millions)   |       |  |  |                   |       |  |  |

| Commercial mortgage and agricultural property loans by region: | Commercial mortgage and agricultural property loans by region: |    |        |       |   |    |        |       | Commercial mortgage and agricultural property loans by region: |                                                           |    |        |       |   |    |        |       |   |
|----------------------------------------------------------------|----------------------------------------------------------------|----|--------|-------|---|----|--------|-------|----------------------------------------------------------------|-----------------------------------------------------------|----|--------|-------|---|----|--------|-------|---|
| U.S. Regions(1):                                               | U.S. Regions(1):                                               |    |        |       |   |    |        |       | U.S. Regions(1):                                               |                                                           |    |        |       |   |    |        |       |   |
| Pacific                                                        | Pacific                                                        | \$ | 17,902 | 36.3  | % | \$ | 17,509 | 36.3  | %                                                              | Pacific                                                   | \$ | 18,311 | 37.0  | % | \$ | 17,509 | 36.3  | % |
| South Atlantic                                                 | South Atlantic                                                 |    | 7,407  | 15.0  |   |    | 7,642  | 15.8  |                                                                | South Atlantic                                            |    | 7,288  | 14.7  |   |    | 7,642  | 15.8  |   |
| Middle Atlantic                                                | Middle Atlantic                                                |    | 5,677  | 11.5  |   |    | 5,364  | 11.1  |                                                                | Middle Atlantic                                           |    | 5,652  | 11.4  |   |    | 5,364  | 11.1  |   |
| East North Central                                             | East North Central                                             |    | 2,695  | 5.5   |   |    | 2,587  | 5.4   |                                                                | East North Central                                        |    | 2,622  | 5.3   |   |    | 2,587  | 5.4   |   |
| West South Central                                             | West South Central                                             |    | 5,471  | 11.1  |   |    | 5,091  | 10.6  |                                                                | West South Central                                        |    | 5,506  | 11.1  |   |    | 5,091  | 10.6  |   |
| Mountain                                                       | Mountain                                                       |    | 2,122  | 4.3   |   |    | 2,025  | 4.2   |                                                                | Mountain                                                  |    | 2,162  | 4.4   |   |    | 2,025  | 4.2   |   |
| New England                                                    | New England                                                    |    | 1,278  | 2.6   |   |    | 1,286  | 2.7   |                                                                | New England                                               |    | 1,251  | 2.5   |   |    | 1,286  | 2.7   |   |
| West North Central                                             | West North Central                                             |    | 488    | 1.0   |   |    | 485    | 1.0   |                                                                | West North Central                                        |    | 485    | 1.0   |   |    | 485    | 1.0   |   |
| East South Central                                             | East South Central                                             |    | 1,236  | 2.5   |   |    | 1,247  | 2.6   |                                                                | East South Central                                        |    | 1,232  | 2.5   |   |    | 1,247  | 2.6   |   |
| Subtotal-U.S.                                                  | Subtotal-U.S.                                                  |    | 44,276 | 89.8  |   |    | 43,236 | 89.7  |                                                                | Subtotal-U.S.                                             |    | 44,509 | 89.9  |   |    | 43,236 | 89.7  |   |
| Europe                                                         | Europe                                                         |    | 3,263  | 6.6   |   |    | 3,157  | 6.5   |                                                                | Europe                                                    |    | 3,199  | 6.6   |   |    | 3,157  | 6.5   |   |
| Asia                                                           | Asia                                                           |    | 698    | 1.4   |   |    | 789    | 1.6   |                                                                | Asia                                                      |    | 676    | 1.4   |   |    | 789    | 1.6   |   |
| Other                                                          | Other                                                          |    | 1,063  | 2.2   |   |    | 1,058  | 2.2   |                                                                | Other                                                     |    | 1,043  | 2.1   |   |    | 1,058  | 2.2   |   |
| Total commercial mortgage and agricultural property loans      | Total commercial mortgage and agricultural property loans      | \$ | 49,300 | 100.0 | % | \$ | 48,240 | 100.0 | %                                                              | Total commercial mortgage and agricultural property loans | \$ | 49,427 | 100.0 | % | \$ | 48,240 | 100.0 | % |

(1) Regions as defined by the United States Census Bureau.

|                                                                       |                                                                       | June 30, 2023    |        |      |       | December 31, 2022 |        |      |       |                                                                       | September 30, 2023 |        |      |       | December 31, 2022 |        |      |       |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------|--------|------|-------|-------------------|--------|------|-------|-----------------------------------------------------------------------|--------------------|--------|------|-------|-------------------|--------|------|-------|
|                                                                       |                                                                       | Gross            |        | % of | Total | Gross             |        | % of | Total |                                                                       | Gross              |        | % of | Total | Gross             |        | % of | Total |
|                                                                       |                                                                       | Carrying         | Value  |      |       | Carrying          | Value  |      |       |                                                                       | Carrying           | Value  |      |       | Carrying          | Value  |      |       |
|                                                                       |                                                                       |                  |        |      |       |                   |        |      |       |                                                                       |                    |        |      |       |                   |        |      |       |
|                                                                       |                                                                       | (\$ in millions) |        |      |       |                   |        |      |       |                                                                       | (\$ in millions)   |        |      |       |                   |        |      |       |
| Commercial mortgage and agricultural property loans by property type: | Commercial mortgage and agricultural property loans by property type: |                  |        |      |       |                   |        |      |       | Commercial mortgage and agricultural property loans by property type: |                    |        |      |       |                   |        |      |       |
| Industrial                                                            | Industrial                                                            | \$               | 12,588 | 25.5 | %     | \$                | 11,853 | 24.6 | %     | Industrial                                                            | \$                 | 12,969 | 26.2 | %     | \$                | 11,853 | 24.6 | %     |
| Retail                                                                | Retail                                                                |                  | 4,736  | 9.6  |       |                   | 4,800  | 10.0 |       | Retail                                                                |                    | 4,620  | 9.3  |       |                   | 4,800  | 10.0 |       |
| Office                                                                | Office                                                                |                  | 7,259  | 14.7 |       |                   | 7,568  | 15.7 |       | Office                                                                |                    | 7,062  | 14.3 |       |                   | 7,568  | 15.7 |       |
| Apartments/Multi-Family                                               | Apartments/Multi-Family                                               |                  | 13,929 | 28.3 |       |                   | 13,503 | 28.0 |       | Apartments/Multi-Family                                               |                    | 13,891 | 28.1 |       |                   | 13,503 | 28.0 |       |

|                                                           |                                                           |           |         |           |         |                                                           |           |         |           |         |
|-----------------------------------------------------------|-----------------------------------------------------------|-----------|---------|-----------|---------|-----------------------------------------------------------|-----------|---------|-----------|---------|
| Agricultural properties                                   | Agricultural properties                                   | 5,598     | 11.4    | 5,587     | 11.5    | Agricultural properties                                   | 5,638     | 11.4    | 5,587     | 11.5    |
| Hospitality                                               | Hospitality                                               | 1,874     | 3.8     | 1,733     | 3.6     | Hospitality                                               | 1,855     | 3.8     | 1,733     | 3.6     |
| Other                                                     | Other                                                     | 3,316     | 6.7     | 3,196     | 6.6     | Other                                                     | 3,392     | 6.9     | 3,196     | 6.6     |
| Total commercial mortgage and agricultural property loans | Total commercial mortgage and agricultural property loans | \$ 49,300 | 100.0 % | \$ 48,240 | 100.0 % | Total commercial mortgage and agricultural property loans | \$ 49,427 | 100.0 % | \$ 48,240 | 100.0 % |

Loan-to-value and debt service coverage ratios are measures commonly used to assess the quality of commercial mortgage and agricultural property loans. The loan-to-value ratio compares the amount of the loan to the fair value of the underlying property collateralizing the loan and is commonly expressed as a percentage. A loan-to-value ratio less than 100% indicates an excess of collateral value over the loan amount. Loan-to-value ratios greater than 100% indicate that the loan amount exceeds

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the collateral value. The debt service coverage ratio compares a property's net operating income to its debt service payments. Debt service coverage ratios less than 1.0 times indicate that property operations do not generate enough income to cover the loan's current debt payments. A debt service coverage ratio greater than 1.0 times indicates an excess of net operating income over the debt service payments.

As of **June 30, 2023** **September 30, 2023**, our commercial mortgage and agricultural property loans attributable to PFI excluding the Closed Block division had a weighted-average debt service coverage ratio of **2.41** **2.48** times and a weighted-average loan-to-value ratio of **58%** **59%**. As of **June 30, 2023** **September 30, 2023**, **95%** **96%** of commercial mortgage and agricultural property loans were fixed rate loans. For those commercial mortgage and agricultural property loans that were originated in 2023, the weighted-average debt service coverage ratio was **1.63** **1.73** times, and the weighted-average loan-to-value ratio was **65%** **64%**.

The values utilized in calculating these loan-to-value ratios are developed as part of our periodic reviews of the commercial mortgage and agricultural property loan portfolio, which include internal evaluations of the underlying collateral values. Our periodic reviews also include a credit quality re-rating process, whereby we update the internal quality ratings originally assigned at underwriting based on the proprietary quality rating system mentioned above. As discussed below, the internal credit quality rating is a key input in determining our allowance for credit losses.

For loans with collateral under construction, renovation or lease-up, projected stabilized values and net operating income are used in the calculation of the loan-to-value and debt service coverage ratios. Our commercial mortgage and agricultural property loan portfolio included **\$1.8 billion** **\$1.6 billion** and \$2.4 billion of such loans as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. All else being equal, these loans are inherently riskier than those collateralized by properties that have already stabilized. As of both **June 30, 2023** **September 30, 2023** and December 31, 2022, there **were was** less than \$1 million of allowance related to these loans. In addition, these unstabilized loans are included in the calculation of our portfolio reserve, as discussed below.

The following table sets forth the gross carrying value of our commercial mortgage and agricultural property loans attributable to PFI excluding the Closed Block division by loan-to-value and debt service coverage ratios, as of the date indicated:

|                     | June 30, 2023               |               |          |        |                                                                          | September 30, 2023          |           |        |        |                                                                          |
|---------------------|-----------------------------|---------------|----------|--------|--------------------------------------------------------------------------|-----------------------------|-----------|--------|--------|--------------------------------------------------------------------------|
|                     | Debt Service Coverage Ratio |               |          |        | Total<br>Commercial<br>Mortgage<br>and Agricultural<br>Property<br>Loans | Debt Service Coverage Ratio |           |        |        | Total<br>Commercial<br>Mortgage<br>and Agricultural<br>Property<br>Loans |
|                     |                             |               |          |        |                                                                          |                             |           |        |        |                                                                          |
|                     |                             |               |          |        |                                                                          |                             |           |        |        |                                                                          |
|                     |                             |               |          |        |                                                                          |                             |           |        |        |                                                                          |
|                     |                             |               |          |        |                                                                          |                             |           |        |        |                                                                          |
|                     | ≥ 1.2x                      | < 1.2x        | < 1.0x   |        | ≥ 1.2x                                                                   | < 1.2x                      | < 1.0x    |        |        |                                                                          |
| Loan-to-Value Ratio | Loan-to-Value Ratio         | (in millions) |          |        | Loan-to-Value Ratio                                                      | (in millions)               |           |        |        |                                                                          |
| 0%-59.99%           | 0%-59.99%                   | \$ 26,218     | \$ 1,013 | \$ 341 | \$ 27,572                                                                | 0%-59.99%                   | \$ 28,308 | \$ 574 | \$ 145 | \$ 29,027                                                                |
| 60%-69.99%          | 60%-69.99%                  | 13,511        | 691      | 595    | 14,797                                                                   | 60%-69.99%                  | 11,797    | 699    | 272    | 12,768                                                                   |
| 70%-79.99%          | 70%-79.99%                  | 4,245         | 525      | 715    | 5,485                                                                    | 70%-79.99%                  | 3,897     | 330    | 671    | 4,898                                                                    |
| 80% or greater      | 80% or greater              | 695           | 318      | 433    | 1,446                                                                    | 80% or greater              | 1,219     | 706    | 809    | 2,734                                                                    |

|                                                           |                                                           |           |          |          |           |                                                           |           |          |          |           |
|-----------------------------------------------------------|-----------------------------------------------------------|-----------|----------|----------|-----------|-----------------------------------------------------------|-----------|----------|----------|-----------|
| Total commercial mortgage and agricultural property loans | Total commercial mortgage and agricultural property loans | \$ 44,669 | \$ 2,547 | \$ 2,084 | \$ 49,300 | Total commercial mortgage and agricultural property loans | \$ 45,221 | \$ 2,309 | \$ 1,897 | \$ 49,427 |
|-----------------------------------------------------------|-----------------------------------------------------------|-----------|----------|----------|-----------|-----------------------------------------------------------|-----------|----------|----------|-----------|

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The following table sets forth the breakdown of our commercial mortgage and agricultural property loans attributable to PFI excluding the Closed Block division by year of origination, as of the date indicated:

|                                                           |                                                           | June 30, 2023        |            |                     |                                                           | September 30, 2023   |            |                     |                     |
|-----------------------------------------------------------|-----------------------------------------------------------|----------------------|------------|---------------------|-----------------------------------------------------------|----------------------|------------|---------------------|---------------------|
|                                                           |                                                           | Gross Carrying Value | % of Total |                     |                                                           | Gross Carrying Value | % of Total |                     |                     |
| Year of Origination                                       | Year of Origination                                       | (\$ in millions)     |            | Year of Origination | Year of Origination                                       | (\$ in millions)     |            | Year of Origination | Year of Origination |
| 2023                                                      | 2023                                                      | \$ 2,243             | 4.5        | % 2023              | 2023                                                      | \$ 3,374             | 6.8        | % 2023              | 2023                |
| 2022                                                      | 2022                                                      | 4,687                | 9.5        | % 2022              | 2022                                                      | 4,611                | 9.3        | % 2022              | 2022                |
| 2021                                                      | 2021                                                      | 7,427                | 15.1       | % 2021              | 2021                                                      | 7,319                | 14.8       | % 2021              | 2021                |
| 2020                                                      | 2020                                                      | 3,610                | 7.3        | % 2020              | 2020                                                      | 3,567                | 7.2        | % 2020              | 2020                |
| 2019                                                      | 2019                                                      | 6,641                | 13.5       | % 2019              | 2019                                                      | 6,584                | 13.3       | % 2019              | 2019                |
| 2018                                                      | 2018                                                      | 6,459                | 13.1       | % 2018              | 2018                                                      | 6,280                | 12.7       | % 2018              | 2018                |
| 2017                                                      | 2017                                                      | 4,240                | 8.6        | % 2017              | 2017                                                      | 4,211                | 8.5        | % 2017              | 2017                |
| 2016 & Prior                                              | 2016 & Prior                                              | 13,955               | 28.3       | % 2016 & Prior      | 2016 & Prior                                              | 13,443               | 27.3       | % 2016 & Prior      | 2016 & Prior        |
| Revolving Loans                                           | Revolving Loans                                           | 38                   | 0.1        | % Revolving Loans   | Revolving Loans                                           | 38                   | 0.1        | % Revolving Loans   | Revolving Loans     |
| Total commercial mortgage and agricultural property loans | Total commercial mortgage and agricultural property loans | \$ 49,300            | 100.0      | % Total             | Total commercial mortgage and agricultural property loans | \$ 49,427            | 100.0      | % Total             | Total               |

#### Commercial Mortgage and Other Loans Quality

The commercial mortgage and other loans portfolio is monitored on an ongoing basis. If certain criteria are met, loans are assigned to either of the following "watch list" categories:

- (1) "Closely Monitored," which includes a variety of considerations, such as when loan metrics fall below acceptable levels, the borrower is not cooperative or has requested a material modification, or the portfolio manager has directed a change in category; or
- (2) "Not in Good Standing," which includes loans in default or with a high probability of loss of principal, such as when the loan is in the process of foreclosure or the borrower is in bankruptcy.

Our workout and special servicing professionals manage the loans on the watch list.

The current expected credit loss ("CECL") allowance represents the Company's best estimate of expected credit losses over the remaining life of the assets. The determination of the allowance considers historical credit loss experience, current conditions, and reasonable and supportable forecasts. The allowance is calculated separately for commercial mortgage loans, agricultural mortgage loans, uncollateralized loans, other collateralized loans and residential property loans.

For commercial mortgage and agricultural mortgage loans, the allowance is calculated using an internally developed CECL model.

Key inputs to the CECL model include unpaid principal balances, internal credit ratings, annual expected loss factors, average lives of the loans adjusted for prepayment considerations, current and historical interest rate assumptions and other factors influencing the Company's view of the current stage of the economic cycle and future economic conditions. Subjective considerations include a review of whether historical loss experience is representative of current market conditions and the Company's view of the credit cycle. Model assumptions and factors are reviewed and updated as appropriate.

When individual loans no longer have the credit risk characteristics of the commercial or agricultural mortgage loan pools, they are removed from the pools and are evaluated individually for an allowance. The allowance is determined based on the outstanding loan balance less the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

The CECL allowance for other collateralized and uncollateralized loans carried at amortized cost is determined based on probability of default and loss given default assumptions by sector, credit quality and average lives of the loans.

The following table sets forth the change in allowance for credit losses for our commercial mortgage and other loans portfolio, as of the dates indicated:

|                                                      | June 30, 2023 | December 31, 2022 |
|------------------------------------------------------|---------------|-------------------|
|                                                      | (in millions) |                   |
| Allowance, beginning of year                         | \$ 172        | \$ 102            |
| Addition to (release of) allowance for credit losses | 36            | 66                |
| Other                                                | 1             | 4                 |
| Allowance, end of period                             | <u>\$ 209</u> | <u>\$ 172</u>     |

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|                                                      | September 30, 2023 | December 31, 2022 |
|------------------------------------------------------|--------------------|-------------------|
|                                                      | (in millions)      |                   |
| Allowance, beginning of year                         | \$ 172             | \$ 102            |
| Addition to (release of) allowance for credit losses | 104                | 66                |
| Other                                                | 2                  | 4                 |
| Allowance, end of period                             | <u>\$ 278</u>      | <u>\$ 172</u>     |

The allowance for credit losses as of **June 30, 2023** **September 30, 2023** increased compared to December 31, 2022 primarily related to increases in loan-specific reserves and increases in **reserves** **the portfolio reserve** to reflect declining market conditions.

### Equity Securities

The equity securities attributable to PFI excluding the Closed Block division consist principally of investments in Common and Preferred Stock of publicly-traded companies, as well as mutual fund shares. The following table sets forth the composition of our equity securities portfolio and the associated gross unrealized gains and losses, as of the dates indicated:

|                                        |                                        | June 30, 2023  |                 |               |                | December 31, 2022 |                 |              |                |                                        | September 30, 2023 |                 |               |                | December 31, 2022 |                 |           |            |
|----------------------------------------|----------------------------------------|----------------|-----------------|---------------|----------------|-------------------|-----------------|--------------|----------------|----------------------------------------|--------------------|-----------------|---------------|----------------|-------------------|-----------------|-----------|------------|
|                                        |                                        | Gross          |                 |               |                | Gross             |                 |              |                |                                        | Gross              |                 |               |                | Gross             |                 |           |            |
|                                        |                                        | Unrealized     |                 |               |                | Unrealized        |                 |              |                |                                        | Unrealized         |                 |               |                | Unrealized        |                 |           |            |
|                                        |                                        | Cost           | Gains           | Losses        | Fair Value     | Cost              | Gains           | Losses       | Fair Value     |                                        | Cost               | Gains           | Losses        | Fair Value     | Cost              | Gains           | Losses    | Fair Value |
|                                        |                                        | (in millions)  |                 |               |                |                   |                 |              |                |                                        | (in millions)      |                 |               |                |                   |                 |           |            |
| Mutual funds                           | Mutual funds                           | \$ 944         | \$ 600          | \$ 30         | \$1,514        | \$ 759            | \$ 433          | \$ 2         | \$1,190        | Mutual funds                           | \$ 968             | \$ 553          | \$ 33         | \$1,488        | \$ 759            | \$ 433          | \$        |            |
| Other                                  | Other                                  |                |                 |               |                |                   |                 |              |                | Other                                  |                    |                 |               |                |                   |                 |           |            |
| Common                                 | Common                                 |                |                 |               |                |                   |                 |              |                | Common                                 |                    |                 |               |                |                   |                 |           |            |
| Stocks                                 | Stocks                                 | 3,190          | 1,097           | 65            | 4,222          | 2,581             | 921             | 87           | 3,415          | Stocks                                 | 2,108              | 1,022           | 93            | 3,037          | 2,581             | 921             |           |            |
| Non-redeemable                         | Non-redeemable                         |                |                 |               |                |                   |                 |              |                | Non-redeemable                         |                    |                 |               |                |                   |                 |           |            |
| Preferred                              | Preferred                              |                |                 |               |                |                   |                 |              |                | Preferred                              |                    |                 |               |                |                   |                 |           |            |
| Stocks                                 | Stocks                                 | 29             | 41              | 7             | 63             | 30                | 41              | 5            | 66             | Stocks                                 | 39                 | 41              | 17            | 63             | 30                | 41              |           |            |
| Total equity securities, at fair value | Total equity securities, at fair value | <u>\$4,163</u> | <u>\$ 1,738</u> | <u>\$ 102</u> | <u>\$5,799</u> | <u>\$3,370</u>    | <u>\$ 1,395</u> | <u>\$ 94</u> | <u>\$4,671</u> | Total equity securities, at fair value | <u>\$3,115</u>     | <u>\$ 1,616</u> | <u>\$ 143</u> | <u>\$4,588</u> | <u>\$3,370</u>    | <u>\$ 1,395</u> | <u>\$</u> | <u>\$</u>  |

The net change in unrealized gains (losses) from equity securities attributable to PFI excluding Closed Block division, still held at period end, recorded within "Other income (loss)," was **\$152 million** **\$(163) million** and **\$(292)** **\$(282)** million during the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively, and **\$335 million** **\$172 million** and **\$(414)** **\$(696)** million during the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, respectively.

## Other Invested Assets

The following table sets forth the composition of "Other invested assets" attributable to PFI excluding the Closed Block division, as of the dates indicated:

|                                              |                                              | June 30, 2023 |        | December 31, 2022 |        | September 30, 2023 |        | December 31, 2022 |        |
|----------------------------------------------|----------------------------------------------|---------------|--------|-------------------|--------|--------------------|--------|-------------------|--------|
|                                              |                                              | (in millions) |        | (in millions)     |        | (in millions)      |        | (in millions)     |        |
| LPs/LLCs:                                    | LPs/LLCs:                                    |               |        |                   |        |                    |        |                   |        |
| Equity method:                               | Equity method:                               |               |        |                   |        |                    |        |                   |        |
| Private equity                               | Private equity                               | \$            | 6,310  | \$                | 5,760  | \$                 | 6,929  | \$                | 5,760  |
| Hedge funds                                  | Hedge funds                                  |               | 2,396  |                   | 2,420  |                    | 2,373  |                   | 2,420  |
| Real estate-related                          | Real estate-related                          |               | 1,679  |                   | 1,763  |                    | 1,722  |                   | 1,763  |
| Subtotal equity method                       | Subtotal equity method                       |               | 10,385 |                   | 9,943  |                    | 11,024 |                   | 9,943  |
| Fair value:                                  | Fair value:                                  |               |        |                   |        |                    |        |                   |        |
| Private equity                               | Private equity                               |               | 882    |                   | 909    |                    | 831    |                   | 909    |
| Hedge funds                                  | Hedge funds                                  |               | 1,088  |                   | 1,000  |                    | 1,052  |                   | 1,000  |
| Real estate-related                          | Real estate-related                          |               | 34     |                   | 37     |                    | 33     |                   | 37     |
| Subtotal fair value                          | Subtotal fair value                          |               | 2,004  |                   | 1,946  |                    | 1,916  |                   | 1,946  |
| Total LPs/LLCs                               | Total LPs/LLCs                               |               | 12,389 |                   | 11,889 |                    | 12,940 |                   | 11,889 |
| Real estate held through direct ownership(1) | Real estate held through direct ownership(1) |               | 632    |                   | 705    |                    | 621    |                   | 705    |
| Derivative instruments                       | Derivative instruments                       |               | (324)  |                   | 21     |                    | (240)  |                   | 21     |
| Other(2)                                     | Other(2)                                     |               | 656    |                   | 662    |                    | 674    |                   | 662    |
| Total other invested assets                  | Total other invested assets                  | \$            | 13,353 | \$                | 13,277 | \$                 | 13,995 | \$                | 13,277 |

(1) As of June 30, 2023, September 30, 2023 and December 31, 2022, real estate held through direct ownership had mortgage debt of \$181 million and \$208 million, respectively.

(2) Primarily includes equity investments accounted for under the measurement alternative, leveraged leases and member and activity stock held in the Federal Home Loan Bank of New York. For additional information regarding our holdings in the Federal Home Loan Bank of New York, see Note 17 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

## Invested Assets of Other Entities and Operations

"Invested Assets of Other Entities and Operations" presented below includes investments held outside the general account and primarily represents investments associated with our investment management operations and derivative operations. Our derivative operations act on behalf of affiliates primarily to manage interest rate, foreign currency, credit and equity exposures. Assets within our investment management operations that are managed for third-parties and those assets classified as "Separate account assets" on our balance sheet are not included.

|                                              |                                              | June 30, 2023 |     | December 31, 2022 |     | September 30, 2023 |     | December 31, 2022 |     |
|----------------------------------------------|----------------------------------------------|---------------|-----|-------------------|-----|--------------------|-----|-------------------|-----|
|                                              |                                              | (in millions) |     | (in millions)     |     | (in millions)      |     | (in millions)     |     |
| Fixed maturities:                            | Fixed maturities:                            |               |     |                   |     |                    |     |                   |     |
| Public, available-for-sale, at fair value(1) | Public, available-for-sale, at fair value(1) | \$            | 546 | \$                | 523 | \$                 | 554 | \$                | 523 |
| Private, available-for-sale, at fair value   | Private, available-for-sale, at fair value   |               | 271 |                   | 205 |                    | 275 |                   | 205 |

|                                                       |                                                       |                 |                 |                                                       |                 |                 |
|-------------------------------------------------------|-------------------------------------------------------|-----------------|-----------------|-------------------------------------------------------|-----------------|-----------------|
| Fixed maturities, trading, at fair value(1)           | Fixed maturities, trading, at fair value(1)           | 239             | 213             | Fixed maturities, trading, at fair value(1)           | 613             | 213             |
| Equity securities, at fair value                      | Equity securities, at fair value                      | 585             | 746             | Equity securities, at fair value                      | 673             | 746             |
| Commercial mortgage and other loans, at book value(2) | Commercial mortgage and other loans, at book value(2) | 323             | 137             | Commercial mortgage and other loans, at book value(2) | 387             | 137             |
| Other invested assets                                 | Other invested assets                                 | 3,345           | 3,568           | Other invested assets                                 | 3,194           | 3,568           |
| Short-term investments                                | Short-term investments                                | 14              | 18              | Short-term investments                                | 14              | 18              |
| <b>Total investments</b>                              | <b>Total investments</b>                              | <b>\$ 5,323</b> | <b>\$ 5,410</b> | <b>Total investments</b>                              | <b>\$ 5,710</b> | <b>\$ 5,410</b> |

(1) As of **June 30, 2023** **September 30, 2023** and December 31, 2022, balances include investments in CLOs with fair value of **\$291 million** **\$308 million** and \$294 million, respectively.

(2) Book value is generally based on unpaid principal balance, net of any allowance for credit losses, or at fair value, when the fair value option has been elected.

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#### *Fixed Maturities, Trading*

"Fixed maturities, trading, at fair value" are primarily related to assets associated with consolidated VIEs for which the Company is the investment manager. The assets of the consolidated VIEs are generally offset by liabilities for which the fair value option has been elected. For additional information regarding these consolidated VIEs, see Note 4 to the Unaudited Interim Consolidated Financial Statements.

#### *Commercial Mortgage and Other Loans*

Our investment management operations include our commercial mortgage operations, which provide mortgage origination, investment management and servicing for our general account, institutional clients, the Federal Housing Administration and government-sponsored entities such as Fannie Mae and Freddie Mac.

The mortgage loans of our commercial mortgage operations are included in "Commercial mortgage and other loans." Derivatives and other hedging instruments related to our commercial mortgage operations are primarily included in "Other invested assets."

#### *Other Invested Assets*

"Other invested assets" primarily include assets of our derivative operations used to manage interest rate, foreign currency, credit, and equity exposures.

Furthermore, other invested assets include strategic investments made as part of our investment management operations. We make these strategic investments in real estate, as well as fixed income, public equity and real estate securities, including controlling interests. Certain of these investments are made primarily for purposes of co-investment in our managed funds and structured products. Other strategic investments are made with the intention to sell or syndicate to investors, including our general account, or for placement in funds and structured products that we offer and manage (seed investments). As part of our investment management operations, we also make loans to our managed funds that are secured by equity commitments from investors or assets of the funds. "Other invested assets" also include certain assets in consolidated investment funds where the Company is deemed to exercise control over the funds.

### **Liquidity and Capital Resources**

#### **Overview**

Liquidity refers to the ability to generate sufficient cash resources to meet the payment obligations of the Company. Capital refers to the long-term financial resources available to support the operations of our businesses, fund business growth, and provide a cushion to withstand adverse circumstances. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of our businesses, general economic conditions and our access to the capital markets and the alternate sources of liquidity and capital described herein.

Effective and prudent liquidity and capital management is a priority across the Company. Management monitors the liquidity of Prudential Financial and its subsidiaries on a daily basis and projects borrowing and capital needs over a multi-year time horizon. We use a Risk Appetite Framework ("RAF") to ensure that all risks taken across the Company align with our capacity and willingness to take those risks. The RAF provides a dynamic assessment of capital and liquidity stress impacts and is intended to ensure that sufficient resources are available to absorb those impacts. We believe that our capital and liquidity resources are sufficient to satisfy the capital and liquidity requirements of Prudential Financial and its subsidiaries.

Our businesses are subject to comprehensive regulation and supervision by domestic and international regulators. These regulations currently include requirements (many of which are the subject of ongoing rule-making) relating to capital and liquidity management. For information regarding these regulatory initiatives and their potential impact on us, see "Business—Regulation" and "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022.

From the beginning of 2023 through the date of this report, we took the following significant actions that have impacted, or are expected to impact, our liquidity and capital positions:

- In February, we issued \$500 million of junior subordinated notes. We intend to use these proceeds for general corporate purposes, which may include the redemption or repurchase of our \$500 million of junior subordinated notes due in 2044.

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- In March, we augmented our alternative sources of liquidity by entering into facility agreements with two Delaware trusts, pursuant to which Prudential Financial may issue and sell to the trusts at any time over a pre-determined period up to \$1.5 billion of senior notes and receive in exchange a corresponding amount of U.S. Treasury securities. The first facility agreement expires in 2033 and the second facility agreement expires in 2053. These facility agreements are similar to our two existing agreements, consisting of a put option agreement for up to \$1.5 billion that expires in 2023 and a facility agreement for up to \$1.5 billion that expires in 2030.
- In May, we entered into an agreement with Ohio National to reinsure approximately \$10 billion of account values of our PDI traditional variable annuity contracts issued by Pruco Life Insurance Company, a wholly-owned subsidiary of Prudential Financial, resulting in proceeds of approximately \$650 million, which includes a statutory capital release, release of reserves, and ceding commission received, net of taxes. The transaction was completed on June 30, 2023 with an effective date of April 1, 2023. See Note 12 to the Unaudited Interim Consolidated Financial Statements for additional information.
- In May, Prudential Financial received \$900 million resulting from a policy loan transaction through our irrevocable trust, commonly referred to as a "rabbi trust," that was created to support certain non-qualified retirement plans. For additional information regarding the rabbi trust, see Note 18 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.
- In June, we redeemed \$1.5 billion of 5.625% junior subordinated notes due in 2043.
- In July, we entered into an agreement with Somerset Re to reinsure certain guaranteed universal life policies issued by Pruco Life Insurance Company and Pruco Life Insurance Company of New Jersey, both of which are wholly-owned subsidiaries of Prudential Financial. This transaction, which represents Financial. These policies represent approximately 30% of the Company's reserves on its in-force guaranteed universal life business, will result in proceeds block of approximately \$450 million, inclusive of a statutory capital release, subject to customary closing adjustments, business. We will continue to manage financing related to Guideline AXXX reserves for the business reinsured to Somerset Re; as a result, we anticipate changes to our current captive financing arrangements upon closing of the reinsurance transaction, including an increase in the amount of financing related to Guideline AXXX reserves. See "—Individual Life" above for additional information regarding this reinsurance agreement.
- In September, we entered into an agreement with the Federal Agricultural Mortgage Corporation ("Farmer Mac") under which we can borrow up to \$750 million by issuing funding agreements to a subsidiary of Farmer Mac, with borrowings secured by a pledge of certain eligible agricultural mortgage loans.
- In September, we acquired a 20% interest in Prismic HoldCo, a newly-launched Bermuda limited partnership, and entered into an agreement with its subsidiary, Prismic Re, to reinsure approximately \$9 billion of reserves for structured settlement annuities contracts issued by PICA.

#### Capital

The primary components of the Company's capitalization consist of equity and outstanding capital debt, including junior subordinated debt. As shown in the table below, as of June 30, 2023 September 30, 2023, the Company had \$48.1 billion \$46.6 billion in capital, all of which was available to support the aggregate capital requirements of its businesses and its Corporate and Other operations. Based on our assessment of these businesses and operations, we believe this level of capital is consistent with our ratings targets.

|                                                        |                                                        | June 30, 2023 | December 31, 2022 |                                                        | September 30, 2023 | December 31, 2022 |
|--------------------------------------------------------|--------------------------------------------------------|---------------|-------------------|--------------------------------------------------------|--------------------|-------------------|
|                                                        |                                                        | (in millions) |                   |                                                        | (in millions)      |                   |
| Equity(1)                                              | Equity(1)                                              | \$ 35,083     | \$ 34,399         | Equity(1)                                              | \$ 33,645          | \$ 34,399         |
| Junior subordinated debt (including hybrid securities) | Junior subordinated debt (including hybrid securities) | 8,089         | 9,094             | Junior subordinated debt (including hybrid securities) | 8,090              | 9,094             |
| Other capital debt                                     | Other capital debt                                     | 4,972         | 4,977             | Other capital debt                                     | 4,871              | 4,977             |
| Total capital                                          | Total capital                                          | \$ 48,144     | \$ 48,470         | Total capital                                          | \$ 46,606          | \$ 48,470         |

(1) Amounts attributable to Prudential Financial, excluding AOCI.

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We manage PICA, The Prudential Life Insurance Company, Ltd. ("Prudential of Japan"), Gibraltar Life, and other significant insurance subsidiaries to regulatory capital levels consistent with our "AA" ratings targets. We utilize the risk-based capital ("RBC") ratio as a primary measure of the capital adequacy of our domestic insurance subsidiaries and the

solvency margin ratio as a primary measure of the capital adequacy of our Japanese insurance subsidiaries.

RBC ratio calculations are intended to assist insurance regulators in measuring an insurer's solvency and ability to pay future claims. The reporting of RBC measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities, but is available to the public.

PICA's RBC ratio as of December 31, 2022, its most recent statutory fiscal year-end and RBC reporting date, was 383%. PICA's RBC ratio is calculated on a consolidated basis and included Pruco Life Insurance Company ("Pruco Life"), Pruco Life

Insurance Company of New Jersey ("PLNJ"), which is a subsidiary of Pruco Life, and Prudential Legacy Insurance Company of New Jersey ("PLIC").

Similar to the RBC ratios that are employed by U.S. insurance regulators, regulatory authorities in the international jurisdictions in which we operate generally establish some form of minimum solvency margin requirements for insurance companies based on local statutory accounting practices. These solvency margins are a primary measure of the capital adequacy of our international insurance operations. Maintenance of our solvency margins at certain levels is also important to our competitive positioning, as in certain jurisdictions, such as Japan, these solvency margins are required to be disclosed to the public and therefore impact the public perception of an insurer's financial strength.

The table below presents the solvency margin ratios of our most significant international insurance subsidiaries as of **March 31, 2023** **June 30, 2023**, the most recent date for which this information is available.

|                                     | Ratio     |
|-------------------------------------|-----------|
| Prudential of Japan consolidated(1) | 782 772 % |
| Gibraltar Life consolidated(2)      | 903 894 % |

(1) Includes Prudential Trust Co., Ltd., a subsidiary of Prudential of Japan.

(2) Includes Prudential Gibraltar Financial Life Insurance Co., Ltd. ("PGFL"), a subsidiary of Gibraltar Life.

All of our domestic and significant international insurance subsidiaries have capital levels that substantially exceed the minimum level required by applicable insurance regulations. The statutory capital of our insurance companies and our overall capital flexibility could be impacted by, among other things, market conditions and changes in insurance reserves, including those stemming from updates to our actuarial assumptions. Our regulatory capital levels also may be affected in the future by changes to the applicable regulations, proposals for which are currently under consideration by both domestic and international insurance regulators. For **information regarding the NAIC's August 2023 adoption of changes to the treatment of negative interest maintenance reserves**, see "**Regulatory Developments**" above. For additional information regarding the calculation of RBC and solvency margin ratios, as well as regulatory minimums, see Note 19 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

#### Captive Reinsurance Companies

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital—Captive Reinsurance Companies" included in our Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of our use of captive reinsurance companies.

#### Shareholder Distributions

##### Share Repurchase Program and Shareholder Dividends

In February 2023, Prudential Financial's Board of Directors authorized the Company to repurchase, at management's discretion, up to \$1.0 billion of its outstanding Common Stock during the period from January 1, 2023 through December 31, 2023. In general, the timing and amount of share repurchases are determined by management based on market conditions and other considerations, including compliance with applicable laws and any increased capital needs of our businesses due to, among other things, credit migration and losses in our investment portfolio, changes in regulatory capital requirements and opportunities for growth and acquisitions. Repurchases may be executed in the open market, through derivative, accelerated repurchase and other negotiated transactions and through plans designed to comply with Rule 10b5-1(c) under the Securities Exchange Act of 1934.

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The following table sets forth information about declarations of Common Stock dividends, as well as repurchases of shares of Prudential Financial's Common Stock, for the **six nine** months ended **June 30, 2023** **September 30, 2023**.

|                     |                | Dividend Amount                      |        |           |  | Shares Repurchased |            |                                      |         | Dividend Amount |  |           |     | Shares Repurchased |            |
|---------------------|----------------|--------------------------------------|--------|-----------|--|--------------------|------------|--------------------------------------|---------|-----------------|--|-----------|-----|--------------------|------------|
| Three months ended: |                | Per Share                            |        | Aggregate |  | Shares             | Total Cost | Three months ended:                  |         | Per Share       |  | Aggregate |     | Shares             | Total Cost |
|                     |                | (in millions, except per share data) |        |           |  |                    |            | (in millions, except per share data) |         |                 |  |           |     |                    |            |
| March 31, 2023      | March 31, 2023 | \$ 1.25                              | \$ 468 |           |  | 2.7                | \$ 250     | March 31, 2023                       | \$ 1.25 | \$ 468          |  |           | 2.7 | \$ 250             |            |

|                       |                  |    |      |    |     |     |    |     |                       |    |      |    |     |     |    |     |
|-----------------------|------------------|----|------|----|-----|-----|----|-----|-----------------------|----|------|----|-----|-----|----|-----|
| June 30,<br>2023      | June 30,<br>2023 | \$ | 1.25 | \$ | 463 | 3.0 | \$ | 250 | June 30,<br>2023      | \$ | 1.25 | \$ | 463 | 3.0 | \$ | 250 |
| September<br>30, 2023 |                  |    |      |    |     |     |    |     | September<br>30, 2023 | \$ | 1.25 | \$ | 461 | 2.6 | \$ | 250 |

## Liquidity

Liquidity management and stress testing are performed on a legal entity basis as the ability to transfer funds between subsidiaries is limited due in part to regulatory restrictions. Liquidity needs are determined through daily and quarterly cash flow forecasting at the holding company and within our operating subsidiaries. We seek to maintain a minimum balance of highly liquid assets to ensure that adequate liquidity is available at Prudential Financial to cover fixed expenses in the event that we experience reduced cash flows from our operating subsidiaries at a time when access to capital markets is also not available.

We seek to mitigate the risk of having limited or no access to financing due to stressed market conditions by generally pre-funding debt in advance of maturity. We mitigate the refinancing risk associated with our debt that is used to fund operating needs by matching the term of debt with the assets financed. To ensure adequate liquidity in stress scenarios, stress testing is performed for our major operating subsidiaries. We seek to further mitigate liquidity risk by maintaining our access to alternative sources of liquidity, as discussed below.

### Liquidity of Prudential Financial

The principal sources of funds available to Prudential Financial, the parent holding company, are dividends, returns of capital and loans from subsidiaries, and proceeds from debt issuances and certain stock-based compensation activity. These sources of funds may be supplemented by Prudential Financial's access to the capital markets as well as the "Alternative Sources of Liquidity" described below.

The primary uses of funds at Prudential Financial include servicing debt, making capital contributions and loans to subsidiaries, making acquisitions, paying declared shareholder dividends and repurchasing outstanding shares of Common Stock executed under authority from the Board.

As of **June 30, 2023** **September 30, 2023**, Prudential Financial had highly liquid assets with a carrying value totaling \$5,043 million, a decrease of \$370 million from December 31, 2022. Highly liquid assets predominantly include cash, short-term investments, U.S. Treasury securities, obligations of other U.S. government authorities and agencies, and/or foreign government bonds. We maintain an intercompany liquidity account that is designed to optimize the use of cash by facilitating the lending and borrowing of funds between Prudential Financial and its subsidiaries on a daily basis. Excluding the net borrowings from this intercompany liquidity account, Prudential Financial had highly liquid assets of **\$4,475 million** **\$4,305 million** as of **June 30, 2023** **September 30, 2023**, a decrease of **\$60 million** **\$230 million** from December 31, 2022.

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The following table sets forth Prudential Financial's principal sources and uses of highly liquid assets, excluding net borrowings from our intercompany liquidity account, for the periods indicated.

|                                                          |                                                          | Six Months Ended June 30, |          |                                                          | Nine Months Ended September 30, |          |
|----------------------------------------------------------|----------------------------------------------------------|---------------------------|----------|----------------------------------------------------------|---------------------------------|----------|
|                                                          |                                                          | 2023                      | 2022     |                                                          | 2023                            | 2022     |
|                                                          |                                                          | (in millions)             |          |                                                          | (in millions)                   |          |
| Highly Liquid Assets, beginning of period                | Highly Liquid Assets, beginning of period                | \$ 4,535                  | \$ 3,553 | Highly Liquid Assets, beginning of period                | \$ 4,535                        | \$ 3,553 |
| Dividends and/or returns of capital from subsidiaries(1) | Dividends and/or returns of capital from subsidiaries(1) | 1,813                     | 144      | Dividends and/or returns of capital from subsidiaries(1) | 3,154                           | 1,171    |
| Affiliated (borrowings)/loans - (capital activities)     | Affiliated (borrowings)/loans - (capital activities)     | 930                       | 773      | Affiliated (borrowings)/loans - (capital activities)     | 604                             | (403)    |
| Capital contributions to subsidiaries(2)                 | Capital contributions to subsidiaries(2)                 | (438)                     | (1,367)  | Capital contributions to subsidiaries(2)                 | (751)                           | (2,527)  |
| Total Business Capital Activity                          | Total Business Capital Activity                          | 2,305                     | (450)    | Total Business Capital Activity                          | 3,007                           | (1,759)  |
| Share repurchases(3)                                     | Share repurchases(3)                                     | (504)                     | (738)    | Share repurchases(3)                                     | (754)                           | (1,113)  |
| Common Stock dividends(4)                                | Common Stock dividends(4)                                | (933)                     | (921)    | Common Stock dividends(4)                                | (1,391)                         | (1,371)  |
| Business dispositions(5)                                 | Business dispositions(5)                                 | 0                         | 4,481    | Business dispositions(5)                                 | 0                               | 4,481    |

| Total Share Repurchases, Dividends and Business Disposition Activity | Total Share Repurchases, Dividends and Business Disposition Activity |          |          | Total Share Repurchases, Dividends and Business Disposition Activity |          |          |
|----------------------------------------------------------------------|----------------------------------------------------------------------|----------|----------|----------------------------------------------------------------------|----------|----------|
|                                                                      |                                                                      | (1,437)  | 2,822    |                                                                      | (2,145)  | 1,997    |
| Proceeds from the issuance of debt                                   | Proceeds from the issuance of debt                                   | 495      | 990      | Proceeds from the issuance of debt                                   | 495      | 2,474    |
| Repayments of debt                                                   | Repayments of debt                                                   | (1,508)  | (1)      | Repayments of debt                                                   | (1,510)  | (1,002)  |
| Total Debt Activity                                                  | Total Debt Activity                                                  | (1,013)  | 989      | Total Debt Activity                                                  | (1,015)  | 1,472    |
| Net interest expense                                                 | Net interest expense                                                 | (508)    | (458)    | Net interest expense                                                 | (786)    | (676)    |
| Affiliated (borrowings)/loans - (operating activities) (6)           | Affiliated (borrowings)/loans - (operating activities) (6)           | 384      | 371      | Affiliated (borrowings)/loans - (operating activities)(6)            | 362      | 420      |
| Other, net(7)                                                        | Other, net(7)                                                        | 209      | 241      | Other, net(7)                                                        | 347      | 109      |
| Total Other Activity                                                 | Total Other Activity                                                 | 85       | 154      | Total Other Activity                                                 | (77)     | (147)    |
| Net increase/(decrease) in highly liquid assets                      | Net increase/(decrease) in highly liquid assets                      | (60)     | 3,515    | Net increase/(decrease) in highly liquid assets                      | (230)    | 1,563    |
| Highly Liquid Assets, end of period                                  | Highly Liquid Assets, end of period                                  | \$ 4,475 | \$ 7,068 | Highly Liquid Assets, end of period                                  | \$ 4,305 | \$ 5,116 |

- (1) 2023 includes \$1,750 million from PICA, \$900 million from a rabbi trust, \$800 million from PICA, \$58 million \$433 million from international insurance subsidiaries \$30 million (including \$332 million in the form of in-kind dividends), \$45 million from PGIM subsidiaries, \$18 million from Prudential Annuities Holding Company, and \$7 million \$8 million from other subsidiaries. The proceeds and capital released related to the PDI variable annuity reinsurance transaction that closed during the second quarter of 2023 are reflected in Pruco Life, and not included in PFI's Highly Liquid Assets balance as of June 30, 2023. 2022 includes \$107 million \$998 million from international insurance subsidiaries, \$136 million from PGIM subsidiaries, \$32 million from Prudential Annuities Holding Company, and \$5 million from other subsidiaries.
- (2) 2023 includes capital contributions of \$394 million to PGIM subsidiaries (of which \$324 million is offset in "Affiliated (borrowings)/loans - (operating activities)" within this table), \$44 million \$244 million to international insurance subsidiaries and \$1 million \$113 million to other subsidiaries. 2022 includes capital contributions of \$1,000 million to PICA, \$780 million to an international reinsurance subsidiary, \$327 million \$487 million to international insurance subsidiaries, and \$260 million to other subsidiaries. The majority of the capital contribution to our international reinsurance subsidiary was to fund the payment of ceding commissions to our domestic insurance subsidiaries.
- (3) Excludes cash payments made on trades that settled in the subsequent period.
- (4) Includes cash payments made on dividends declared in prior periods.
- (5) 2022 includes proceeds and capital releases related to the sales of the Full Service Retirement business and PALAC.
- (6) Represent loans to and from subsidiaries to support business operating needs.
- (7) 2023 includes \$146 million \$199 million of proceeds from stock-based compensation and exercise of stock options, \$146 million of income on investments and \$119 million of net income tax receipts, partially offset by a payment of \$205 million for the equity investment in Prismic HoldCo. 2022 includes \$201 million of proceeds from stock-based compensation and exercise of stock options.

#### Dividends and Returns of Capital from Subsidiaries

**Domestic insurance subsidiaries.** During the first six nine months of 2023, Prudential Financial received dividends of \$800 million \$1,750 million from PICA and \$18 million from Prudential Annuities Holding Company. In addition to paying Common Stock dividends, our domestic insurance operations may return capital to Prudential Financial by other means, such as affiliated lending, and reinsurance with Bermuda-based affiliates.

**International insurance subsidiaries.** During the first six nine months of 2023, Prudential Financial received dividends of \$58 million \$433 million from its international insurance subsidiaries, which included \$332 million of in-kind dividends in the form of the extinguishment of debt held by international insurance subsidiaries. In addition to paying Common Stock dividends, our international insurance operations may return capital to Prudential Financial by other means, such as the repayment of preferred stock obligations held by Prudential Financial or other affiliates, affiliated lending, affiliated derivatives and reinsurance with U.S.- and Bermuda-based affiliates.

**Other subsidiaries.** During the first six nine months of 2023, Prudential Financial received dividends and returns of capital of \$900 million from a rabbi trust, \$30 million \$45 million from PGIM subsidiaries and \$7 million \$8 million from other subsidiaries.

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**Restriction on dividends and returns of capital from subsidiaries.** Our insurance companies are subject to limitations on the payment of dividends and other transfers of funds to Prudential Financial and other affiliates under applicable insurance law and regulation. Further, market conditions could negatively impact capital positions of our insurance companies, which could further restrict their ability to pay dividends. More generally, the payment of dividends by any of our subsidiaries is subject to declaration by their Board of Directors and can be affected by market conditions and other factors.

With respect to our domestic insurance subsidiaries, PICA is permitted to pay ordinary dividends based on calculations specified under New Jersey insurance law, subject to prior notification to the New Jersey Department of Banking and Insurance ("NJDOBI"). Any distributions above this amount in any twelve-month period are considered to be

"extraordinary" dividends, and the approval of the NJDOBI is required prior to payment. The laws regulating dividends of the states where our other domestic insurance companies are domiciled are similar, but not identical, to those of New Jersey.

Capital redeployment from our international insurance subsidiaries is subject to local regulatory requirements in the international jurisdictions in which they operate. Our most significant international insurance subsidiaries, Prudential of Japan and Gibraltar Life, are permitted to pay Common Stock dividends based on calculations specified by Japanese insurance business law. Dividends in excess of these amounts and other forms of capital distribution may require the prior approval of the FSA. The regulatory fiscal year end for both Prudential of Japan and Gibraltar Life is March 31, after which time the Common Stock dividend amount permitted to be paid without prior approval from the FSA can be determined.

The ability of our PGIM subsidiaries and the majority of our other operating subsidiaries to pay dividends is largely unrestricted from a regulatory standpoint.

See Note 19 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022, for information regarding specific dividend restrictions.

#### Liquidity of Insurance Subsidiaries

We manage the liquidity of our insurance operations to ensure stable, reliable and cost-effective sources of cash flows to meet all of our obligations. Liquidity within each of our insurance subsidiaries is provided by a variety of sources, including portfolios of liquid assets. The investment portfolios of our subsidiaries are integral to the overall liquidity of our insurance operations. We segment our investment portfolios and employ an asset/liability management approach specific to the requirements of each of our product lines. This enhances the discipline applied in managing the liquidity, as well as the interest rate and credit risk profiles, of each portfolio in a manner consistent with the unique characteristics of the product liabilities.

Liquidity is measured against internally-developed benchmarks that take into account the characteristics of both the asset portfolio and the liabilities that they support. We consider attributes of the various categories of liquid assets (for example, type of asset and credit quality) in calculating internal liquidity measures to evaluate our insurance operations' liquidity under various stress scenarios, including company-specific and market-wide events. We continue to believe that cash generated by ongoing operations and the profile of our assets provide sufficient liquidity under reasonably foreseeable stress scenarios for each of our insurance subsidiaries.

The principal sources of liquidity for our insurance subsidiaries are premiums, investment and fee income, investment maturities, sales of investments, and sales associated with our insurance and annuity operations, as well as internal and external borrowings. The principal uses of liquidity include benefits, claims and dividends paid to policyholders, and payments to policyholders and contractholders in connection with surrenders, withdrawals and net policy loan activity. Other uses of liquidity may include commissions, general and administrative expenses, purchases of investments, the payment of dividends to the parent holding company, hedging and reinsurance activity and payments in connection with financing activities.

The following table sets forth the fair value of certain of our domestic insurance operations' portfolio of liquid assets, as of the dates indicated.

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|                                         |                                         | June 30, 2023           |            |      |            |       | December 31,<br>2022 | September 30, 2023      |       |    |       |                                         | December 31,<br>2022 |       |    |      |    |      |    |       |    |       |
|-----------------------------------------|-----------------------------------------|-------------------------|------------|------|------------|-------|----------------------|-------------------------|-------|----|-------|-----------------------------------------|----------------------|-------|----|------|----|------|----|-------|----|-------|
|                                         |                                         | Prudential Insurance(1) |            |      |            | Total |                      | Prudential Insurance(1) |       |    |       | Total                                   |                      |       |    |      |    |      |    |       |    |       |
|                                         |                                         | PLIC                    | Pruco Life | PLIC | Pruco Life |       |                      |                         |       |    |       |                                         |                      |       |    |      |    |      |    |       |    |       |
|                                         |                                         |                         |            |      |            |       |                      |                         |       |    |       |                                         |                      |       |    |      |    |      |    |       |    |       |
| (in billions)                           |                                         |                         |            |      |            |       | (in billions)        |                         |       |    |       |                                         |                      |       |    |      |    |      |    |       |    |       |
| Cash and short-term investments         | Cash and short-term investments         | \$                      | 4.4        | \$   | 1.0        | \$    | 2.1                  | \$                      | 7.5   | \$ | 8.3   | Cash and short-term investments         | \$                   | 6.0   | \$ | 0.7  | \$ | 2.1  | \$ | 8.8   | \$ | 8.3   |
| Fixed maturity investments(2):          | Fixed maturity investments(2):          |                         |            |      |            |       |                      |                         |       |    |       | Fixed maturity investments(2):          |                      |       |    |      |    |      |    |       |    |       |
| High or highest quality                 | High or highest quality                 |                         | 110.0      |      | 27.1       |       | 23.9                 |                         | 161.0 |    | 155.9 | High or highest quality                 |                      | 102.9 |    | 25.9 |    | 24.2 |    | 153.0 |    | 155.9 |
| Other than high or highest quality      | Other than high or highest quality      |                         | 7.4        |      | 2.7        |       | 2.1                  |                         | 12.2  |    | 12.2  | Other than high or highest quality      |                      | 7.2   |    | 2.6  |    | 2.1  |    | 11.9  |    | 12.2  |
| Subtotal                                | Subtotal                                |                         | 117.4      |      | 29.8       |       | 26.0                 |                         | 173.2 |    | 168.1 | Subtotal                                |                      | 110.1 |    | 28.5 |    | 26.3 |    | 164.9 |    | 168.1 |
| Public equity securities, at fair value | Public equity securities, at fair value |                         | 1.8        |      | 1.9        |       | 0.4                  |                         | 4.1   |    | 3.0   | Public equity securities, at fair value |                      | 0.9   |    | 1.7  |    | 0.2  |    | 2.8   |    | 3.0   |
| Total                                   | Total                                   | \$                      | 123.6      | \$   | 32.7       | \$    | 28.5                 | \$                      | 184.8 | \$ | 179.4 | Total                                   | \$                   | 117.0 | \$ | 30.9 | \$ | 28.6 | \$ | 176.5 | \$ | 179.4 |

(1) Represents legal entity view and as such includes both domestic and international activity.

(2) Excludes fixed maturities designated as held to maturity. Credit quality is based on NAIC or equivalent rating.

The following table sets forth the fair value of our international insurance operations' portfolio of liquid assets, as of the dates indicated.

|                                    |                                    | June 30, 2023          |                      |                 |          |                      |                                    |         | September 30, 2023     |                      |                 |          |                      |  |  |
|------------------------------------|------------------------------------|------------------------|----------------------|-----------------|----------|----------------------|------------------------------------|---------|------------------------|----------------------|-----------------|----------|----------------------|--|--|
|                                    |                                    | Prudential<br>of Japan | Gibraltar<br>Life(1) | All<br>Other(2) | Total    | December 31,<br>2022 |                                    |         | Prudential<br>of Japan | Gibraltar<br>Life(1) | All<br>Other(2) | Total    | December 31,<br>2022 |  |  |
|                                    |                                    | (in billions)          |                      |                 |          |                      |                                    |         | (in billions)          |                      |                 |          |                      |  |  |
| Cash and short-term investments    | Cash and short-term investments    | \$ 0.7                 | \$ 3.3               | \$ 2.0          | \$ 6.0   | \$ 1.1               | Cash and short-term investments    | \$ 0.6  | \$ 3.2                 | \$ 1.9               | \$ 5.7          | \$ 1.1   |                      |  |  |
| Fixed maturity investments(3):     | Fixed maturity investments(3):     |                        |                      |                 |          |                      | Fixed maturity investments(3):     |         |                        |                      |                 |          |                      |  |  |
| High or highest quality(4)         | High or highest quality(4)         | 31.9                   | 62.7                 | 13.6            | 108.2    | 108.8                | High or highest quality(4)         | 30.1    | 58.1                   | 14.5                 | 102.7           | 108.8    |                      |  |  |
| Other than high or highest quality | Other than high or highest quality | 0.3                    | 0.9                  | 3.2             | 4.4      | 4.0                  | Other than high or highest quality | 0.3     | 0.6                    | 3.0                  | 3.9             | 4.0      |                      |  |  |
| Subtotal                           | Subtotal                           | 32.2                   | 63.6                 | 16.8            | 112.6    | 112.8                | Subtotal                           | 30.4    | 58.7                   | 17.5                 | 106.6           | 112.8    |                      |  |  |
| Public equity securities           | Public equity securities           | 2.3                    | 1.5                  | 0.1             | 3.9      | 3.8                  | Public equity securities           | 2.4     | 1.3                    | 0.1                  | 3.8             | 3.8      |                      |  |  |
| Total                              | Total                              | \$ 35.2                | \$ 68.4              | \$ 18.9         | \$ 122.5 | \$ 117.7             | Total                              | \$ 33.4 | \$ 63.2                | \$ 19.5              | \$ 116.1        | \$ 117.7 |                      |  |  |

(1) Includes PGFL.

(2) Represents our international insurance operations, excluding Japan.

(3) Excludes fixed maturities designated as held-to-maturity. Credit quality is based on NAIC or equivalent rating.

(4) As of June 30, 2023 September 30, 2023, \$77.7 billion \$71.2 billion, or 72% 69%, were invested in government or government agency bonds.

#### Liquidity associated with other activities

##### Hedging activities associated with Individual Retirement Strategies

For the portion of our Individual Retirement Strategies' ALM strategy executed through hedging, we enter into a range of exchange-traded, cleared and other OTC equity and interest rate derivatives in order to hedge certain capital market risks related to more severe market conditions. For a full discussion of our Individual Retirement Strategies' risk management strategy, see "—Results of Operations by Segment—U.S. Businesses—Retirement Strategies." This portion of our Individual Retirement Strategies' ALM strategy requires access to liquidity to meet payment obligations relating to these derivatives, such as payments for periodic settlements, purchases, maturities and terminations. These liquidity needs can vary materially due to, among other items, changes in interest rates, equity markets, mortality and policyholder behavior.

The hedging portion of our Individual Retirement Strategies' ALM strategy may also result in derivative related collateral postings to (when we are in a net post position) or from (when we are in a net receive position) counterparties. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. Depending on market conditions, the collateral posting requirements can result in material liquidity needs when we are in a net post position. As of June 30, 2023 September 30, 2023, the derivatives comprising the hedging portion of our Individual Retirement Strategies' ALM strategy were in a net post position of \$12.1 billion \$13.3 billion compared to a net post position of \$10.8 billion \$11.8 billion as of December 31, 2022. The change in collateral position was primarily driven by the impact of equity market appreciation, and increasing interest rates.

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##### Foreign exchange hedging activities

We employ various hedging strategies to manage potential exposure to foreign currency exchange rate movements, particularly those associated with the yen. Our overall yen hedging strategy calibrates the hedge level to preserve the relative contribution of our yen-based business to the Company's overall return on equity on a leverage neutral basis.

We hold both internal and external hedges primarily to hedge our USD-equivalent equity. These hedges also mitigate volatility in the solvency margins of yen-based subsidiaries resulting from changes in the market value of their USD-denominated investments hedging our USD-equivalent equity attributable to changes in the yen-USD exchange rate.

For additional information regarding our hedging strategy, see "—Results of Operations—Impact of Foreign Currency Exchange Rates."

Cash settlements from these hedging activities result in cash flows between subsidiaries of Prudential Financial and either international-based subsidiaries or external parties. The cash flows are dependent on changes in foreign currency exchange rates and the notional amount of the exposures hedged. For example, a significant yen depreciation over

an extended period of time could result in net cash inflows, while a significant yen appreciation could result in net cash outflows. The following tables set forth information about net cash settlements and the net asset or liability resulting from these hedging activities related to the yen and other currencies for the periods indicated.

|                               |                               | Six Months Ended<br>June 30, |                   | Nine Months Ended<br>September 30, |                    |
|-------------------------------|-------------------------------|------------------------------|-------------------|------------------------------------|--------------------|
| <u>Cash Settlements</u>       | <u>Cash Settlements</u>       | 2023                         | 2022              | 2023                               | 2022               |
| <u>Received (Paid):</u>       | <u>Received (Paid):</u>       |                              |                   |                                    |                    |
|                               |                               | (in millions)                |                   | (in millions)                      |                    |
| Internal Hedges(1)            | Internal Hedges(1)            | \$ 604                       | \$ 434            | Internal Hedges(1)                 | \$ 964             |
| External Hedges(2)            | External Hedges(2)            |                              |                   | External Hedges(2)                 | \$ 610             |
| (5)                           | (5)                           | (366)                        | (309)             | (5)                                | (531)              |
| Total Cash Settlements        | Total Cash Settlements        | \$ 238                       | \$ 125            | Total Cash Settlements             | \$ 433             |
|                               |                               |                              |                   |                                    | \$ 419             |
| <u>Assets (Liabilities):</u>  | <u>Assets (Liabilities):</u>  | June 30, 2023                | December 31, 2022 | <u>Assets (Liabilities):</u>       | September 30, 2023 |
|                               |                               | (in millions)                |                   |                                    | December 31, 2022  |
| Internal Hedges(1)            | Internal Hedges(1)            | \$ 1,312                     | \$ 1,229          | Internal Hedges(1)                 | \$ 1,210           |
| External Hedges(3)            | External Hedges(3)            |                              |                   | External Hedges(3)                 | \$ 1,229           |
| (5)                           | (5)                           | (13)                         | (132)             | (5)                                | 134                |
| Total Assets (Liabilities)(4) | Total Assets (Liabilities)(4) | \$ 1,299                     | \$ 1,097          | Total Assets (Liabilities)(4)      | \$ 1,344           |
|                               |                               |                              |                   |                                    | \$ 1,097           |

(1) Represents internal transactions between international-based and U.S.-based entities. Amounts noted are from the U.S.-based entities' perspectives.

(2) Includes non-yen related cash settlements received (paid) of \$(14) \$(26) million, primarily denominated in Brazilian real, Australian dollar and Chilean peso, and \$7 million \$12 million, primarily denominated in Chilean peso, Brazilian real and Australian dollar for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

(3) Includes non-yen related assets (liabilities) of \$(85) \$(50) million, primarily denominated in Brazilian real, Australian dollar and Chilean peso, as of June 30, 2023 September 30, 2023 and \$(19) million, primarily denominated in Brazilian real, Australian dollar and Chilean peso, as of December 31, 2022.

(4) As of June 30, 2023 September 30, 2023, approximately \$398 million \$200 million, \$483 million \$500 million, \$274 million \$357 million and \$234 million \$287 million of the net market values are scheduled to settle in 2023, 2024, 2025, and thereafter, respectively. The net market value of the assets (liabilities) will vary with changing market conditions to the extent there are no corresponding offsetting positions.

(5) Prior period amounts have been updated to conform to current period presentation.

#### PGIM operations

The principal sources of liquidity for our fee-based PGIM businesses include cash flows from asset management, fees, commercial mortgage origination and servicing fees, activities, and internal and external funding facilities. The principal uses of liquidity for our fee-based PGIM businesses include general and administrative expenses, facilitating our commercial mortgage loan business, funding needs of our seed and co-investment portfolio and distributions of dividends and returns of capital to Prudential Financial. The primary liquidity risks for our fee-based PGIM businesses relate to their profitability, which is impacted by market conditions, our investment management performance and client redemptions. We believe the cash flows from our fee-based PGIM businesses are adequate to satisfy the current liquidity requirements of these operations, as well as requirements that could arise under reasonably foreseeable stress scenarios, which are monitored through the use of internal measures.

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The principal sources of liquidity for our seed and co-investments held in our PGIM businesses are cash flows from investments, cash flows from our fee-based businesses, as described above, borrowing lines from internal sources, including Prudential Financial and Prudential Funding, LLC ("Prudential Funding"), a wholly-owned subsidiary of PICA, and external sources, including PGIM's limited-recourse credit facility. The principal uses of liquidity for our seed and co-investments include making investments to support business growth and paying interest expense from the internal and external borrowings used to fund those investments. The primary liquidity risks include the inability to sell assets in a timely manner, declines in the value of assets and credit defaults.

There have been no material changes to the liquidity position of our PGIM operations since December 31, 2022.

#### Alternative Sources of Liquidity

In addition to asset-based financing as discussed below, Prudential Financial and certain subsidiaries have access to other sources of liquidity, including syndicated, unsecured committed credit facilities, membership in the Federal Home Loan Bank of New York, commercial paper programs, and contingent financing facilities in the form of a put option agreement and facility agreements. Beginning in September 2023, as an additional source of liquidity, the Company has entered into an agreement with Farmer Mac, under which the Company can borrow up to \$750 million by issuing funding agreements to a subsidiary of Farmer Mac, with borrowings secured by a pledge of certain eligible agricultural mortgage loans. For additional information regarding these sources of liquidity, see Note 15 to the Unaudited Interim Consolidated Financial Statements contained herein and Note 17 to the Company's Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2022.

#### Asset-based Financing

We conduct asset-based or secured financing within our insurance and other subsidiaries, including transactions such as securities lending, committed and uncommitted repurchase agreements and mortgage dollar rolls, to earn spread income, to borrow funds, or to facilitate trading activity. These programs are primarily driven by portfolio holdings of securities that are lendable based on counterparty demand for these securities in the marketplace. The collateral received in connection with these programs is primarily used to purchase securities in the short-term spread portfolios of our insurance entities. Investments held in the short-term spread portfolios include cash and cash equivalents, short-term investments (primarily corporate bonds), mortgage loans and fixed maturities (primarily collateralized loan obligations and other structured securities), with a weighted average life at time of purchase by the short-term portfolios of four years or less. Floating rate assets comprise the majority of our short-term spread portfolio. These short-term portfolios are subject to specific investment policy statements, which among other things, do not allow for significant asset/liability interest rate duration mismatch.

The following table sets forth our liabilities under asset-based or secured financing programs as of the dates indicated.

|                                                                                                                             |                                                                                                                             | June 30, 2023                       |          |              |                                     |          |              | December 31, 2022                                                                                                           |                                                                                                                             |              |                                     |           |              | September 30, 2023                  |           |                                                                                                                             |                                                                                                                             |          |              | December 31, 2022                   |          |              |                                     |                                                                                                                             |                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------|--------------|-------------------------------------|----------|--------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------|-----------|--------------|-------------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------|--------------|-------------------------------------|----------|--------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                             |                                                                                                                             | PFI Excluding Closed Block Division |          |              | PFI Excluding Closed Block Division |          |              | PFI Excluding Closed Block Division                                                                                         |                                                                                                                             |              | PFI Excluding Closed Block Division |           |              | PFI Excluding Closed Block Division |           |                                                                                                                             | PFI Excluding Closed Block Division                                                                                         |          |              | PFI Excluding Closed Block Division |          |              | PFI Excluding Closed Block Division |                                                                                                                             |                                                                                                                             |
|                                                                                                                             |                                                                                                                             | Closed                              | Closed   | Consolidated | Closed                              | Closed   | Consolidated | Closed                                                                                                                      | Closed                                                                                                                      | Consolidated | Closed                              | Closed    | Consolidated | Closed                              | Closed    | Consolidated                                                                                                                | Closed                                                                                                                      | Closed   | Consolidated | Closed                              | Closed   | Consolidated | Closed                              | Closed                                                                                                                      | Consolidated                                                                                                                |
|                                                                                                                             |                                                                                                                             | Division                            | Division | Division     | Division                            | Division | Division     | Division                                                                                                                    | Division                                                                                                                    | Division     | Division                            | Division  | Division     | Division                            | Division  | Division                                                                                                                    | Division                                                                                                                    | Division | Division     | Division                            | Division | Division     | Division                            | Division                                                                                                                    | Division                                                                                                                    |
|                                                                                                                             |                                                                                                                             | (\$ in millions)                    |          |              |                                     |          |              |                                                                                                                             |                                                                                                                             |              |                                     |           |              | (\$ in millions)                    |           |                                                                                                                             |                                                                                                                             |          |              |                                     |          |              |                                     |                                                                                                                             |                                                                                                                             |
| Securities sold under agreements to repurchase                                                                              | Securities sold under agreements to repurchase                                                                              | \$ 3,475                            | \$ 2,622 | \$ 6,097     | \$ 3,548                            | \$ 3,041 | \$ 6,589     | Securities sold under agreements to repurchase                                                                              | Securities sold under agreements to repurchase                                                                              | \$ 3,496     | \$ 2,051                            | \$ 5,547  | \$ 3,548     | \$ 3,041                            | \$ 6,589  | Securities sold under agreements to repurchase                                                                              | Securities sold under agreements to repurchase                                                                              | \$ 3,496 | \$ 2,051     | \$ 5,547                            | \$ 3,548 | \$ 3,041     | \$ 6,589                            | Securities sold under agreements to repurchase                                                                              | Securities sold under agreements to repurchase                                                                              |
| Cash collateral for loaned securities                                                                                       | Cash collateral for loaned securities                                                                                       | 4,764                               | 443      | 5,207        | 5,847                               | 253      | 6,100        | Cash collateral for loaned securities                                                                                       | Cash collateral for loaned securities                                                                                       | 5,065        | 1,002                               | 6,067     | 5,847        | 253                                 | 6,100     | Cash collateral for loaned securities                                                                                       | Cash collateral for loaned securities                                                                                       | 5,065    | 1,002        | 6,067                               | 5,847    | 253          | 6,100                               | Cash collateral for loaned securities                                                                                       | Cash collateral for loaned securities                                                                                       |
| Securities sold but not yet purchased                                                                                       | Securities sold but not yet purchased                                                                                       | 0                                   | 0        | 0            | 0                                   | 0        | 0            | Securities sold but not yet purchased                                                                                       | Securities sold but not yet purchased                                                                                       | 0            | 0                                   | 0         | 0            | 0                                   | 0         | Securities sold but not yet purchased                                                                                       | Securities sold but not yet purchased                                                                                       | 0        | 0            | 0                                   | 0        | 0            | 0                                   | Securities sold but not yet purchased                                                                                       | Securities sold but not yet purchased                                                                                       |
| Total(1)(2)                                                                                                                 | Total(1)(2)                                                                                                                 | \$ 8,239                            | \$ 3,065 | \$ 11,304    | \$ 9,395                            | \$ 3,294 | \$ 12,689    | Total(1)(2)                                                                                                                 | Total(1)(2)                                                                                                                 | \$ 8,561     | \$ 3,053                            | \$ 11,614 | \$ 9,395     | \$ 3,294                            | \$ 12,689 | Total(1)(2)                                                                                                                 | Total(1)(2)                                                                                                                 | \$ 8,561 | \$ 3,053     | \$ 11,614                           | \$ 9,395 | \$ 3,294     | \$ 12,689                           | Total(1)(2)                                                                                                                 | Total(1)(2)                                                                                                                 |
| Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | \$ 7,709                            | \$ 2,891 | \$ 10,600    | \$ 8,622                            | \$ 3,189 | \$ 11,811    | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | \$ 7,704     | \$ 2,919                            | \$ 10,623 | \$ 8,622     | \$ 3,189                            | \$ 11,811 | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | \$ 7,704 | \$ 2,919     | \$ 10,623                           | \$ 8,622 | \$ 3,189     | \$ 11,811                           | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral | Portion of above securities that may be returned to the Company overnight requiring immediate return of the cash collateral |
| Weighted average maturity, in days(3)                                                                                       | Weighted average maturity, in days(3)                                                                                       | 7                                   | 5        |              | 17                                  | 5        |              | Weighted average maturity, in days(3)                                                                                       | Weighted average maturity, in days(3)                                                                                       | 6            | 4                                   |           | 17           | 5                                   |           | Weighted average maturity, in days(3)                                                                                       | Weighted average maturity, in days(3)                                                                                       | 6        | 4            |                                     | 17       | 5            |                                     | Weighted average maturity, in days(3)                                                                                       | Weighted average maturity, in days(3)                                                                                       |

(1) The daily average outstanding balance for the three and six months ended June 30, 2023 September 30, 2023 was \$9,335 million \$8,523 million and \$9,363 million \$9,080 million, respectively, for PFI excluding the Closed Block division, and \$3,031 million \$3,043 million and \$3,133 million \$3,103 million, respectively, for the Closed Block division.

(2) Includes utilization of external funding facilities for PGIM's commercial mortgage origination business.

(3) Excludes securities that may be returned to the Company overnight.

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As of June 30, 2023 September 30, 2023, our domestic insurance entities had assets eligible for the asset-based or secured financing programs of \$86.3 billion \$81.2 billion, of which \$11.3 billion \$11 billion were on loan. Taking into account market conditions and outstanding loan balances as of June 30, 2023 September 30, 2023, we believe approximately \$11 billion \$9.9 billion of the remaining eligible assets are readily lendable, including approximately \$8.9 billion \$8.1 billion relating to PFI excluding the Closed Block

division, of which **\$1.9 billion** **\$2.9 billion** relates to certain separate accounts and may only be used for financing activities related to those accounts, and the remaining **\$2.1 billion** **\$1.8 billion** relating to the Closed Block division.

## Financing Activities

As of **June 30, 2023** **September 30, 2023**, total short-term and long-term debt of the Company on a consolidated basis was **\$19.6 billion** **\$19.5 billion**, a decrease of **\$1.0 billion** **\$1.2 billion** from December 31, 2022. The following table sets forth total consolidated borrowings of the Company as of the dates indicated. We may, from time to time, seek to redeem or repurchase our outstanding debt securities through open market purchases, individually negotiated transactions or otherwise. Any such actions will depend on prevailing market conditions, our liquidity position, and other factors.

| Borrowings:                         | Borrowings:                         | June 30, 2023 |              |              |            |              |              | December 31, 2022 |              |              |            |              |              | Borrowings:                         | Borrowings:                         | September 30, 2023 |              |              |            |              |              | December 31, 2022 |              |              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|                                     |                                     | Prudential    |              |              | Prudential |              |              | Prudential        |              |              | Prudential |              |              |                                     |                                     | Prudential         |              |              | Prudential |              |              | Prudential        |              |              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                     |                                     | Financial     | Subsidiaries | Consolidated | Financial  | Subsidiaries | Consolidated | Financial         | Subsidiaries | Consolidated | Financial  | Subsidiaries | Consolidated |                                     |                                     | Financial          | Subsidiaries | Consolidated | Financial  | Subsidiaries | Consolidated | Financial         | Subsidiaries | Consolidated |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                     |                                     | (in millions) |              |              |            |              |              |                   |              |              |            |              |              |                                     |                                     | (in millions)      |              |              |            |              |              |                   |              |              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| General obligation short-term debt: | General obligation short-term debt: |               |              |              |            |              |              |                   |              |              |            |              |              | General obligation short-term debt: | General obligation short-term debt: |                    |              |              |            |              |              |                   |              |              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|                  |                  |          |          |           |          |          |           |                  |          |          |           |          |          |           |
|------------------|------------------|----------|----------|-----------|----------|----------|-----------|------------------|----------|----------|-----------|----------|----------|-----------|
| Total borrowings | Total borrowings | \$18,184 | \$ 1,455 | \$ 19,639 | \$19,187 | \$ 1,496 | \$ 20,683 | Total borrowings | \$18,186 | \$ 1,306 | \$ 19,492 | \$19,187 | \$ 1,496 | \$ 20,683 |
|------------------|------------------|----------|----------|-----------|----------|----------|-----------|------------------|----------|----------|-----------|----------|----------|-----------|

- (1) Amounts are net of assets under set-off arrangements of \$12,290 million as of both **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively.
- (2) Limited and non-recourse borrowing primarily represents mortgage debt of our subsidiaries that has recourse only to real estate investment property of **\$181** **\$180** million and \$208 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively, and a draw on a credit facility that has recourse only to collateral pledged by the Company of \$230 million and \$300 million as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively.

As of **June 30, 2023** **September 30, 2023**, and December 31, 2022, the Company was in compliance with all debt covenants related to the borrowings in the table above. For additional information regarding the Company's short- and long-term debt obligations, see Note 15 to the Unaudited Interim Consolidated Financial Statements contained herein and Note 17 to the Company's Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022.

Prudential Financial's consolidated borrowings decreased **\$1.0 billion** **\$1.2 billion** from December 31, 2022. In February 2023, the Company issued \$500 million in aggregate principal amount of 6.750% junior subordinated notes due in March 2053. In June 2023, the Company redeemed, in full, \$1.5 billion in aggregate principal amount of 5.625% junior subordinated notes due in 2043. **In September 2023, \$173 million of 6.750% medium-term notes within subsidiary borrowings matured.**

#### Term and Universal Life Reserve Financing

We use captive reinsurance subsidiaries to finance the portion of the statutory reserves required to be held by our domestic life insurance companies under Regulation XXX and Guideline AXXX that we consider to be non-economic. The financing

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arrangements involve the reinsurance of term and universal life business to our captive reinsurers and the issuance of surplus notes by those captives that are treated as capital for statutory purposes. These surplus notes are subordinated to policyholder obligations, and the payment of principal and interest on the surplus notes can only be made with prior insurance regulatory approval.

We have entered into agreements with external counterparties providing for the issuance of surplus notes by our captive reinsurers in return for the receipt of credit-linked notes ("Credit-Linked Note Structures"). We had Credit-Linked Note

Structures with an aggregate issuance capacity of \$16,050 million as of both **June 30, 2023** **September 30, 2023** and December 31, 2022, of which \$14,070 million was outstanding. Under the agreements, the captive receives in exchange for the surplus notes one or more credit-linked notes issued by a special-purpose affiliate of the Company with an aggregate principal amount equal to the surplus notes outstanding. The captive holds the credit-linked notes as assets supporting Regulation XXX or Guideline AXXX non-economic reserves, as applicable. For additional information regarding our Credit-Linked Note Structures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities" in our Annual Report on Form 10-K for the year ended December 31, 2022.

The following table summarizes our Credit-Linked Note Structures, which are reported on a net basis, as of **June 30, 2023** **September 30, 2023**.

| Credit-Linked<br>Note Structures:   | Surplus Notes                       |                  |                                       |                  |                                      |           | Surplus Notes                       |                                            |                  |           |     |           |  |
|-------------------------------------|-------------------------------------|------------------|---------------------------------------|------------------|--------------------------------------|-----------|-------------------------------------|--------------------------------------------|------------------|-----------|-----|-----------|--|
|                                     | Original                            |                  | Outstanding<br>as of<br>June 30, 2023 | Facility<br>Size | Credit-Linked<br>Note<br>Structures: | Original  |                                     | Outstanding<br>as of<br>September 30, 2023 | Facility<br>Size |           |     |           |  |
|                                     | Issue                               | Maturity         |                                       |                  |                                      | Issue     | Maturity                            |                                            |                  |           |     |           |  |
|                                     | Dates                               | Dates            |                                       |                  |                                      | Dates     | Dates                               |                                            |                  |           |     |           |  |
|                                     |                                     | (\$ in millions) |                                       |                  |                                      |           | (\$ in millions)                    |                                            |                  |           |     |           |  |
| XXX                                 | XXX                                 | 2012-2021        | 2023-2036                             | \$ 1,600         | (1)                                  | \$ 1,750  | XXX                                 | 2012-2021                                  | 2023-2036        | \$ 1,600  | (1) | \$ 1,750  |  |
| AXXX                                | AXXX                                | 2013             | 2033                                  | 3,500            |                                      | 3,500     | AXXX                                | 2013                                       | 2033             | 3,500     |     | 3,500     |  |
| XXX                                 | XXX                                 | 2014-2018        | 2023-2034                             | 2,080            | (2)                                  | 2,100     | XXX                                 | 2014-2018                                  | 2023-2034        | 2,080     | (2) | 2,100     |  |
| XXX                                 | XXX                                 | 2014-2017        | 2024-2037                             | 2,330            |                                      | 2,400     | XXX                                 | 2014-2017                                  | 2024-2037        | 2,330     |     | 2,400     |  |
| AXXX                                | AXXX                                | 2017             | 2037                                  | 1,540            |                                      | 2,000     | AXXX                                | 2017                                       | 2037             | 1,540     |     | 2,000     |  |
| XXX                                 | XXX                                 | 2018             | 2038                                  | 920              |                                      | 1,600     | XXX                                 | 2018                                       | 2038             | 920       |     | 1,600     |  |
| AXXX                                | AXXX                                | 2020             | 2032                                  | 2,100            |                                      | 2,700     | AXXX                                | 2020                                       | 2032             | 2,100     |     | 2,700     |  |
| Total Credit-Linked Note Structures | Total Credit-Linked Note Structures |                  |                                       | \$ 14,070        |                                      | \$ 16,050 | Total Credit-Linked Note Structures |                                            |                  | \$ 14,070 |     | \$ 16,050 |  |

- (1) Prudential Financial has agreed to reimburse amounts paid under the credit-linked notes issued in this structure up to \$250 million.
- (2) The \$2,080 million of surplus notes represents an intercompany transaction that eliminates upon consolidation. Prudential Financial has agreed to reimburse amounts paid under credit-linked notes issued in this structure up to \$1,000 million.

As of **June 30, 2023** **September 30, 2023**, we also had outstanding an aggregate of \$2,800 million of debt issued for the purpose of financing \$700 million of Regulation XXX and \$2,100 million of Guideline AXXX non-economic reserves. In addition, as of **June 30, 2023** **September 30, 2023**, for purposes of financing Guideline AXXX non-economic reserves, one captive had \$3,982 million of surplus notes outstanding that were issued to affiliates.

The Company introduced updated versions of its individual life products in conjunction with the requirement to adopt principle-based reserving by January 1, 2020. These updated products are currently priced to support the principle-based statutory reserve level without the need for reserve financing.

#### Off-Balance Sheet Arrangements

See additional information regarding off-balance sheet arrangements in Note 15 and other commitments in Note 20 to the Unaudited Interim Consolidated Financial Statements.

We do not have retained or contingent interests in assets transferred to unconsolidated entities, or variable interests in unconsolidated entities or other similar transactions, arrangements or relationships that serve as credit, liquidity or market risk support, that we believe are reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or our access to or requirements for capital resources. In addition, we do not have relationships with any unconsolidated entities that are contractually limited to narrow activities that facilitate our transfer of or access to associated assets.

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#### Ratings

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Ratings" in our Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of our financial strength and credit ratings and their impact on our business.

There have been no significant changes or actions in ratings or ratings outlooks for the Company that have occurred since the filing of our Form 10-K for the year ended December 31, 2022.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of fluctuations in the value of financial instruments as a result of absolute or relative changes in interest rates, foreign currency exchange rates, equity prices or commodity prices. To varying degrees, our products and services, and the investment activities supporting them, generate exposure to market risk. The market risk incurred, and our strategies for managing this risk, vary by product. For additional information regarding a description of market risk, market risk management and mitigation, see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

As a result of the adoption of ASU 2018-12 in the first quarter of 2023, the following tables have been updated to reflect the current impacts on hypothetical changes in fair value based on the new accounting standard.

#### Market Risk Related to Interest Rates

We assess the impact of interest rate movements on the value of our financial assets, financial liabilities and derivatives using hypothetical test scenarios that assume either upward or downward 100 basis point parallel shifts in the yield curve from prevailing interest rates, reflecting changes in either credit spreads or the risk-free rate. The following table sets forth the net estimated potential loss in fair value on these financial instruments from a hypothetical 100 basis point upward shift as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

|                                           |                                           | As of June 30, 2023 |             |            | As of December 31, 2022 |             |                                           |           | As of September 30, 2023 |           |            | As of December 31, 2022 |           |            |
|-------------------------------------------|-------------------------------------------|---------------------|-------------|------------|-------------------------|-------------|-------------------------------------------|-----------|--------------------------|-----------|------------|-------------------------|-----------|------------|
|                                           |                                           | Hypothetical        |             |            | Hypothetical            |             |                                           |           | Hypothetical             |           |            | Hypothetical            |           |            |
|                                           |                                           | Fair                | Change in   |            | Fair                    | Change in   |                                           |           | Fair                     | Change in |            | Fair                    | Change in |            |
|                                           |                                           | Notional            | Value       | Fair Value | Notional                | Value       | Fair Value                                |           | Notional                 | Value     | Fair Value | Notional                | Value     | Fair Value |
|                                           |                                           | (in millions)       |             |            |                         |             |                                           |           | (in millions)            |           |            |                         |           |            |
| Financial assets with interest rate risk: | Financial assets with interest rate risk: |                     |             |            |                         |             | Financial assets with interest rate risk: |           |                          |           |            |                         |           |            |
| Fixed maturities(1)                       | Fixed maturities(1)                       | \$320,833           | \$ (31,675) |            | \$316,070               | \$ (30,524) | Fixed maturities(1)                       | \$303,335 | \$ (28,391)              |           | \$316,070  | \$ (30,524)             |           |            |
| Commercial mortgage and other loans       | Commercial mortgage and other loans       | 53,425              | (2,240)     |            | 52,479                  | (2,300)     | Commercial mortgage and other loans       | 52,877    | (2,137)                  |           | 52,479     | (2,300)                 |           |            |

| Derivatives with interest rate risk:                            | Derivatives with interest rate risk:                            |           |          |            |           |          |         | Derivatives with interest rate risk:                            |           |          |            |           |         |  |  |
|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------|----------|------------|-----------|----------|---------|-----------------------------------------------------------------|-----------|----------|------------|-----------|---------|--|--|
| Swaps                                                           | Swaps                                                           | \$359,841 | (10,021) | (3,728)    | \$268,764 | (8,565)  | (3,631) | Swaps                                                           | \$280,507 | (12,314) | (3,383)    | \$268,764 | (8,565) |  |  |
| Futures                                                         | Futures                                                         | 10,531    | 63       | (836)      | 19,452    | (12)     | (309)   | Futures                                                         | 14,334    | 10       | (357)      | 19,452    | (12)    |  |  |
| Options                                                         | Options                                                         | 73,482    | (737)    | (120)      | 49,351    | (938)    | 241     | Options                                                         | 82,515    | (1,681)  | (110)      | 49,351    | (938)   |  |  |
| Forwards                                                        | Forwards                                                        | 38,697    | (361)    | (115)      | 38,899    | (581)    | (185)   | Forwards                                                        | 36,409    | (137)    | (109)      | 38,899    | (581)   |  |  |
| Synthetic GICs                                                  | Synthetic GICs                                                  | 82,181    | 0        | (7)        | 84,338    | 0        | (6)     | Synthetic GICs                                                  | 80,152    | 0        | (10)       | 84,338    | 0       |  |  |
| Indexed universal life contracts                                | Indexed universal life contracts                                |           | (1,166)  | 161        |           | (986)    | 190     | Indexed universal life contracts                                |           | (1,079)  | 128        |           | (986)   |  |  |
| Indexed annuity contracts                                       | Indexed annuity contracts                                       |           | (4,463)  | (526)      |           | (2,506)  | (457)   | Indexed annuity contracts                                       |           | (5,029)  | (582)      |           | (2,506) |  |  |
| Total embedded derivatives(2)                                   | Total embedded derivatives(2)                                   |           | (5,629)  | (365)      |           | (3,492)  | (267)   | Total embedded derivatives(2)                                   |           | (6,108)  | (454)      |           | (3,492) |  |  |
| Financial liabilities with interest rate risk(3):               | Financial liabilities with interest rate risk(3):               |           |          |            |           |          |         | Financial liabilities with interest rate risk(3):               |           |          |            |           |         |  |  |
| Short-term and long-term debt                                   | Short-term and long-term debt                                   |           | 18,505   | 2,907      |           | 19,441   | 3,091   | Short-term and long-term debt                                   |           | 17,550   | 2,640      |           | 19,441  |  |  |
| Policyholders' account balances—investment contracts            | Policyholders' account balances—investment contracts            |           | 65,478   | 2,069      |           | 66,602   | 1,944   | Policyholders' account balances—investment contracts            |           | 64,972   | 2,010      |           | 66,602  |  |  |
| Insurance liabilities with interest rate risk:                  | Insurance liabilities with interest rate risk:                  |           |          |            |           |          |         | Insurance liabilities with interest rate risk:                  |           |          |            |           |         |  |  |
| Benefit reserves (traditional and limited-payment contracts)(4) | Benefit reserves (traditional and limited-payment contracts)(4) |           | 188,974  | 30,174     |           | 182,304  | 28,942  | Benefit reserves (traditional and limited-payment contracts)(4) |           | 174,276  | 27,294     |           | 182,304 |  |  |
| Market risk benefits(5)                                         | Market risk benefits(5)                                         |           | 3,511    | 2,168      |           | 5,064    | 2,440   | Market risk benefits(5)                                         |           | 2,460    | 1,745      |           | 5,064   |  |  |
| Net estimated potential loss                                    | Net estimated potential loss                                    |           |          | \$ (1,768) |           | \$ (564) |         | Net estimated potential loss                                    |           |          | \$ (1,262) |           | \$      |  |  |

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- (1) Includes assets classified as "Fixed maturities, available-for-sale, at fair value," "Assets supporting experience-rated contractholder liabilities, at fair value" and "Fixed maturities, trading, at fair value." Approximately **\$312 billion** \$295 billion and \$308 billion as of **June 30, 2023** September 30, 2023 and December 31, 2022, respectively, of fixed maturities are classified as available-for-sale. Changes in fair value of fixed maturities classified as available-for-sale are included in AOCI.
- (2) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported net of third-party reinsurance.
- (3) Excludes approximately **\$149 billion** \$150 billion and \$144 billion as of **June 30, 2023** September 30, 2023 and December 31, 2022, respectively, of certain insurance reserve and deposit liabilities which are not considered financial liabilities. We believe that the interest rate sensitivities of these insurance liabilities would serve as an offset to the net interest rate risk of the financial assets and liabilities, including investment contracts.

- (4) Changes in fair value of benefit reserves (traditional and limited-payment contracts) are included in AOCI.  
(5) Amounts reported net of third-party reinsurance.

Under U.S. GAAP, the fair value of the MRBs and embedded derivatives for certain features associated with indexed universal life and indexed annuity contracts, reflected in the table above, includes the impact of the market's perception of our NPR. For additional information regarding the key estimates and assumptions used in our determination of fair value, including NPR, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Accounting Policies & Pronouncements—Application of Critical Accounting Estimates—Market Risk Benefits ("MRB")" above. For information regarding the impacts of changes in the interest rate environment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary—Impact of Changes in the Interest Rate Environment" above.

#### Market Risk Related to Equity Prices

We estimate our equity risk from a hypothetical 10% decline in equity benchmark market levels. The following table sets forth the net estimated potential loss in fair value from such a decline as of **June 30, 2023**, **September 30, 2023** and December 31, 2022.

|                                  |                                  | As of June 30, 2023 |            |              | As of December 31, 2022 |            |                      |                                  |           | As of September 30, 2023 |            |              | As of December 31, 2022 |            |              |
|----------------------------------|----------------------------------|---------------------|------------|--------------|-------------------------|------------|----------------------|----------------------------------|-----------|--------------------------|------------|--------------|-------------------------|------------|--------------|
|                                  |                                  | Notional            | Fair Value | Hypothetical | Notional                | Fair Value | Hypothetical         |                                  |           | Notional                 | Fair Value | Hypothetical | Notional                | Fair Value | Hypothetical |
|                                  |                                  |                     |            | Change in    |                         |            | Change in            |                                  |           |                          |            | Change in    |                         |            |              |
|                                  |                                  |                     |            | Fair Value   |                         |            | Fair Value           |                                  |           |                          |            | Fair Value   |                         |            |              |
| (in millions)                    |                                  |                     |            |              |                         |            |                      |                                  |           |                          |            |              |                         |            |              |
| Equity securities(1)             | Equity securities(1)             | \$ 10,453           | \$ (1,045) |              | \$ 9,049                | \$ (905)   | Equity securities(1) |                                  | \$ 9,094  | \$ (909)                 |            | \$ 9,049     | \$ (905)                |            |              |
| Equity-based derivatives(2)      | Equity-based derivatives(2)      | \$ 56,949           | (390)      | (341)        | \$ 51,501               | (961)      | (73)                 | Equity-based derivatives(2)      | \$ 60,649 | (345)                    | (640)      | \$ 51,501    | (961)                   | (73)       |              |
| Indexed universal life contracts | Indexed universal life contracts |                     | (1,166)    | 46           |                         | (986)      | 24                   | Indexed universal life contracts |           | (1,079)                  | 29         |              | (986)                   | 24         |              |
| Indexed annuity contracts        | Indexed annuity contracts        |                     | (4,463)    | 1,106        |                         | (2,506)    | 841                  | Indexed annuity contracts        |           | (5,029)                  | 1,183      |              | (2,506)                 | 841        |              |
| Total embedded derivatives(2)(3) | Total embedded derivatives(2)(3) |                     | (5,629)    | 1,152        |                         | (3,492)    | 865                  | Total embedded derivatives(2)(3) |           | (6,108)                  | 1,212      |              | (3,492)                 | 865        |              |
| Market risk benefits(4)          | Market risk benefits(4)          |                     | 3,511      | (1,079)      |                         | 5,064      | (1,026)              | Market risk benefits(4)          |           | 2,460                    | (893)      |              | 5,064                   | (1,026)    |              |
| Net estimated potential loss     | Net estimated potential loss     |                     |            | \$ (1,313)   |                         | \$ (1,139) |                      | Net estimated potential loss     |           |                          | \$ (1,230) |              | \$ (1,139)              |            |              |

- (1) Includes equity securities classified as "Assets supporting experience-rated contractholder liabilities" and "Equity securities, at fair value."  
(2) The notional and fair value of equity-based derivatives and the fair value of embedded derivatives are also reflected in amounts under "Market Risk Related to Interest Rates" above, and are not cumulative.  
(3) Excludes any offsetting impact of derivative instruments purchased to hedge changes in the embedded derivatives. Amounts reported net of third-party reinsurance.  
(4) Amounts reported net of third-party reinsurance.

#### Market Risk Related to Foreign Currency Exchange Rates

We manage our foreign currency exchange rate risks within specified limits, and estimate our exposure, excluding equity in our Japanese insurance operations, to a hypothetical 10% change in foreign currency exchange rates. The following table sets forth the net estimated potential loss in fair value from such a change as of **June 30, 2023**, **September 30, 2023** and December 31, 2022.

|  | As of June 30, 2023 |              | As of December 31, 2022 |              |
|--|---------------------|--------------|-------------------------|--------------|
|  |                     | Hypothetical |                         | Hypothetical |
|  | Fair                | Change in    | Fair                    | Change in    |
|  | Value               | Fair Value   | Value                   | Fair Value   |
|  | (in millions)       |              |                         |              |

|                                                                                                                                                        |    |       |    |     |    |       |    |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------|----|-----|----|-------|----|-----|
| Unhedged portion of equity investment in international subsidiaries and foreign currency denominated investments in domestic general account portfolio | \$ | 4,011 | \$ | 401 | \$ | 3,797 | \$ | 380 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------|----|-----|----|-------|----|-----|

|                                                                                                                                                        | As of September 30, 2023 |                                   | As of December 31, 2022 |                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------|-------------------------|-----------------------------------|
|                                                                                                                                                        | Fair Value               | Hypothetical Change in Fair Value | Fair Value              | Hypothetical Change in Fair Value |
| (in millions)                                                                                                                                          |                          |                                   |                         |                                   |
| Unhedged portion of equity investment in international subsidiaries and foreign currency denominated investments in domestic general account portfolio | \$ 4,085                 | \$ 409                            | \$ 3,797                | \$ 380                            |

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#### ITEM 4. CONTROLS AND PROCEDURES

In order to ensure that the information we must disclose in our filings with the SEC is recorded, processed, summarized, and reported on a timely basis, the Company's management, including our Chief Executive Officer and Chief Financial Officer, have reviewed and evaluated the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of **June 30, 2023** **September 30, 2023**. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of **June 30, 2023** **September 30, 2023**, our disclosure controls and procedures were effective. No change in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), occurred during the quarter ended **June 30, 2023** **September 30, 2023**, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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### PART II—OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

See Note 20 to the Unaudited Interim Consolidated Financial Statements under “—Litigation and Regulatory Matters” for a description of certain pending litigation and regulatory matters affecting us, and certain risks to our businesses presented by such matters, which is incorporated herein by reference.

#### ITEM 1A. RISK FACTORS

You should carefully consider the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our Common Stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under “Forward-Looking Statements” and the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q.

#### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) The following table provides information about purchases by the Company during the three months ended **June 30, 2023** **September 30, 2023**, of its Common Stock:

| Period                               | Total Number of Shares Purchased(1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program(2) | Approximate Dollar Value of Shares that May Yet Be Purchased under the Program(2) |
|--------------------------------------|-------------------------------------|------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
|                                      |                                     |                              |                                                                           |                                                                                   |
| April 1, 2023 through April 30, 2023 | 987,173                             | \$ 84.97                     | 980,390                                                                   |                                                                                   |
| May 1, 2023 through May 31, 2023     | 1,040,214                           | \$ 80.93                     | 1,029,051                                                                 |                                                                                   |
| June 1, 2023 through June 30, 2023   | 983,858                             | \$ 85.17                     | 978,375                                                                   |                                                                                   |
| Total                                | 3,011,245                           |                              | 2,987,816                                                                 | \$ 500,000,000                                                                    |

| Period                                       | Total Number<br>of Shares<br>Purchased(1) | Average<br>Price Paid<br>per Share | Total Number of<br>Shares Purchased<br>as Part of<br>Publicly Announced<br>Program(2) | Approximate Dollar Value of<br>Shares that May Yet Be<br>Purchased under the Program(2) |
|----------------------------------------------|-------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| July 1, 2023 through July 31, 2023           | 902,517                                   | \$ 93.05                           | 895,763                                                                               |                                                                                         |
| August 1, 2023 through August 31, 2023       | 886,035                                   | \$ 94.40                           | 882,951                                                                               |                                                                                         |
| September 1, 2023 through September 30, 2023 | 867,097                                   | \$ 96.49                           | 864,313                                                                               |                                                                                         |
| Total                                        | 2,655,649                                 |                                    | 2,643,027                                                                             | \$ 250,000,000                                                                          |

- (1) Includes shares of Common Stock withheld from participants for income tax withholding purposes whose shares of restricted stock units vested during the period. Such restricted stock units were originally issued to participants pursuant to the Prudential Financial, Inc. Omnibus Incentive Plan.
- (2) In February 2023, Prudential Financial's Board of Directors authorized the Company to repurchase, at management's discretion, up to \$1.0 billion of its outstanding Common Stock during the period from January 1, 2023 through December 31, 2023.

The approximate dollar value of shares that may yet be purchased under the program does not reflect any applicable excise tax payable in connection with share repurchases, which is recorded as part of the cost basis of treasury stock and is assessed on the fair value of stock repurchases, reduced by the fair value of any shares issued during the period.

## ITEM 5. OTHER INFORMATION

### Director and Officer Trading Plans or other Arrangements

Our directors and officers (as defined in Exchange Act Rule 16a-1(f)) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended [June 30, 2023](#) [September 30, 2023](#), no such plans or other arrangements were adopted or terminated.

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## ITEM 6. EXHIBITS

### EXHIBIT INDEX

|                      |                                                                                                                                                                                                                                                                                                                         |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">3.1</a>  | <a href="#">Amended and Restated Certificate of Incorporation of Prudential Financial, Inc. Incorporated by reference to Exhibit 3.1 to the Registrant's January 22, 2015 Current Report on Form 8-K.</a>                                                                                                               |
| <a href="#">3.2</a>  | <a href="#">Amended and Restated By-Laws of Prudential Financial, Inc., effective <a href="#">January 30, 2023</a> <a href="#">September 12, 2023</a>. Incorporated by reference to Exhibit 3.1 to the Registrant's <a href="#">January 30, 2023</a> <a href="#">September 13, 2023</a> Current Report on Form 8-K.</a> |
| <a href="#">10.1</a> | <a href="#">Prudential Financial, Inc. Clawback Policy, effective June 13, 2023. Incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2023.*</a>                                                                                                  |
| <a href="#">31.1</a> | <a href="#">Section 302 Certification of the Chief Executive Officer.</a>                                                                                                                                                                                                                                               |
| <a href="#">31.2</a> | <a href="#">Section 302 Certification of the Chief Financial Officer.</a>                                                                                                                                                                                                                                               |
| <a href="#">32.1</a> | <a href="#">Section 906 Certification of the Chief Executive Officer.</a>                                                                                                                                                                                                                                               |
| <a href="#">32.2</a> | <a href="#">Section 906 Certification of the Chief Financial Officer.</a>                                                                                                                                                                                                                                               |

|                |                                                                                                                                                            |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 101.INS - XBRL | Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH - XBRL | Taxonomy Extension Schema Document.                                                                                                                        |
| 101.CAL - XBRL | Taxonomy Extension Calculation Linkbase Document.                                                                                                          |
| 101.LAB - XBRL | Taxonomy Extension Label Linkbase Document.                                                                                                                |
| 101.PRE - XBRL | Taxonomy Extension Presentation Linkbase Document.                                                                                                         |
| 101.DEF - XBRL | Taxonomy Extension Definition Linkbase Document.                                                                                                           |
| 104            | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).                                                                  |

\* This exhibit is a management contract or compensatory plan or arrangement.

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## GLOSSARY

Throughout this Quarterly Report on Form 10-Q, the Company may use certain abbreviations, acronyms and terms which are defined below.

### Prudential Entities

|              |                                                                         |                           |                                                     |
|--------------|-------------------------------------------------------------------------|---------------------------|-----------------------------------------------------|
| Assurance IQ | Assurance IQ, LLC                                                       | PRIAC                     | Prudential Retirement Insurance and Annuity Company |
| Company      | Prudential Financial, Inc. and its subsidiaries                         | Pruco Life                | Pruco Life Insurance Company                        |
| PFI          | Prudential Financial, Inc. and its subsidiaries                         | Prudential                | Prudential Financial, Inc. and its subsidiaries     |
| PGFL         | Prudential Gibraltar Financial Life Insurance Co., Ltd.                 | Prudential Financial      | Prudential Financial, Inc.                          |
| PGIM         | The global investment management business of Prudential Financial, Inc. | Prudential Funding        | Prudential Funding, LLC                             |
| PIIH         | Prudential International Insurance Holdings, Ltd.                       | Prudential Insurance/PICA | The Prudential Insurance Company of America         |
| PLIC         | Prudential Legacy Insurance Company of New Jersey                       | Prudential of Japan       | The Prudential Life Insurance Company, Ltd.         |
| PLNJ         | Pruco Life Insurance Company of New Jersey                              | Registrant                | Prudential Financial, Inc.                          |
| POA          | Prudential of Argentina                                                 |                           |                                                     |

## Defined Terms

|                               |                                                                                                                                                                                         |                               |                                                                                                                                               |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Board                         | Prudential Financial's Board of Directors                                                                                                                                               | Moody's Morningstar           | Moody's Investors Service, Morningstar, Inc.                                                                                                  |
| Closed Block                  | Certain in-force participating insurance policies and annuity products, along with corresponding assets used for the payment of benefits and policyholders' dividends on these products | Morningstar Ohio National     | Morningstar, Inc. The Ohio National Life Insurance Company                                                                                    |
| Credit-Linked Note Structures | Agreements with external counterparties providing for the issuance of surplus notes by our captive reinsurers in return for the receipt of credit-linked notes                          | Ohio National                 | The Ohio National Life Insurance Company                                                                                                      |
| Exchange Act                  | The Securities Exchange Act of 1934                                                                                                                                                     | Other Postretirement Benefits | Certain health care and life insurance benefits provided by the Company for its retired employees, their beneficiaries and covered dependents |
| Fitch Exchange Act            | Fitch Ratings Inc. The Securities Exchange Act of 1934                                                                                                                                  | Pension Benefits              | Funded and non-funded non-contributory defined benefit pension plans which cover substantially all of the Company's employees                 |
| Fortitude Fitch               | Fortitude Group Holdings, LLC Fitch Ratings Inc.                                                                                                                                        | POT                           | The Prudential Life Insurance Company of Taiwan Inc.                                                                                          |
| Fortitude                     | Fortitude Group Holdings, LLC                                                                                                                                                           | Prismic HoldCo                | Prismic Life Holding Company, LP                                                                                                              |
| Great-West                    | Great-West Life & Annuity Insurance Company                                                                                                                                             | Regulation XXX Prismic Re     | Valuation of Prismic Life Insurance Policies Model Regulation Reinsurance, Ltd                                                                |
| Guideline AXXX                | The Application of the Valuation of Life Insurance Policies Model Regulation                                                                                                            | S&P Regulation XXX            | Standard & Poor's Rating Services Valuation of Life Insurance Policies Model Regulation                                                       |
| Hartford Financial            | Hartford Financial Services Group, Inc.                                                                                                                                                 | Union Hamilton S&P            | Union Hamilton Reinsurance, Ltd. Standard & Poor's Rating Services                                                                            |
| Inflation Reduction Act       | The Inflation Reduction Act of 2022                                                                                                                                                     | Union Hamilton                | Union Hamilton Reinsurance, Ltd.                                                                                                              |
| Moody's                       | Moody's Investors Service, Inc.                                                                                                                                                         | U.S. GAAP                     | Generally accepted accounting principles in the United States of America                                                                      |

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### Acronyms

|          |                                                                  |          |                                                                                       |
|----------|------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------|
| ACL      | Allowance for Credit Losses                                      | LPS/LLCs | Limited Partnerships and Limited Liability Companies                                  |
| AIR      | Additional Insurance Reserves                                    | LRR      | Loss Recognition Reserves                                                             |
| ALM      | Asset Liability Management                                       | MD&A     | Management's Discussion and Analysis of Financial Condition and Results of Operations |
| AOCI     | Accumulated Other Comprehensive Income (Loss)                    | MRB      | Market Risk Benefits                                                                  |
| ASC      | Accounting Standards Codification                                | NAIC     | National Association of Insurance Commissioners                                       |
| ASU      | Accounting Standards Update                                      | NAV      | Net Asset Value                                                                       |
| AUD      | Australian Dollar                                                | NJDOBI   | New Jersey Department of Banking and Insurance                                        |
| bps      | Basis Points                                                     | NPR      | Non-Performance Risk                                                                  |
| CECL     | Current Expected Credit Loss                                     | NTG      | Net-To-Gross                                                                          |
| CLO      | Collateralized Loan Obligations                                  | OCI      | Other Comprehensive Income (Loss)                                                     |
| COVID-19 | 2019 Novel Coronavirus                                           | OTC      | Over-The-Counter                                                                      |
| DAC      | Deferred Policy Acquisition Costs                                | OTTI     | Other-Than-Temporary Impairments                                                      |
| DPL      | Deferred Profit Liability                                        | PALAC    | Prudential Annuities Life Assurance Corporation                                       |
| DSI      | Deferred Sales Inducements                                       | PDI      | Prudential Defined Income                                                             |
| EBITDA   | Earnings Before Interest, Taxes, Depreciation and Amortization   | PFL      | Profits Followed by Losses                                                            |
| FASB     | Financial Accounting Standards Board                             | RAF      | Risk Appetite Framework                                                               |
| FLIAC    | Fortitude Life Insurance and Annuity Company                     | RBC      | Risk-Based Capital                                                                    |
| FSA      | Financial Services Agency (an agency of the Japanese government) | SEC      | Securities and Exchange Commission                                                    |
| GICs     | Guaranteed Investment Contracts                                  | SOFR     | Secured Overnight Financing Rate                                                      |
| GILTI    | Global Intangible Low-Taxed Income                               | SVO      | Securities Valuation Office                                                           |
| GMAB     | Guaranteed Minimum Accumulation Benefits                         | TBA      | To-Be-Announced                                                                       |
| GMDB     | Guaranteed Minimum Death Benefits                                | TDR      | Troubled Debt Restructuring                                                           |
| GMIIB    | Guaranteed Minimum Income Benefits                               | URR      | Unearned Revenue Reserve                                                              |
| GMIWB    | Guaranteed Minimum Income and Withdrawal Benefits                | U.S.     | The United States of America                                                          |
| GMWB     | Guaranteed Minimum Withdrawal Benefits                           | USD      | U.S. Dollar                                                                           |
| HDI      | Highest Daily Lifetime Income                                    | VIEs     | Variable Interest Entities                                                            |
| LIBOR    | London Inter-Bank Offered Rate                                   | VOBA     | Value of Business Acquired                                                            |

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### 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 thereunto duly authorized.

Prudential Financial, Inc.

By: /s/ KENNETH Y. TANJI

Kenneth Y. Tanji  
Executive Vice President and Chief Financial Officer  
(Authorized signatory and principal financial officer)

Date: **August 3, 2023** **November 2, 2023**

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**Exhibit 10.1**

**Prudential Financial, Inc.**  
**Clawback Policy**

**Effective June 13, 2023**

## I. Clawback Events

### Restatement Clawback

If Prudential Financial, Inc. (the "**Company**") is required to undertake a Restatement, then the Board will review all incentive-based compensation (whether in the form of cash or equity, including any award of stock options, restricted stock, performance shares, phantom stock, deferred stock units or restricted stock units) granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure ("**Covered Compensation**") received by any Executive Officer of the Company during the Applicable Period. If the amount of Covered Compensation received by such an Executive Officer would have been lower had it been determined based on such restated financial results, the Board shall require the forfeiture and/or return of the full amount of the excess portion of such Covered Compensation (on a pre-tax basis). For purposes of this policy, an Executive Officer is deemed to have "received" Covered Compensation on the date that the applicable Financial Reporting Measure is *satisfied or attained*, regardless of when the Covered Compensation is actually awarded, vested or paid.

For the avoidance of doubt, if the conditions necessary to trigger a Restatement Clawback exist, the Board is *required* to seek reimbursement of the applicable amount of Covered Compensation under this policy, without giving consideration to any mitigating circumstances, including the relative culpability, if any, of the impacted Executive Officer(s) in the events that gave rise to the triggering Restatement. Notwithstanding the foregoing, if in connection with a Restatement Clawback: (i) after making a reasonable attempt to recover the excess Covered Compensation, the Compensation Committee of the Board reasonably determines that the direct expense to be paid to a third party to recover such excess Covered Compensation would exceed the amount of the Covered Compensation to be recovered and, therefore, that recovery is impracticable, or (ii) the recovery of the Covered Compensation would cause the Company's tax qualified retirement plan to fail to meet the requirements of Internal Revenue Code Section 401(a)(13), then in each case, the Company will not be required to seek recovery hereunder.

### Improper Conduct Clawback

If any Executive Officer has engaged in Improper Conduct that either has resulted in, or could reasonably be expected to result in, an Adverse Effect, then the Board may, if it determines appropriate in its sole discretion, after evaluating the associated costs and benefits, seek to recover all or any portion of Covered Compensation (on a pre- or post-tax basis, as determined by the Board in its sole discretion) paid to any such Executive Officer during the Applicable Period.

In determining the remedies, if any, to pursue in the event of an Executive Officer's Improper Conduct, the Board may take into account all relevant factors, including without limitation:

- a. the nature and severity of the Improper Conduct and its impact on the Company and its subsidiaries;
- b. the likelihood of success in taking action relative to the effort involved (e.g., the expense of recovering the applicable incentive compensation does not exceed the amount sought to be recovered);
- c. any pending or threatened legal proceedings relating to, directly or indirectly, the acts or omissions outlined herein, and any actual or anticipated resolution;
- d. whether taking action may prejudice the Company's or its subsidiaries' interests in any way; and e. the tax consequences to the Company or its subsidiaries of taking action.

For the avoidance of doubt, in exercising its business judgment in connection with an Improper Conduct Clawback, the Board may consider any other factors it deems relevant in its determination.

---

**Exhibit 10.1**

## II. Disclosure

The Company shall disclose to its shareholders not later than the filing of the next following proxy statement the actions taken or the decision not to take action with regard to recovery or non-recovery, as the case may be, of Covered Compensation (including reporting the aggregate amounts recovered) related to any Restatement or to any Improper Conduct, so long as such event has been previously disclosed in the Company's filings with the SEC.

## III. General

This policy shall apply to any Covered Compensation received by an Executive Officer from and after the date of adoption of this policy (regardless of the date on which such Covered Compensation was first granted or awarded to an Executive Officer).

Both Restatement Clawbacks and Improper Conduct Clawbacks may be enforced by reducing or cancelling outstanding incentive compensation or equity awards, by requiring the return of shares issued in settlement of an award or the proceeds realized in any sale of the same, and by legal process asserting a claim for repayment. In addition, the Board may take such other action to enforce an Executive Officer's obligations to the Company as it may deem appropriate in view of all of the facts surrounding the particular case. The

vesting, payment or other receipt of any rights or benefits awarded by the Company to an Executive Officer which are subject to this policy may be suspended pending an investigation and final determination by the Board with regard to any accounting restatement or alleged Improper Conduct that may be subject to a determination by the Board under this policy.

For the avoidance of doubt, the Board may, in its sole discretion and in the reasonable exercise of its business judgment, determine whether and to what extent additional action is appropriate to address the circumstances surrounding such Restatement or such Improper Conduct so as to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate.

Except as expressly provided herein, any determination of the Board with respect to the application and operation of this policy shall be conclusive and binding on the Company and the relevant Executive Officer.

By accepting any compensation as to which this policy applies, each Executive Officer agrees to the foregoing and agrees to forfeit and/or return compensation to the Company as provided by this policy, as the same may be modified by, or superseded by any replacement policy adopted by, the Board.

#### IV. Definitions

For purposes of this Policy, the following terms shall have the following meanings:

- 1) **"Adverse Effect"** means any significant adverse impact on the reputation of, or a significant adverse economic consequence for, the Company or any of its affiliated companies, or any division or segment thereof.
  - 2) **"Applicable Period"** means (i) in the case of any Restatement, the three-year period immediately preceding the date on which the Company is required to prepare the Restatement and any "transition period" as prescribed under Rule 10D-1 under the Exchange Act and (ii) in the case of any Improper Conduct, the three-year period preceding the date of the Improper Conduct, as determined by the Board.
  - 3) **"Board"** means the Board of Directors of the Company, the Compensation Committee of the Board of Directors or such other committee of the Board of Directors that, at the relevant time, has authority for making determinations as to the compensation of Executive Officers.
  - 4) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.
  - 5) **"Executive Officer"** means any person who is or was during the Applicable Period an "officer" of the Company, as determined pursuant to Rule 16a-1(f) promulgated under the Exchange Act (or any successor rule).
  - 6) **"Financial Reporting Measure"** means any measure determined and presented in accordance with the accounting principles used in preparing the Company's consolidated financial statements (and any measures that are derived wholly or in part from those measures), including GAAP and non-GAAP measures, as well as stock price and total shareholder return (TSR).
- 
- Exhibit 10.1**
- 7) **"Improper Conduct"** means an Executive Officer's willful misconduct (including, but not limited to, fraud, bribery or other illegal acts) or gross negligence, which, in either case, includes any failure to report properly, or to take appropriate remedial action with respect to, such misconduct or gross negligence by another person.
  - 8) **"Restatement"** means any required accounting restatement (occurring after the effective date of this Policy) of any of the Company's consolidated financial statements that have been filed with the SEC, due to material non-compliance with any financial reporting requirement under the Exchange Act or the Securities Act of 1933, as amended, to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. For purposes hereof, the Company will be deemed to have been "required" to prepare an accounting restatement on the date that is the earlier of (i) the date the Board, any committee thereof or any officers of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirements under the federal securities laws or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement.
  - 9) **"SEC"** means the Securities and Exchange Commission.

CERTIFICATIONS OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles F. Lowrey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prudential Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 November 2, 2023

/s/ Charles F. Lowrey

Charles F. Lowrey  
Chief Executive Officer  
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS OF THE CHIEF FINANCIAL OFFICER PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth Y. Tanji, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prudential Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 November 2, 2023

/s/ Kenneth Y. Tanji

Kenneth Y. Tanji  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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Exhibit 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, I, Charles F. Lowrey, Chief Executive Officer of Prudential Financial, Inc. (the "Company"), hereby certify that the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2023 November 2, 2023

/s/ Charles F. Lowrey

Name: Charles F. Lowrey  
Title: Chief Executive Officer  
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, I, Kenneth Y. Tanji, Chief Financial Officer of Prudential Financial, Inc. (the "Company"), hereby certify that the Company's Quarterly Report on Form 10-Q for the quarter ended **June 30, 2023** **September 30, 2023** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 3, 2023** **November 2, 2023**

/s/ Kenneth Y. Tanji

Name: Kenneth Y. Tanji

Title: Executive Vice President and Chief Financial  
Officer (Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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