

**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 **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: **001-40274**

**Jackson Financial Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**98-0486152**

(I.R.S. Employer Identification No.)

**1 Corporate Way, Lansing, Michigan**

(Address of principal executive offices)

**48951**

(Zip Code)

(517) 381-5500

(Registrant's telephone number, including area code)

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

| Title of each class  | Trading Symbol(s) | Name of exchange on which registered |
|--|-------------------|--------------------------------------|
| Common Stock, Par Value \$0.01 Per Share   | JXN               | New York Stock Exchange              |
| Depository Shares, each representing a 1/1,000th interest in a share of Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A | JXN PRA           | 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 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 November 3, 2023, there were 79,500,065 shares of the registrant's common stock, \$0.01 par value, outstanding.

## TABLE OF CONTENTS

## PART I—FINANCIAL INFORMATION

### Item 1. Financial Statements

|  |                    |
|--|--------------------|
| <a href="#">Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022</a>   | <a href="#">2</a>  |
| <a href="#">Condensed Consolidated Income Statements for the three and nine months ended September 30, 2023 and 2022</a>                         | <a href="#">3</a>  |
| <a href="#">Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2023 and 2022</a> | <a href="#">4</a>  |
| <a href="#">Condensed Consolidated Statements of Equity for the three and nine months ended September 30, 2023 and 2022</a>                      | <a href="#">5</a>  |
| <a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022</a>                            | <a href="#">6</a>  |
| <a href="#">Notes to Condensed Consolidated Financial Statements</a>   |                    |
| <a href="#">Note 1. Business and Basis of Presentation</a>   | <a href="#">8</a>  |
| <a href="#">Note 2. New Accounting Standards</a>   | <a href="#">9</a>  |
| <a href="#">Note 3. Segment Information</a>  | <a href="#">17</a> |
| <a href="#">Note 4. Investments</a>  | <a href="#">22</a> |
| <a href="#">Note 5. Derivative Instruments</a>   | <a href="#">37</a> |
| <a href="#">Note 6. Fair Value Measurements</a>  | <a href="#">42</a> |
| <a href="#">Note 7. Deferred Acquisition Costs</a>   | <a href="#">60</a> |
| <a href="#">Note 8. Reinsurance</a>  | <a href="#">61</a> |
| <a href="#">Note 9. Reserves for Future Policy Benefits and Claims Payable</a>   | <a href="#">65</a> |
| <a href="#">Note 10. Other Contract Holder Funds</a>   | <a href="#">71</a> |
| <a href="#">Note 11. Separate Account Assets and Liabilities</a>   | <a href="#">76</a> |
| <a href="#">Note 12. Market Risk Benefits</a>  | <a href="#">77</a> |
| <a href="#">Note 13. Long-Term Debt</a>  | <a href="#">79</a> |
| <a href="#">Note 14. Federal Home Loan Bank Advances</a>   | <a href="#">81</a> |
| <a href="#">Note 15. Income Taxes</a>  | <a href="#">81</a> |
| <a href="#">Note 16. Commitments and Contingencies</a>   | <a href="#">82</a> |
| <a href="#">Note 17. Other Related Party Transactions</a>  | <a href="#">82</a> |
| <a href="#">Note 18. Operating Costs and Other Expenses</a>  | <a href="#">82</a> |
| <a href="#">Note 19. Accumulated Other Comprehensive Income (Loss)</a>   | <a href="#">83</a> |
| <a href="#">Note 20. Equity</a>  | <a href="#">84</a> |
| <a href="#">Note 21. Earnings Per Share</a>  | <a href="#">86</a> |
| <a href="#">Note 22. Subsequent Events</a>   | <a href="#">86</a> |

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

|   |                     |
|---|---------------------|
| <a href="#">Forward-looking Statements - Cautionary Language</a>  | <a href="#">87</a>  |
| <a href="#">Available Information</a>   | <a href="#">88</a>  |
| <a href="#">Principal Definitions, Abbreviations and Acronyms Used in the Text and Notes of this Report</a>       | <a href="#">88</a>  |
| <a href="#">Overview of Management's Discussion and Analysis of Financial Condition and Results of Operations</a> | <a href="#">90</a>  |
| <a href="#">Executive Summary</a>   | <a href="#">90</a>  |
| <a href="#">Key Operating Measures</a>  | <a href="#">92</a>  |
| <a href="#">Macroeconomic, Industry, and Regulatory Trends</a>  | <a href="#">95</a>  |
| <a href="#">Non-GAAP Financial Measures</a>   | <a href="#">99</a>  |
| <a href="#">Consolidated Results of Operations</a>  | <a href="#">103</a> |
| <a href="#">Segment Results of Operations</a>   | <a href="#">106</a> |
| <a href="#">Investments</a>   | <a href="#">114</a> |
| <a href="#">Policy and Contract Liabilities</a>   | <a href="#">120</a> |
| <a href="#">Liquidity and Capital Resources</a>   | <a href="#">121</a> |
| <a href="#">Summary of Critical Accounting Estimates</a>  | <a href="#">128</a> |

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

### Item 4. Controls and Procedures

## PART II—OTHER INFORMATION

|   |                     |
|---|---------------------|
| <a href="#">Item 1. Legal Proceedings</a>   | <a href="#">134</a> |
| <a href="#">Item 1A. Risk Factors</a>   | <a href="#">134</a> |
| <a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a> | <a href="#">134</a> |
| <a href="#">Item 4. Mine Safety Disclosures</a>                                     | <a href="#">134</a> |
| <a href="#">Item 5. Other Information</a>   | <a href="#">135</a> |
| <a href="#">Item 6. Exhibits</a>  | <a href="#">135</a> |

## SIGNATURES

|                            |                     |
|----------------------------|---------------------|
| <a href="#">Signatures</a> | <a href="#">136</a> |
|----------------------------|---------------------|



# PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

### Jackson Financial Inc. Condensed Consolidated Balance Sheets (in millions, except share data)

|  | September 30,<br>2023 | December 31,<br>2022 <sup>(1)</sup> |
|--|-----------------------|-------------------------------------|
| Assets   | (Unaudited)           |                                     |
| Investments:   |                       |                                     |
| Debt Securities, available-for-sale, net of allowance for credit losses of \$ 26 and \$23 at September 30, 2023 and December 31, 2022, respectively (amortized cost: 2023 \$46,203; 2022 \$48,798)                   | \$ 39,078             | \$ 42,489                           |
| Debt Securities, at fair value under fair value option   | 2,244                 | 2,173                               |
| Debt Securities, trading, at fair value  | 66                    | 100                                 |
| Equity securities, at fair value   | 277                   | 393                                 |
| Mortgage loans, net of allowance for credit losses of \$ 200 and \$95 at September 30, 2023 and December 31, 2022, respectively  | 10,136                | 10,967                              |
| Mortgage loans, at fair value under fair value option  | 476                   | 582                                 |
| Policy loans (including \$3,432 and \$3,419 at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)   | 4,368                 | 4,377                               |
| Freestanding derivative instruments  | 925                   | 1,270                               |
| Other invested assets  | 3,553                 | 3,595                               |
| Total investments  | 61,123                | 65,946                              |
| Cash and cash equivalents  | 2,760                 | 4,298                               |
| Accrued investment income  | 505                   | 514                                 |
| Deferred acquisition costs   | 12,447                | 12,923                              |
| Reinsurance recoverable, net of allowance for credit losses of \$ 33 and \$15 at September 30, 2023 and December 31, 2022, respectively  | 26,212                | 29,046                              |
| Reinsurance recoverable on market risk benefits, at fair value   | 167                   | 221                                 |
| Market risk benefit assets, at fair value  | 6,815                 | 4,865                               |
| Deferred income taxes, net   | 632                   | 320                                 |
| Other assets   | 970                   | 944                                 |
| Separate account assets  | 202,903               | 195,906                             |
| Total assets   | \$ 314,534            | \$ 314,983                          |
| <b>Liabilities and Equity</b>  |                       |                                     |
| <b>Liabilities</b>   |                       |                                     |
| Reserves for future policy benefits and claims payable   | \$ 11,418             | \$ 12,318                           |
| Other contract holder funds  | 55,766                | 58,190                              |
| Market risk benefit liabilities, at fair value   | 3,917                 | 5,662                               |
| Funds withheld payable under reinsurance treaties (including \$3,599 and \$3,582 at fair value under the fair value option at September 30, 2023 and December 31, 2022, respectively)                                | 19,973                | 22,957                              |
| Long-term debt   | 2,635                 | 2,635                               |
| Repurchase agreements and securities lending payable   | 28                    | 1,048                               |
| Collateral payable for derivative instruments  | 450                   | 689                                 |
| Freestanding derivative instruments  | 2,548                 | 2,065                               |
| Notes issued by consolidated variable interest entities, at fair value under fair value option (Note 4)  | 2,011                 | 1,732                               |
| Other liabilities  | 2,632                 | 2,403                               |
| Separate account liabilities   | 202,903               | 195,906                             |
| Total liabilities  | 304,281               | 305,605                             |
| <b>Commitments, Contingencies, and Guarantees (Note 16)</b>  |                       |                                     |
| <b>Equity</b>  |                       |                                     |
| Series A non-cumulative preferred stock and additional paid in capital, \$ 1.00 par value per share: 24,000 shares authorized; shares issued: 2023 - 22,000; liquidation preference \$25,000 per share (See Note 20) | 533                   | —                                   |
| Common stock; 1,000,000,000 shares authorized, \$0.01 par value per share and 80,051,900 and 82,690,098 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively (See Note 20)        | 1                     | 1                                   |

|  |            |            |
|--|------------|------------|
| Additional paid-in capital   | 6,007      | 6,063      |
| Treasury stock, at cost; 14,429,106 and 11,784,813 shares at September 30, 2023 and December 31, 2022, respectively  | (537)      | (443)      |
| Accumulated other comprehensive income (loss), net of tax expense (benefit) of \$( 354) and \$(66) at September 30, 2023 and December 31, 2022, respectively | (5,187)    | (3,378)    |
| Retained earnings  | 8,661      | 6,403      |
| Total shareholders' equity   | 9,478      | 8,646      |
| Noncontrolling interests   | 775        | 732        |
| Total equity   | 10,253     | 9,378      |
| Total liabilities and equity   | \$ 314,534 | \$ 314,983 |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.

**Jackson Financial Inc.**  
**Condensed Consolidated Income Statements**  
**(Unaudited, in millions, except per share data)**

|   | Three Months Ended September 30, |                     | Nine Months Ended September 30, |                     |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
|   | 2023                             | 2022 <sup>(1)</sup> | 2023                            | 2022 <sup>(1)</sup> |
| <b>Revenues</b>   |                                  |                     |                                 |                     |
| Fee income  | \$ 1,950                         | \$ 1,908            | \$ 5,751                        | \$ 5,854            |
| Premiums  | 32                               | 36                  | 109                             | 105                 |
| Net investment income:  |                                  |                     |                                 |                     |
| Net investment income excluding funds withheld assets                               | 479                              | 327                 | 1,314                           | 1,085               |
| Net investment income on funds withheld assets                                      | 303                              | 313                 | 862                             | 937                 |
| Total net investment income   | 782                              | 640                 | 2,176                           | 2,022               |
| Net gains (losses) on derivatives and investments:                                  |                                  |                     |                                 |                     |
| Net gains (losses) on derivatives and investments                                   | (335)                            | (196)               | (5,173)                         | 1,176               |
| Net gains (losses) on funds withheld reinsurance treaties                           | 159                              | 555                 | (648)                           | 2,660               |
| Total net gains (losses) on derivatives and investments                             | (176)                            | 359                 | (5,821)                         | 3,836               |
| Other income  | 18                               | 19                  | 52                              | 60                  |
| Total revenues  | 2,606                            | 2,962               | 2,267                           | 11,877              |
| <b>Benefits and Expenses</b>  |                                  |                     |                                 |                     |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 232                              | 237                 | 701                             | 811                 |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (1)                              | (37)                | 23                              | (8)                 |
| Market risk benefits (gains) losses, net  | (2,376)                          | (913)               | (5,120)                         | (1,636)             |
| Interest credited on other contract holder funds, net of deferrals and amortization | 284                              | 224                 | 864                             | 630                 |
| Interest expense  | 49                               | 29                  | 150                             | 73                  |
| Operating costs and other expenses, net of deferrals                                | 626                              | 592                 | 1,862                           | 1,801               |
| Amortization of deferred acquisition costs  | 290                              | 305                 | 874                             | 929                 |
| Total benefits and expenses   | (896)                            | 437                 | (646)                           | 2,600               |
| Pretax income (loss)  | 3,502                            | 2,525               | 2,913                           | 9,277               |
| Income tax expense (benefit)  | 712                              | 657                 | 399                             | 1,890               |
| Net income (loss)   | 2,790                            | 1,868               | 2,514                           | 7,387               |
| Less: Net income (loss) attributable to noncontrolling interests                    | 17                               | (11)                | 21                              | 51                  |
| Net income (loss) attributable to Jackson Financial Inc.                            | 2,773                            | 1,879               | 2,493                           | 7,336               |
| Less: Dividends on preferred stock  | 11                               | —                   | 24                              | —                   |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders        | \$ 2,762                         | \$ 1,879            | \$ 2,469                        | \$ 7,336            |
| <b>Earnings per share</b>   |                                  |                     |                                 |                     |
| Basic   | \$ 33.66                         | \$ 22.08            | \$ 29.95                        | \$ 85.18            |
| Diluted   | \$ 33.35                         | \$ 21.38            | \$ 29.20                        | \$ 82.13            |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.

**Jackson Financial Inc.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(Unaudited, in millions)**

|   | Three Months Ended<br>September 30, |                     | Nine Months Ended September 30, |                     |
|---|-------------------------------------|---------------------|---------------------------------|---------------------|
|   | 2023                                | 2022 <sup>(1)</sup> | 2023                            | 2022 <sup>(1)</sup> |
| Net income (loss)   | \$ 2,790                            | \$ 1,868            | \$ 2,514                        | \$ 7,387            |
| Other comprehensive income (loss), net of tax:  |                                     |                     |                                 |                     |
| Change in unrealized gains (losses) on securities with no credit impairment net of tax expense (benefit) of: \$(62) and \$(347), for the three months ended September 30, 2023 and 2022, respectively, and \$(4) and \$(1,514) for the nine months ended September 30, 2023 and 2022, respectively. | (1,223)                             | (2,069)             | (787)                           | (7,783)             |
| Change in unrealized gains (losses) on securities with credit impairment, net of tax expense (benefit) of: \$(4) and \$(5) million for the three months ended September 30, 2023 and 2022, respectively, and \$(7) and \$1 for the nine months ended September 30, 2023 and 2022, respectively.     | (15)                                | (18)                | (24)                            | 4                   |
| Change in current discount rate related to reserve for future policy benefits, net of tax expense (benefit) of \$55 and \$99 for the three months ended September 30, 2023 and 2022, respectively, and \$44 and \$393 for the nine months ended September 30, 2023 and 2022, respectively.          | 199                                 | 361                 | 160                             | 1,423               |
| Change in non-performance risk on market risk benefits, net of tax expense (benefit) of \$(216) and \$120 for the three months ended September 30, 2023 and 2022, respectively, and \$(321) and \$542 for the nine months ended September 30, 2023 and 2022, respectively.                          | (783)                               | 432                 | (1,158)                         | 1,963               |
| Total other comprehensive income (loss)   | (1,822)                             | (1,294)             | (1,809)                         | (4,393)             |
| Comprehensive income (loss)   | 968                                 | 574                 | 705                             | 2,994               |
| Less: Comprehensive income (loss) attributable to noncontrolling interests  | 17                                  | (11)                | 21                              | 51                  |
| Comprehensive income (loss) attributable to Jackson Financial Inc.  | \$ 951                              | \$ 585              | \$ 684                          | \$ 2,943            |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.



**Jackson Financial Inc.**  
**Condensed Consolidated Statements of Equity**  
**(Unaudited, in millions)**

|  | Accumulated |         |            |          |            |          |           |        |           |         |       |               |               |             |
|--|-------------|---------|------------|----------|------------|----------|-----------|--------|-----------|---------|-------|---------------|---------------|-------------|
|  | Preferred   | Common  | Additional | Treasury | Other      | Retained | Total     | Non-   | Total     |         |       |               |               |             |
|  |             |         |            |          |            |          |           |        |           | Paid-In | Stock | Comprehensive | Shareholders' | Controlling |
|  |             |         |            |          |            |          |           |        |           |         |       |               |               |             |
| Stock  | Stock       | Capital | at Cost    | Income   | Earnings   | Equity   | Interests | Equity |           |         |       |               |               |             |
| Balances as of June 30, 2023                 | \$ 533      | \$ 1    | \$ 5,997   | \$ (466) | \$ (3,365) | \$ 5,952 | \$ 8,652  | \$ 771 | \$ 9,423  |         |       |               |               |             |
| Net income (loss)                            | —           | —       | —          | —        | —          | 2,773    | 2,773     | 17     | 2,790     |         |       |               |               |             |
| Other comprehensive income (loss)            | —           | —       | —          | —        | (1,822)    | —        | (1,822)   | —      | (1,822)   |         |       |               |               |             |
| Change in equity of noncontrolling interests | —           | —       | —          | —        | .          | —        | —         | (13)   | (13)      |         |       |               |               |             |
| Dividends on preferred stock                 | —           | —       | —          | —        | —          | (11)     | (11)      | —      | (11)      |         |       |               |               |             |
| Dividends on common stock                    | —           | —       | —          | —        | —          | (52)     | (52)      | —      | (52)      |         |       |               |               |             |
| Purchase of treasury stock                   | —           | —       | —          | (72)     | —          | —        | (72)      | —      | (72)      |         |       |               |               |             |
| Share based compensation                     | —           | —       | 10         | 1        | —          | (1)      | 10        | —      | 10        |         |       |               |               |             |
| Balances as of September 30, 2023            | \$ 533      | \$ 1    | \$ 6,007   | \$ (537) | \$ (5,187) | \$ 8,661 | \$ 9,478  | \$ 775 | \$ 10,253 |         |       |               |               |             |

|  | Accumulated |        |          |            |               |          |               |             |           |       |
|--|-------------|--------|----------|------------|---------------|----------|---------------|-------------|-----------|-------|
|  |             |        |          | Additional | Treasury      | Other    | Total         |             | Non-      | Total |
|  | Preferred   | Common | Paid-In  | Stock      | Comprehensive | Retained | Shareholders' | Controlling |           |       |
|  | Stock       | Stock  | Capital  | at Cost    | Income        | Earnings | Equity        | Interests   | Equity    |       |
| Balances as of June 30, 2022 <sup>(1)</sup>      | \$ —        | \$ 1   | \$ 6,020 | \$ (371)   | \$ (1,739)    | \$ 5,795 | \$ 9,706      | \$ 747      | \$ 10,453 |       |
| Net income (loss)                                | —           | —      | —        | —          | —             | 1,879    | 1,879         | (11)        | 1,868     |       |
| Other comprehensive income (loss)                | —           | —      | —        | —          | (1,294)       | —        | (1,294)       | —           | (1,294)   |       |
| Change in equity of noncontrolling interests     | —           | —      | —        | —          | —             | —        | —             | (7)         | (7)       |       |
| Dividends on common stock                        | —           | —      | —        | —          | —             | (49)     | (49)          | —           | (49)      |       |
| Purchase of treasury stock                       | —           | —      | —        | (39)       | —             | —        | (39)          | —           | (39)      |       |
| Share based compensation                         | —           | —      | 16       | —          | —             | —        | 16            | —           | 16        |       |
| Balances as of September 30, 2022 <sup>(1)</sup> | \$ —        | \$ 1   | \$ 6,036 | \$ (410)   | \$ (3,033)    | \$ 7,625 | \$ 10,219     | \$ 729      | \$ 10,948 |       |

|   | Accumulated |        |            |          |            |          |          |           |           |         |       |               |               |             |       |
|---|-------------|--------|------------|----------|------------|----------|----------|-----------|-----------|---------|-------|---------------|---------------|-------------|-------|
|   | Preferred   | Common | Additional | Treasury | Other      | Retained | Total    | Non-      | Total     |         |       |               |               |             |       |
|   |             |        |            |          |            |          |          |           |           | Paid-In | Stock | Comprehensive | Shareholders' | Controlling | Total |
|   |             |        |            |          |            |          |          |           |           |         |       |               |               |             |       |
|   | Stock       | Stock  | Capital    | at Cost  | Income     | Earnings | Equity   | Interests | Equity    |         |       |               |               |             |       |
| Balances as of December 31, 2022 <sup>(1)</sup> | \$ —        | \$ 1   | \$ 6,063   | \$ (443) | \$ (3,378) | \$ 6,403 | \$ 8,646 | \$ 732    | \$ 9,378  |         |       |               |               |             |       |
| Net income (loss)                               | —           | —      | —          | —        | —          | 2,493    | 2,493    | 21        | 2,514     |         |       |               |               |             |       |
| Other comprehensive income (loss)               | —           | —      | —          | —        | (1,809)    | —        | (1,809)  | —         | (1,809)   |         |       |               |               |             |       |
| Change in equity of noncontrolling interests    | —           | —      | —          | —        | —          | —        | —        | 22        | 22        |         |       |               |               |             |       |
| Dividends on preferred stock                    | —           | —      | —          | —        | —          | (24)     | (24)     | —         | (24)      |         |       |               |               |             |       |
| Dividends on common stock                       | —           | —      | —          | —        | —          | (159)    | (159)    | —         | (159)     |         |       |               |               |             |       |
| Purchase of treasury stock                      | —           | —      | —          | (236)    | —          | —        | (236)    | —         | (236)     |         |       |               |               |             |       |
| Issuance of preferred stock                     | 533         | —      | —          | —        | —          | —        | 533      | —         | 533       |         |       |               |               |             |       |
| Share based compensation                        | —           | —      | (56)       | 142      | —          | (52)     | 34       | —         | 34        |         |       |               |               |             |       |
| Balances as of September 30, 2023               | \$ 533      | \$ 1   | \$ 6,007   | \$ (537) | \$ (5,187) | \$ 8,661 | \$ 9,478 | \$ 775    | \$ 10,253 |         |       |               |               |             |       |

|  | Accumulated |         |            |          |               |          |           |        |           |               |             |
|--|-------------|---------|------------|----------|---------------|----------|-----------|--------|-----------|---------------|-------------|
|  | Preferred   | Common  | Additional | Treasury | Other         | Retained | Total     | Non-   | Total     |               |             |
|  |             |         | Paid-In    | Stock    | Comprehensive |          |           |        |           | Shareholders' | Controlling |
|  |             |         | Capital    | at Cost  | Income        |          |           |        |           | Earnings      | Equity      |
| Stock  | Stock       | Capital | at Cost    | Income   | Earnings      | Equity   | Interests | Equity |           |               |             |
| Balances as of December 31, 2021 <sup>(1)</sup>  | \$ —        | \$ 1    | \$ 6,051   | \$ (211) | \$ 1,360      | \$ 440   | \$ 7,641  | \$ 680 | \$ 8,321  |               |             |
| Net income (loss)                                | —           | —       | —          | —        | —             | 7,336    | 7,336     | 51     | 7,387     |               |             |
| Other comprehensive income (loss)                | —           | —       | —          | —        | (4,393)       | —        | (4,393)   | —      | (4,393)   |               |             |
| Change in equity of noncontrolling interests     | —           | —       | —          | —        | —             | —        | —         | (2)    | (2)       |               |             |
| Dividends on common stock                        | —           | —       | —          | —        | —             | (151)    | (151)     | —      | (151)     |               |             |
| Purchase of treasury stock                       | —           | —       | —          | (279)    | —             | —        | (279)     | —      | (279)     |               |             |
| Share based compensation                         | —           | —       | (15)       | 80       | —             | —        | 65        | —      | 65        |               |             |
| Balances as of September 30, 2022 <sup>(1)</sup> | \$ —        | \$ 1    | \$ 6,036   | \$ (410) | \$ (3,033)    | \$ 7,625 | \$ 10,219 | \$ 729 | \$ 10,948 |               |             |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.

**Jackson Financial Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited, in millions)**

|   | Nine Months Ended September 30, |                     |
|---|---------------------------------|---------------------|
|   | 2023                            | 2022 <sup>(1)</sup> |
| <b>Cash flows from operating activities:</b>                                      |                                 |                     |
| Net income (loss)   | \$ 2,514                        | \$ 7,387            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |                     |
| Net realized losses (gains) on investments  | 235                             | 131                 |
| Net losses (gains) on derivatives   | 4,938                           | (1,307)             |
| Net losses (gains) on funds withheld reinsurance treaties                         | 648                             | (2,660)             |
| Net (gain) loss on market risk benefits   | (5,120)                         | (1,636)             |
| (Gain) loss from updating future policy benefits cash flow assumptions, net       | 23                              | (8)                 |
| Interest credited on other contract holder funds, gross                           | 864                             | 630                 |
| Mortality, expense and surrender charges  | (396)                           | (400)               |
| Amortization of discount and premium on investments                               | (23)                            | 19                  |
| Deferred income tax expense (benefit)   | (24)                            | 1,908               |
| Share-based compensation  | 74                              | 96                  |
| Change in:  |                                 |                     |
| Accrued investment income   | 9                               | (6)                 |
| Deferred acquisition costs  | 477                             | 435                 |
| Funds withheld, net of reinsurance  | 81                              | 208                 |
| Other assets and liabilities, net   | (624)                           | (1,856)             |
| <b>Net cash provided by (used in) operating activities</b>                        | <b>3,676</b>                    | <b>2,941</b>        |
| <b>Cash flows from investing activities:</b>                                      |                                 |                     |
| Sales, maturities and repayments of:  |                                 |                     |
| Debt securities   | 8,149                           | 8,959               |
| Equity securities   | 237                             | 54                  |
| Mortgage loans  | 1,871                           | 1,046               |
| Purchases of:   |                                 |                     |
| Debt securities   | (5,930)                         | (8,861)             |
| Equity securities   | (21)                            | (27)                |
| Mortgage loans  | (1,026)                         | (1,378)             |
| Settlements related to derivatives and collateral on investments                  | (4,255)                         | 3,109               |
| Other investing activities  | 290                             | (433)               |
| <b>Net cash provided by (used in) investing activities</b>                        | <b>(685)</b>                    | <b>2,469</b>        |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

(continued)

See Notes to Condensed Consolidated Financial Statements.



**Jackson Financial Inc.**  
**Condensed Consolidated Statements of Cash Flows (continued)**  
**(Unaudited, in millions)**

|   | Nine Months Ended September 30, |                     |
|---|---------------------------------|---------------------|
|   | 2023                            | 2022 <sup>(1)</sup> |
| <b>Cash flows from financing activities:</b>  |                                 |                     |
| Policyholders' account balances:  |                                 |                     |
| Deposits  | \$ 10,850                       | \$ 14,235           |
| Withdrawals   | (21,397)                        | (18,716)            |
| Net transfers from (to) separate accounts   | 6,785                           | 3,805               |
| Proceeds from (payments on) repurchase agreements and securities lending            | (1,020)                         | (1,563)             |
| Net proceeds from (payments on) Federal Home Loan Bank notes                        | 180                             | —                   |
| Net proceeds from (payments on) debt  | (46)                            | (784)               |
| Net proceeds from issuance of Senior Notes  | —                               | 750                 |
| Debt issuance costs   | —                               | (7)                 |
| Dividends on common stock   | (152)                           | (151)               |
| Dividends on preferred stock  | (24)                            | —                   |
| Purchase of treasury stock  | (236)                           | (279)               |
| Issuance of preferred stock   | 533                             | —                   |
| Other financing activities  | —                               | 10                  |
| <b>Net cash provided by (used in) financing activities</b>                          | <b>(4,527)</b>                  | <b>(2,700)</b>      |
| <b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>       | <b>(1,536)</b>                  | <b>2,710</b>        |
| <b>Cash, cash equivalents, and restricted cash at beginning of period</b>           | <b>4,301</b>                    | <b>2,631</b>        |
| <b>Total cash, cash equivalents, and restricted cash at end of period</b>           | <b>\$ 2,765</b>                 | <b>\$ 5,341</b>     |
| <b>Supplemental cash flow information</b>   |                                 |                     |
| Income taxes paid (received)  | \$ (19)                         | \$ (2)              |
| Interest paid   | \$ 126                          | \$ 48               |
| <b>Non-cash investing activities</b>  |                                 |                     |
| Debt securities acquired from exchanges, payments-in-kind, and similar transactions | \$ 76                           | \$ 436              |
| Other invested assets acquired from stock splits and stock distributions            | \$ 211                          | \$ 42               |
| <b>Non-cash financing activities</b>  |                                 |                     |
| Non-cash dividend equivalents on stock-based awards                                 | \$ (7)                          | \$ —                |
| <b>Reconciliation to Statement of Financial Position</b>                            |                                 |                     |
| Cash and cash equivalents   | \$ 2,760                        | \$ 5,331            |
| Restricted cash (included in Other assets)  | 5                               | 10                  |
| <b>Total cash, cash equivalents, and restricted cash</b>                            | <b>\$ 2,765</b>                 | <b>\$ 5,341</b>     |

<sup>(1)</sup> Recast for the adoption of ASU 2018-12. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

See Notes to Condensed Consolidated Financial Statements.



**Jackson Financial Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. Business and Basis of Presentation**

Jackson Financial Inc. ("JFI" or "Jackson Financial") together with its subsidiaries, (the "Company," which also may be referred to as "we," "our" or "us"), is a financial services company focused on helping Americans grow and protect their retirement savings and income to enable them to pursue financial freedom for life. Jackson Financial, domiciled in the state of Delaware in the United States ("U.S."), was a majority-owned subsidiary of Prudential plc ("Prudential"), London, England, and was the holding company for Prudential's U.S. operations. The Company's demerger from Prudential was completed on September 13, 2021 ("Demerger"), and the Company is a stand-alone U.S. public company. As of June 30, 2023, Prudential has no remaining equity interest in the Company.

Jackson Financial's primary life insurance subsidiary, Jackson National Life Insurance Company and its insurance subsidiaries (collectively, "Jackson"), is licensed to sell group and individual annuity products (including immediate, registered index-linked, deferred fixed, fixed index and variable annuities), and individual life insurance products, including variable universal life, in all 50 states and the District of Columbia. Jackson also participates in the institutional products market through the issuance of guaranteed investment contracts ("GICs"), funding agreements and medium-term note funding agreements. In addition to Jackson, Jackson Financial's other operating subsidiaries are as follows:

- PPM America, Inc. ("PPM"), is the Company's investment management operation that manages the life insurance companies' general account investment funds. PPM also provides investment services to other former affiliated and unaffiliated institutional clients.
- Brooke Life Insurance Company ("Brooke Life"), Jackson's direct parent, is a life insurance company licensed to sell life insurance and annuity products in the state of Michigan.

Other wholly-owned subsidiaries of Jackson are as follows:

- Life insurers: Jackson National Life Insurance Company of New York ("Jackson NY" or "JNY"); Squire Reassurance Company LLC ("Squire Re"); Squire Reassurance Company II, Inc. ("Squire Re II"); and VFL International Life Company SPC, LTD;
- Registered broker-dealer: Jackson National Life Distributors LLC ("JNLD");
- Registered investment adviser: Jackson National Asset Management LLC ("JNAM"), which manages the life insurance companies' separate account funds underlying our variable annuities products, which funds are sub-advised. JNAM manages and oversees those sub-advisers; and
- Other insignificant wholly-owned subsidiaries.

The Company's Condensed Consolidated Financial Statements also include other insignificant partnerships, limited liability companies ("LLCs") and other variable interest entities ("VIEs") in which the Company is deemed the primary beneficiary.

**Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, certain financial information that is normally included in annual financial statements prepared in accordance with U.S. GAAP, but not required for interim reporting purposes, has been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 1, 2023, (the "2022 Annual Report"), as recast in our Current Report on 8-K filed May 10, 2023, to reflect the adoption of the accounting standard discussed in the next paragraph. The condensed consolidated financial information as of December 31, 2022, included herein, has been derived from the audited Consolidated Financial Statements, as so recast.



The Company adopted Accounting Standards Update ("ASU") 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts" ("LDTI"), effective January 1, 2023, with a transition date of January 1, 2021. See Note 2 of the Notes to Condensed Consolidated Financial Statements for further description of our adoption of LDTI.

Certain accounting policies, which significantly affect the determination of financial condition, results of operations and cash flows, are summarized in the Notes to Consolidated Financial Statements in the Company's 2022 Annual Report, as recast in our Current Report on Form 8-K filed May 10, 2023. New accounting policies adopted for LDTI are included in Notes 7, 8, 9, 10, 11, and 12 to the Condensed Consolidated Financial Statements in this Form 10-Q.

In the opinion of management, these Condensed Consolidated Financial Statements include all normal recurring adjustments necessary for a fair presentation of the Company's results. Operating results for the three and nine months ended September 30, 2023, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2023. All material intercompany accounts and transactions have been eliminated in consolidation.

### Use of Estimates

The preparation of these Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires the use of estimates and assumptions about future events that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying notes. Significant estimates or assumptions, as further discussed in these notes, include:

- Valuation of investments and derivative instruments, including fair values of securities deemed to be in an illiquid market and the determination of when an impairment is necessary;
- Assessments as to whether certain entities are VIEs, the existence of reconsideration events and the determination of which party, if any, should consolidate the entity;
- Assumptions used in calculating policy reserves and liabilities including policyholder behavior, mortality rates, expenses, investment returns and policy crediting rates;
- Assumptions as to future earnings levels being sufficient to realize deferred tax benefits;
- Estimates related to expectations of credit losses on certain financial assets and off-balance sheet exposures;
- Assumptions and estimates associated with the Company's tax positions, including an estimate of the dividends received deduction, which impact the amount of recognized tax benefits recorded by the Company;
- Assumptions used in calculating market risk benefits including policyholder behavior, mortality rates, and capital market assumptions; and
- Assumptions impacting the expected term used amortizing deferred acquisition costs, including policyholder behavior and mortality rates.

These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other appropriate factors. As facts and circumstances dictate, these estimates and assumptions may be adjusted. Since future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates, including those resulting from continuing changes in the economic environment, will be reflected in the Consolidated Financial Statements in the periods the estimates are changed.

## 2. New Accounting Standards

### Changes in Accounting Principles – Adopted in Current Year

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The new guidance provides optional expedients for applying U.S. GAAP to contracts and other transactions affected by reference rate reform and is effective for contract modifications made between March 12, 2020 and December 31, 2022. If certain criteria are met, an entity will not be required to remeasure or reassess contracts impacted by reference rate reform. The practical expedient allowed by this standard was elected and is being applied prospectively by the Company as reference rate reform unfolds. The contracts modified to date met the criteria for the practical expedient and therefore had no material impact on the Company's Condensed Consolidated Financial Statements. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848" which defers the sunset date of Topic 848 from December

31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The amendments are effective for all entities as of December 31, 2022. The Company will continue to evaluate the impacts of reference rate reform on contract modifications and other transactions through December 31, 2024.

In August 2018, the FASB issued ASU 2018-12, "Targeted Improvements to the Accounting for Long Duration Contracts," ("LDTI"), which included changes to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance entity. The Company adopted LDTI effective January 1, 2023, with a transition date of January 1, 2021, using the modified retrospective transition method relating to liabilities for traditional and limited payment contracts and deferred policy acquisition costs associated therewith, and on a retrospective basis, in relation to market risk benefits ("MRBs").

Under the modified retrospective approach, the Company applied the guidance to contracts in force on the transition date on the basis of their existing carrying value, using updated future cash flow assumptions, and eliminated certain related amounts in accumulated other comprehensive income (loss) ("AOCI"). Under the full retrospective transition approach, the Company applied the guidance as of the transition date, using actual historical assumption information as of contract inception, as if the accounting principle had always been applied.

Amounts reported as of September 30, 2023 and December 31, 2022 and for the three and nine months ended September 30, 2023 and 2022 within these Condensed Consolidated Financial Statements are accounted for and presented in accordance with U.S. GAAP reflecting the adoption of LDTI.

LDTI contains four significant changes:

1. *Market risk benefits*: market risk benefits ("MRBs"), a new term for certain contract features that provide for potential benefits in addition to the account balance that expose the Company to other-than-nominal market risk (for example, guaranteed benefits on annuity contracts, including guaranteed minimum withdrawal benefits and guaranteed minimum death benefits on variable annuities), are measured at fair value. Changes in fair value are recorded and presented separately within the income statement, with the exception of changes in fair value due to non-performance risk, which are recognized in other comprehensive income (loss) ("OCI");
2. *Deferred acquisition costs*: deferred acquisition costs ("DAC") are amortized on a constant-level basis, independent of profitability of the underlying business;
3. *Liability for future policy benefits*: annual review and, if necessary, update of cash flow assumptions used to measure the liability for future policy benefits for nonparticipating traditional and limited-payment insurance contracts is required. These liabilities are discounted using an upper-medium grade fixed income instrument yield which is updated quarterly, with related changes in the liability recognized in OCI; and
4. *Enhanced disclosures*: enhanced disclosures, including disaggregated roll-forwards of certain balance sheet accounts that provide information about actual and expected cash flows, as well as information about significant inputs, judgments, assumptions and methods used in measurement, are required. The enhanced disclosures are intended to improve the ability of users of the financial statements to evaluate the timing, amount, and uncertainty of cash flows arising from long-duration contracts.

The adoption of LDTI resulted in a decrease in total equity of \$ 3.0 billion as of the transition date of January 1, 2021, comprised of a reduction in AOCI of \$0.4 billion and a reduction in retained earnings of \$ 2.6 billion. The primary drivers for this impact to total equity included:

1. the classification of certain benefits as market risk benefits, which were remeasured at fair value as of the transition date. The resulting change in the value of these benefits at the transition date, net of the related deferred tax effect, is recognized in retained earnings, with the exception of the cumulative effect of changes in non-performance risk, net of the related deferred tax effect, which is recognized in AOCI;

2. changes to the discount rate used to measure liabilities for future policyholder benefits which, under LDTI, are remeasured each reporting period using current upper-medium grade fixed-income instrument yields, which are generally considered to be those on single-A rated public corporate debt. The cumulative effect of the remeasurement of these liabilities using the transition date discount rate, net of the related deferred tax effect, is recognized in AOCI; and
3. the removal of certain shadow adjustments previously recorded in AOCI related to the impact of unrealized gains (losses) on investments that were included in the estimated gross profit amortization calculation for deferred acquisition costs, which are no longer recognized upon the adoption of LDTI.

The following table presents the effect of transition adjustments on shareholders' equity due to the adoption of LDTI (in millions):

|  | January 1, 2021   |  |
|--|-------------------|--|
|  | Retained earnings | Accumulated other comprehensive income |
| Deferred acquisition costs                             | \$ —              | \$ 106                                 |
| Reinsurance recoverable on market risk benefits        | —                 | (34)                                   |
| Reserves for future policy benefits and claims payable | 97                | 141                                    |
| Market risk benefits                                   | (2,700)           | (598)                                  |
| Total  | \$ (2,603)        | \$ (385)                               |

The following table presents amounts previously reported as of December 31, 2020, to reflect the effect of the change due to the adoption of LDTI, and the adjusted amounts as of January 1, 2021 (in millions):

|  | As Previously Reported | Effect of Changes | As of 1/1/2021 |
|--|------------------------|-------------------|----------------|
| <b>Assets</b>  |                        |                   |                |
| Deferred acquisition costs                                     | \$ 13,897              | \$ 146            | \$ 14,043      |
| Reinsurance recoverable, net of allowance for credit losses    | 35,270                 | (154)             | 35,116         |
| Reinsurance recoverable on market risk benefits, at fair value | —                      | 471               | 471            |
| Market risk benefit assets, at fair value                      | —                      | 690               | 690            |
| Deferred income taxes, net                                     | 1,058                  | 824               | 1,882          |
| Other assets   | 1,179                  | 2                 | 1,181          |
| Total assets   | \$ 353,532             | \$ 1,979          | \$ 355,511     |
| <b>Liabilities and Equity</b>                                  |                        |                   |                |
| <b>Liabilities</b>   |                        |                   |                |
| Reserves for future policy benefits and claims payable         | \$ 22,512              | \$ (5,716)        | \$ 16,796      |
| Other contract holder funds                                    | 63,592                 | (7)               | 63,585         |
| Market risk benefit liabilities, at fair value                 | —                      | 10,690            | 10,690         |
| Total liabilities  | 343,609                | 4,967             | 348,576        |
| <b>Equity</b>  |                        |                   |                |
| Accumulated other comprehensive income, net of tax expense     | 3,821                  | (385)             | 3,436          |
| Retained earnings  | (324)                  | (2,603)           | (2,927)        |
| Total equity   | 9,923                  | (2,988)           | 6,935          |
| Total liabilities and equity                                   | \$ 353,532             | \$ 1,979          | \$ 355,511     |

#### Liability for future policy benefits

For the liability for future policy benefits, the net transition adjustment is related to the difference in the discount rate used pre-transition and the discount rate at January 1, 2021. The discount rate used to measure the liability at transition was generally lower than the rates used to measure the liability prior to the adoption of LDTI. Additionally, at transition, where net premiums exceeded gross premiums at the cohort level, the Company set net premiums equal to gross premiums and recognized the resulting increase in the liability for future policy benefits as an adjustment to opening retained earnings.



The following table presents the impact of the adoption of LDTI, as of the transition date, on reserves for future policy benefits and claims payable (in millions):

|   | Payout<br>Annuities | Closed<br>Block Life | Closed<br>Block Annuity | Total            |
|---|---------------------|----------------------|-------------------------|------------------|
| Reserves for future policy benefits at December 31, 2020                  | \$ 1,148            | \$ 5,809             | \$ 5,328                | \$ 12,285        |
| Adjustment for loss contracts under the modified retrospective approach   | 4                   | 15                   | 18                      | 37               |
| Effect of remeasurement of liability at current discount rate             | 143                 | 560                  | 997                     | 1,700            |
| Reserves for future policy benefits at January 1, 2021                    | \$ 1,295            | \$ 6,384             | \$ 6,343                | \$ 14,022        |
| Other future policy benefits and claims payable                           |                     |                      |                         | 2,774            |
| Reserves for future policy benefits and claims payable at January 1, 2021 |                     |                      |                         | <u>\$ 16,796</u> |

The following table presents the transition date reclassifications and adjustments to reserves for future policy benefits by category resulting from the adoption of LDTI (in millions):

|  | Reserve for future<br>policy benefits | Other <sup>(1)</sup> | Total            |
|--|---------------------------------------|----------------------|------------------|
| Reserve for future policy benefits and claims payable at December 31, 2020 | \$ 12,285                             | \$ 10,227            | \$ 22,512        |
| Adjustments for LDTI transition  | 1,737                                 | (7,453)              | (5,716)          |
| Reserve for future policy benefits and claims payable at January 1, 2021   | <u>\$ 14,022</u>                      | <u>\$ 2,774</u>      | <u>\$ 16,796</u> |

<sup>(1)</sup> Includes variable annuity embedded derivatives that were reclassified to market risk benefits.

The following table presents the impact of the adoption of LDTI, as of the transition date, on Closed Block Life additional liabilities for universal life-type contracts (in millions):

|  | Closed Block Life |
|--|-------------------|
| Balance, December 31, 2020                           | \$ 1,157          |
| Adjustment for reversal of AOCI adjustments          | 28                |
| Adjustment for cumulative effect of adoption of LDTI | —                 |
| Balance, January 1, 2021                             | <u>\$ 1,185</u>   |

#### Market risk benefits

For MRBs, the net transition adjustment relates to the measurement of certain guaranteed benefit features at fair value that were previously measured using an insurance accrual model. The measurement of these features at fair value includes use of generally lower discount rates and lower assumed future fund performance relative to their previous measurement, as well as inclusion of risk margins, all of which lead to a generally higher fair value balance relative to the carrying value prior to transition to LDTI.

The transition adjustment to AOCI for MRBs relates to the effect of changes in the non-performance risk between the contract issuance date and the transition date. The remaining difference between the carrying value of these contract features under the insurance accrual model prior to transition to LDTI and the fair value measured at transition was recorded as an adjustment to retained earnings as of the transition date.

The following table presents the impact of the adoption of LDTI, as of the transition date, on MRBs, net (in millions):

|   | Variable<br>Annuities | Other<br>Product Lines | Total            |
|---|-----------------------|------------------------|------------------|
| Balance, December 31, 2020 - Carrying amount of MRBs under prior guidance   | \$ 7,306              | \$ 74                  | \$ 7,380         |
| Adjustment for reversal of AOCI adjustments   | (27)                  | (48)                   | (75)             |
| Cumulative effect of the changes in non-performance risk between the original contract issuance date and the transition date                        | (743)                 | (6)                    | (749)            |
| Remaining cumulative difference (exclusive of non-performance risk change) between 12/31/20 carrying amount and fair value measurement for the MRBs | 3,372                 | 72                     | 3,444            |
| Balance, January 1, 2021 - Market risk benefits, net, at fair value   | <u>\$ 9,908</u>       | <u>\$ 92</u>           | <u>\$ 10,000</u> |

#### Deferred acquisition costs

For DAC, at transition to LDTI, the Company removed shadow adjustments previously recorded in AOCI for the impact of unrealized gains and losses that were included in the estimated gross profit amortization calculation prior to the adoption of LDTI.

The following table presents the impact of the adoption of LDTI, as of the transition date, on DAC (in millions):

|   | Variable<br>Annuities | Other<br>Product Lines | Total            |
|---|-----------------------|------------------------|------------------|
| Balance, December 31, 2020 - Deferred acquisition costs | \$ 13,725             | \$ 172                 | \$ 13,897        |
| Adjustment for reversal of AOCI adjustments             | 151                   | (5)                    | 146              |
| Balance, January 1, 2021 - Deferred acquisition costs   | <u>\$ 13,876</u>      | <u>\$ 167</u>          | <u>\$ 14,043</u> |

#### Reinsurance recoverable

The following table presents the impact of the adoption of LDTI, as of the transition date, on reinsurance recoverable (in millions) :

|   | Total            |
|---|------------------|
| Balance, December 31, 2020  | \$ 35,270        |
| Reclass of carrying amount of MRBs under prior guidance                 | (407)            |
| Adjustment for loss contracts under the modified retrospective approach | —                |
| Effect of remeasurement of liability at current discount rate           | 253              |
| Balance, January 1, 2021  | <u>\$ 35,116</u> |

The following table presents the impact of the adoption of LDTI, as of the transition date, on reinsurance recoverable on market risk benefits at fair value (in millions):

|  | Variable<br>Annuities | Other<br>Product Lines | Total         |
|--|-----------------------|------------------------|---------------|
| Balance, December 31, 2020 - Carrying amount of MRBs under prior guidance                        | \$ 340                | \$ 67                  | \$ 407        |
| Adjustment for reversal of AOCI adjustments  | —                     | (47)                   | (47)          |
| Cumulative difference between 12/31/2020 carrying amount and fair value measurement for the MRBs | 28                    | 83                     | 111           |
| Balance, January 1, 2021 - Reinsurance recoverable on market risk benefits at fair value         | <u>\$ 368</u>         | <u>\$ 103</u>          | <u>\$ 471</u> |

The adoption of LDTI resulted in an increase in net income attributable to Jackson Financial of \$ 400 million and \$929 million for the three and nine months ended September 30, 2022, respectively, and also resulted in an increase in total equity of \$223 million for the year ended December 31, 2022.

The following table presents amounts previously reported in the Consolidated Balance Sheets as of December 31, 2022, to reflect the effect of the change due to the adoption of LDTI, and the adjusted amounts as of December 31, 2022 (in millions):

|  | As Previously<br>Reported<br>December 31, 2022 | Effect of<br>Changes | As Adjusted<br>As of<br>December 31, 2022 |
|--|--|----------------------|---|
| <b>Assets</b>  |  |                      |   |
| Deferred acquisition costs                                     | \$ 13,422                                      | \$ (499)             | \$ 12,923                                 |
| Reinsurance recoverable, net of allowance for credit losses    | 29,641   | (595)                | 29,046                                    |
| Reinsurance recoverable on market risk benefits, at fair value | —  | 221                  | 221                                       |
| Market risk benefit assets, at fair value                      | —  | 4,865                | 4,865                                     |
| Deferred income taxes, net                                     | 385  | (65)                 | 320                                       |
| Other assets   | 946  | (2)                  | 944                                       |
| Total assets   | \$ 311,058                                     | \$ 3,925             | \$ 314,983                                |
| <b>Liabilities and Equity</b>                                  |  |                      |   |
| <b>Liabilities</b>   |  |                      |   |
| Reserves for future policy benefits and claims payable         | \$ 14,273                                      | \$ (1,955)           | \$ 12,318                                 |
| Other contract holder funds                                    | 58,195   | (5)                  | 58,190                                    |
| Market risk benefit liabilities, at fair value                 | —  | 5,662                | 5,662                                     |
| Total liabilities  | 301,903  | 3,702                | 305,605                                   |
| <b>Equity</b>  |  |                      |   |
| Accumulated other comprehensive income, net of tax expense     | (5,481)  | 2,103                | (3,378)                                   |
| Retained earnings  | 8,283  | (1,880)              | 6,403                                     |
| Total equity   | 9,155  | 223                  | 9,378                                     |
| Total liabilities and equity                                   | \$ 311,058                                     | \$ 3,925             | \$ 314,983                                |

The following table presents amounts previously reported in Condensed Consolidated Income Statements for the three and nine months ended September 30, 2022, to reflect the effect of the change due to the adoption of LDTI, and the adjusted amounts (in millions, except per share amounts):

|   | As Previously Reported<br>Three Months Ended<br>September 30, 2022 | Effect of<br>Changes | As Adjusted<br>Three Months Ended<br>September 30, 2022 |
|---|--|----------------------|---|
| <b>Revenues</b>   |  |                      |   |
| Total net gains (losses) on derivatives and investments                             | \$ 1,419   | \$ (1,060)           | \$ 359  |
| Total revenues  | 4,022  | (1,060)              | 2,962   |
| <b>Benefits and Expenses</b>  |  |                      |   |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 586  | (349)                | 237   |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | —  | (37)                 | (37)  |
| Market risk benefits (gains) losses, net  | —  | (913)                | (913)   |
| Interest credited on other contract holder funds, net of deferrals and amortization | 224  | —                    | 224   |
| Amortization of deferred acquisition costs  | 564  | (259)                | 305   |
| Total benefits and expenses   | 1,995  | (1,558)              | 437   |
| Pretax income (loss)  | 2,027  | 498                  | 2,525   |
| Income tax expense (benefit)  | 559  | 98                   | 657   |
| Net income (loss)   | 1,468  | 400                  | 1,868   |
| Net income (loss) attributable to Jackson Financial Inc.                            | \$ 1,479   | \$ 400               | \$ 1,879  |
| <b>Earnings per share</b>   |  |                      |   |
| Basic   | \$ 17.38   | \$ 4.70              | \$ 22.08  |
| Diluted   | \$ 16.83   | \$ 4.55              | \$ 21.38  |





|   | As Previously Reported<br>Nine Months Ended<br>September 30, 2022 | Effect of<br>Changes | As Adjusted<br>Nine Months Ended<br>September 30, 2022 |
|---|---|----------------------|--|
| <b>Revenues</b>   |   |                      |  |
| Total net gains (losses) on derivatives and investments                             | \$ 6,891  | \$ (3,055)           | \$ 3,836   |
| Total revenues  | 14,932  | (3,055)              | 11,877   |
| <b>Benefits and Expenses</b>  |   |                      |  |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 2,090   | (1,279)              | 811  |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | —   | (8)                  | (8)  |
| Market risk benefits (gains) losses, net  | —   | (1,636)              | (1,636)  |
| Interest credited on other contract holder funds, net of deferrals and amortization | 628   | 2                    | 630  |
| Amortization of deferred acquisition costs  | 2,276   | (1,347)              | 929  |
| Total benefits and expenses   | 6,868   | (4,268)              | 2,600  |
| Pretax income (loss)  | 8,064   | 1,213                | 9,277  |
| Income tax expense (benefit)  | 1,606   | 284                  | 1,890  |
| Net income (loss)   | 6,458   | 929                  | 7,387  |
| Net income (loss) attributable to Jackson Financial Inc.                            | \$ 6,407  | \$ 929               | \$ 7,336   |
| <b>Earnings per share</b>   |   |                      |  |
| Basic   | \$ 74.39  | \$ 10.79             | \$ 85.18   |
| Diluted   | \$ 71.73  | \$ 10.40             | \$ 82.13   |

The following table presents amounts previously reported in Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2022, to reflect the effect of the change due to the adoption of LDTI, and the adjusted amounts (in millions):

|   | As Previously Reported<br>Three Months Ended<br>September 30, 2022 | Effect of<br>Changes | As Adjusted<br>Three Months Ended<br>September 30, 2022 |
|---|--|----------------------|---|
| <b>Net income (loss)</b>  | \$ 1,468   | \$ 400               | \$ 1,868  |
| <b>Other comprehensive income (loss), net of tax:</b>   |  |                      |   |
| Change in unrealized gains (losses) on securities with no credit impairment, net of tax expense (benefit)   | (1,978)  | (91)                 | (2,069)   |
| Change in current discount rate related to reserve for future policy benefits, net of tax expense (benefit) | —  | 361                  | 361   |
| Change in non-performance risk on market risk benefits, net of tax expense (benefit)                        | —  | 432                  | 432   |
| Total other comprehensive income (loss)   | (1,996)  | 702                  | (1,294)   |
| Comprehensive income (loss) attributable to Jackson Financial Inc.  | \$ (517)   | \$ 1,102             | \$ 585  |

|   | As Previously Reported<br>Nine Months Ended<br>September 30, 2022 | Effect of<br>Changes | As adjusted<br>Nine Months Ended<br>September 30, 2022 |
|---|---|----------------------|--|
| <b>Net income (loss)</b>  | \$ 6,458  | \$ 929               | \$ 7,387   |
| Other comprehensive income (loss), net of tax:  |   |                      |  |
| Change in unrealized gains (losses) on securities with no credit impairment, net of tax expense (benefit)   | (7,466)   | (317)                | (7,783)  |
| Change in current discount rate related to reserve for future policy benefits, net of tax expense (benefit) | —   | 1,423                | 1,423  |
| Change in non-performance risk on market risk benefits, net of tax expense (benefit)                        | —   | 1,963                | 1,963  |
| <b>Total other comprehensive income (loss)</b>  | <b>(7,462)</b>  | <b>3,069</b>         | <b>(4,393)</b>   |
| Comprehensive income (loss) attributable to Jackson Financial Inc.  | \$ (1,055)  | \$ 3,998             | \$ 2,943   |

The adoption of LDTI did not affect the previously reported totals for net cash flows provided by (used in) operating, investing, or financing activities, but did affect the following components of net cash flows provided by (used in) operating activities:

|   | As Previously Reported<br>Nine Months Ended<br>September 30, 2022 | Effect of<br>Changes | As Adjusted<br>Nine Months Ended<br>September 30, 2022 |
|---|---|----------------------|--|
| <b>Cash flows from operating activities:</b>                                      |   |                      |  |
| Net income (loss)   | \$ 6,458  | \$ 929               | \$ 7,387   |
| Adjustments to reconcile net income to net cash provided by operating activities: |   |                      |  |
| Net losses (gains) on derivatives   | (4,362)   | 3,055                | (1,307)  |
| Net (gain) loss on market risk benefits   | —   | (1,636)              | (1,636)  |
| (Gain) loss from updating future policy benefits cash flow assumptions, net       | —   | (8)                  | (8)  |
| Interest credited on other contract holder funds, gross                           | 628   | 2                    | 630  |
| Deferred income tax expense (benefit)   | 1,625   | 283                  | 1,908  |
| Change in deferred acquisition costs  | 1,783   | (1,348)              | 435  |
| Change in funds withheld, net of reinsurance                                      | (204)   | 412                  | 208  |
| Change in other assets and liabilities, net                                       | (167)   | (1,689)              | (1,856)  |
| Total adjustments   | (697)   | (929)                | (1,626)  |
| <b>Net cash provided by (used in) operating activities</b>                        | <b>\$ 2,941</b>   | <b>\$ —</b>          | <b>\$ 2,941</b>  |

In addition, information regarding periods ended on or before December 31, 2022 presented in the following Notes to the Condensed Consolidated Financial Statements has been recast to reflect the adoption of LDTI: Notes 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 19, 20, and 21.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The new guidance eliminates the accounting guidance for troubled debt restructurings by creditors, and instead requires an entity to evaluate whether a modification represents a new loan or a continuation of an existing loan. The amendments also enhance disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. New guidance for vintage disclosures requires that current-period gross write-offs be disclosed by year of origination for financing receivables and net investments in leases that fall within scope of the current expected credit loss model. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Updates should be applied prospectively. However, an entity has the option to apply the modified retrospective method related to the recognition and measurements of troubled debt restructurings. Effective January 1, 2023, the Company adopted ASU 2022-02, which did not have a material impact to the Condensed Consolidated Financial Statements.

### 3. Segment Information

The Company has three reportable segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Block. The Company reports certain activities and items that are not included in these reportable segments, including the results of PPM Holdings, Inc., the holding company of PPM, which manages the majority of the Company's general account investment portfolio, in Corporate and Other. The reportable segments reflect how the Company's chief operating decision maker views and manages the business. The following is a brief description of the Company's reportable segments, plus its Corporate and Other segment.

#### Retail Annuities

The Company's Retail Annuities segment offers a variety of retirement income and savings products through its diverse suite of products, consisting primarily of variable annuities, fixed index annuities, fixed annuities, payout annuities, and registered index-linked annuities ("RILA"). These products are distributed through various wirehouses, insurance brokers and independent broker-dealers, as well as through banks and financial institutions, primarily to high-net worth investors and the mass and affluent markets.

The Company's variable annuities represent an attractive option for retirees and soon-to-be retirees, providing access to equity market appreciation and add-on benefits, including guaranteed lifetime income. A fixed index annuity is designed for investors who desire principal protection with the opportunity to participate in capped upside investment returns linked to a reference market index. The Company also provides access to guaranteed lifetime income as an add-on benefit. A fixed annuity is a guaranteed product designed to build wealth without market exposure, through a crediting rate that is likely to be superior to interest rates offered from banks or money market funds. A RILA offers customers exposure to market returns through market index-linked investment options, subject to a cap, and offers a variety of guarantees designed to modify or limit losses.

The financial results of the variable annuity business within the Company's Retail Annuities segment are largely dependent on the performance of the contract holder account value, which impacts both the level of fees collected and the benefits paid to the contract holder. The financial results of the Company's fixed annuities, including the fixed option on variable annuities, RILA and fixed index annuities, are largely dependent on the Company's ability to earn a spread between earned investment rates on general account assets and the interest credited to contract holders.

#### Institutional Products

The Company's Institutional Products segment consists of traditional Guaranteed Investment Contracts ("GICs"), funding agreements (including agreements issued in conjunction with the Company's participation in the U.S. Federal Home Loan Bank ("FHLB") program) and medium-term note funding agreements. The Company's GIC products are marketed to defined contribution pension and profit-sharing retirement plans. Funding agreements are marketed to institutional investors, including corporate cash accounts and securities lending funds, as well as money market funds, and are issued to the FHLB in connection with its program.

The financial results of the Company's institutional products business are primarily dependent on the Company's ability to earn a spread between earned investment rates on general account assets and the interest credited on GICs and funding agreements.

#### Closed Life and Annuity Blocks

The Company's Closed Life and Annuity Blocks segment is primarily composed of blocks of business that have been acquired since 2004. This segment includes various protection products, primarily whole life, universal life, variable universal life, and term life insurance products, as well as fixed, fixed index, and payout annuities. The Closed Life and Annuity Blocks segment also includes a block of group payout annuities that we assumed from John Hancock Life Insurance Company (USA) and John Hancock Life Insurance Company of New York through reinsurance transactions in 2018 and 2019, respectively. The Company historically offered traditional and interest-sensitive life insurance products but discontinued new sales of life insurance products in 2012, as we believe opportunistically acquiring mature blocks of life

insurance policies was a more efficient means of diversifying our in-force business than selling new life insurance products.

The profitability of the Company's Closed Life and Annuity Blocks segment is largely driven by its historical ability to appropriately price its products and purchase appropriately priced blocks of business, as realized through underwriting, expense and net gains (losses) on derivatives and investments, and the ability to earn an assumed rate of return on the assets supporting that business.

### Corporate and Other

The Company's Corporate and Other segment primarily consists of the operations of its investment management subsidiary, PPM, VIE's, and unallocated corporate income and expenses. The Corporate and Other segment also includes certain eliminations and consolidation adjustments.

### Segment Performance Measurement

Segment operating revenues and pretax adjusted operating earnings are non-GAAP financial measures that management believes are critical to the evaluation of the financial performance of the Company's segments. The Company uses the same accounting policies and procedures to measure segment pretax adjusted operating earnings as used in its reporting of consolidated net income. Its primary measure is pretax adjusted operating earnings, which is defined as net income recorded in accordance with U.S. GAAP, excluding certain items that may be highly variable from period to period due to accounting treatment under U.S. GAAP, or that are non-recurring in nature, as well as certain other revenues and expenses that are not considered to drive underlying performance. Operating revenues and pretax adjusted operating earnings should not be used as a substitute for revenues and net income as calculated in accordance with U.S. GAAP.

Pretax adjusted operating earnings equals net income adjusted to eliminate the impact of the items described in the following numbered paragraphs. These items are excluded from pretax adjusted operating earnings as they may vary significantly from period to period due to near-term market conditions and therefore are not directly comparable or reflective of the underlying performance of our business. We believe these exclusions provide investors a better picture of the drivers of our underlying performance.

1. *Net Hedging Results*: Comprised of: (i) fees attributed to guaranteed benefits; (ii) changes in the fair value of freestanding derivatives used to manage the risk associated with market risk benefits and other guaranteed benefit features; (iii) the movements in reserves, market risk benefits, guaranteed benefit features accounted for as embedded derivative instruments, and related claims and benefit payments; (iv) amortization of the balance of unamortized deferred acquisition costs at the date of transition to current LDTI accounting guidance on January 1, 2021 associated with items excluded from pretax adjusted operating earnings prior to transition; and (v) the impact on the valuation of Guaranteed Benefits and Net Hedging Results arising from changes in underlying actuarial assumptions. We believe excluding these items removes the impact to both revenue and related expenses associated with Guaranteed Benefits and Net Hedging Results.
2. *Net Realized Investment Gains and Losses*: Comprised of: (i) realized investment gains and losses associated with the periodic sales or disposals of securities, excluding those held within our trading portfolio; and (ii) impairments of securities, after adjustment for the non-credit component of the impairment charges.
3. *Change in Value of Funds Withheld Embedded Derivative and Net Investment Income on Funds Withheld Assets*: Comprised of: (i) the change in fair value of funds withheld embedded derivatives; and (ii) net investment income on funds withheld assets related to funds withheld reinsurance transactions.
4. *Other items*: Comprised of: (i) the impact of investments that are consolidated in our financial statements due to U.S. GAAP accounting requirements, such as our investments in collateralized loan obligations ("CLOs"), but for which the consolidation effects are not consistent with our economic interest or exposure to those entities, and (ii) one-time or other non-recurring items.
5. *Income taxes*.

Set forth in the tables below is certain information with respect to the Company's segments, as described above (in millions, 2022 information recast for the adoption of LDTI):

| Three Months Ended September 30, 2023   | Retail Annuities | Institutional Products | Closed Life and Annuity Blocks | Corporate and Other | Total Consolidated |
|---|------------------|------------------------|--------------------------------|---------------------|--------------------|
| <b>Operating Revenues</b>   |                  |                        |                                |                     |                    |
| Fee income  | \$ 1,038         | \$ —                   | \$ 112                         | \$ 11               | \$ 1,161           |
| Premiums  | 6                | —                      | 30                             | —                   | 36                 |
| Net investment income   | 135              | 130                    | 172                            | 16                  | 453                |
| Income (loss) on operating derivatives  | (12)             | (13)                   | (11)                           | (2)                 | (38)               |
| Other income  | 9                | —                      | 8                              | 1                   | 18                 |
| <b>Total Operating Revenues</b>   | <b>1,176</b>     | <b>117</b>             | <b>311</b>                     | <b>26</b>           | <b>1,630</b>       |
| <b>Operating Benefits and Expenses</b>  |                  |                        |                                |                     |                    |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 24               | —                      | 150                            | —                   | 174                |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (4)              | —                      | 4                              | —                   | —                  |
| Interest credited on other contract holder funds, net of deferrals and amortization | 90               | 87                     | 107                            | —                   | 284                |
| Interest expense  | 19               | 8                      | —                              | 22                  | 49                 |
| Operating costs and other expenses, net of deferrals                                | 554              | 1                      | 41                             | 30                  | 626                |
| Amortization of deferred acquisition costs  | 139              | —                      | 3                              | —                   | 142                |
| <b>Total Operating Benefits and Expenses</b>  | <b>822</b>       | <b>96</b>              | <b>305</b>                     | <b>52</b>           | <b>1,275</b>       |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 354</b>    | <b>\$ 21</b>           | <b>\$ 6</b>                    | <b>\$ (26)</b>      | <b>\$ 355</b>      |

| Three Months Ended September 30, 2022   | Retail Annuities | Institutional Products | Closed Life and Annuity Blocks | Corporate and Other | Total Consolidated |
|---|------------------|------------------------|--------------------------------|---------------------|--------------------|
| <b>Operating Revenues</b>   |                  |                        |                                |                     |                    |
| Fee income  | \$ 1,002         | \$ —                   | \$ 118                         | \$ 13               | \$ 1,133           |
| Premiums  | 3                | —                      | 36                             | —                   | 39                 |
| Net investment income   | 72               | 80                     | 166                            | 22                  | 340                |
| Income (loss) on operating derivatives  | 2                | (8)                    | 7                              | 2                   | 3                  |
| Other income  | 11               | —                      | 8                              | —                   | 19                 |
| <b>Total Operating Revenues</b>   | <b>1,090</b>     | <b>72</b>              | <b>335</b>                     | <b>37</b>           | <b>1,534</b>       |
| <b>Operating Benefits and Expenses</b>  |                  |                        |                                |                     |                    |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 2                | —                      | 168                            | —                   | 170                |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (1)              | —                      | (36)                           | —                   | (37)               |
| Interest credited on other contract holder funds, net of deferrals and amortization | 72               | 51                     | 101                            | —                   | 224                |
| Interest expense  | 8                | —                      | —                              | 21                  | 29                 |
| Operating costs and other expenses, net of deferrals                                | 540              | 1                      | 23                             | 28                  | 592                |
| Amortization of deferred acquisition costs  | 139              | —                      | 3                              | —                   | 142                |
| <b>Total Operating Benefits and Expenses</b>  | <b>760</b>       | <b>52</b>              | <b>259</b>                     | <b>49</b>           | <b>1,120</b>       |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 330</b>    | <b>\$ 20</b>           | <b>\$ 76</b>                   | <b>\$ (12)</b>      | <b>\$ 414</b>      |



| Nine Months Ended September 30, 2023  | Retail Annuities | Institutional Products | Closed Life and Annuity Blocks | Corporate and Other | Total Consolidated |
|---|------------------|------------------------|--------------------------------|---------------------|--------------------|
| <b>Operating Revenues</b>   |                  |                        |                                |                     |                    |
| Fee income  | \$ 3,015         | \$ —                   | \$ 345                         | \$ 37               | \$ 3,397           |
| Premiums  | 16               | —                      | 102                            | —                   | 118                |
| Net investment income   | 401              | 351                    | 524                            | 49                  | 1,325              |
| Income (loss) on operating derivatives  | (34)             | (38)                   | (35)                           | (10)                | (117)              |
| Other income  | 28               | —                      | 18                             | 6                   | 52                 |
| <b>Total Operating Revenues</b>   | <b>3,426</b>     | <b>313</b>             | <b>954</b>                     | <b>82</b>           | <b>4,775</b>       |
| <b>Operating Benefits and Expenses</b>  |                  |                        |                                |                     |                    |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 21               | —                      | 467                            | —                   | 488                |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (6)              | —                      | 31                             | —                   | 25                 |
| Interest credited on other contract holder funds, net of deferrals and amortization | 284              | 247                    | 333                            | —                   | 864                |
| Interest expense  | 68               | 16                     | —                              | 66                  | 150                |
| Operating costs and other expenses, net of deferrals                                | 1,605            | 3                      | 122                            | 132                 | 1,862              |
| Amortization of deferred acquisition costs  | 416              | —                      | 8                              | —                   | 424                |
| <b>Total Operating Benefits and Expenses</b>  | <b>2,388</b>     | <b>266</b>             | <b>961</b>                     | <b>198</b>          | <b>3,813</b>       |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 1,038</b>  | <b>\$ 47</b>           | <b>\$ (7)</b>                  | <b>\$ (116)</b>     | <b>\$ 962</b>      |

| Nine Months Ended September 30, 2022  | Retail Annuities | Institutional Products | Closed Life and Annuity Blocks | Corporate and Other | Total Consolidated |
|---|------------------|------------------------|--------------------------------|---------------------|--------------------|
| <b>Operating Revenues</b>   |                  |                        |                                |                     |                    |
| Fee income  | \$ 3,144         | \$ —                   | \$ 358                         | \$ 43               | \$ 3,545           |
| Premiums  | 6                | —                      | 108                            | —                   | 114                |
| Net investment income   | 299              | 216                    | 522                            | 65                  | 1,102              |
| Income (loss) on operating derivatives  | 20               | (13)                   | 35                             | 20                  | 62                 |
| Other income  | 33               | —                      | 25                             | 2                   | 60                 |
| <b>Total Operating Revenues</b>   | <b>3,502</b>     | <b>203</b>             | <b>1,048</b>                   | <b>130</b>          | <b>4,883</b>       |
| <b>Operating Benefits and Expenses</b>  |                  |                        |                                |                     |                    |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 50               | —                      | 587                            | —                   | 637                |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (3)              | —                      | (4)                            | —                   | (7)                |
| Interest credited on other contract holder funds, net of deferrals and amortization | 190              | 137                    | 303                            | —                   | 630                |
| Interest expense  | 19               | —                      | —                              | 54                  | 73                 |
| Operating costs and other expenses, net of deferrals                                | 1,647            | 4                      | 74                             | 74                  | 1,799              |
| Amortization of deferred acquisition costs  | 419              | —                      | 9                              | —                   | 428                |
| <b>Total Operating Benefits and Expenses</b>  | <b>2,322</b>     | <b>141</b>             | <b>969</b>                     | <b>128</b>          | <b>3,560</b>       |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 1,180</b>  | <b>\$ 62</b>           | <b>\$ 79</b>                   | <b>\$ 2</b>         | <b>\$ 1,323</b>    |

Intersegment eliminations in the above tables are included in the Corporate and Other segment. These include the elimination of investment income, between Retail Annuities and the Corporate and Other segments, as well as the elimination from fee income and investment income of investment fees paid by Jackson Financial and its subsidiaries to its affiliate PPM, which were \$20 million and \$18 million for the three months ended September 30, 2023 and 2022, respectively, and \$57 million and \$52 million for the nine months ended September 30, 2023 and 2022, respectively.





The following table summarizes the reconciling items from the non-GAAP measure of total operating revenues to the U.S. GAAP measure of total revenues attributable to the Company (in millions, 2022 information recast for the adoption of LDTI):

|  | Three Months Ended September 30, |          | Nine Months Ended September 30, |           |
|--|----------------------------------|----------|---------------------------------|-----------|
|  | 2023                             | 2022     | 2023                            | 2022      |
| Total operating revenues   | \$ 1,630                         | \$ 1,534 | \$ 4,775                        | \$ 4,883  |
| Fees attributed to guarantee benefit reserves                    | 784                              | 771      | 2,345                           | 2,300     |
| Net gains (losses) on derivatives and investments                | (137)                            | 356      | (5,704)                         | 3,774     |
| Net investment income (loss) related to noncontrolling interests | 17                               | (11)     | 21                              | 51        |
| Consolidated investments   | 9                                | (1)      | (32)                            | (68)      |
| Net investment income on funds withheld assets                   | 303                              | 313      | 862                             | 937       |
| Total revenues <sup>(1)</sup>                                    | \$ 2,606                         | \$ 2,962 | \$ 2,267                        | \$ 11,877 |

<sup>(1)</sup> Substantially all the Company's revenues originated in the United States. There were no individual customers that exceeded 10% of total revenues.

The following table summarizes the reconciling items from the non-GAAP measure of total operating benefits and expenses to the U.S. GAAP measure of total benefits and expenses attributable to the Company (in millions, 2022 information recast for the adoption of LDTI):

|  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|--|----------------------------------|----------|---------------------------------|----------|
|  | 2023                             | 2022     | 2023                            | 2022     |
| Total operating benefits and expenses                              | \$ 1,275                         | \$ 1,120 | \$ 3,813                        | \$ 3,560 |
| Net (gain) loss on market risk benefits                            | (2,376)                          | (913)    | (5,120)                         | (1,636)  |
| Benefits attributed to guaranteed benefit features                 | 57                               | 68       | 211                             | 173      |
| Amortization of DAC related to non-operating revenues and expenses | 148                              | 162      | 450                             | 501      |
| Other items  | —                                | —        | —                               | 2        |
| Total benefits and expenses  | \$ (896)                         | \$ 437   | \$ (646)                        | \$ 2,600 |

The following table summarizes the reconciling items, from the non-GAAP measure of pretax adjusted operating earnings to the U.S. GAAP measure of net income attributable to the Company (in millions, 2022 information recast for the adoption of LDTI):

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2023                             | 2022     | 2023                            | 2022     |
| Pretax adjusted operating earnings  | \$ 355                           | \$ 414   | \$ 962                          | \$ 1,323 |
| Non-operating adjustments income (loss):  |                                  |          |                                 |          |
| Fees attributable to guarantee benefit reserves                                       | 784                              | 771      | 2,345                           | 2,300    |
| Net movement in freestanding derivatives  | (271)                            | (253)    | (4,694)                         | 1,118    |
| Market risk benefits gains (losses), net  | 2,376                            | 913      | 5,120                           | 1,636    |
| Net reserve and embedded derivative movements   | 45                               | (7)      | (338)                           | (47)     |
| Amortization of DAC associated with non-operating items at date of transition to LDTI | (148)                            | (162)    | (450)                           | (501)    |
| Total guaranteed benefits and net hedging results                                     | 2,786                            | 1,262    | 1,983                           | 4,506    |
| Net realized investment gains (losses)  | (127)                            | (6)      | (235)                           | (131)    |
| Net realized investment gains (losses) on funds withheld assets                       | 159                              | 555      | (648)                           | 2,660    |
| Net investment income on funds withheld assets  | 303                              | 313      | 862                             | 937      |
| Other items   | 9                                | (2)      | (32)                            | (69)     |
| Pretax income (loss) attributable to Jackson Financial Inc.                           | 3,485                            | 2,536    | 2,892                           | 9,226    |
| Income tax expense (benefit)  | 712                              | 657      | 399                             | 1,890    |
| Net income (loss) attributable to Jackson Financial Inc.                              | 2,773                            | 1,879    | 2,493                           | 7,336    |
| Less: Dividends on preferred stock  | 11                               | —        | 24                              | —        |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders          | \$ 2,762                         | \$ 1,879 | \$ 2,469                        | \$ 7,336 |

#### 4. Investments

Investments consist primarily of fixed-income securities and loans, principally publicly-traded corporate and government bonds, asset-backed securities and mortgage loans. Asset-backed securities include mortgage-backed and other structured securities. The Company generates the majority of its general account deposits from interest-sensitive individual annuity contracts, life insurance products and institutional products on which it has committed to pay a declared rate of interest. The Company's strategy of investing in fixed-income securities and loans seeks the matching of the asset yield with the amounts credited to the interest-sensitive liabilities and to earn a stable return on its investments.

##### Debt Securities

The following table sets forth the composition of the fair value of debt securities at September 30, 2023 and December 31, 2022, classified by rating categories as assigned by a nationally recognized statistical rating organization (a "rating agency"), the National Association of Insurance Commissioners ("NAIC"), or if not rated by such organizations, the Company's investment advisors. The Company uses the second lowest rating by a rating agency when rating agencies ratings are not equivalent and, for purposes of the table, if not otherwise rated by a rating agency, the NAIC rating of a security is converted to an equivalent rating agency rating. At September 30, 2023 and December 31, 2022, the carrying value of investments rated by the Company's consolidated investment advisor totaled \$422 million and \$32 million, respectively.

| Investment Rating          | Percent of Total Debt Securities Carrying Value |                   |
|----------------------------|---|-------------------|
|                            | September 30, 2023                              | December 31, 2022 |
| U.S. government securities | 8.9%  | 11.6%             |
| AAA                        | 6.6%  | 6.4%              |
| AA                         | 9.1%  | 8.2%              |
| A                          | 31.4%   | 29.8%             |
| BBB                        | 36.5%   | 36.4%             |
| Investment grade           | 92.5%   | 92.4%             |
| BB                         | 3.8%  | 3.9%              |
| B and below                | 3.7%  | 3.7%              |
| Below investment grade     | 7.5%  | 7.6%              |
| Total debt securities      | 100.0%  | 100.0%            |

At September 30, 2023 and December 31, 2022, the total carrying value of debt securities in an unrealized loss position consisted of:

|                                   | September 30, 2023 | December 31, 2022 |
|-----------------------------------|--------------------|-------------------|
| Investment grade securities       | 79%                | 78%               |
| Below investment grade securities | 2%                 | 2%                |
| Not rated securities              | 19%                | 20%               |

Unrealized losses on debt securities that were below investment grade or not rated were approximately 20% and 21% of the aggregate gross unrealized losses on available-for-sale debt securities at September 30, 2023 and December 31, 2022, respectively.

Corporate securities in an unrealized loss position were diversified across industries. As of September 30, 2023, the industries accounting for the largest percentage of unrealized losses included utility (18% of corporate gross unrealized losses) and healthcare (10%). The largest unrealized loss related to a single corporate obligor was \$63 million at September 30, 2023.

As of December 31, 2022, the industries accounting for the largest percentage of unrealized losses included utility ( 16% of corporate gross unrealized losses) and healthcare (10%). The largest unrealized loss related to a single corporate obligor was \$ 57 million at December 31, 2022.

At September 30, 2023 and December 31, 2022, the amortized cost, allowance for credit loss ("ACL"), gross unrealized gains and losses, and fair value of debt securities, including trading securities and securities carried at fair value under the fair value option, were as follows (in millions):

| September 30, 2023            | Amortized<br>Cost <sup>(1)</sup> | Allowance<br>for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value    |
|-------------------------------|----------------------------------|---------------------------------|------------------------------|-------------------------------|------------------|
| U.S. government securities    | \$ 4,877                         | \$ —                            | \$ —                         | \$ 1,203                      | \$ 3,674         |
| Other government securities   | 1,684                            | 3                               | —                            | 303                           | 1,378            |
| Public utilities              | 5,936                            | —                               | 13                           | 881                           | 5,068            |
| Corporate securities          | 28,728                           | 17                              | 32                           | 4,061                         | 24,682           |
| Residential mortgage-backed   | 441                              | 6                               | 10                           | 69                            | 376              |
| Commercial mortgage-backed    | 1,639                            | —                               | —                            | 197                           | 1,442            |
| Other asset-backed securities | 5,208                            | —                               | 2                            | 442                           | 4,768            |
| Total debt securities         | <u>\$ 48,513</u>                 | <u>\$ 26</u>                    | <u>\$ 57</u>                 | <u>\$ 7,156</u>               | <u>\$ 41,388</u> |
| December 31, 2022             | Amortized<br>Cost <sup>(1)</sup> | Allowance<br>for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value    |
| U.S. government securities    | \$ 6,192                         | \$ —                            | \$ 1                         | \$ 1,008                      | \$ 5,185         |
| Other government securities   | 1,719                            | 2                               | 1                            | 251                           | 1,467            |
| Public utilities              | 5,893                            | —                               | 27                           | 695                           | 5,225            |
| Corporate securities          | 28,803                           | 15                              | 59                           | 3,701                         | 25,146           |
| Residential mortgage-backed   | 510                              | 6                               | 19                           | 59                            | 464              |
| Commercial mortgage-backed    | 1,821                            | —                               | —                            | 183                           | 1,638            |
| Other asset-backed securities | 6,133                            | —                               | 8                            | 504                           | 5,637            |
| Total debt securities         | <u>\$ 51,071</u>                 | <u>\$ 23</u>                    | <u>\$ 115</u>                | <u>\$ 6,401</u>               | <u>\$ 44,762</u> |

<sup>(1)</sup> Amortized cost, apart from the carrying value for securities carried at fair value under the fair value option and trading securities.

The amortized cost, ACL, gross unrealized gains and losses, and fair value of debt securities at September 30, 2023, by contractual maturity, are shown below (in millions). Actual maturities may differ from contractual maturities where securities can be called or prepaid with or without early redemption penalties.

|                                     | Amortized<br>Cost <sup>(1)</sup> | Allowance<br>for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value    |
|-------------------------------------|----------------------------------|---------------------------------|------------------------------|-------------------------------|------------------|
| Due in 1 year or less               | \$ 2,092                         | \$ 2                            | \$ —                         | \$ 24                         | \$ 2,066         |
| Due after 1 year through 5 years    | 9,975                            | 10                              | 4                            | 495                           | 9,474            |
| Due after 5 years through 10 years  | 12,762                           | 5                               | 14                           | 1,633                         | 11,138           |
| Due after 10 years through 20 years | 8,981                            | 3                               | 26                           | 1,984                         | 7,020            |
| Due after 20 years                  | 7,415                            | —                               | 1                            | 2,312                         | 5,104            |
| Residential mortgage-backed         | 441                              | 6                               | 10                           | 69                            | 376              |
| Commercial mortgage-backed          | 1,639                            | —                               | —                            | 197                           | 1,442            |
| Other asset-backed securities       | 5,208                            | —                               | 2                            | 442                           | 4,768            |
| <b>Total</b>                        | <b>\$ 48,513</b>                 | <b>\$ 26</b>                    | <b>\$ 57</b>                 | <b>\$ 7,156</b>               | <b>\$ 41,388</b> |

<sup>(1)</sup> Amortized cost, apart from the carrying value for securities carried at fair value under the fair value option and trading securities.

As required by law in various states in which business is conducted, securities with a carrying value of \$ 99 million and \$90 million at September 30, 2023 and December 31, 2022, respectively, were on deposit with regulatory authorities.

Residential mortgage-backed securities ("RMBS") include certain RMBS that are collateralized by residential mortgage loans and are neither expressly nor implicitly guaranteed by U.S. government agencies ("non-agency RMBS"). The Company's non-agency RMBS include investments in securities backed by prime, Alt-A, and subprime loans, as follows (in millions):

| September 30, 2023           | Amortized<br>Cost <sup>(1)</sup> | Allowance<br>for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|------------------------------|----------------------------------|---------------------------------|------------------------------|-------------------------------|---------------|
| Prime                        | \$ 190                           | \$ 3                            | \$ 1                         | \$ 31                         | \$ 157        |
| Alt-A                        | 66                               | 3                               | 5                            | 16                            | 52            |
| Subprime                     | 14                               | —                               | 4                            | —                             | 18            |
| <b>Total non-agency RMBS</b> | <b>\$ 270</b>                    | <b>\$ 6</b>                     | <b>\$ 10</b>                 | <b>\$ 47</b>                  | <b>\$ 227</b> |

  

| December 31, 2022            | Amortized<br>Cost <sup>(1)</sup> | Allowance<br>for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|------------------------------|----------------------------------|---------------------------------|------------------------------|-------------------------------|---------------|
| Prime                        | \$ 206                           | \$ 4                            | \$ 2                         | \$ 30                         | \$ 174        |
| Alt-A                        | 84                               | 2                               | 7                            | 10                            | 79            |
| Subprime                     | 27                               | —                               | 10                           | 1                             | 36            |
| <b>Total non-agency RMBS</b> | <b>\$ 317</b>                    | <b>\$ 6</b>                     | <b>\$ 19</b>                 | <b>\$ 41</b>                  | <b>\$ 289</b> |

<sup>(1)</sup> Amortized cost, apart from carrying value for securities carried at fair value under the fair value option and trading securities.

The Company defines its exposure to non-agency residential mortgage loans as follows:

- Prime loan-backed securities are collateralized by mortgage loans made to the highest rated borrowers.
- Alt-A loan-backed securities are collateralized by mortgage loans made to borrowers who lack credit documentation or necessary requirements to obtain prime borrower rates.
- Subprime loan-backed securities are collateralized by mortgage loans made to borrowers that have a FICO score of 660 or lower.

The following table summarizes the number of securities, fair value and the gross unrealized losses of debt securities, aggregated by investment category and length of time that individual debt securities have been in a continuous loss position (dollars in millions):

|                                       | September 30, 2023   |               |                                   | December 31, 2022    |               |                                   |
|---------------------------------------|----------------------|---------------|-----------------------------------|----------------------|---------------|-----------------------------------|
|                                       | Less than 12 months  |               |                                   | Less than 12 months  |               |                                   |
|                                       | Gross                |               |                                   | Gross                |               |                                   |
|                                       | Unrealized<br>Losses | Fair<br>Value | # of<br>securities                | Unrealized<br>Losses | Fair<br>Value | # of<br>securities                |
| U.S. government securities            | \$ 71                | \$ 386        | 17                                | \$ 339               | \$ 2,815      | 40                                |
| Other government securities           | 4                    | 76            | 12                                | 174                  | 1,258         | 143                               |
| Public utilities                      | 57                   | 743           | 98                                | 508                  | 4,279         | 490                               |
| Corporate securities                  | 234                  | 4,119         | 690                               | 2,087                | 17,068        | 2,323                             |
| Residential mortgage-backed           | 4                    | 70            | 76                                | 43                   | 279           | 196                               |
| Commercial mortgage-backed            | 3                    | 52            | 10                                | 138                  | 1,421         | 177                               |
| Other asset-backed securities         | 47                   | 806           | 70                                | 282                  | 3,485         | 417                               |
| Total temporarily impaired securities | \$ 420               | \$ 6,252      | 973                               | \$ 3,571             | \$ 30,605     | 3,786                             |
|                                       | 12 months or longer  |               |                                   | 12 months or longer  |               |                                   |
|                                       | Gross                |               |                                   | Gross                |               |                                   |
|                                       | Unrealized<br>Losses | Fair<br>Value | # of<br>securities                | Unrealized<br>Losses | Fair<br>Value | # of<br>securities                |
|                                       |                      |               |                                   |                      |               |                                   |
| U.S. government securities            | \$ 1,132             | \$ 2,752      | 25                                | \$ 669               | \$ 1,386      | 6                                 |
| Other government securities           | 299                  | 1,282         | 158                               | 77                   | 177           | 23                                |
| Public utilities                      | 824                  | 4,075         | 518                               | 187                  | 520           | 87                                |
| Corporate securities                  | 3,827                | 17,630        | 2,365                             | 1,614                | 4,601         | 644                               |
| Residential mortgage-backed           | 65                   | 261           | 233                               | 16                   | 81            | 94                                |
| Commercial mortgage-backed            | 194                  | 1,333         | 183                               | 45                   | 192           | 31                                |
| Other asset-backed securities         | 395                  | 3,488         | 464                               | 222                  | 1,551         | 171                               |
| Total temporarily impaired securities | \$ 6,736             | \$ 30,821     | 3,946                             | \$ 2,830             | \$ 8,508      | 1,056                             |
|                                       | Total                |               |                                   | Total                |               |                                   |
|                                       | Gross                |               |                                   | Gross                |               |                                   |
|                                       | Unrealized<br>Losses | Fair<br>Value | # of<br>securities <sup>(1)</sup> | Unrealized<br>Losses | Fair<br>Value | # of<br>securities <sup>(1)</sup> |
|                                       |                      |               |                                   |                      |               |                                   |
| U.S. government securities            | \$ 1,203             | \$ 3,138      | 38                                | \$ 1,008             | \$ 4,201      | 42                                |
| Other government securities           | 303                  | 1,358         | 167                               | 251                  | 1,435         | 162                               |
| Public utilities                      | 881                  | 4,818         | 592                               | 695                  | 4,799         | 562                               |
| Corporate securities                  | 4,061                | 21,749        | 2,889                             | 3,701                | 21,669        | 2,806                             |
| Residential mortgage-backed           | 69                   | 331           | 308                               | 59                   | 360           | 290                               |
| Commercial mortgage-backed            | 197                  | 1,385         | 191                               | 183                  | 1,613         | 206                               |
| Other asset-backed securities         | 442                  | 4,294         | 514                               | 504                  | 5,036         | 577                               |
| Total temporarily impaired securities | \$ 7,156             | \$ 37,073     | 4,699                             | \$ 6,401             | \$ 39,113     | 4,645                             |

<sup>(1)</sup> Certain securities contain multiple lots and fit the criteria of both aging groups.

Debt securities in an unrealized loss position as of September 30, 2023 did not require an impairment recognized in earnings as (i) the Company did not intend to sell these debt securities, (ii) it is not more likely than not that the Company will be required to sell these securities before recovery of their amortized cost basis, and (iii) the difference in the fair value compared to the amortized cost was due to factors other than credit loss. Based upon this evaluation, the Company believes it has the ability to generate adequate amounts of cash from normal operations to meet cash requirements with a reasonable margin of safety without requiring the sale of impaired securities.

As of September 30, 2023, unrealized losses associated with debt securities are primarily due to widening credit spreads or rising risk-free rates since purchase. As described below, the Company performed analyses of the financial performance of the underlying issues in an unrealized loss position and determined that recovery of the entire amortized cost of each impaired security is expected.

#### **Evaluation of Available-for-Sale Debt Securities for Credit Loss**

For debt securities in an unrealized loss position, management first assesses whether the Company has the intent to sell, or whether it is more likely than not it will be required to sell the security before the amortized cost basis is fully recovered. If either criterion is met, the amortized cost is written down to fair value through net gains (losses) on derivatives and investments as an impairment. If neither criterion is met, the securities are further evaluated to determine if the cause of the decline in fair value resulted from credit losses or other factors, such as estimates about issuer operations and future earnings potential.

The credit loss evaluation for a security may consider the following: the extent to which the fair value is below amortized cost; changes in ratings; whether a significant covenant has been breached; assessments of the issuer's ability to make scheduled debt payments based upon judgments related to its current and projected financial position, including whether it has filed or indicated a possibility of filing for bankruptcy, has missed or announced it intends to miss a scheduled debt service payment, or has experienced a specific material adverse change that may impair its creditworthiness; the existence of, and realizable value of, any collateral backing the obligations; and the macro-economic and micro-economic outlooks for the issuer and its industry.

In addition to the above, the credit loss review of asset-backed securities includes an assessment of future estimated cash flows under expected and stress case scenarios, to identify potential shortfalls in contractual payments. These estimated cash flows are developed using available performance indicators from the underlying assets, such as current and projected default or delinquency rates, levels of credit enhancement, current subordination levels, vintage, expected loss severity and other relevant characteristics.

For mortgage-backed securities, credit losses are assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral characteristics and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities based on the transaction structure and any existing subordination and credit enhancements. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including prepayment timing, default rates and loss severity. Specifically, for prime and Alt-A RMBS, the assumed default percentage is dependent on the severity of delinquency status, with foreclosures and real estate owned receiving higher rates, but also includes the currently performing loans.

These estimates reflect a combination of data derived by third parties and internally developed assumptions. Where possible, this data is benchmarked against other third-party sources. In addition, these estimates are extrapolated along a default timing curve to estimate the total lifetime pool default rate. When a credit loss is determined to exist and the present value of cash flows expected to be collected is less than the amortized cost of the security, an allowance for credit loss is recorded along with a charge to net gains (losses) on derivatives and investments, limited by the amount that the fair value is less than amortized cost. Any remaining unrealized loss after recording the allowance for credit loss is the non-credit amount and is recorded to other comprehensive income.

There are inherent uncertainties in assessing the fair values assigned to the Company's investments. The Company's reviews of net present value and fair value involve several criteria including economic conditions, credit loss experience, other issuer-specific developments and estimated future cash flows. These assessments are based on the best available information at the time. Factors such as market liquidity, the widening of bid/ask spreads and a change in the cash flow assumptions can contribute to future price volatility. If actual experience differs negatively from the assumptions and other considerations used in the Consolidated Financial Statements, unrealized losses currently reported in accumulated other comprehensive income (loss) may be recognized in the Consolidated Income Statements in future periods.

The Company currently has no intent to sell securities with unrealized losses considered to be temporary until they mature or recover in value and believes that it has the ability to do so. However, if the specific facts and circumstances surrounding an individual security, or the outlook for its industry sector change, the Company may sell the security prior to its maturity or recovery and realize a loss.

The allowance for credit loss for specific debt securities may be increased or reversed in subsequent periods due to changes in the assessment of the present value of cash flows that are expected to be collected. Any changes to the allowance for credit loss is recorded as a provision for (or reversal of) credit loss expense in net gains (losses) on derivatives and investments.

When all, or a portion, of a security is deemed uncollectible, the uncollectible portion is written-off with an adjustment to amortized cost and a corresponding reduction to the allowance for credit losses.

Accrued interest receivables are presented separate from the amortized cost basis of debt securities. Accrued interest receivables that are determined to be uncollectible are written off with a corresponding reduction to net investment income. Accrued interest written off was \$1 million and nil during the three and nine months ended September 30, 2023 and three and nine months ended September 30, 2022, respectively.

The roll-forward of the allowance for credit loss for available-for-sale securities by sector is as follows (in millions):

| Three Months Ended September 30, 2023   | US<br>government<br>securities | Other government<br>securities | Public<br>utilities | Corporate<br>securities | Residential<br>mortgage-<br>backed | Commercial<br>mortgage-backed | Other<br>asset-backed<br>securities | Total |
|---|--------------------------------|--------------------------------|---------------------|-------------------------|------------------------------------|-------------------------------|-------------------------------------|-------|
| Balance at July 1, 2023   | \$ —                           | \$ 3                           | \$ —                | \$ 7                    | \$ 6                               | \$ —                          | \$ —                                | \$ 16 |
| Additions for which credit loss was not previously recorded                     | —                              | 2                              | —                   | 15                      | —                                  | 9                             | —                                   | 26    |
| Changes for securities with previously recorded credit loss                     | —                              | —                              | —                   | 2                       | —                                  | —                             | —                                   | 2     |
| Additions for purchases of PCD debt securities <sup>(1)</sup>                   | —                              | —                              | —                   | —                       | —                                  | —                             | —                                   | —     |
| Reductions from charge-offs   | —                              | —                              | —                   | —                       | —                                  | —                             | —                                   | —     |
| Reductions for securities disposed  | —                              | —                              | —                   | (1)                     | —                                  | —                             | —                                   | (1)   |
| Securities intended/required to be sold before recovery of amortized cost basis | —                              | (2)                            | —                   | (6)                     | —                                  | (9)                           | —                                   | (17)  |
| Balance at September 30, 2023 <sup>(2)</sup>                                    | \$ —                           | \$ 3                           | \$ —                | \$ 17                   | \$ 6                               | \$ —                          | \$ —                                | \$ 26 |

| Three Months Ended September 30, 2022   | US<br>government<br>securities | Other government<br>securities | Public<br>utilities | Corporate<br>securities | Residential<br>mortgage-<br>backed | Commercial<br>mortgage-backed | Other<br>asset-backed<br>securities | Total |
|---|--------------------------------|--------------------------------|---------------------|-------------------------|------------------------------------|-------------------------------|-------------------------------------|-------|
| Balance at July 1, 2022   | \$ —                           | \$ 6                           | \$ 1                | \$ 30                   | \$ 6                               | \$ —                          | \$ —                                | \$ 43 |
| Additions for which credit loss was not previously recorded                     | —                              | —                              | —                   | 12                      | 1                                  | —                             | —                                   | 13    |
| Changes for securities with previously recorded credit loss                     | —                              | —                              | (1)                 | (8)                     | (2)                                | —                             | —                                   | (11)  |
| Additions for purchases of PCD debt securities <sup>(1)</sup>                   | —                              | —                              | —                   | —                       | —                                  | —                             | —                                   | —     |
| Reductions from charge-offs   | —                              | —                              | —                   | —                       | —                                  | —                             | —                                   | —     |
| Reductions for securities disposed  | —                              | (3)                            | —                   | —                       | —                                  | —                             | —                                   | (3)   |
| Securities intended/required to be sold before recovery of amortized cost basis | —                              | —                              | —                   | (11)                    | —                                  | —                             | —                                   | (11)  |
| Balance at September 30, 2022 <sup>(2)</sup>                                    | \$ —                           | \$ 3                           | \$ —                | \$ 23                   | \$ 5                               | \$ —                          | \$ —                                | \$ 31 |

| Nine Months Ended September 30, 2023  | US<br>government<br>securities | Other government<br>securities | Public<br>utilities | Corporate<br>securities | Residential<br>mortgage-backed | Commercial<br>mortgage-backed | Other<br>asset-backed<br>securities | Total |
|---|--------------------------------|--------------------------------|---------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------------|-------|
| Balance at January 1, 2023  | \$ —                           | \$ 2                           | \$ —                | \$ 15                   | \$ 6                           | \$ —                          | \$ —                                | \$ 23 |
| Additions for which credit loss was not previously recorded                     | —                              | 2                              | —                   | 48                      | —                              | 9                             | —                                   | 59    |
| Changes for securities with previously recorded credit loss                     | —                              | 1                              | —                   | 1                       | 2                              | —                             | —                                   | 4     |
| Additions for purchases of PCD debt securities <sup>(1)</sup>                   | —                              | —                              | —                   | —                       | —                              | —                             | —                                   | —     |
| Reductions from charge-offs   | —                              | —                              | —                   | —                       | —                              | —                             | —                                   | —     |
| Reductions for securities disposed  | —                              | —                              | —                   | (24)                    | (2)                            | —                             | —                                   | (26)  |
| Securities intended/required to be sold before recovery of amortized cost basis | —                              | (2)                            | —                   | (23)                    | —                              | (9)                           | —                                   | (34)  |
| Balance at September 30, 2023 <sup>(2)</sup>                                    | \$ —                           | \$ 3                           | \$ —                | \$ 17                   | \$ 6                           | \$ —                          | \$ —                                | \$ 26 |

| Nine Months Ended September 30, 2022  | US<br>government<br>securities | Other government<br>securities | Public<br>utilities | Corporate<br>securities | Residential<br>mortgage-backed | Commercial<br>mortgage-backed | Other<br>asset-backed<br>securities | Total |
|---|--------------------------------|--------------------------------|---------------------|-------------------------|--------------------------------|-------------------------------|-------------------------------------|-------|
| Balance at January 1, 2022  | \$ —                           | \$ —                           | \$ —                | \$ —                    | \$ 2                           | \$ —                          | \$ 7                                | \$ 9  |
| Additions for which credit loss was not previously recorded                     | —                              | 6                              | 1                   | 42                      | 3                              | —                             | —                                   | 52    |
| Changes for securities with previously recorded credit loss                     | —                              | —                              | (1)                 | (3)                     | 1                              | —                             | (7)                                 | (10)  |
| Additions for purchases of PCD debt securities <sup>(1)</sup>                   | —                              | —                              | —                   | —                       | —                              | —                             | —                                   | —     |
| Reductions from charge-offs   | —                              | —                              | —                   | —                       | —                              | —                             | —                                   | —     |
| Reductions for securities disposed  | —                              | (3)                            | —                   | —                       | (1)                            | —                             | —                                   | (4)   |
| Securities intended/required to be sold before recovery of amortized cost basis | —                              | —                              | —                   | (16)                    | —                              | —                             | —                                   | (16)  |
| Balance at September 30, 2022 <sup>(2)</sup>                                    | \$ —                           | \$ 3                           | \$ —                | \$ 23                   | \$ 5                           | \$ —                          | \$ —                                | \$ 31 |

<sup>(1)</sup> Represents purchased credit-deteriorated ("PCD") fixed maturity available-for-sale securities.

<sup>(2)</sup> Accrued interest receivable on debt securities totaled \$416 million and \$414 million as of September 30, 2023 and 2022, respectively, and was excluded from the determination of credit losses for the three and nine months ended September 30, 2023 and 2022.



**Net Investment Income**

The sources of net investment income were as follows (in millions):

|   | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|---|----------------------------------|--------|---------------------------------|----------|
|   | 2023                             | 2022   | 2023                            | 2022     |
| Debt securities <sup>(1)</sup>                              | \$ 432                           | \$ 306 | \$ 1,152                        | \$ 792   |
| Equity securities   | (4)                              | (25)   | (5)                             | (18)     |
| Mortgage loans  | 81                               | 70     | 235                             | 211      |
| Policy loans  | 17                               | 18     | 50                              | 52       |
| Limited partnerships  | 20                               | (7)    | 19                              | 151      |
| Other investment income                                     | 24                               | 14     | 74                              | 25       |
| Total investment income excluding funds withheld assets     | 570                              | 376    | 1,525                           | 1,213    |
| Investment expenses   | (91)                             | (49)   | (211)                           | (128)    |
| Net investment income excluding funds withheld assets       | 479                              | 327    | 1,314                           | 1,085    |
| Net investment income on funds withheld assets (see Note 8) | 303                              | 313    | 862                             | 937      |
| Net investment income                                       | \$ 782                           | \$ 640 | \$ 2,176                        | \$ 2,022 |

<sup>(1)</sup> Includes unrealized gains (losses) on trading securities and includes \$51 million and \$43 million for the three and nine months ended September 30, 2023, respectively, and \$(8) million and \$(103) million for the three and nine months ended September 30, 2022, respectively, related to the change in fair value for securities carried under the fair value option.

Unrealized gains (losses) included in investment income that were recognized on equity securities held were \$( 16) million and \$(17) million, for the three months ended September 30, 2023 and 2022, respectively, and \$(38) million and \$(48) million, for the nine months ended September 30, 2023 and 2022, respectively.

**Net Gains (Losses) on Derivatives and Investments**

The following table summarizes net gains (losses) on derivatives and investments (in millions, 2022 information recast for the adoption of LDTI):

|  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|--|----------------------------------|--------|---------------------------------|----------|
|  | 2023                             | 2022   | 2023                            | 2022     |
| Available-for-sale securities  |                                  |        |                                 |          |
| Realized gains on sale   | \$ 11                            | \$ 3   | \$ 17                           | \$ 32    |
| Realized losses on sale  | (102)                            | (57)   | (145)                           | (298)    |
| Credit loss income (expense)   | (18)                             | (6)    | (29)                            | (5)      |
| Credit loss income (expense) on mortgage loans                         | (28)                             | (5)    | (88)                            | (2)      |
| Other <sup>(1)</sup>   | 10                               | 59     | 10                              | 142      |
| Net gains (losses) excluding derivatives and funds withheld assets     | (127)                            | (6)    | (235)                           | (131)    |
| Net gains (losses) on derivative instruments (see Note 5)              | (208)                            | (190)  | (4,938)                         | 1,307    |
| Net gains (losses) on derivatives and investments                      | (335)                            | (196)  | (5,173)                         | 1,176    |
| Net gains (losses) on funds withheld reinsurance treaties (see Note 8) | 159                              | 555    | (648)                           | 2,660    |
| Total net gains (losses) on derivatives and investments                | \$ (176)                         | \$ 359 | \$ (5,821)                      | \$ 3,836 |

<sup>(1)</sup> Includes the foreign currency gain or loss related to foreign denominated trust instruments supporting funding agreements.

Net gains (losses) on funds withheld reinsurance treaties represents income (loss) from the sale of investments held in segregated funds withheld accounts in support of reinsurance agreements for which Jackson retains legal ownership of the underlying investments. These gains (losses) are increased or decreased by changes in the embedded derivative liability related to the Athene funds withheld coinsurance agreement and also include (i) changes in the related funds withheld payable, as all economic performance of the investments held in the segregated accounts inure to the benefit of the reinsurers under the respective reinsurance agreements with each reinsurer, and (ii) amortization of the difference between book value and fair value of the investments as of the effective date of the reinsurance agreements with each reinsurer.

The aggregate fair value of securities sold at a loss for the three and nine months ended September 30, 2023 was \$ 756 million and \$2,909 million, which was approximately 88% and 94% of book value, respectively. The aggregate fair value of securities sold at a loss for the three and nine months ended September 30, 2022 was \$1,068 million and \$3,966 million, which was approximately 94% and 93% of book value, respectively.

Proceeds from sales of available-for-sale debt securities were \$0.9 billion and \$4.2 billion during the three and nine months ended September 30, 2023, respectively, and \$1.4 billion and \$6.3 billion during the three and nine months ended September 30, 2022, respectively.

#### **Consolidated Variable Interest Entities ("VIEs")**

The Company concluded that the following entities are VIEs and that the Company is the primary beneficiary as it has both the power to direct the most significant activities of the VIE as well as the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In each case, the Company's exposure to loss is limited to the capital invested plus, in the cases of the limited liability companies and the Private Equity Funds, unfunded capital commitments.

- The Company funds affiliated limited liability companies to facilitate the issuance of collateralized loan obligations ("CLOs"). In April 2022, the Company reinvested in CLO issuances resulting in an increase of consolidated assets and liabilities. In December 2022, a consolidated VIE issued \$276 million par, net of the Company's holding of CLOs. The Company's policy is to record the consolidation of VIEs on a one-month lag due to the timing of when information is available from the VIE. Therefore, the VIE's issuance of this CLO is not reflected in the Company's Consolidated Balance Sheet as of December 31, 2022 but its inclusion would not materially impact the financial position of the Company as a result of the offsetting changes to assets and liabilities.
- Private Equity Funds III – VIII are limited partnership structures that invest the ownership capital in portfolios of various other limited partnership structures. The Company intends to divest its investment in certain private equity funds. The Company estimated a loss of approximately \$93 million which it recognized in Net Investment Income for the nine months ended September 30, 2023, and which approximates the ultimate loss incurred upon the sale in October 2023.
- PPM has created and managed institutional share class mutual funds, where Jackson seeds new funds, or new share classes within a fund, when deemed necessary to develop the requisite track record prior to allowing investment by external parties. Jackson may sell its interest in a fund once opened to investment by external parties.

Asset and liability information for the consolidated VIEs included on the Condensed Consolidated Balance Sheets are as follows (in millions):

|  | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| <b>Assets</b>  |                    |                   |
| Debt securities, at fair value under fair value option                   | \$ 2,101           | \$ 2,014          |
| Debt securities, trading   | 66                 | 100               |
| Equity securities  | 92                 | 127               |
| Other invested assets  | 1,536              | 1,507             |
| Cash and cash equivalents  | 78                 | 75                |
| Other assets   | 26                 | 19                |
| <b>Total assets</b>  | <b>\$ 3,899</b>    | <b>\$ 3,842</b>   |
| <b>Liabilities</b>   |                    |                   |
| Notes issued by consolidated VIEs, at fair value under fair value option | \$ 2,011           | \$ 1,732          |
| Other liabilities  | 110                | 343               |
| <b>Total other liabilities</b>   | <b>2,121</b>       | <b>2,075</b>      |
| Securities lending payable   | 2                  | 4                 |
| <b>Total liabilities</b>   | <b>\$ 2,123</b>    | <b>\$ 2,079</b>   |
| <b>Equity</b>  |                    |                   |
| Noncontrolling interests   | \$ 775             | \$ 732            |

#### Unconsolidated VIEs

The Company has concluded the following entities are VIEs but does not consolidate them. Based on analysis of the limited partnerships, limited liability companies and the mutual funds, the Company is not the primary beneficiary of the VIE because the Company lacks the power to direct the activities of the VIE that most significantly impact the VIE's performance or lacks the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entities, or both.

- The Company invests in certain limited partnerships ("LPs") and limited liability companies ("LLCs"). The carrying amounts of the Company's investments in these LPs and LLCs are recognized in other invested assets on the Condensed Consolidated Balance Sheets. Unfunded capital commitments for these investments are detailed in Note 16 of the Notes to Condensed Consolidated Financial Statements. The Company's exposure to loss is limited to the capital invested and unfunded capital commitments related to the LPs/LLCs, which was \$2,908 million and \$3,285 million as of September 30, 2023 and December 31, 2022, respectively. The capital invested in an LP or LLC equals the original capital contributed, increased for additional capital contributed after the initial investment, and reduced for any returns of capital from the LP or LLC. LPs and LLCs are carried at fair value.
- The Company invests in certain mutual funds. Mutual funds are recognized in equity securities on the Condensed Consolidated Balance Sheets and were \$19 million and \$28 million as of September 30, 2023 and December 31, 2022, respectively. The Company's maximum exposure to loss on these mutual funds is limited to the amortized cost for these investments.

The Company makes investments in structured debt securities issued by VIEs for which it is not the manager. These structured debt securities include RMBS, Commercial Mortgage-Backed Securities ("CMBS"), and asset-backed securities ("ABS"). The Company does not consolidate the securitization trusts utilized in these transactions because it does not have the power to direct the activities that most significantly impact the economic performance of these securitization trusts. The Company does not consider its continuing involvement with these VIEs to be significant because it either invests in securities issued by the VIE and was not involved in the design of the VIE or no transfers have occurred between the Company and the VIE. The Company's maximum exposure to loss on these structured debt securities is limited to the amortized cost of these investments. The Company does not have any further contractual obligations to the VIE. The Company recognizes the variable interest in these VIEs at fair value on the Condensed Consolidated Balance Sheets.

### Commercial and Residential Mortgage Loans

The following table shows commercial mortgage loans, residential mortgage loans, and the respective accrued interest thereon at September 30, 2023 and December 31, 2022 (in millions):

|   | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| Commercial mortgage loans <sup>(1)</sup>                  | \$ 9,594           | \$ 10,241         |
| Accrued interest receivable on commercial mortgage loans  | 38                 | 39                |
| Residential mortgage loans <sup>(2)</sup>                 | 1,018              | 1,308             |
| Accrued interest receivable on residential mortgage loans | 7                  | 9                 |

<sup>(1)</sup> Net of an allowance for credit losses of \$195 million and \$91 million at each date, respectively.

<sup>(2)</sup> Net of an allowance for credit losses of \$5 million and \$4 million at each date, respectively.

At September 30, 2023, commercial mortgage loans were collateralized by properties located in 37 states, the District of Columbia, and Europe, while residential mortgage loans were collateralized by properties located in 50 states, the District of Columbia, Mexico, and Europe.

### Mortgage Loan Concessions

In response to the generally adverse economic impact of the COVID-19 pandemic, the Company granted concessions to certain of its commercial mortgage loan borrowers, including payment deferrals and other loan modifications. The Company has elected the option under the Coronavirus Aid, Relief, and Economic Security Act, the Consolidated Appropriations Act of 2021, and the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised) not to account for or report qualifying concessions as troubled debt restructurings and does not classify such loans as past due during the payment deferral period. Additionally, in accordance with the FASB's published response to a COVID-19 Pandemic technical inquiry, the Company continues to accrue interest income on such loans that have deferred payment. For some commercial mortgage loan borrowers (principally in the hotel and retail sectors), the Company granted concessions that were primarily interest and/or principal payment deferrals generally ranging from 6 to 14 months and, to a much lesser extent, maturity date extensions. Repayment periods are generally within one year but may extend until maturity date. Deferred commercial mortgage loan interest and principal payments were \$ 9 million at September 30, 2023. The concessions granted had no impact on the Company's results of operations or financial position as the Company has not granted concessions that would have been disclosed and accounted for as troubled debt restructurings.

### Evaluation for Credit Losses on Mortgage Loans

The Company reviews mortgage loans that are not carried at fair value under the fair value option on a quarterly basis to estimate the ACL with changes in the ACL recorded in net gains (losses) on derivatives and investments. Apart from an ACL recorded on individual mortgage loans where the borrower is experiencing financial difficulties, the Company records an ACL on the pool of mortgage loans based on lifetime expected credit losses. The Company utilizes a third-party forecasting model to estimate lifetime expected credit losses at a loan level for mortgage loans. The model forecasts net operating income and property values for the economic scenario selected. The debt service coverage ratios ("DSCR") and loan to values ("LTV") are calculated over the forecastable period by comparing the projected net operating income and property valuations to the loan payment and principal amounts of each loan. The model utilizes historical mortgage loan

performance based on DSCRs and LTV to derive probability of default and expected losses based on the economic scenario that is similar to the Company's expectations of economic factors such as unemployment, gross domestic product growth, and interest rates. The Company determined the forecastable period to be reasonable and supportable for a period of two years beyond the end of the reporting period. Over the following one-year period, the model reverts to the historical performance of the portfolio for the remainder of the contractual term of the loans. In cases where the Company does not have an appropriate length of historical performance, the relevant historical rate from an index or the lifetime expected credit loss calculated from the model may be used.

Unfunded commitments are included in the model and an ACL is determined accordingly. Credit loss estimates are pooled by property type and the Company does not include accrued interest in the determination of ACL.

For individual loans or for types of loans for which the third-party model is deemed not suitable, the Company utilizes relevant current market data, industry data, and publicly available historical loss rates to calculate an estimate of the lifetime expected credit loss.

Mortgage loans on real estate deemed uncollectible are charged against the ACL, and subsequent recoveries, if any, are credited to the ACL, limited to the aggregate of amounts previously charged-off and expected to be charged-off. Mortgage loans on real estate are presented net of the ACL on the Condensed Consolidated Balance Sheets.

The following table provides the change in the allowance for credit losses in the Company's mortgage loan portfolios (in millions):

| Three Months Ended September 30, 2023        | Apartment | Hotel | Office | Retail | Warehouse | Residential<br>Mortgage | Total  |
|--|-----------|-------|--------|--------|-----------|-------------------------|--------|
| Balance at July 1, 2023                      | \$ 18     | \$ 7  | \$ 91  | \$ 26  | \$ 12     | \$ 8                    | \$ 162 |
| Charge offs, net of recoveries               | —         | —     | —      | —      | —         | —                       | —      |
| Provision (release)                          | 9         | (1)   | 30     | —      | 3         | (3)                     | 38     |
| Balance at September 30, 2023 <sup>(1)</sup> | \$ 27     | \$ 6  | \$ 121 | \$ 26  | \$ 15     | \$ 5                    | \$ 200 |

| Three Months Ended September 30, 2022        | Apartment | Hotel | Office | Retail | Warehouse | Residential<br>Mortgage | Total |
|--|-----------|-------|--------|--------|-----------|-------------------------|-------|
| Balance at July 1, 2022                      | \$ 21     | \$ 18 | \$ 16  | \$ 13  | \$ 9      | \$ 3                    | \$ 80 |
| Charge offs, net of recoveries               | —         | —     | —      | —      | —         | —                       | —     |
| Provision (release)                          | (5)       | (1)   | (3)    | 8      | —         | —                       | (1)   |
| Balance at September 30, 2022 <sup>(1)</sup> | \$ 16     | \$ 17 | \$ 13  | \$ 21  | \$ 9      | \$ 3                    | \$ 79 |

| Nine Months Ended September 30, 2023         | Apartment | Hotel | Office | Retail | Warehouse | Residential<br>Mortgage | Total  |
|--|-----------|-------|--------|--------|-----------|-------------------------|--------|
| Balance at January 1, 2023                   | \$ 18     | \$ 20 | \$ 15  | \$ 22  | \$ 16     | \$ 4                    | \$ 95  |
| Charge offs, net of recoveries               | —         | —     | —      | —      | —         | —                       | —      |
| Provision (release)                          | 9         | (14)  | 106    | 4      | (1)       | 1                       | 105    |
| Balance at September 30, 2023 <sup>(1)</sup> | \$ 27     | \$ 6  | \$ 121 | \$ 26  | \$ 15     | \$ 5                    | \$ 200 |

| Nine Months Ended September 30, 2022         | Apartment | Hotel | Office | Retail | Warehouse | Residential<br>Mortgage | Total |
|--|-----------|-------|--------|--------|-----------|-------------------------|-------|
| Balance at January 1, 2022                   | \$ 19     | \$ 9  | \$ 28  | \$ 17  | \$ 12     | \$ 9                    | \$ 94 |
| Charge offs, net of recoveries               | —         | —     | —      | —      | —         | —                       | —     |
| Provision (release)                          | (3)       | 8     | (15)   | 4      | (3)       | (6)                     | (15)  |
| Balance at September 30, 2022 <sup>(1)</sup> | \$ 16     | \$ 17 | \$ 13  | \$ 21  | \$ 9      | \$ 3                    | \$ 79 |

<sup>(1)</sup> Accrued interest receivable totaled \$45 million and \$46 million as of September 30, 2023 and 2022, respectively, and was excluded from the determination of credit losses.

The Company's mortgage loans that are current and in good standing are accruing interest. Interest is not accrued on loans greater than 90 days delinquent and in process of foreclosure, when deemed uncollectible. Delinquency status is determined from the date of the first missed contractual payment. Accrued interest amounting to \$2 million and nil were written off as of September 30, 2023 and 2022, respectively, relating to loans that were greater than 90 days delinquent or in the process of foreclosure.

At September 30, 2023, there was \$23 million of recorded investment, \$26 million of unpaid principal balance, no related loan allowance, \$ 17 million of average recorded investment, and no investment income recognized on impaired residential mortgage loans.

At December 31, 2022, there was \$15 million of recorded investment, \$16 million of unpaid principal balance, no related loan allowance, \$ 18 million of average recorded investment, and no investment income recognized on impaired residential mortgage loans.

The following tables provide information about the credit quality with vintage year and category of mortgage loans (in millions):

|                                  | September 30, 2023 |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
|----------------------------------|--------------------|------|------|-------|------|-------|--------------------|-------|---------------|-------|----|-------|----|---|----|--------|-----|---|
|                                  | 2023               | 2022 | 2021 | 2020  | 2019 | Prior | Revolving<br>Loans | Total | % of<br>Total |       |    |       |    |   |    |        |     |   |
| Commercial mortgage loans        |                    |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
| Loan to value ratios:            |                    |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
| Less than 70%                    | \$                 | 566  | \$   | 794   | \$   | 931   | \$                 | 696   | \$            | 1,259 | \$ | 4,445 | \$ | 4 | \$ | 8,695  | 91  | % |
| 70% - 80%                        |                    | —    |      | 138   |      | 191   |                    | 83    |               | 62    |    | 33    |    | — |    | 507    | 5   | % |
| 80% - 100%                       |                    | —    |      | 25    |      | 151   |                    | 36    |               | 42    |    | 105   |    | — |    | 359    | 4   | % |
| Greater than 100%                |                    | —    |      | —     |      | —     |                    | —     |               | 22    |    | 11    |    | — |    | 33     | —   | % |
| Total commercial mortgage loans  |                    | 566  |      | 957   |      | 1,273 |                    | 815   |               | 1,385 |    | 4,594 |    | 4 |    | 9,594  | 100 | % |
| Debt service coverage ratios:    |                    |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
| Greater than 1.20x               |                    | 481  |      | 612   |      | 934   |                    | 672   |               | 1,310 |    | 4,334 |    | 4 |    | 8,347  | 87  | % |
| 1.00x - 1.20x                    |                    | 85   |      | 271   |      | 339   |                    | 143   |               | 31    |    | 202   |    | — |    | 1,071  | 11  | % |
| Less than 1.00x                  |                    | —    |      | 74    |      | —     |                    | —     |               | 44    |    | 58    |    | — |    | 176    | 2   | % |
| Total commercial mortgage loans  |                    | 566  |      | 957   |      | 1,273 |                    | 815   |               | 1,385 |    | 4,594 |    | 4 |    | 9,594  | 100 | % |
| Residential mortgage loans       |                    |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
| Performing                       |                    | 145  |      | 190   |      | 167   |                    | 37    |               | 30    |    | 370   |    | — |    | 939    | 92  | % |
| Nonperforming                    |                    | —    |      | 26    |      | 14    |                    | 7     |               | 4     |    | 28    |    | — |    | 79     | 8   | % |
| Total residential mortgage loans |                    | 145  |      | 216   |      | 181   |                    | 44    |               | 34    |    | 398   |    | — |    | 1,018  | 100 | % |
| Total mortgage loans             |                    |      |      |       |      |       |                    |       |               |       |    |       |    |   |    |        |     |   |
|                                  | \$                 | 711  | \$   | 1,173 | \$   | 1,454 | \$                 | 859   | \$            | 1,419 | \$ | 4,992 | \$ | 4 | \$ | 10,612 | 100 | % |

## December 31, 2022

|                                   | 2022            | 2021            | 2020            | 2019            | 2018            | Prior           | Revolving<br>Loans | Total            | % of<br>Total |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|------------------|---------------|
| <b>Commercial mortgage loans</b>  |                 |                 |                 |                 |                 |                 |                    |                  |               |
| Loan to value ratios:             |                 |                 |                 |                 |                 |                 |                    |                  |               |
| Less than 70%                     | \$ 771          | \$ 1,266        | \$ 1,171        | \$ 1,473        | \$ 1,480        | \$ 3,421        | \$ 4               | \$ 9,586         | 94 %          |
| 70% - 80%                         | 125             | 190             | 32              | 13              | 5               | 59              | —                  | 424              | 4 %           |
| 80% - 100%                        | —               | 152             | —               | —               | 5               | 40              | —                  | 197              | 2 %           |
| Greater than 100%                 | —               | —               | —               | 25              | —               | 9               | —                  | 34               | — %           |
| Total commercial mortgage loans   | 896             | 1,608           | 1,203           | 1,511           | 1,490           | 3,529           | 4                  | 10,241           | 100 %         |
| Debt service coverage ratios:     |                 |                 |                 |                 |                 |                 |                    |                  |               |
| Greater than 1.20x                | 694             | 1,092           | 955             | 1,387           | 1,324           | 3,211           | 4                  | 8,667            | 85 %          |
| 1.00x - 1.20x                     | 202             | 372             | 106             | 83              | 34              | 172             | —                  | 969              | 9 %           |
| Less than 1.00x                   | —               | 144             | 142             | 41              | 132             | 146             | —                  | 605              | 6 %           |
| Total commercial mortgage loans   | 896             | 1,608           | 1,203           | 1,511           | 1,490           | 3,529           | 4                  | 10,241           | 100 %         |
| <b>Residential mortgage loans</b> |                 |                 |                 |                 |                 |                 |                    |                  |               |
| Performing                        | 413             | 308             | 49              | 37              | 14              | 409             | —                  | 1,230            | 94 %          |
| Nonperforming                     | 6               | 11              | 8               | 6               | 7               | 40              | —                  | 78               | 6 %           |
| Total residential mortgage loans  | 419             | 319             | 57              | 43              | 21              | 449             | —                  | 1,308            | 100 %         |
| <b>Total mortgage loans</b>       | <b>\$ 1,315</b> | <b>\$ 1,927</b> | <b>\$ 1,260</b> | <b>\$ 1,554</b> | <b>\$ 1,511</b> | <b>\$ 3,978</b> | <b>\$ 4</b>        | <b>\$ 11,549</b> | <b>100 %</b>  |

## September 30, 2023

|                            | In Good<br>Standing <sup>(1)</sup> | Restructured | Greater than 90 Days<br>Delinquent | In the Process of<br>Foreclosure | Total Carrying<br>Value |
|----------------------------|------------------------------------|--------------|------------------------------------|----------------------------------|-------------------------|
| Apartment                  | \$ 3,230                           | \$ —         | \$ —                               | \$ —                             | \$ 3,230                |
| Hotel                      | 882                                | —            | —                                  | —                                | 882                     |
| Office                     | 1,459                              | —            | —                                  | —                                | 1,459                   |
| Retail                     | 2,011                              | —            | —                                  | —                                | 2,011                   |
| Warehouse                  | 2,012                              | —            | —                                  | —                                | 2,012                   |
| Total commercial           | 9,594                              | —            | —                                  | —                                | 9,594                   |
| Residential <sup>(2)</sup> | 939                                | —            | 56                                 | 23                               | 1,018                   |
| Total                      | \$ 10,533                          | \$ —         | \$ 56                              | \$ 23                            | \$ 10,612               |

## December 31, 2022

|                            | In Good<br>Standing <sup>(1)</sup> | Restructured | Greater than 90 Days<br>Delinquent | In the Process of<br>Foreclosure | Total Carrying<br>Value |
|----------------------------|------------------------------------|--------------|------------------------------------|----------------------------------|-------------------------|
| Apartment                  | \$ 3,558                           | \$ —         | \$ —                               | \$ —                             | \$ 3,558                |
| Hotel                      | 1,015                              | —            | —                                  | —                                | 1,015                   |
| Office                     | 1,795                              | —            | —                                  | —                                | 1,795                   |
| Retail                     | 2,085                              | —            | —                                  | —                                | 2,085                   |
| Warehouse                  | 1,788                              | —            | —                                  | —                                | 1,788                   |
| Total commercial           | 10,241                             | —            | —                                  | —                                | 10,241                  |
| Residential <sup>(2)</sup> | 1,230                              | —            | 63                                 | 15                               | 1,308                   |
| Total                      | \$ 11,471                          | \$ —         | \$ 63                              | \$ 15                            | \$ 11,549               |

<sup>(1)</sup> At September 30, 2023 and December 31, 2022, includes mezzanine and bridge loans of \$389 million and \$410 million in the Apartment category, \$21 million and \$41 million in the Hotel category, \$166 million and \$236 million in the Office category, \$31 million and \$43 million in the Retail category, and \$295 million and \$140 million in the Warehouse category, respectively.

<sup>(2)</sup> At September 30, 2023 and December 31, 2022, includes \$26 million and \$41 million of loans purchased when the loans were greater than 90 days delinquent and \$7 million and \$12 million of loans in process of foreclosure, and are supported with insurance or other guarantees provided by various governmental programs, respectively.





The following table provides information about the mortgage loans modified to borrowers experiencing financial difficulty (in millions, except for percentage information):

|                           | Term Extension                                |                           |
|---------------------------|---|---------------------------|
|                           | Amortized Cost Basis<br>at September 30, 2023 | Percent of<br>Total Class |
| Commercial mortgage loans | \$ 17   | 0.18 %                    |

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

|                           | Term Extension   |
|---------------------------|--|
|                           | Financial Effect   |
| Commercial mortgage loans | Granted extension of term for three-years and required partial principal repayment at extension of the loan. |

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table depicts the performance of loans that have been modified in the last 12 months (in millions):

|                           | Payment Status (Amortized Cost Basis) |                     |                   |
|---------------------------|---------------------------------------|---------------------|-------------------|
|                           | Current                               | 30-89 Days Past Due | 90+ Days Past Due |
| Commercial mortgage loans | \$ 17                                 | \$ —                | \$ —              |

As of September 30, 2023 and December 31, 2022, there were no commercial mortgage loans involved in troubled debt restructuring, and stressed mortgage loans for which the Company is dependent, or expects to be dependent, on the underlying property to satisfy repayment were \$16 million and \$3 million, respectively.

#### Policy Loans

Policy loans are loans the Company issues to contract holders that use the cash surrender value of their life insurance policy or annuity contract as collateral. At both September 30, 2023 and December 31, 2022, \$3.4 billion of these loans were carried at fair value, which the Company believes is equal to unpaid principal balances, plus accrued investment income. At September 30, 2023 and December 31, 2022, the Company had \$0.9 billion and \$1.0 billion, respectively, of policy loans not held as collateral for reinsurance, which were carried at the unpaid principal balances.

#### Other Invested Assets

Other invested assets primarily include investments in Federal Home Loan Bank of Indianapolis ("FHLBI") capital stock, limited partnerships ("LPs"), and real estate. FHLBI capital stock is carried at cost and adjusted for any impairment. At September 30, 2023 and December 31, 2022, FHLB capital stock had a carrying value of \$108 million and \$146 million, respectively. Real estate is carried at the lower of depreciated cost or fair value and real estate occupied by the Company is carried at depreciated cost. At September 30, 2023 and December 31, 2022, real estate totaling \$224 million and \$237 million, respectively, included foreclosed properties with a book value of \$2 million and nil at September 30, 2023 and December 31, 2022, respectively. Carrying values for LP investments are generally determined by using the proportion of the Company's investment in each fund (Net Asset Value ("NAV") equivalent) as a practical expedient for fair value, and generally are recorded on a three-month lag, with changes in value included in net investment income. At September 30, 2023 and December 31, 2022, investments in LPs had carrying values of \$3,221 million and \$3,212 million, respectively.

### Securities Lending

The Company has entered into securities lending agreements with agent banks whereby blocks of securities are loaned to third parties, primarily major brokerage firms. As of September 30, 2023 and December 31, 2022, the estimated fair value of loaned securities was \$27 million and \$35 million, respectively. The agreements require a minimum of 102% of the fair value of the loaned securities to be held as collateral, calculated daily. To further minimize the credit risks related to these programs, the financial condition of counterparties is monitored on a regular basis. At September 30, 2023 and December 31, 2022, cash collateral received in the amount of \$28 million and \$36 million, respectively, was invested by the agent banks and included in cash and cash equivalents of the Company. A securities lending payable for the overnight and continuous loans is included in liabilities in the amount of cash collateral received. Securities lending transactions are used to generate income. Income and expenses associated with these transactions are reported as net investment income.

### Repurchase Agreements

The Company routinely enters into repurchase agreements whereby the Company agrees to sell and repurchase securities. These agreements are accounted for as financing transactions, with the assets and associated liabilities included in the Condensed Consolidated Balance Sheets. The following table present information regard these transactions for the nine months ended September 30, 2023 and 2022 (in millions, except percentage data):

|   | Nine Months Ended September 30, |        |
|---|---------------------------------|--------|
|   | 2023                            | 2022   |
| Highest level of short-term borrowings at any month end | \$ 1,660                        | \$ 584 |
| Average short-term borrowing                            | 1,172                           | 186    |
| Weighted average interest rate                          | 4.66 %                          | 0.24 % |

At September 30, 2023 and December 31, 2022, the outstanding repurchase agreement balance was nil and \$1,012 million, respectively, collateralized with U.S. Treasury notes and corporate securities maturing within 30 days, and was included within repurchase agreements and securities lending payable in the Condensed Consolidated Balance Sheets. In the event of a decline in the fair value of the pledged collateral under these agreements, the Company may be required to transfer cash or additional securities as pledged collateral. Interest expense totaled \$16 million and \$41 million for the three and nine months ended September 30, 2023, respectively, and nil for both the three and nine months ended September 30, 2022, respectively.

### 5. Derivative Instruments

The Company's business model includes the acceptance, monitoring and mitigation of risk. Specifically, the Company considers, among other factors, exposures to interest rate and equity market movements, foreign exchange rates and other asset or liability prices. The Company uses derivative instruments to mitigate or reduce these risks in accordance with established policies and goals. The Company's derivative holdings, while effective in managing defined risks, are not structured to meet accounting requirements to be designated as hedging instruments. As a result, freestanding derivatives are carried at fair value with changes recorded in net gains (losses) on derivatives and investments.

A summary of the aggregate contractual or notional amounts and fair values of the Company's freestanding and embedded derivative instruments are as follows (in millions, 2022 information recast for the adoption of LDTI):

|   | September 30, 2023                                |                         |                              |  |
|---|---|-------------------------|------------------------------|--|
|   | Contractual/<br>Notional<br>Amount <sup>(1)</sup> | Assets<br>Fair<br>Value | Liabilities<br>Fair<br>Value | Net<br>Fair Value<br>Asset (Liability) |
| <b>Freestanding derivatives</b>   |   |                         |                              |  |
| Cross-currency swaps  | \$ 1,868  | \$ 103                  | \$ 144                       | \$ (41)                                |
| Equity index call options   | 8,000   | 62                      | —                            | 62                                     |
| Equity index futures <sup>(2)</sup>                                     | 23,218  | —                       | —                            | —                                      |
| Equity index put options  | 43,500  | 644                     | —                            | 644                                    |
| Interest rate swaps   | 7,728   | 5                       | 351                          | (346)                                  |
| Put-swaptions   | 16,500  | —                       | 2,032                        | (2,032)                                |
| Interest rate futures <sup>(2)</sup>                                    | 36,533  | —                       | —                            | —                                      |
| Total return swaps  | 1,484   | 33                      | —                            | 33                                     |
| Total freestanding derivatives  | 138,831   | 847                     | 2,527                        | (1,680)                                |
| <b>Embedded derivatives</b>   |   |                         |                              |  |
| Fixed index annuity embedded derivatives <sup>(3)</sup>                 | N/A   | —                       | 956                          | (956)                                  |
| Registered index linked annuity embedded derivatives <sup>(3)</sup>     | N/A   | —                       | 676                          | (676)                                  |
| Total embedded derivatives  | N/A   | —                       | 1,632                        | (1,632)                                |
| <b>Derivatives related to funds withheld under reinsurance treaties</b> |   |                         |                              |  |
| Cross-currency swaps  | 158   | 19                      | 1                            | 18                                     |
| Cross-currency forwards   | 1,309   | 59                      | 20                           | 39                                     |
| Funds withheld embedded derivative <sup>(4)</sup>                       | N/A   | 3,352                   | —                            | 3,352                                  |
| Total derivatives related to funds withheld under reinsurance treaties  | 1,467   | 3,430                   | 21                           | 3,409                                  |
| Total   | \$ 140,298  | \$ 4,277                | \$ 4,180                     | \$ 97                                  |

<sup>(1)</sup> The notional amount for swaps and swaptions represents the stated principal balance used as a basis for calculating payments. The contractual amount for futures and options represents the market exposure of open positions.

<sup>(2)</sup> Variation margin is considered settlement resulting in the netting of cash received/paid for variation margin against the fair value of the trades.

<sup>(3)</sup> Included within other contract holder funds on the Condensed Consolidated Balance Sheets. The non-performance risk adjustment is included in the balance above.

<sup>(4)</sup> Included within funds withheld payable under reinsurance treaties on the Condensed Consolidated Balance Sheets.

|   | December 31, 2022                                 |                         |                              |  |
|---|---|-------------------------|------------------------------|--|
|   | Contractual/<br>Notional<br>Amount <sup>(1)</sup> | Assets<br>Fair<br>Value | Liabilities<br>Fair<br>Value | Net<br>Fair Value<br>Asset (Liability) |
| <b>Freestanding derivatives</b>   |   |                         |                              |  |
| Cross-currency swaps  | \$ 1,825  | \$ 73                   | \$ 104                       | \$ (31)                                |
| Equity index call options   | 17,500  | 106                     | —                            | 106                                    |
| Equity index futures <sup>(2)</sup>                                     | 19,760  | —                       | —                            | —                                      |
| Equity index put options  | 30,500  | 958                     | —                            | 958                                    |
| Interest rate swaps   | 7,728   | 5                       | 231                          | (226)                                  |
| Interest rate swaps - cleared <sup>(2)</sup>                            | 1,500   | —                       | —                            | —                                      |
| Put-swaptions   | 25,000  | —                       | 1,711                        | (1,711)                                |
| Interest rate futures <sup>(2)</sup>                                    | 105,261   | —                       | —                            | —                                      |
| Total return swaps  | 739   | 31                      | —                            | 31                                     |
| Total freestanding derivatives  | 209,813   | 1,173                   | 2,046                        | (873)                                  |
| <b>Embedded derivatives</b>   |   |                         |                              |  |
| Fixed index annuity embedded derivatives <sup>(3)</sup>                 | N/A   | —                       | 931                          | (931)                                  |
| Registered index linked annuity embedded derivatives <sup>(3)</sup>     | N/A   | —                       | 205                          | (205)                                  |
| Total embedded derivatives  | N/A   | —                       | 1,136                        | (1,136)                                |
| <b>Derivatives related to funds withheld under reinsurance treaties</b> |   |                         |                              |  |
| Cross-currency swaps  | 158   | 23                      | 1                            | 22                                     |
| Cross-currency forwards   | 1,490   | 74                      | 18                           | 56                                     |
| Funds withheld embedded derivative <sup>(4)</sup>                       | N/A   | 3,158                   | —                            | 3,158                                  |
| Total derivatives related to funds withheld under reinsurance treaties  | 1,648   | 3,255                   | 19                           | 3,236                                  |
| Total   | \$ 211,461  | \$ 4,428                | \$ 3,201                     | \$ 1,227                               |

<sup>(1)</sup> The notional amount for swaps and swaptions represents the stated principal balance used as a basis for calculating payments. The contractual amount for futures and options represents the market exposure of open positions.

<sup>(2)</sup> Variation margin is considered settlement resulting in the netting of cash received/paid for variation margin against the fair value of the trades.

<sup>(3)</sup> Included within other contract holder funds on the Condensed Consolidated Balance Sheets. The non-performance risk adjustment is included in the balance above.

<sup>(4)</sup> Included within funds withheld payable under reinsurance treaties on the Condensed Consolidated Balance Sheets.

The following table reflects the results of the Company's derivatives, including gains (losses) and change in fair value of freestanding derivative instruments and embedded derivatives (in millions, 2022 information recast for the adoption of LDTI):

|  | Three Months Ended |         | Nine Months Ended September 30, |          |
|--|--------------------|---------|---------------------------------|----------|
|  | September 30,      |         |                                 |          |
|  | 2023               | 2022    | 2023                            | 2022     |
| <b>Derivatives excluding funds withheld under reinsurance treaties</b>   |                    |         |                                 |          |
| Cross-currency swaps   | \$ (16)            | \$ (19) | \$ (42)                         | \$ (101) |
| Equity index call options  | (192)              | (275)   | (100)                           | (1,506)  |
| Equity index futures   | (5)                | 1,038   | (2,712)                         | 5,279    |
| Equity index put options   | 45                 | 168     | (1,362)                         | 675      |
| Interest rate swaps  | (137)              | (202)   | (189)                           | (613)    |
| Interest rate swaps - cleared  | —                  | (67)    | (10)                            | (204)    |
| Put-swaptions  | (1,013)            | (751)   | (840)                           | (1,905)  |
| Interest rate futures  | 938                | (179)   | 537                             | (491)    |
| Total return swaps   | 70                 | 39      | (93)                            | 47       |
| Fixed index annuity embedded derivatives   | —                  | —       | (4)                             | 5        |
| Registered index linked annuity embedded derivatives   | 102                | 58      | (123)                           | 121      |
| Total net gains (losses) on derivative instruments excluding derivative instruments related to funds withheld under reinsurance treaties | (208)              | (190)   | (4,938)                         | 1,307    |
| <b>Derivatives related to funds withheld under reinsurance treaties</b>  |                    |         |                                 |          |
| Cross-currency swaps   | 60                 | 9       | 58                              | 24       |
| Cross-currency forwards  | (36)               | 67      | (57)                            | 136      |
| Funds withheld embedded derivative   | 451                | 824     | 194                             | 3,452    |
| Total net gains (losses) on derivative instruments related to funds withheld under reinsurance treaties                                  | 475                | 900     | 195                             | 3,612    |
| Total net gains (losses) on derivative instruments including derivative instruments related to funds withheld under reinsurance treaties | \$ 267             | \$ 710  | \$ (4,743)                      | \$ 4,919 |

All the Company's trade agreements for freestanding, over-the-counter derivatives, contain credit downgrade provisions that allow a party to assign or terminate derivative transactions if the counterparty's credit rating declines below an established limit. At September 30, 2023 and December 31, 2022, the fair value of the Company's net non-cleared, over-the-counter derivative assets by counterparty were \$554 million and \$885 million, respectively, and held collateral was \$502 million and \$858 million, respectively, related to these agreements. At September 30, 2023 and December 31, 2022, the fair value of the Company's net non-cleared, over-the-counter derivative liabilities by counterparty were \$2,177 million and \$1,680 million, respectively, and provided collateral was \$2,399 million and \$1,650 million, respectively, related to these agreements. If all the downgrade provisions had been triggered at September 30, 2023 and December 31, 2022, in aggregate, the Company would have had to disburse nil and \$30 million, respectively, and would have been allowed to claim \$274 million and \$27 million, respectively.

#### Offsetting Assets and Liabilities

The Company's derivative instruments, repurchase agreements and securities lending agreements are subject to master netting arrangements and collateral arrangements. A master netting arrangement with a counterparty creates a right of offset for amounts due to and due from that same counterparty that is enforceable in the event of a default or bankruptcy. The Company recognizes amounts subject to master netting arrangements on a gross basis within the Condensed Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's financial instruments subject to master netting arrangements (in millions):

|  | September 30, 2023 |  |  |  |  |  |  |  |  |
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<sup>(1)</sup> Represents the amount that could be offset under master netting or similar arrangements that management elects not to offset on the Condensed Consolidated Balance Sheets.

<sup>(2)</sup> Excludes initial margin amounts for exchange-traded derivatives.

|                             | December 31, 2022              |  |  |  |                    |   |  |               |  |
|-----------------------------|--------------------------------|--|--|--|--------------------|---|--|---------------|--|
|                             | Gross<br>Amounts<br>Recognized | Gross<br>Amounts<br>Offset in the<br>Condensed<br>Balance Sheets | Net Amounts<br>Presented in<br>the Condensed<br>Balance Sheets | Gross Amounts Not Offset<br>in the Condensed Consolidated Balance Sheets |                    |   |  | Net<br>Amount |  |
|                             |                                |  |  | Financial<br>Instruments <sup>(1)</sup>                                  | Cash<br>Collateral | Securities<br>Collateral <sup>(2)</sup> |  |               |  |
| Financial Assets:           |                                |  |  |  |                    |   |  |               |  |
| Freestanding derivative     |                                |  |  |  |                    |   |  |               |  |
| assets                      | \$ 1,270                       | \$ —   | \$ 1,270   | \$ 385   | \$ 683             | \$ 157                                  |  | \$ 45         |  |
| Financial Liabilities:      |                                |  |  |  |                    |   |  |               |  |
| Freestanding derivative     |                                |  |  |  |                    |   |  |               |  |
| liabilities                 | \$ 2,065                       | \$ —   | \$ 2,065   | \$ 385   | \$ —               | \$ 1,638                                |  | \$ 42         |  |
| Securities loaned           | 36                             | —  | 36   | —  | 36                 | —                                       |  | —             |  |
| Repurchase agreements       | 1,012                          | —  | 1,012  | —  | —                  | 1,012                                   |  | —             |  |
| Total financial liabilities | \$ 3,113                       | \$ —   | \$ 3,113   | \$ 385   | \$ 36              | \$ 2,650                                |  | \$ 42         |  |

<sup>(1)</sup> Represents the amount that could be offset under master netting or similar arrangements that management elects not to offset on the Condensed Consolidated Balance Sheets.

<sup>(2)</sup> Excludes initial margin amounts for exchange-traded derivatives.

In the above tables, the amounts of assets or liabilities presented in the Company's Condensed Consolidated Balance Sheets are offset first by financial instruments that have the right of offset under master netting or similar arrangements with any remaining amount reduced by the amount of cash and securities collateral. The actual amount of collateral may be greater than amounts presented in the tables. The above tables exclude net embedded derivative liabilities of \$1,632 million and \$1,136 million as of September 30, 2023 and December 31, 2022, respectively, as these derivatives are not subject to master netting arrangements. The above tables also exclude the funds withheld embedded derivative asset (liability) of \$3,352 million and \$3,158 million at September 30, 2023 and December 31, 2022.

## 6. Fair Value Measurements

The following table summarizes the fair value and carrying value of the Company's financial instruments (in millions, 2022 information recast for the adoption of LDTI):

|  | September 30, 2023 |            | December 31, 2022 |            |
|--|--------------------|------------|-------------------|------------|
|  | Carrying Value     | Fair Value | Carrying Value    | Fair Value |
| <b>Assets</b>  |                    |            |                   |            |
| Debt securities <sup>(1)</sup>                                   | \$ 41,388          | \$ 41,388  | \$ 44,762         | \$ 44,762  |
| Equity securities  | 277                | 277        | 393               | 393        |
| Mortgage loans <sup>(1)</sup>                                    | 10,612             | 9,815      | 11,549            | 10,841     |
| Limited partnerships   | 3,221              | 3,221      | 3,212             | 3,212      |
| Policy loans <sup>(1)</sup>                                      | 4,368              | 4,368      | 4,377             | 4,377      |
| Freestanding derivative instruments                              | 925                | 925        | 1,270             | 1,270      |
| FHLBI capital stock  | 108                | 108        | 146               | 146        |
| Cash and cash equivalents  | 2,760              | 2,760      | 4,298             | 4,298      |
| Reinsurance recoverable on market risk benefits                  | 167                | 167        | 221               | 221        |
| Market risk benefit assets                                       | 6,815              | 6,815      | 4,865             | 4,865      |
| Separate account assets  | 202,903            | 202,903    | 195,906           | 195,906    |
| <b>Liabilities</b>   |                    |            |                   |            |
| Annuity reserves <sup>(2)</sup>                                  | 35,362             | 29,861     | 37,357            | 32,377     |
| Market risk benefit liabilities                                  | 3,917              | 3,917      | 5,662             | 5,662      |
| Reserves for guaranteed investment contracts <sup>(3)</sup>      | 863                | 820        | 1,128             | 1,099      |
| Trust instruments supported by funding agreements <sup>(3)</sup> | 5,900              | 5,592      | 5,887             | 5,760      |
| FHLB funding agreements <sup>(3)</sup>                           | 1,949              | 1,699      | 2,004             | 2,104      |
| Funds withheld payable under reinsurance treaties <sup>(1)</sup> | 19,973             | 19,973     | 22,957            | 22,957     |
| Long-term debt   | 2,635              | 2,322      | 2,635             | 2,344      |
| Securities lending payable                                       | 28                 | 28         | 36                | 36         |
| Freestanding derivative instruments                              | 2,548              | 2,548      | 2,065             | 2,065      |
| Notes issued by consolidated VIEs                                | 2,011              | 2,011      | 1,732             | 1,732      |
| Repurchase agreements  | —                  | —          | 1,012             | 1,012      |
| FHLB advances  | 180                | 180        | —                 | —          |
| Separate account liabilities                                     | 202,903            | 202,903    | 195,906           | 195,906    |

<sup>(1)</sup> Includes items carried at fair value under the fair value option and trading securities included as a component of debt securities.

<sup>(2)</sup> Annuity reserves represent only the components of other contract holder funds and reserves for future policy benefits and claims payable that are considered to be financial instruments.

<sup>(3)</sup> Included as a component of other contract holder funds on the Condensed Consolidated Balance Sheets.

The following is a discussion of the methodologies used to determine fair values of the financial instruments measured on a recurring basis reported in the following tables.

### Debt and Equity Securities

The fair values for debt and equity securities are determined using information available from independent pricing services, broker-dealer quotes, or internally derived estimates. Priority is given to publicly available prices from independent sources, when available. Securities for which the independent pricing service does not provide a quotation are either submitted to independent broker-dealers for prices or priced internally. Typical inputs used by these three pricing methods include reported trades, benchmark yields, credit spreads, liquidity premiums and/or estimated cash flows based on default and prepayment assumptions.

As a result of typical trading volumes and the lack of specific quoted market prices for most debt securities, independent pricing services will normally derive the security prices through recently reported trades for identical or similar securities,

making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recently reported trades, the independent pricing services and broker-dealers may use matrix or pricing model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at relevant market rates. Certain securities are priced using broker-dealer quotes, which may utilize proprietary inputs and models. Additionally, the majority of these quotes are non-binding.

Included in the pricing of asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment assumptions believed to be relevant for the underlying collateral. Actual prepayment experience may vary from these estimates.

Internally derived estimates may be used to develop a fair value for securities for which the Company is unable to obtain either a reliable price from an independent pricing service or a suitable broker-dealer quote. These fair value estimates may incorporate Level 2 and Level 3 inputs, as defined below, and are generally derived using expected future cash flows, discounted at market interest rates available from market sources based on the credit quality and duration of the instrument. For securities that may not be reliably priced using these internally developed pricing models, a fair value may be estimated using indicative market prices. These prices are indicative of an exit price, but the assumptions used to establish the fair value may not be observable or corroborated by market observable information and, therefore, represent Level 3 inputs.

The Company performs an analysis on the prices and credit spreads received from third parties to ensure that the prices represent a reasonable estimate of the fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include initial and ongoing review of third-party pricing service methodologies, review of pricing statistics and trends, back testing recent trades and monitoring of trading volumes. In addition, the Company considers whether prices received from independent broker-dealers represent a reasonable estimate of fair value using internal and external cash flow models, which are developed based on spreads and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party may be adjusted accordingly.

For those securities that were internally valued at September 30, 2023 and December 31, 2022, the pricing model used by the Company utilizes current spread levels of similarly rated securities to determine the market discount rate for the security. Furthermore, appropriate risk premiums for illiquidity and non-performance are incorporated in the discount rate. Cash flows, as estimated by the Company using issuer-specific default statistics and prepayment assumptions, are discounted to determine an estimated fair value.

On an ongoing basis, the Company reviews the independent pricing services' valuation methodologies and related inputs and evaluates the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy distribution based upon trading activity and the observability of market inputs. Based on the results of this evaluation, each price is classified into Level 1, 2, or 3. Most prices provided by independent pricing services, including broker-dealer quotes, are classified into Level 2 due to their use of market observable inputs.

#### **Limited Partnerships**

Fair values for limited partnership interests, which are included in other invested assets, are generally determined using the proportion of the Company's investment in the value of the net assets of each fund ("NAV equivalent") as a practical expedient for fair value, and generally, are recorded on a three-month lag. No adjustments to these amounts were deemed necessary at September 30, 2023 and December 31, 2022. As a result of using the net asset value per share practical expedient, limited partnership interests are not classified in the fair value hierarchy.

The Company's limited partnership interests are not redeemable, and distributions received are generally the result of liquidation of the underlying assets of the partnerships. The Company generally has the ability under the partnership agreements to sell its interest to another limited partner with the prior written consent of the general partner. In cases when the Company expects to sell the limited partnership interest, the estimated sales price is used to determine the fair value rather than the practical expedient. Limited partnership interests expected to be sold are classified as Level 2 in the fair value hierarchy.



In cases when a limited partnership's financial statements are unavailable and a NAV equivalent is not available or practical, the fair value may be based on an internally developed model or provided by the general partner as determined using private transactions, information obtained from the primary co-investor or underlying company, or financial metrics provided by the lead sponsor. These investments are classified as Level 3 in the fair value hierarchy.

### Policy Loans

Policy loans are funds provided to policyholders in return for a claim on the policies values and function like demand deposits, which are redeemable upon repayment, death or surrender, and there is only one market price at which the transaction could be settled – the then current carrying value. The funds provided are limited to the cash surrender value of the underlying policy. The nature of policy loans is to have a negligible default risk as the loans are fully collateralized by the value of the policy. Policy loans do not have a stated maturity and the balances and accrued interest are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value. The reinsurance related component of policy loans at fair value under the fair value option have been classified as Level 3 within the fair value hierarchy.

### Freestanding Derivative Instruments

Freestanding derivative instruments are reported at fair value, which reflects the estimated amounts, net of payment accruals, that the Company would receive or pay upon sale or termination of the contracts at the reporting date. Changes in fair value are included in net gains (losses) on derivatives and investments. Freestanding derivatives priced using third-party pricing services incorporate inputs that are predominantly observable in the market. Inputs used to value derivatives include interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels.

Freestanding derivative instruments classified as:

- Level 1 include futures, which are traded on active exchanges.
- Level 2 include interest rate swaps, cross currency swaps, cross-currency forwards, credit default swaps, total return swaps, put-swaptions and certain equity index call and put options. These derivative valuations are determined by third-party pricing services using pricing models with inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data.
- Level 3 include interest rate contingent options that are valued by third-party pricing services utilizing significant unobservable inputs.

### Cash and Cash Equivalents

Cash and cash equivalents primarily include money market instruments and bank deposits. Cash equivalents also includes all highly liquid securities and other investments purchased with an original or remaining maturity of three months or less at the date of purchase. Certain money market instruments are valued using unadjusted quoted prices in active markets and are classified as Level 1.

### Funds Withheld Payable Under Reinsurance Treaties

The funds withheld payable under reinsurance treaties includes both the funds withheld payable that are held at fair value under the fair value option and the funds withheld embedded derivative and are both considered Level 3 in the fair value hierarchy.

- The fair value of the funds withheld payable that are held at fair value under the fair value option is equal to the fair value of the assets held as collateral, which primarily consists of policy loans using industry standard valuation techniques.
- The funds withheld embedded derivative is determined based upon a total return swap technique referencing the fair value of the investments held under the reinsurance contract and requires certain significant unobservable inputs.

### Separate Account Assets

Separate account assets are comprised of investments in mutual funds that transact regularly, but do not trade in active markets as they are not publicly available, and are categorized as Level 2 assets.

### Market Risk Benefits

#### *Variable Annuities*

Variable annuity contracts issued by the Company may include various guaranteed minimum death, withdrawal, income and accumulation benefits, which are classified as MRBs and measured at fair value.

Our MRB assets and MRB liabilities are reported separately on our Condensed Consolidated Balance Sheets. Increases to an asset or decreases to a liability are described as favorable changes to fair value. Changes in fair value are reported in Market risk benefits (gains) losses, net on the Condensed Consolidated Income Statements. However, the change in fair value related to our own non-performance risk is recognized as a component of other comprehensive income ("OCI") and is reported in Change in non-performance on market risk benefits, net of tax expense (benefit) on the Condensed Consolidated Statements of Comprehensive Income (Loss).

Variable annuity guaranteed benefit features classified as MRBs, which have explicit fees, are measured using the attributed fee method. Under the attributed fee method, fair value is measured as the difference between the present value of projected future liabilities and the present value of projected attributed fees. At the inception of the contract, the Company attributes to the MRB a portion of total fees expected to be assessed against the contract holder's account value to offset the projected claims over the lifetime of the contract. The attributed fee is expressed as a percentage of total projected future fees at inception of the contract. This percentage of total projected fees is considered a fixed term of the MRB feature and is held static over the life of the contract. This percentage may not exceed 100% of the total projected contract fees as of contract inception. As the Company may issue contracts that have projected future liabilities greater than the projected future guaranteed benefit fees at issue, the Company may also attribute mortality and expense charges when performing this calculation. The percentage of guaranteed benefit fees and the percentage of mortality and expense charges may not exceed 100% of the total projected fees as of contract inception. In subsequent valuations, both the present value of future projected liabilities and the present value of projected attributed fees are remeasured based on current market conditions and policyholder behavior assumptions.

The Company has ceded the guaranteed minimum income benefit ("GMIB") features elected on certain annuity contracts to an unrelated party. The GMIBs ceded under this reinsurance treaty are classified as a MRB in their entirety. The reinsurance contract is measured at fair value and reported in Reinsurance recoverable on market risk benefits. Changes in fair value are recorded in Market risk benefits (gains) losses, net. Due to the inability to economically reinsure or hedge new issues of the GMIB, the Company discontinued offering the benefit in 2009.

Fair values for MRBs related to variable annuities, including the contract reinsuring GMIB features, are calculated using internally developed models because active, observable markets do not exist for those guaranteed benefits.

The fair value calculation is based on the present value of future cash flows comprised of future expected benefit payments, less future attributed rider fees, over the lives of the contracts. Estimating these cash flows requires numerous estimates and subjective judgments related to capital market inputs, as well as actuarially determined assumptions related to expectations concerning policyholder behavior. Capital market inputs include expected market rates of return, market volatility, correlations of market index returns to fund returns, and discount rates, which includes an adjustment for non-performance risk. The more significant actuarial assumptions include benefit utilization by policyholders, lapse, mortality, and withdrawal rates. Best estimate assumptions plus risk margins are used as applicable.

At each valuation date, the fair value calculation reflects expected returns based on constant maturity treasury rates as of that date to determine the value of expected future cash flows produced in a stochastic process. Volatility assumptions are based on a weighting of available market data for implied market volatility for durations up to 10 years, grading to a historical volatility level by year 15, where such long-term historical volatility levels contain an explicit risk margin. Non-performance risk is incorporated into the calculation through the adjustment of the risk-free rate curve based on credit spreads for debt and debt-like instruments issued by the Company or its insurance operating subsidiaries, adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries. Risk margins are also incorporated into the model assumptions, particularly for policyholder behavior. Estimates of future policyholder behavior are subjective and are based primarily on the Company's experience.

As markets change, mature and evolve and actual policyholder behavior emerges, management continually evaluates the appropriateness of its assumptions for the fair value model.

The use of the models and assumptions described above requires a significant amount of judgment. Management believes this results in an amount that the Company would be required to transfer for a liability, or receive for an asset, to or from a willing buyer or seller, if one existed, for those market participants to assume the risks associated with the guaranteed benefits and the related reinsurance. However, the ultimate settlement amount of the asset or liability, which is currently unknown, could likely be significantly different than this fair value.

#### *Fixed Index Annuities*

The longevity riders issued on fixed index annuities are classified as MRBs and measured at fair value. Similar to the variable annuity guaranteed benefit features, these contracts have explicit fees and are measured using the attributed fee method. The Company attributes a percentage of total projected future fees expected to be assessed against the policyholder to offset the projected future claims over the lifetime of the contract. If the fees attributed are insufficient to offset the claims at issue, the shortfall is borrowed from the host contract rather than recognizing a loss at inception.

#### *RILA*

RILA guaranteed benefit features are classified as MRBs and measured at fair value. Unlike variable or fixed index annuities, RILA products do not have explicit fees and are measured using an option-based method. The fair value measurement represents the present value of future claims payable by the MRB feature. At inception, the value of the MRB is deducted from the value of the contract resulting in no gain or loss.

See Note 12 of the Notes to Condensed Consolidated Financial Statements for more information regarding MRBs.

#### **Fixed Index Annuities**

The fair value of the index-linked crediting derivative feature embedded in fixed index annuities, included in Annuity Reserves in the above tables, is calculated using the closed form Black-Scholes Option Pricing model or Monte Carlo simulations, as appropriate for the type of option, incorporating such factors as the volatility of returns, the level of interest rates and the time remaining until the option expires. Additionally, assumed withdrawal rates are used to estimate the expected volume of embedded options that will be realized by policyholders.

#### **RILA**

The fair value of the index-linked crediting derivative feature embedded in RILAs, included in Annuity Reserves in the above table, is calculated using the closed form Black-Scholes Option Pricing model, incorporating such factors as the volatility of returns, the level of interest rates and the time remaining until the option expires. Additionally, assumed withdrawal rates are used to estimate the expected volume of embedded options that will be realized by policyholders.

**Notes Issued by Consolidated VIEs**

These notes are issued by CLOs and are carried at fair value under the fair value option based on the fair values of corresponding fixed maturity collateral. The CLO liabilities are also reduced by the fair value of the beneficial interest the Company retains in the CLO and the carrying value of any beneficial interests that represent compensation for services. As the notes are valued based on the reference collateral, they are classified as Level 2.

**Fair Value Option**

The Company elected the fair value option for debt securities related to certain consolidated investments totaling \$ 2,101 million and \$2,014 million at September 30, 2023 and December 31, 2022, respectively. These debt securities are reflected on the Company's Condensed Consolidated Balance Sheets as debt securities, at fair value under the fair value option.

The Company has elected the fair value option for certain funds withheld assets, which are held as collateral for reinsurance, totaling \$ 4,052 million and \$4,160 million at September 30, 2023 and December 31, 2022, respectively, as discussed above, and includes mortgage loans as discussed below.

The Company elected the fair value option for certain mortgage loans held under the funds withheld reinsurance agreement with Athene. The fair value option was elected for these mortgage loans, purchased or funded after December 31, 2021, to mitigate inconsistency in earnings that would otherwise result between these mortgage loan assets and the funds withheld liability, including the associated embedded derivative, and are valued using third-party pricing services. Changes in fair value are reflected in net investment income on the Condensed Consolidated Income Statements.

The fair value and aggregate contractual principal for mortgage loans where the fair value option was elected after December 31, 2021, were as follows (in millions):

|                                 | September 30,<br>2023 | December 31,<br>2022 |
|---------------------------------|-----------------------|----------------------|
| Fair value                      | \$ 476                | \$ 582               |
| Aggregate contractual principal | 490                   | 591                  |

As of September 30, 2023, no loans in good standing for which the fair value option was elected were in non-accrual status, and no loans were more than 90 days past due and still accruing interest.

The Company elected the fair value option for notes issued by consolidated VIEs totaling \$ 2,011 million and \$1,732 million at September 30, 2023 and December 31, 2022, respectively.

Income and changes in unrealized gains and losses on other assets for which the Company has elected the fair value option are immaterial to the Company's Condensed Consolidated Financial Statements.

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The following tables summarize the Company's assets and liabilities that are carried at fair value by hierarchy levels (in millions, 2022 information recast for the adoption of LDTI):

|  | September 30, 2023 |                 |                   |                  |
|--|--------------------|-----------------|-------------------|------------------|
|  | Total              | Level 1         | Level 2           | Level 3          |
| <b>Assets</b>  |                    |                 |                   |                  |
| Debt securities  |                    |                 |                   |                  |
| U.S. government securities                                       | \$ 3,674           | \$ 3,674        | \$ —              | —                |
| Other government securities                                      | 1,378              | —               | 1,378             | —                |
| Public utilities   | 5,068              | —               | 5,068             | —                |
| Corporate securities   | 24,682             | —               | 24,638            | 44               |
| Residential mortgage-backed                                      | 376                | —               | 376               | —                |
| Commercial mortgage-backed                                       | 1,442              | —               | 1,442             | —                |
| Other asset-backed securities                                    | 4,768              | —               | 4,768             | —                |
| Equity securities  | 277                | 7               | 186               | 84               |
| Mortgage loans   | 476                | —               | —                 | 476              |
| Limited partnerships <sup>(1)</sup>                              | 564                | —               | 140               | 424              |
| Policy loans   | 3,432              | —               | —                 | 3,432            |
| Freestanding derivative instruments                              | 925                | —               | 925               | —                |
| Cash and cash equivalents  | 2,760              | 2,760           | —                 | —                |
| Reinsurance recoverable on market risk benefits                  | 167                | —               | —                 | 167              |
| Market risk benefit assets                                       | 6,815              | —               | —                 | 6,815            |
| Separate account assets  | 202,903            | —               | 202,903           | —                |
| <b>Total</b>   | <b>\$ 259,707</b>  | <b>\$ 6,441</b> | <b>\$ 241,824</b> | <b>\$ 11,442</b> |
| <b>Liabilities</b>   |                    |                 |                   |                  |
| Embedded derivative liabilities <sup>(2)</sup>                   | \$ 1,631           | \$ —            | \$ 1,631          | —                |
| Funds withheld payable under reinsurance treaties <sup>(3)</sup> | 247                | —               | —                 | 247              |
| Freestanding derivative instruments                              | 2,548              | —               | 2,548             | —                |
| Notes issued by consolidated VIEs                                | 2,011              | —               | 2,011             | —                |
| Market risk benefit liabilities                                  | 3,917              | —               | —                 | 3,917            |
| <b>Total</b>   | <b>\$ 10,354</b>   | <b>\$ —</b>     | <b>\$ 6,190</b>   | <b>\$ 4,164</b>  |

<sup>(1)</sup> Excludes \$2,657 million of limited partnership investments measured at NAV.

<sup>(2)</sup> Includes the embedded derivative liabilities of \$676 million related to RILA and \$956 million liability of fixed index annuities, both included in other contract holder funds on the Condensed Consolidated Balance Sheets.

<sup>(3)</sup> Includes the Athene embedded derivative asset of \$3,352 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

|  | December 31, 2022 |          |            |          |
|--|-------------------|----------|------------|----------|
|  | Total             | Level 1  | Level 2    | Level 3  |
| <b>Assets</b>  |                   |          |            |          |
| Debt securities  |                   |          |            |          |
| U.S. government securities                                       | \$ 5,185          | \$ 5,184 | 1          | \$ —     |
| Other government securities                                      | 1,467             | —        | 1,467      | —        |
| Public utilities   | 5,225             | —        | 5,225      | —        |
| Corporate securities   | 25,146            | —        | 25,090     | 56       |
| Residential mortgage-backed                                      | 464               | —        | 464        | —        |
| Commercial mortgage-backed                                       | 1,638             | —        | 1,638      | —        |
| Other asset-backed securities                                    | 5,637             | —        | 5,637      | —        |
| Equity securities  | 393               | 165      | 106        | 122      |
| Mortgage loans   | 582               | —        | —          | 582      |
| Limited partnerships <sup>(1)</sup>                              | 440               | —        | —          | 440      |
| Policy loans   | 3,419             | —        | —          | 3,419    |
| Freestanding derivative instruments                              | 1,270             | —        | 1,270      | —        |
| Cash and cash equivalents  | 4,298             | 4,298    | —          | —        |
| Reinsurance recoverable on market risk benefits                  | 221               | —        | —          | 221      |
| Market risk benefit assets                                       | 4,865             | —        | —          | 4,865    |
| Separate account assets  | 195,906           | —        | 195,906    | —        |
| Total  | \$ 256,156        | \$ 9,647 | \$ 236,804 | \$ 9,705 |
| <b>Liabilities</b>   |                   |          |            |          |
| Embedded derivative liabilities <sup>(2)</sup>                   | \$ 1,135          | —        | \$ 1,135   | —        |
| Funds withheld payable under reinsurance treaties <sup>(3)</sup> | 424               | —        | —          | 424      |
| Freestanding derivative instruments                              | 2,065             | —        | 2,065      | —        |
| Notes issued by consolidated VIEs                                | 1,732             | —        | 1,732      | —        |
| Market risk benefit liabilities                                  | 5,662             | —        | —          | 5,662    |
| Total  | \$ 11,018         | \$ —     | \$ 4,932   | \$ 6,086 |

<sup>(1)</sup> Excludes \$2,772 million of limited partnership investments measured at NAV.

<sup>(2)</sup> Includes the embedded derivative liabilities of \$205 million related to RILA and \$931 million of fixed index annuities, both included in other contract holder funds on the Condensed Consolidated Balance Sheets.

<sup>(3)</sup> Includes the Athene embedded derivative asset of \$3,158 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

**Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)****Level 3 Assets and Liabilities by Price Source**

The table below presents the balances of Level 3 assets and liabilities measured at fair value with their corresponding pricing sources (in millions, 2022 information recast for the adoption of LDTI):

| Assets   | September 30, 2023 |                  |                 |
|--|--------------------|------------------|-----------------|
|  | Total              | Internal         | External        |
| Debt securities:   |                    |                  |                 |
| Corporate  | \$ 44              | \$ —             | \$ 44           |
| Equity securities  | 84                 | 1                | 83              |
| Mortgage loans   | 476                | —                | 476             |
| Limited partnerships   | 424                | 1                | 423             |
| Policy loans   | 3,432              | 3,432            | —               |
| Reinsurance recoverable on market risk benefits                  | 167                | 167              | —               |
| Market risk benefit assets                                       | 6,815              | 6,815            | —               |
| <b>Total</b>   | <b>\$ 11,442</b>   | <b>\$ 10,416</b> | <b>\$ 1,026</b> |
| <b>Liabilities</b>   |                    |                  |                 |
| Funds withheld payable under reinsurance treaties <sup>(1)</sup> | 247                | 247              | —               |
| Market risk benefit liabilities                                  | 3,917              | 3,917            | —               |
| <b>Total</b>   | <b>\$ 4,164</b>    | <b>\$ 4,164</b>  | <b>\$ —</b>     |

<sup>(1)</sup> Includes the Athene embedded derivative asset of \$3,352 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

| Assets   | December 31, 2022 |                 |                 |
|--|-------------------|-----------------|-----------------|
|  | Total             | Internal        | External        |
| Debt securities:   |                   |                 |                 |
| Corporate  | \$ 56             | \$ —            | \$ 56           |
| Equity securities  | 122               | 1               | 121             |
| Mortgage loans   | 582               | —               | 582             |
| Limited partnerships   | 440               | 8               | 432             |
| Policy loans   | 3,419             | 3,419           | —               |
| Reinsurance recoverable on market risk benefits                  | 221               | 221             | —               |
| Market risk benefit assets                                       | 4,865             | 4,865           | —               |
| <b>Total</b>   | <b>\$ 9,705</b>   | <b>\$ 8,514</b> | <b>\$ 1,191</b> |
| <b>Liabilities</b>   |                   |                 |                 |
| Funds withheld payable under reinsurance treaties <sup>(1)</sup> | 424               | 424             | —               |
| Market risk benefit liabilities                                  | 5,662             | 5,662           | —               |
| <b>Total</b>   | <b>\$ 6,086</b>   | <b>\$ 6,086</b> | <b>\$ —</b>     |

<sup>(1)</sup> Includes the Athene embedded derivative asset of \$3,158 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

External pricing sources for securities represent unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

### Quantitative Information Regarding Internally-Priced Level 3 Assets and Liabilities

The table below presents quantitative information on internally-priced Level 3 assets and liabilities that use significant unobservable inputs (in millions, 2022 information recast for the adoption of LDTI):

| As of September 30, 2023                        |            |                        |  |                           |   |
|---|------------|------------------------|--|---------------------------|---|
|   | Fair Value | Valuation Technique(s) | Significant Unobservable Input(s)          | Assumption or Input Range | Impact of Increase in Input on Fair Value |
| <b>Assets</b>                                   |            |                        |  |                           |   |
| Reinsurance recoverable on market risk benefits | \$ 167     | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|   |            |                        | Lapse <sup>(2)</sup>                       | 2.97% - 8.10%             | Decrease                                  |
|   |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 20.00%            | Increase                                  |
|   |            |                        | Withdrawal <sup>(4)</sup>                  | 47.50% - 52.50%           | Increase                                  |
|   |            |                        | Non-performance risk <sup>(5)</sup>        | 0.40% - 1.63%             | Decrease                                  |
|   |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50%                    | Increase                                  |
| Market risk benefit assets                      | \$ 6,815   | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|   |            |                        | Lapse <sup>(2)</sup>                       | 0.05% - 41.28%            | Decrease                                  |
|   |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 100.00%           | Increase                                  |
|   |            |                        | Withdrawal <sup>(4)</sup>                  | 11.25% - 100.00%          | Increase                                  |
|   |            |                        | Non-performance risk <sup>(5)</sup>        | 1.61% - 2.19%             | Decrease                                  |
|   |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50%                    | Increase                                  |
| <b>Liabilities</b>                              |            |                        |  |                           |   |
| Market risk benefit liabilities                 | \$ 3,917   | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|   |            |                        | Lapse <sup>(2)</sup>                       | 0.05% - 41.28%            | Decrease                                  |
|   |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 100.00%           | Increase                                  |
|   |            |                        | Withdrawal <sup>(4)</sup>                  | 11.25% - 100.00%          | Increase                                  |
|   |            |                        | Non-performance risk <sup>(5)</sup>        | 1.61% - 2.19%             | Decrease                                  |
|   |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50%                    | Increase                                  |

<sup>(1)</sup> Mortality rates vary by attained age, tax qualification status, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.

<sup>(2)</sup> Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and optional benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.

<sup>(3)</sup> The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.

<sup>(4)</sup> The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type and duration. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.

<sup>(5)</sup> Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.

<sup>(6)</sup> Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.



As of December 31, 2022

|  | Fair Value | Valuation Technique(s) | Significant Unobservable Input(s)          | Assumption or Input Range | Impact of Increase in Input on Fair Value |
|--|------------|------------------------|--|---------------------------|---|
| <b>Assets</b>                                      |            |                        |  |                           |   |
| Reinsurance recoverable on market risk \$ benefits | 221        | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|  |            |                        | Lapse <sup>(2)</sup>                       | 2.97% - 8.10%             | Decrease                                  |
|  |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 20.00%            | Increase                                  |
|  |            |                        | Withdrawal <sup>(4)</sup>                  | 47.50% - 52.50%           | Increase                                  |
|  |            |                        | Non-performance risk <sup>(5)</sup>        | 0.64% - 2.27%             | Decrease                                  |
|  |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50% - 23.68%           | Increase                                  |
| Market risk benefit assets                         | \$ 4,865   | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|  |            |                        | Lapse <sup>(2)</sup>                       | 0.05% - 41.28%            | Decrease                                  |
|  |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 100.00%           | Increase                                  |
|  |            |                        | Withdrawal <sup>(4)</sup>                  | 11.25% - 100.00%          | Increase                                  |
|  |            |                        | Non-performance risk <sup>(5)</sup>        | 0.64% - 2.27%             | Decrease                                  |
|  |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50% - 23.68%           | Increase                                  |
| <b>Liabilities</b>                                 |            |                        |  |                           |   |
| Market risk benefit liabilities                    | \$ 5,662   | Discounted cash flow   | Mortality <sup>(1)</sup>                   | 0.01% - 23.33%            | Decrease                                  |
|  |            |                        | Lapse <sup>(2)</sup>                       | 0.05% - 41.28%            | Decrease                                  |
|  |            |                        | Utilization <sup>(3)</sup>                 | 0.00% - 100.00%           | Increase                                  |
|  |            |                        | Withdrawal <sup>(4)</sup>                  | 11.25% - 100.00%          | Increase                                  |
|  |            |                        | Non-performance risk <sup>(5)</sup>        | 0.64% - 2.27%             | Decrease                                  |
|  |            |                        | Long-term Equity Volatility <sup>(6)</sup> | 18.50% - 23.68%           | Increase                                  |

<sup>(1)</sup> Mortality rates vary by attained age, tax qualification status, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.

<sup>(2)</sup> Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and optional benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.

<sup>(3)</sup> The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.

<sup>(4)</sup> The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type and duration. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.

<sup>(5)</sup> Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.

<sup>(6)</sup> Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.

### Sensitivity to Changes in Unobservable Inputs

The following is a general description of sensitivities of significant unobservable inputs and their impact on the fair value measurement for the assets and liabilities reflected in the tables above.

At September 30, 2023 and December 31, 2022, securities of \$ 2 million and \$9 million, respectively, are fair valued using techniques incorporating unobservable inputs and are classified in Level 3 of the fair value hierarchy. For these assets, their unobservable inputs and ranges of possible inputs do not materially affect their fair valuations and have been excluded from the quantitative information in the tables above.

Policy loans that support funds withheld reinsurance agreements that are held at fair value under the fair value option on the Company's Condensed Consolidated Balance Sheets are excluded from the tables above. These policy loans do not have a stated maturity and the balances, plus accrued investment income, are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans, which includes accrued investment income, approximates fair value and is classified as Level 3 within the fair value hierarchy.

The fair value of funds withheld payable under the Reassure America Life Insurance Company ("REALIC") reinsurance treaties, is determined based upon the fair value of the funds withheld investments held by the Company and is excluded from the tables above.

The funds withheld payable under the Athene reinsurance treaty includes the Athene embedded derivative which is measured at fair value. The valuation of the embedded derivative utilizes a total return swap technique that incorporates the fair value of the invested assets supporting the reinsurance agreement as a component of the valuation. As a result, these valuations for the funds withheld payable under the REALIC reinsurance treaties and the Athene embedded derivative require certain significant inputs that are generally not observable and, accordingly, the valuation is considered Level 3 in the fair value hierarchy.

The GMIB reinsurance recoverable fair value calculation is based on the present value of future cash flows comprised of future expected reinsurance benefit receipts, less future attributed premium payments to reinsurers, over the lives of the contracts. Estimating these cash flows requires actuarially determined assumptions related to expectations concerning policyholder behavior and long-term market volatility. The more significant policyholder behavior actuarial assumptions include benefit utilization, fund allocation, lapse, and mortality.

The MRB asset and liability fair value calculation is based on the present value of future cash flows comprised of future expected benefit payments, less future attributed fees (if applicable), over the lives of the contracts. Estimating these cash flows requires numerous estimates and subjective judgments related to capital market inputs, as well as actuarially determined assumptions related to expectations concerning policyholder behavior. The more significant actuarial assumptions include benefit utilization by policyholders, lapse, mortality, and withdrawal rates. Best estimate assumptions plus risk margins are used as applicable.

The tables below, 2022 information recast for the adoption of LDTI, provide roll-forwards for the three and nine months ended September 30, 2023 and 2022 of the financial instruments for which significant unobservable inputs (Level 3) are used in the fair value measurement. Gains and losses in the tables below include changes in fair value due partly to observable and unobservable factors. The Company utilizes derivative instruments to manage the risk associated with certain assets and liabilities. However, the derivative instruments hedging the related risks may not be classified within the same fair value hierarchy level as the associated assets and liabilities. Therefore, the impact of the derivative instruments reported in Level 3 may vary significantly from the total income effect of the hedged instruments.

|   |                      | Total Realized/Unrealized Gains<br>(Losses) Included in |        |               |             |           |    |               |
|---|----------------------|---|--------|---------------|-------------|-----------|----|---------------|
|   |                      | Fair Value  |        |               | Purchases,  |           |    |               |
|   |                      | as of   | Net    | Other         | Sales,      | Transfers |    | Fair Value    |
|   |                      | July 1,   | Income | Comprehensive | Issuances   | in and/or |    | as of         |
|   |                      | July 1,   | Income | Comprehensive | and         | (out of)  |    | September 30, |
| Three Months Ended September 30, 2023             |                      | 2023  | (Loss) | Income (Loss) | Settlements | Level 3   |    | 2023          |
| Assets  |                      |   |        |               |             |           |    |               |
| Debt securities                                   |                      |   |        |               |             |           |    |               |
|   | Corporate securities | \$ 21   | \$ (2) | \$ —          | \$ 22       | \$ 3      | \$ | 44            |
| Equity securities                                 |                      | 86  | (2)    | —             | —           | —         |    | 84            |
| Mortgage loans                                    |                      | 509   | (5)    | —             | (28)        | —         |    | 476           |
| Limited partnerships                              |                      | 422   | (17)   | —             | (10)        | 29        |    | 424           |
| Reinsurance recoverable on market risk benefits   |                      | 194   | (27)   | —             | —           | —         |    | 167           |
| Market risk benefit assets                        |                      | 5,957   | 858    | —             | —           | —         |    | 6,815         |
| Policy loans                                      |                      | 3,438   | (32)   | —             | 26          | —         |    | 3,432         |
|   |                      |   |        |               |             |           |    |               |
| Liabilities                                       |                      |   |        |               |             |           |    |               |
| Funds withheld payable under reinsurance treaties |                      |   |        |               |             |           |    |               |
|   |                      | (701)   | 481    | —             | (27)        | —         |    | (247)         |
| Market risk benefit liabilities                   |                      | (4,463)   | 1,545  | (999)         | —           | —         |    | (3,917)       |
|   |                      |   |        |               |             |           |    |               |
|   |                      | Total Realized/Unrealized Gains<br>(Losses) Included in |        |               |             |           |    |               |
|   |                      | Fair Value  |        |               | Purchases,  |           |    |               |
|   |                      | as of   | Net    | Other         | Issuances   | in and/or |    | Fair Value    |
|   |                      | July 1,   | Income | Comprehensive | and         | (out of)  |    | as of         |
|   |                      | July 1,   | Income | Comprehensive | and         | (out of)  |    | September 30, |
| Three Months Ended September 30, 2022             |                      | 2022  | (Loss) | Income (Loss) | Settlements | Level 3   |    | 2022          |
| Assets  |                      |   |        |               |             |           |    |               |
| Debt securities                                   |                      |   |        |               |             |           |    |               |
|   | Corporate securities | \$ 47   | \$ (5) | \$ (1)        | \$ 10       | \$ 26     | \$ | 77            |
| Equity securities                                 |                      | 124   | (6)    | —             | (11)        | —         |    | 107           |
| Mortgage loans                                    |                      | 357   | (7)    | —             | 158         | —         |    | 508           |
| Limited partnerships                              |                      | 396   | —      | —             | —           | —         |    | 396           |
| Reinsurance recoverable on market risk benefits   |                      | 306   | (45)   | —             | —           | —         |    | 261           |
| Market risk benefit assets                        |                      | 2,329   | 703    | —             | —           | —         |    | 3,032         |
| Policy loans                                      |                      | 3,485   | (27)   | —             | 29          | —         |    | 3,487         |
|   |                      |   |        |               |             |           |    |               |
| Liabilities                                       |                      |   |        |               |             |           |    |               |
| Funds withheld payable under reinsurance treaties |                      |   |        |               |             |           |    |               |
|   |                      | (1,141)   | 857    | —             | (30)        | —         |    | (314)         |
| Market risk benefit liabilities                   |                      | (5,945)   | 255    | 552           | —           | —         |    | (5,138)       |



|   |    | Total Realized/Unrealized Gains<br>(Losses) Included in |         |               |                    |           |               |
|---|----|---|---------|---------------|--------------------|-----------|---------------|
|   |    | Fair Value  |         |               | Purchases,         | Transfers | Fair Value    |
|   |    | as of   | Net     | Other         | Sales,             | in and/or | as of         |
|   |    | January 1,  | Income  | Comprehensive | Issuances          | (out of)  | September 30, |
| Nine Months Ended September 30, 2023                    |    | 2023  | (Loss)  | Income (Loss) | and<br>Settlements | Level 3   | 2023          |
| Assets  |    |   |         |               |                    |           |               |
| Debt securities   |    |   |         |               |                    |           |               |
| Corporate securities                                    | \$ | 56  | \$ (11) | \$ —          | \$ 18              | \$ (19)   | 44            |
| Equity securities                                       |    | 122   | (37)    | —             | —                  | (1)       | 84            |
| Mortgage loans  |    | 582   | (7)     | —             | (99)               | —         | 476           |
| Limited partnerships                                    |    | 440   | (39)    | —             | 1                  | 22        | 424           |
| Reinsurance recoverable on market risk benefits         |    | 221   | (54)    | —             | —                  | —         | 167           |
| Market risk benefit assets                              |    | 4,865   | 1,950   | —             | —                  | —         | 6,815         |
| Policy loans  |    | 3,419   | 75      | —             | (62)               | —         | 3,432         |
| Liabilities   |    |   |         |               |                    |           |               |
| Funds withheld payable under reinsurance treaties       |    | (424)   | 119     | —             | 58                 | —         | (247)         |
| Market risk benefit liabilities                         |    | (5,662)   | 3,224   | (1,479)       | —                  | —         | (3,917)       |
| Total Realized/Unrealized Gains<br>(Losses) Included in |    |   |         |               |                    |           |               |
|   |    |   |         |               | Purchases,         |           |               |
|   |    | Fair Value  |         |               | Sales,             | Transfers | Fair Value    |
|   |    | as of   | Net     | Other         | Issuances          | in and/or | as of         |
|   |    | January 1,  | Income  | Comprehensive | and                | (out of)  | September 30, |
| Nine Months Ended September 30, 2022                    |    | 2022  | (Loss)  | Income (Loss) | Settlements        | Level 3   | 2022          |
| Assets  |    |   |         |               |                    |           |               |
| Debt securities   |    |   |         |               |                    |           |               |
| Corporate securities                                    | \$ | 9   | \$ —    | (1)           | \$ 13              | \$ 56     | 77            |
| Equity securities                                       |    | 112   | 10      | —             | (15)               | —         | 107           |
| Mortgage loans  |    | —   | (10)    | —             | 518                | —         | 508           |
| Limited partnerships                                    |    | 396   | —       | —             | —                  | —         | 396           |
| Reinsurance recoverable on market risk benefits         |    | 383   | (122)   | —             | —                  | —         | 261           |
| Market risk benefit assets                              |    | 1,664   | 1,368   | —             | —                  | —         | 3,032         |
| Policy loans  |    | 3,467   | 109     | —             | (89)               | —         | 3,487         |
| Liabilities   |    |   |         |               |                    |           |               |
| Funds withheld payable under reinsurance treaties       |    | (3,759)   | 3,349   | —             | 96                 | —         | (314)         |
| Market risk benefit liabilities                         |    | (8,033)   | 390     | 2,505         | —                  | —         | (5,138)       |

The components of the amounts included in purchases, sales, issuances and settlements for the three and nine months ended September 30, 2023 and 2022 shown above are as follows (in millions):

| Three Months Ended September 30, 2023             | Purchases | Sales    | Issuances | Settlements | Total |
|---|-----------|----------|-----------|-------------|-------|
| <b>Assets</b>                                     |           |          |           |             |       |
| Debt securities                                   |           |          |           |             |       |
| Corporate securities                              | \$ 27     | \$ (5)   | \$ —      | \$ —        | 22    |
| Equity securities                                 | —         | —        | —         | —           | —     |
| Mortgage loans                                    | 45        | (73)     | —         | —           | (28)  |
| Limited partnerships                              | 1         | (11)     | —         | —           | (10)  |
| Policy loans                                      | —         | —        | 76        | (50)        | 26    |
| Total   | \$ 73     | \$ (89)  | \$ 76     | \$ (50)     | 10    |
| <b>Liabilities</b>                                |           |          |           |             |       |
| Funds withheld payable under reinsurance treaties | \$ —      | \$ —     | (96)      | 69          | (27)  |
| <b>Three Months Ended September 30, 2022</b>      |           |          |           |             |       |
|   | Purchases | Sales    | Issuances | Settlements | Total |
| <b>Assets</b>                                     |           |          |           |             |       |
| Debt securities                                   |           |          |           |             |       |
| Corporate securities                              | \$ 12     | \$ (2)   | \$ —      | \$ —        | 10    |
| Equity securities                                 | 1         | (12)     | —         | —           | (11)  |
| Mortgage loans                                    | 159       | (1)      | —         | —           | 158   |
| Policy loans                                      | —         | —        | 74        | (45)        | 29    |
| Total   | \$ 172    | \$ (15)  | \$ 74     | \$ (45)     | 186   |
| <b>Liabilities</b>                                |           |          |           |             |       |
| Funds withheld payable under reinsurance treaties | \$ —      | \$ —     | (79)      | 49          | (30)  |
| <b>Nine Months Ended September 30, 2023</b>       |           |          |           |             |       |
|   | Purchases | Sales    | Issuances | Settlements | Total |
| <b>Assets</b>                                     |           |          |           |             |       |
| Debt securities                                   |           |          |           |             |       |
| Corporate securities                              | \$ 27     | \$ (9)   | \$ —      | \$ —        | 18    |
| Equity securities                                 | —         | —        | —         | —           | —     |
| Mortgage loans                                    | 180       | (279)    | —         | —           | (99)  |
| Limited partnerships                              | 19        | (18)     | —         | —           | 1     |
| Policy loans                                      | —         | —        | 111       | (173)       | (62)  |
| Total   | \$ 226    | \$ (306) | \$ 111    | \$ (173)    | (142) |
| <b>Liabilities</b>                                |           |          |           |             |       |
| Funds withheld payable under reinsurance treaties | \$ —      | \$ —     | (132)     | 190         | 58    |
| <b>Nine Months Ended September 30, 2022</b>       |           |          |           |             |       |
|   | Purchases | Sales    | Issuances | Settlements | Total |
| <b>Assets</b>                                     |           |          |           |             |       |
| Debt securities                                   |           |          |           |             |       |
| Corporate securities                              | \$ 15     | \$ (2)   | \$ —      | \$ —        | 13    |
| Equity securities                                 | 1         | (16)     | —         | —           | (15)  |
| Mortgage loans                                    | 519       | (1)      | —         | —           | 518   |
| Policy loans                                      | —         | —        | 105       | (194)       | (89)  |
| Total   | \$ 535    | \$ (19)  | \$ 105    | \$ (194)    | 427   |
| <b>Liabilities</b>                                |           |          |           |             |       |
| Funds withheld payable under reinsurance treaties | \$ —      | \$ —     | (111)     | 207         | 96    |



For the three and nine months ended September 30, 2023, transfers from Level 3 to Level 2 of the fair value hierarchy were \$( 12) million and \$19 million, respectively, transfers from Level 2 to Level 3 were \$(9) million and \$(1) million, respectively, and transfers from Level 3 to NAV were \$( 29) million and \$(22) million, respectively.

For the three and nine months ended September 30, 2022, transfers from Level 3 to Level 2 of the fair value hierarchy were \$ 4 million and \$9 million, respectively, and transfers from Level 2 to Level 3 were \$30 million and \$65 million, respectively, and no transfers from Level 3 to NAV.

The portion of gains (losses) included in net income (loss) or OCI attributable to the change in unrealized gains and losses on Level 3 financial instruments still held was as follows (in millions, 2022 information recast for the adoption of LDTI):

|   | Three Months Ended September 30, |                 |                           |                 |
|---|----------------------------------|-----------------|---------------------------|-----------------|
|   | 2023                             |                 | 2022                      |                 |
|   | Included in<br>Net Income        | Included in OCI | Included in<br>Net Income | Included in OCI |
| <b>Assets</b>                                     |                                  |                 |                           |                 |
| Debt securities                                   |                                  |                 |                           |                 |
| Corporate securities                              | \$ 2                             | \$ —            | \$ (5)                    | \$ (1)          |
| Equity securities                                 | (2)                              | —               | (6)                       | —               |
| Mortgage loans                                    | (5)                              | —               | (7)                       | —               |
| Limited partnerships                              | (17)                             | —               | —                         | —               |
| Reinsurance recoverable on market risk benefits   | (27)                             | —               | (45)                      | —               |
| Market risk benefit assets                        | 858                              | —               | 703                       | —               |
| Policy loans                                      | (32)                             | —               | (27)                      | —               |
| <b>Liabilities</b>                                |                                  |                 |                           |                 |
| Funds withheld payable under reinsurance treaties | 481                              | —               | 857                       | —               |
| Market risk benefit liabilities                   | 1,545                            | (999)           | 255                       | 552             |

  

|   | Nine Months Ended September 30, |                 |                           |                 |
|---|---------------------------------|-----------------|---------------------------|-----------------|
|   | 2023                            |                 | 2022                      |                 |
|   | Included in<br>Net Income       | Included in OCI | Included in<br>Net Income | Included in OCI |
| <b>Assets</b>                                     |                                 |                 |                           |                 |
| Debt securities                                   |                                 |                 |                           |                 |
| Corporate securities                              | \$ (7)                          | \$ —            | \$ —                      | \$ (1)          |
| Equity securities                                 | (37)                            | —               | 10                        | —               |
| Mortgage loans                                    | (7)                             | —               | (10)                      | —               |
| Limited partnerships                              | (39)                            | —               | —                         | —               |
| Reinsurance recoverable on market risk benefits   | (54)                            | —               | (122)                     | —               |
| Market risk benefit assets                        | 1,950                           | —               | 1,368                     | —               |
| Policy loans                                      | 75                              | —               | 109                       | —               |
| <b>Liabilities</b>                                |                                 |                 |                           |                 |
| Funds withheld payable under reinsurance treaties | 119                             | —               | 3,349                     | —               |
| Market risk benefit liabilities                   | 3,224                           | (1,479)         | 390                       | 2,505           |



**Fair Value of Financial Instruments Carried at Other Than Fair Value**

The table below presents the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value (in millions):

|  | September 30, 2023 |            |         |         |          |  |
|--|--------------------|------------|---------|---------|----------|--|
|  | Carrying Value     | Fair Value |         |         |          |  |
|  |                    | Total      | Level 1 | Level 2 | Level 3  |  |
| Assets   |                    |            |         |         |          |  |
| Mortgage loans   | \$ 10,136          | \$ 9,339   | \$ —    | \$ —    | \$ 9,339 |  |
| Policy loans   | 936                | 936        | —       | —       | 936      |  |
| FHLBI capital stock  | 108                | 108        | 108     | —       | —        |  |
| Liabilities  |                    |            |         |         |          |  |
| Annuity reserves <sup>(1)</sup>                                  | \$ 33,731          | \$ 28,230  | \$ —    | \$ —    | 28,230   |  |
| Reserves for guaranteed investment contracts <sup>(2)</sup>      | 863                | 820        | —       | —       | 820      |  |
| Trust instruments supported by funding agreements <sup>(2)</sup> | 5,900              | 5,592      | —       | —       | 5,592    |  |
| FHLB funding agreements <sup>(2)</sup>                           | 1,949              | 1,699      | —       | —       | 1,699    |  |
| Funds withheld payable under reinsurance treaties                | 19,726             | 19,726     | —       | —       | 19,726   |  |
| Debt   | 2,635              | 2,322      | —       | 2,322   | —        |  |
| Securities lending payable                                       | 28                 | 28         | —       | 28      | —        |  |
| FHLB advances  | 180                | 180        | —       | 180     | —        |  |
| Repurchase agreements  | —                  | —          | —       | —       | —        |  |
| Separate account liabilities <sup>(3)</sup>                      | 202,903            | 202,903    | —       | 202,903 | —        |  |
|  | December 31, 2022  |            |         |         |          |  |
|  | Carrying Value     | Fair Value |         |         |          |  |
|  |                    | Total      | Level 1 | Level 2 | Level 3  |  |
| Assets   |                    |            |         |         |          |  |
| Mortgage loans   | \$ 10,967          | \$ 10,259  | \$ —    | \$ —    | 10,259   |  |
| Policy loans   | 958                | 958        | —       | —       | 958      |  |
| FHLBI capital stock  | 146                | 146        | 146     | —       | —        |  |
| Liabilities  |                    |            |         |         |          |  |
| Annuity reserves <sup>(1)</sup>                                  | \$ 36,222          | \$ 31,242  | \$ —    | \$ —    | 31,242   |  |
| Reserves for guaranteed investment contracts <sup>(2)</sup>      | 1,128              | 1,099      | —       | —       | 1,099    |  |
| Trust instruments supported by funding agreements <sup>(2)</sup> | 5,887              | 5,760      | —       | —       | 5,760    |  |
| FHLB funding agreements <sup>(2)</sup>                           | 2,004              | 2,104      | —       | —       | 2,104    |  |
| Funds withheld payable under reinsurance treaties                | 22,533             | 22,533     | —       | —       | 22,533   |  |
| Debt   | 2,635              | 2,344      | —       | 2,344   | —        |  |
| Securities lending payable                                       | 36                 | 36         | —       | 36      | —        |  |
| Repurchase agreements  | 1,012              | 1,012      | —       | 1,012   | —        |  |
| Separate account liabilities <sup>(3)</sup>                      | 195,906            | 195,906    | —       | 195,906 | —        |  |

<sup>(1)</sup> Annuity reserves represent only the components of other contract holder funds that are considered to be financial instruments.

<sup>(2)</sup> Included as a component of other contract holder funds on the Condensed Consolidated Balance Sheets.

<sup>(3)</sup> The values of separate account liabilities are set equal to the values of separate account assets.

The following is a discussion of the methodologies used to determine fair values of the financial instruments measured on a nonrecurring basis reported in the table above.

### **Mortgage Loans**

Fair values are generally determined by discounting expected future cash flows at current market interest rates, inclusive of a credit spread, for similar quality loans. For loans whose value is dependent on the underlying property, fair value is the estimated value of the collateral. Certain characteristics considered significant in determining the spread or collateral value may be based on internally developed estimates. As a result, these investments have been classified as Level 3 within the fair value hierarchy.

Mortgage loans held under the funds withheld reinsurance agreement are valued using third-party pricing services, which may use economic inputs, geographical information, and property specific assumptions in deriving the fair value price. The Company reviews the valuations from these pricing providers to ensure they are reasonable. Due to lack of observable inputs, these investments have been classified as Level 3 within the fair value hierarchy.

### **Policy Loans**

Policy loans are funds provided to policyholders in return for a claim on the policies values and function like demand deposits which are redeemable upon repayment, death or surrender, and there is only one market price at which the transaction could be settled – the then current carrying value. The funds provided are limited to the cash surrender value of the underlying policy. The nature of policy loans is to have a negligible default risk as the loans are fully collateralized by the value of the policy. Policy loans do not have a stated maturity and the balances and accrued interest are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value. The non-reinsurance related component of policy loans has been classified as Level 3 within the fair value hierarchy.

### **FHLBI Capital Stock**

FHLBI capital stock, which is included in other invested assets, can only be sold to FHLBI at a constant price of \$ 100 per share. Due to the lack of valuation uncertainty, the investment has been classified as Level 1.

### **Other Contract Holder Funds**

Fair values for immediate annuities without mortality features are derived by discounting the future estimated cash flows using current market interest rates for similar maturities. Fair values for deferred annuities, including the fixed option on variable annuities, fixed annuities, fixed index annuities and RILAs, are determined using projected future cash flows discounted at current market interest rates.

Fair values for guaranteed investment contracts, trust instruments supported by funding agreements and FHLB funding agreements are based on the present value of future cash flows discounted at current market interest rates.

### **Funds Withheld Payable Under Reinsurance Treaties**

The fair value of the funds withheld payable is equal to the fair value of the assets held as collateral, which primarily consists of bonds, mortgages, limited partnerships, and cash and cash equivalents. The fair value of the assets generally uses industry standard valuation techniques as described above and the funds withheld payable components are valued consistent with the assets in the fair value hierarchy.

### **Debt**

Fair values for the Company's surplus notes and long-term debt are generally determined by prices obtained from independent broker dealers or discounted cash flow models. Such prices are derived from market observable inputs and are classified as Level 2.

**Securities Lending Payable**

The Company's securities lending payable is set equal to the cash collateral received. Due to the short-term nature of the loans, carrying value is a reasonable estimate of fair value and is classified as Level 2.

**FHLB Advances**

Carrying value of the Company's FHLB advances, which are included in other liabilities, is considered a reasonable estimate of fair value due to their short-term maturities and are classified as Level 2.

**Repurchase Agreements**

Carrying value of the Company's repurchase agreements is considered a reasonable estimate of fair value due to their short-term maturities and are classified as Level 2.

**Separate Account Liabilities**

The values of separate account liabilities are set equal to the values of separate account assets, which are comprised of investments in mutual funds that transact regularly, but do not trade in active markets as they are not publicly available, and, are categorized as Level 2.

**7. Deferred Acquisition Costs**

*This note contains the new accounting policy for the adoption of LDTI*

Certain costs that are directly related to the successful acquisition of new or renewal insurance business are capitalized as DAC in the period they are incurred. These costs primarily pertain to commissions and certain costs associated with policy issuance and underwriting. All other acquisition costs are expensed as incurred.

Contracts are grouped into cohorts by contract type and issue year. For traditional and limited-payment insurance contracts, contracts are grouped consistent with the groupings used in estimating the associated liability. DAC are amortized into expense on a constant level basis over the expected term of the grouped contracts. For traditional and limited-payment insurance contracts, amortization is determined based on projected in force amounts. For non-traditional contracts, amortization is determined based on projected policy counts.

The expected term used to amortize DAC is determined using best estimate assumptions, including mortality and persistency, consistent with the best estimate assumptions used to determine the reserve for future policy benefits, MRBs, and additional liabilities for applicable contracts. For amortization of DAC related to contracts without these balances, assumptions used to determine expected term are developed in a similar manner. The amortization rate is determined using all information available as of the end of the reporting period, including actual experience and any assumption updates. Annually, or as circumstances warrant, a comprehensive review of assumptions is conducted and assumptions are revised as appropriate. If assumptions are revised, the amortization rate is calculated using revised assumptions such that the effect of revised assumptions is recognized prospectively as of the beginning of that reporting period.

Unamortized DAC are written off when a contract is internally replaced and substantially changed. Substantially unchanged contracts are treated as a continuation of the replaced contract, with no change to the unamortized DAC at the time of the replacement.

The following table presents the roll-forward of the DAC (in millions, 2022 information recast for the adoption of LDTI). The current period amortization is based on the end of the period estimates of mortality and persistency. The amortization pattern is revised on a prospective basis at the beginning of the period based on the period's actual experience.

|   | Nine Months Ended<br>September 30,<br>2023 | Year Ended December<br>31,<br>2022 |
|---|--|------------------------------------|
| <b>Variable Annuities</b>                 |  |                                    |
| Balance, beginning of period              | \$ 12,699                                  | \$ 13,364                          |
| Deferrals of acquisition costs            | 306  | 544                                |
| Amortization                              | (855)                                      | (1,209)                            |
| Variable Annuities balance, end of period | <u>\$ 12,150</u>                           | <u>\$ 12,699</u>                   |
| <b>Reconciliation of total DAC</b>        |  |                                    |
| Variable Annuities balance, end of period | \$ 12,150                                  | \$ 12,699                          |
| Other product lines, end of period        | 297  | 224                                |
| Total balance, end of period              | <u>\$ 12,447</u>                           | <u>\$ 12,923</u>                   |

## 8. Reinsurance

*This note contains the new accounting policy for the adoption of LDTI.*

The Company, through its subsidiary insurance companies, assumes and cedes reinsurance from and to other insurance companies to limit losses from large exposures. However, if the reinsurer is unable to meet its obligations, the originating issuer of the coverage retains the liability. The Company reinsures certain of its risks to other reinsurers on a coinsurance, coinsurance with funds withheld, modified coinsurance, or yearly renewable term basis. The Company regularly monitors the financial strength ratings of its reinsurers.

### *Athene Reinsurance*

The Company entered into a funds withheld coinsurance agreement with Athene effective June 1, 2020, to reinsure on a 100% quota share basis, a block of Jackson's in-force fixed and fixed-index annuity product liabilities in exchange for a \$1.2 billion ceding commission. The coinsurance with funds withheld agreement ("the coinsurance agreement") required Jackson to establish a segregated account in which the investments supporting the ceded obligations are maintained. While the economic benefits of the investments flow to Athene, Jackson retains physical possession and legal ownership of the investments supporting the reserve. Further, the investments in the segregated account are not available to settle any policyholder obligations other than those specifically covered by the coinsurance agreement and are not available to settle obligations to general creditors of Jackson. The profit and loss with respect to obligations ceded to Athene are included in periodic net settlements pursuant to the coinsurance agreement. To further support its obligations under the coinsurance agreement, Athene procured \$1.2 billion in letters of credit for Jackson's benefit and established a trust account for Jackson's benefit, which had a book value of approximately \$181 million at September 30, 2023.

### *Swiss Re Reinsurance*

Jackson has three retrocession reinsurance agreements ("retro treaties") with Swiss Reinsurance Company Ltd. ("SRZ"). Pursuant to these retro treaties, Jackson ceded certain blocks of business to SRZ on a 100% coinsurance with funds withheld basis, subject to pre-existing reinsurance with other parties. As a result of the reinsurance agreements with SRZ, Jackson withholds certain assets, primarily in the form of policy loans and debt securities, as collateral for the reinsurance recoverable.

The Company has also acquired certain blocks of business that are closed to new business and wholly ceded to non-affiliates. These include both direct and assumed accident and health businesses, direct and assumed life insurance business, and certain institutional annuities.

*GMIB Reinsurance*

The Company's guaranteed minimum income benefits ("GMIBs") are reinsured with an unrelated party. GMIB reinsured benefits are subject to aggregate annual claim limits. Deductibles also apply on reinsurance of GMIB business issued since March 1, 2005. The Company discontinued offering the GMIB in 2009.

**Reinsurance Recoverables and Reinsured Market Risk Benefits**

Ceded reinsurance agreements are reported on a gross basis on the Company's Condensed Consolidated Balance Sheets as an asset for amounts recoverable from reinsurers or as a component of other assets or liabilities for amounts, such as premiums, owed to or due from reinsurers.

Reinsurance recoverables relating to reinsurance of traditional and limited-payment contracts are required to be recognized and measured in a manner consistent with liabilities relating to the underlying reinsured contracts, including using consistent assumptions. Reinsurance contracts may be executed subsequent to the direct contract issue dates, and market interest rates may have changed between the date that the underlying insurance contracts were issued and the date the reinsurance contract is recognized in the financial statements, resulting in the underlying discount rate differing between the direct and reinsured business.

The Company regularly monitors the financial strength ratings of its reinsurers. At September 30, 2023 and December 31, 2022, the Company had an allowance for credit losses ("ACL") of \$33 million and \$15 million, respectively, on its reinsurance recoverables, which are reported net of ACL on the Condensed Consolidated Balance Sheets. The ACL considers the credit quality of the reinsurer and is generally determined based on probability of default and loss given default assumptions, after considering any applicable collateral arrangements. During the second quarter, the Company increased its ACL related to a specific reinsurer which was recently ordered into liquidation. The recognized ACL represents our current best estimate of our remaining loss exposure associated with this reinsurer.

For reinsurance recoverables that are collateralized, and the amount of collateral is expected to be adjusted as necessary as a result of fair value changes in the collateral, the Company determines that the expectation of nonpayment of the carrying value of the reinsurance recoverable is zero. If the fair value of the collateral at the reporting date is less than the carrying value of the reinsurance recoverable, the Company recognizes an ACL on the difference between the fair value of the collateral at the reporting date and the carrying value of the reinsurance recoverable. Additions to or releases of the ACL are reported in Death, other policyholder benefits, and changes in reserves, net of deferrals in the Condensed Consolidated Income Statements.

Reinsurance recoverable on market risk benefits is recognized at fair value with changes being recognized in current period earnings within market risk benefit (gains) losses, net. Non-performance risk of the reinsurer is incorporated into the calculation through the adjustment of the risk-free rate curve based on credit spreads observed on instruments issued by similarly-rated life insurance companies.

The Company's reinsurance contract that cedes only the GMIB elected on certain variable annuity products is classified as a reinsurance recoverable on market risk benefits. These reinsured MRBs may have direct MRB balances recorded as either assets or liabilities; however, because the unit of account for the reinsured MRB is the reinsurance contract, the ceded MRB is presented in total within reinsurance recoverable on market risk benefits. The fees used to determine the fair value of the reinsurance recoverable on market risk benefits are those defined in the reinsurance contract.

Guaranteed benefits related to the optional lifetime income rider offered on certain fixed index annuities are MRBs that are reinsured with Athene. The reinsured MRBs are measured using a non-option valuation approach which uses cash flow assumptions and an attributed fee ratio consistent with those used to measure the MRBs on the direct contract and a discount rate that considered the reinsurer's credit risk. The attributed fee is locked-in at inception of the contract.

Components of the Company's reinsurance recoverable excluding MRBs were as follows (in millions, 2022 information recast for the adoption of LDTI):

|                                 | September 30,<br>2023 | December 31,<br>2022 |
|---------------------------------|-----------------------|----------------------|
| Reserves:                       |                       |                      |
| Life                            | \$ 5,316              | \$ 5,307             |
| Accident and health             | 404                   | 482                  |
| Annuity benefits <sup>(1)</sup> | 19,801                | 22,470               |
| Claims liability and other      | 691                   | 787                  |
| Total                           | \$ 26,212             | \$ 29,046            |

<sup>(1)</sup> Other annuity benefits primarily attributable to fixed and fixed index annuities reinsured with Athene.

Components of the Company's reinsurance recoverable on market risk benefits were as follows (in millions, 2022 information recast for the adoption of LDTI):

|                     | September 30,<br>2023 | December 31,<br>2022 |
|---------------------|-----------------------|----------------------|
| Variable annuity    | \$ 134                | \$ 183               |
| Other product lines | 33                    | 38                   |
| Total               | \$ 167                | \$ 221               |

#### **Reinsurance and Funds Withheld Payable Under Reinsurance Treaties**

Under the reinsurance agreement with Athene and the retro treaties with SRZ, the Company maintains ownership of the underlying investments instead of transferring them to the reinsurer and, as a result, records a funds withheld liability payable to the reinsurer. Investment returns earned on withheld assets are paid by the Company to the reinsurer, pursuant to the terms of the agreements. Investment income and net gains (losses) on derivatives and investments are reported net of gains or losses on the funds withheld payable under reinsurance treaties.

The amounts credited to reinsurers on the funds withheld payable is based on the return earned on those assets. The return earned on the assets is subject to the credit risk of the original issuer of the instrument rather than Jackson's own creditworthiness, which results in an embedded derivative (total return swap).

#### **Funds withheld under reinsurance agreement with Athene**

The Company recognizes a liability for the embedded derivative related to the funds withheld under the reinsurance agreement with Athene within funds withheld payable under reinsurance treaties in the Condensed Consolidated Balance Sheets. The embedded derivative is measured at fair value with changes in fair value reported in net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements. At inception of the reinsurance agreement with Athene, the fair value of the withheld investments differed from their book value and, accordingly, while the investments are held, the amortization of this difference is reported in net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements.

#### **Funds withheld under reinsurance agreements with SRZ**

At execution of the retro treaties with SRZ, the Company elected the fair value option for the withheld assets, as well as the related funds withheld payable. Accordingly, the embedded derivative is not bifurcated or separately measured. The funds withheld payable is measured at fair value with changes in fair value reported in net gains (losses) on derivatives and investments. The fair value of the funds withheld payable is equal to the fair value of the assets held as collateral.

The following assets and liabilities were held in support of reserves associated with the Company's funds withheld reinsurance agreements and were reported in the respective financial statement line items in the Condensed Consolidated Balance Sheets (in millions):

|  | September 30,<br>2023 | December 31,<br>2022 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| Debt securities, available-for-sale                        | \$ 11,511             | \$ 13,622            |
| Debt securities, at fair value under the fair value option | 143                   | 159                  |
| Equity securities  | 137                   | 77                   |
| Mortgage loans   | 3,106                 | 4,127                |
| Mortgage loans, at fair value under the fair value option  | 476                   | 582                  |
| Policy loans   | 3,447                 | 3,435                |
| Freestanding derivative instruments, net                   | 57                    | 78                   |
| Other invested assets                                      | 677                   | 793                  |
| Cash and cash equivalents                                  | 616                   | 260                  |
| Accrued investment income                                  | 148                   | 166                  |
| Other assets and liabilities, net                          | (60)                  | (73)                 |
| Total assets <sup>(1)</sup>                                | <u>\$ 20,258</u>      | <u>\$ 23,226</u>     |
| <b>Liabilities</b>   |                       |                      |
| Funds held under reinsurance treaties <sup>(2)</sup>       | \$ 19,973             | \$ 22,957            |
| Total liabilities  | <u>\$ 19,973</u>      | <u>\$ 22,957</u>     |

<sup>(1)</sup> Certain assets are reported at amortized cost while the fair value of those assets is reported in the embedded derivative in the funds withheld liability.

<sup>(2)</sup> Includes funds withheld embedded derivative asset (liability) of \$3,352 million and \$3,158 million at September 30, 2023 and December 31, 2022, respectively.

The sources of income related to funds withheld under reinsurance treaties reported in net investment income in the Condensed Consolidated Income Statements were as follows (in millions):

|  | Three Months Ended September 30, |               | Nine Months Ended September 30, |               |
|--|----------------------------------|---------------|---------------------------------|---------------|
|  | 2023                             | 2022          | 2023                            | 2022          |
| Debt securities <sup>(1)</sup>                                     | \$ 162                           | \$ 178        | \$ 494                          | \$ 508        |
| Equity securities  | 2                                | (3)           | (36)                            | (28)          |
| Mortgage loans <sup>(2)</sup>                                      | 48                               | 59            | 174                             | 160           |
| Policy loans   | 80                               | 77            | 238                             | 236           |
| Limited partnerships   | 17                               | 23            | 32                              | 125           |
| Other investment income  | 13                               | —             | 16                              | 1             |
| Total investment income on funds withheld assets                   | <u>322</u>                       | <u>334</u>    | <u>918</u>                      | <u>1,002</u>  |
| Other investment expenses on funds withheld assets <sup>(3)</sup>  | <u>(19)</u>                      | <u>(21)</u>   | <u>(56)</u>                     | <u>(65)</u>   |
| Total net investment income on funds withheld reinsurance treaties | <u>\$ 303</u>                    | <u>\$ 313</u> | <u>\$ 862</u>                   | <u>\$ 937</u> |

<sup>(1)</sup> Includes \$1 million and \$3 million for the three and nine months ended September 30, 2023, respectively, and \$(3) million and \$(11) million for the three and nine months ended September 30, 2022, respectively, related to the change in fair value for securities carried under the fair value option.

<sup>(2)</sup> Includes \$(5) million and \$(7) million for the three and nine months ended September 30, 2023, respectively, and \$(7) million and \$(10) million for the three and nine months ended September 30, 2022, respectively, related to the change in fair value for mortgage loans carried under the fair value option.

<sup>(3)</sup> Includes management fees.

The gains and losses on funds withheld reinsurance treaties as a component of net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements were as follows (in millions):

|  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|--|----------------------------------|--------|---------------------------------|----------|
|  | 2023                             | 2022   | 2023                            | 2022     |
| Available-for-sale securities  |                                  |        |                                 |          |
| Realized gains on sale   | \$ 8                             | \$ 1   | \$ 24                           | \$ 41    |
| Realized losses on sale  | (13)                             | (8)    | (61)                            | (39)     |
| Credit loss expense  | (10)                             | 7      | (8)                             | (33)     |
| Credit loss expense on mortgage loans  | (10)                             | 6      | (17)                            | 17       |
| Other  | (16)                             | (43)   | (4)                             | (102)    |
| Net gains (losses) on non-derivative investments                                       | (41)                             | (37)   | (66)                            | (116)    |
| Net gains (losses) on derivative instruments   | 24                               | 76     | 1                               | 160      |
| Net gains (losses) on funds withheld payable under reinsurance treaties <sup>(1)</sup> | 176                              | 516    | (583)                           | 2,616    |
| Total net gains (losses) on derivatives and investments                                | \$ 159                           | \$ 555 | \$ (648)                        | \$ 2,660 |

<sup>(1)</sup> Includes the Athene embedded derivative gain (loss) of \$451 million and \$194 million for the three and nine months ended September 30, 2023, respectively, and \$824 million and \$3,452 million for the three and nine months ended September 30, 2022, respectively.

## 9. Reserves for Future Policy Benefits and Claims Payable

*This note contains the new accounting policy for the adoption of LDTI.*

### Reserves for Future Policy Benefits

For non-participating traditional and limited-payment insurance contracts, the reserve for future policy benefits represents the present value of estimated future policy benefits to be paid to or on behalf of policyholders in future periods and certain related expenses less the present value of estimated future net premiums.

Reserves for future policy benefits for non-participating traditional and limited-payment insurance contracts are measured using the net premium ratio ("NPR") measurement model. The NPR measurement model accrues for future policy benefits in proportion to the premium revenue recognized. The reserve for future policy benefits is derived from the Company's best estimate of future net premium and future benefits and expenses, which is based on best estimate assumptions including mortality, persistency, claims expense, and discount rate. On an annual basis, or as circumstances warrant, we conduct a comprehensive review of our current best estimate assumptions based on our experience, industry benchmarking, and other factors, as applicable. Expense assumptions are updated based on estimates of expected non-level costs, such as termination or settlement costs, and costs after the premium-paying period and exclude acquisition costs or any costs that are required to be charged to expenses as incurred. Updates to assumptions are applied on a retrospective basis, and the change in the reserve for future policy benefits resulting from updates to assumptions is reported separately on the Condensed Consolidated Income Statements within the (Gain) loss from updating future policy benefits cash flow assumptions, net. Each reporting period the reserve for future policy benefits is updated to reflect actual experience to date.

The Company establishes cohorts, which are groupings used to measure reserves for future policy benefits. In determining cohorts, the Company considered both qualitative and quantitative factors, including the issue year, type of product, product features, and legal entity.

The discount rate used to estimate reserves for future policy benefits is consistent with an upper-medium grade (low-credit risk) fixed-income corporate instrument yield, which has been interpreted to represent a single-A corporate instrument yield. This discount rate curve is determined by fitting a parametric function to yields to maturity and related times to maturity of market observable single-A rated corporate instruments. The discount rate used to recognize interest accretion on the reserves for future policy benefits is locked at the initial measurement of the cohort. Each reporting period, the reserve for future policy benefits is remeasured using the current discount rate. The difference between the reserve calculated using the current discount rate and the reserve calculated using the locked-in discount rate is recorded in OCI.



For limited-payment insurance contracts, premiums are paid over a period shorter than the period over which benefits are provided. Gross premiums received in excess of the net premium are deferred and recognized as a deferred profit liability ("DPL"). The DPL is included within the reserve for future policy benefits and profits are recognized in income as a component of benefit expenses on a constant relationship with the amount of expected future benefit payments. Interest is accreted on the balance of the DPL using the discount rate locked in at the initial measurement of the cohort. Measurement of the DPL uses best estimate assumptions for mortality. These assumptions are similarly subject to the annual review process discussed above.

#### *Additional Liabilities – Universal Life-type*

For universal life-type insurance contracts, a liability is recognized for the policyholder's account value as discussed further in Note 10 of the Notes to Condensed Consolidated Financial Statements. Where these contracts provide additional benefits beyond the account balance or base insurance coverage that are not market risk benefits or embedded derivatives, liabilities in addition to the policyholder's account value are recognized. These additional liabilities for annuitization, death and other insurance benefits are reported within reserves for future policy benefits and claims payable. The methodology uses a benefit ratio defined as a constant percentage of the assessment base. This ratio is multiplied by current period assessments to determine the reserve accrual for the period. The assumptions used in the measurement of the additional liabilities for annuitization, death and other insurance benefits are based on best estimate assumptions including mortality, persistency, investment returns, and discount rates. These assumptions are similarly subject to the annual review process discussed above. As available-for-sale debt securities are carried at fair value, an adjustment is made to these additional liabilities equal to the change in liability that would have occurred if such securities had been sold at their stated fair value and the proceeds reinvested at current yields. This adjustment, along with the change in net unrealized gains (losses) on available-for-sale debt securities, net of applicable tax, is credited or charged directly to equity as a component of OCI.

See Note 10 of the Notes to Condensed Consolidated Financial Statements for more information regarding other contract holder funds.

#### *Other Future Policy Benefits and Claims Payable*

In conjunction with a prior acquisition, the Company recorded a fair value adjustment at acquisition related to certain annuity and interest-sensitive liability blocks of business to reflect the cost of the interest guarantees within the in-force liabilities, based on the difference between the guaranteed interest rate and an assumed new money guaranteed interest rate at acquisition. This adjustment is included in other future policy benefits and claims payable as disclosed in the table below. This liability is remeasured at the end of each period, taking into account changes in the in-force block. Any resulting change in the liability is recorded as a Gain (loss) from updating future policy benefits cash flow assumptions, net through the Condensed Consolidated Income Statements.

In addition, annuity and life claims liabilities in course of settlement are included in other future policy benefits and claims payable as disclosed in the table below.

The following table summarizes the Company's reserves for future policy benefits and claims payable balances (in millions, 2022 information recast for the adoption of LDTI):

|   | September 30,<br>2023 | December 31,<br>2022 |
|---|-----------------------|----------------------|
| Reserves for future policy benefits                           |                       |                      |
| Payout Annuities  | \$ 1,014              | \$ 1,042             |
| Closed Block Life   | 3,813                 | 4,161                |
| Closed Block Annuity  | 4,077                 | 4,434                |
| <b>Reserves for future policy benefits</b>                    | <b>8,904</b>          | <b>9,637</b>         |
| Additional liabilities  |                       |                      |
| Closed Block Life   | 1,086                 | 1,131                |
| <b>Other future policy benefits and claims payable</b>        | <b>1,428</b>          | <b>1,550</b>         |
| <b>Reserves for future policy benefits and claims payable</b> | <b>\$ 11,418</b>      | <b>\$ 12,318</b>     |

The following tables present the roll-forward of components of reserves for future policy benefits (in millions, 2022 information recast for the adoption of LDTI):

|   | Present Value of Expected Net Premiums |                      |                         |                         |                      |                         |
|---|--|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
|   | Nine Months Ended September 30,        |                      |                         | Year Ended December 31, |                      |                         |
|   | 2023                                   |                      |                         | 2022                    |                      |                         |
|   | Payout<br>Annuities                    | Closed Block<br>Life | Closed Block<br>Annuity | Payout<br>Annuities     | Closed Block<br>Life | Closed Block<br>Annuity |
| Balance, beginning of period  | \$ —                                   | \$ 1,287             | \$ —                    | \$ —                    | \$ 1,464             | \$ —                    |
| Beginning of period cumulative effect of changes in discount rate assumptions | —                                      | 161                  | —                       | —                       | (157)                | —                       |
| Beginning balance at original discount rate                                   | —                                      | 1,448                | —                       | —                       | 1,307                | —                       |
| Effect of changes in cash flow assumptions                                    | —                                      | —                    | —                       | —                       | 242                  | —                       |
| Effect of actual variances from expected experience                           | —                                      | (95)                 | —                       | —                       | 1                    | —                       |
| Balance adjusted for variances from expectation                               | —                                      | 1,353                | —                       | —                       | 1,550                | —                       |
| Issuances   | —                                      | 5                    | —                       | —                       | 6                    | —                       |
| Interest accrual  | —                                      | 27                   | —                       | —                       | 39                   | —                       |
| Net premiums collected  | —                                      | (131)                | —                       | —                       | (147)                | —                       |
| Ending balance at original discount rate                                      | —                                      | 1,254                | —                       | —                       | 1,448                | —                       |
| End of period cumulative effect of changes in discount rate assumptions       | —                                      | (173)                | —                       | —                       | (161)                | —                       |
| Balance, end of period  | \$ —                                   | \$ 1,081             | \$ —                    | \$ —                    | \$ 1,287             | \$ —                    |

|   | Present Value of Expected Future Policy Benefits |                      |                         |                         |                      |                         |
|---|--|----------------------|-------------------------|-------------------------|----------------------|-------------------------|
|   | Nine Months Ended September 30,                  |                      |                         | Year Ended December 31, |                      |                         |
|   | 2023   |                      |                         | 2022                    |                      |                         |
|   | Payout<br>Annuities                              | Closed Block<br>Life | Closed Block<br>Annuity | Payout<br>Annuities     | Closed Block<br>Life | Closed Block<br>Annuity |
| Balance, beginning of period  | \$ 1,042   | \$ 5,448             | \$ 4,434                | \$ 1,249                | \$ 6,913             | \$ 5,739                |
| Beginning of period cumulative effect of changes in discount rate assumptions   | 132  | 958                  | 275                     | (84)                    | (349)                | (689)                   |
| Beginning balance at original discount rate (including DPL of \$40, \$0 and \$671 in September 30, 2023, and \$38, \$0 and \$459 in December 31, 2022 for payout annuities, closed block life and closed block annuity, respectively) | 1,174  | 6,406                | 4,709                   | 1,165                   | 6,564                | 5,050                   |
| Effect of changes in cash flow assumptions  | —  | —                    | —                       | 4                       | 331                  | (15)                    |
| Effect of actual variances from expected experience   | (17)   | (74)                 | (12)                    | (37)                    | 38                   | (34)                    |
| Balance adjusted for variances from expectation   | 1,157  | 6,332                | 4,697                   | 1,132                   | 6,933                | 5,001                   |
| Issuances   | 84   | 13                   | —                       | 126                     | 14                   | 4                       |
| Interest accrual  | 32   | 151                  | 147                     | 40                      | 209                  | 210                     |
| Benefits payments   | (97)   | (522)                | (368)                   | (124)                   | (750)                | (506)                   |
| Ending balance of original discount rate (including DPL of \$40, \$0 and \$637 in September 30, 2023, and \$40, \$0 and \$671 in December 31, 2022 for payout annuities, closed block life and closed block annuity, respectively)    | 1,176  | 5,974                | 4,476                   | 1,174                   | 6,406                | 4,709                   |
| End of period cumulative effect of changes in discount rate assumptions   | (162)  | (1,080)              | (399)                   | (132)                   | (958)                | (275)                   |
| Balance, end of period  | \$ 1,014   | \$ 4,894             | \$ 4,077                | \$ 1,042                | \$ 5,448             | \$ 4,434                |
| Reserves for future policy benefits   | 1,014  | 3,813                | 4,077                   | 1,042                   | 4,161                | 4,434                   |
| Less: Reinsurance recoverable   | 83   | 2,107                | 2                       | 71                      | 2,263                | 2                       |
| Reserves for future policy benefits, after reinsurance recoverable  | \$ 931   | \$ 1,706             | \$ 4,075                | \$ 971                  | \$ 1,898             | \$ 4,432                |

The following table presents the weighted average duration of the reserves for future policy benefits (2022 information recast for the adoption of LDTI). The weighted average duration represents average cohort-level duration weighted by the benefit reserves amount:

|                                   | Payout<br>Annuities | Closed Block<br>Life | Closed Block<br>Annuity |
|-----------------------------------|---------------------|----------------------|-------------------------|
| <b>September 30, 2023</b>         |                     |                      |                         |
| Weighted average duration (years) | 6.7                 | 7.5                  | 6.7                     |
| <b>December 31, 2022</b>          |                     |                      |                         |
| Weighted average duration (years) | 6.9                 | 7.8                  | 7.0                     |

The discount rate assumption was updated based on current market data. Discount rates increased in the third quarter of 2023 compared to the fourth quarter of 2022. Discount rates increased substantially throughout 2023 primarily due to increases in single-A yields, which resulted in a decrease in the liability for future policy benefits. Refer to the roll-forward above for further details.

The following table presents the amount of undiscounted and discounted expected future gross premiums and expected future benefit payments for future policy benefits for non-participating traditional and limited-payment insurance contracts (in millions, 2022 information recast for the adoption of LDTI). The discounted premiums are calculated using the current discount rate, while the undiscounted cash flows represent the gross cash flows before any discounting is applied:

|                                  | September 30, 2023 |            | December 31, 2022 |            |
|----------------------------------|--------------------|------------|-------------------|------------|
|                                  | Undiscounted       | Discounted | Undiscounted      | Discounted |
| <b>Payout Annuities</b>          |                    |            |                   |            |
| Expected future benefit payments | \$ 1,560           | \$ 973     | \$ 1,542          | \$ 999     |
| Expected future gross premiums   | —                  | —          | —                 | —          |
| <b>Closed Block Life</b>         |                    |            |                   |            |
| Expected future benefit payments | 8,212              | 5,016      | 8,751             | 5,578      |
| Expected future gross premiums   | 5,462              | 2,990      | 5,976             | 3,489      |
| <b>Closed Block Annuity</b>      |                    |            |                   |            |
| Expected future benefit payments | 5,524              | 3,418      | 5,834             | 3,729      |
| Expected future gross premiums   | \$ —               | \$ —       | \$ —              | \$ —       |

The following table presents the amount of revenue and interest related to non-participating traditional and limited-pay insurance contracts recognized in the Condensed Consolidated Income Statements (in millions, 2022 information recast for the adoption of LDTI):

|                      | Gross Premiums                          |                                 | Interest Expense                        |                                 |
|----------------------|---|---------------------------------|---|---------------------------------|
|                      | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 |
| Payout Annuities     | \$ 16                                   | \$ 10                           | \$ 32                                   | \$ 40                           |
| Closed Block Life    | 250                                     | 390                             | 124                                     | 170                             |
| Closed Block Annuity | 1                                       | —                               | 147                                     | 210                             |
| <b>Total</b>         | <b>\$ 267</b>                           | <b>\$ 400</b>                   | <b>\$ 303</b>                           | <b>\$ 420</b>                   |

The following table presents the weighted average interest rate for the reserves for future policy benefits at the cohort's level for the locked-in discount rate (interest accretion rate), and current discount rate, weighted by the cohort's benefit reserve amount (2022 information recast for the adoption of LDTI):

|                         | September 30, 2023 |   | December 31, 2022 |   |
|-------------------------|--------------------|---|-------------------|---|
| Payout Annuities        |                    |   |                   |   |
| Interest accretion rate | 3.81               | % | 3.71              | % |
| Current discount rate   | 6.02               | % | 5.40              | % |
| Closed Block Life       |                    |   |                   |   |
| Interest accretion rate | 2.99               | % | 3.01              | % |
| Current discount rate   | 5.95               | % | 5.34              | % |
| Closed Block Annuity    |                    |   |                   |   |
| Interest accretion rate | 4.40               | % | 4.40              | % |
| Current discount rate   | 6.02               | % | 5.41              | % |

The following table presents a roll-forward of Closed Block Life additional liabilities for annuitization, death and other insurance benefits (in millions, 2022 information recast for the adoption of LDTI):

|  | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 |
|--|---|---------------------------------|
| Balance, beginning of period   | \$ 1,131                                | \$ 1,173                        |
| Beginning of period cumulative effect of changes in shadow adjustments | 41                                      | (14)                            |
| Beginning balance excluding shadow                                     | 1,172                                   | 1,159                           |
| Effect of changes in cash flow assumptions                             | —                                       | 6                               |
| Effect of actual variances from expected experience                    | 25                                      | 58                              |
| Interest accrual   | 42                                      | 56                              |
| Net assessments collected  | (123)                                   | (107)                           |
| Ending balance excluding shadow  | 1,116                                   | 1,172                           |
| End of period cumulative effect of changes in shadow adjustments       | (30)                                    | (41)                            |
| Balance, end of period   | \$ 1,086                                | \$ 1,131                        |

The following table presents the weighted average duration of Closed Block Life additional liabilities for annuitization, death and other insurance benefits. The weighted average duration represents average cohort-level duration weighted by the benefit reserves amount (2022 information recast for the adoption of LDTI):

|                                   | September 30, 2023 | December 31, 2022 |
|-----------------------------------|--------------------|-------------------|
| Weighted average duration (years) | 7.9                | 8.1               |

The following table presents assessments and interest expense of Closed Block Life additional liabilities for annuitization, death and other insurance benefits recognized in the Condensed Consolidated Income Statements (in millions, 2022 information recast for the adoption of LDTI):

|  | Assessments                             |                                 | Interest Expense                        |                                 |
|--|---|---------------------------------|---|---------------------------------|
|  | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 |
| Additional liability for annuitization, death and other insurance benefits | \$ (123)                                | \$ (107)                        | \$ 42                                   | \$ 56                           |

The following table presents the weighted average current discount rate of Closed Block Life additional liabilities for annuitization, death and other insurance benefits, applied at the cohort level weighted by reserve benefit amount (2022 information recast for the adoption of LDTI):

|  | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Weighted average current discount rate | 4.97 %             | 4.96 %            |

## 10. Other Contract Holder Funds

*This note contains the new accounting policy for the adoption of LDTI.*

Other contract holder funds represent the policyholder account balance on our universal life-type products, investment contracts, and the fair value of the embedded derivatives associated with the indexed crediting features on our fixed index annuities and registered index-linked annuities.

Universal life type contracts have, as a principal component, an account balance in which interest is credited to policyholders and assessments are deducted for mortality risk and contract administration. The account balance is recognized as a liability within other contract holder funds, and the liability is updated each period for fee and assessment deductions and increased for interest or returns credited to the account balance.

Certain of our universal life type contracts contain features that are not classified as market risk benefits or embedded derivatives but provide additional benefits beyond the account balance or base insurance coverage for which a liability in addition to the account balance is necessary. These additional liabilities for death or other insurance benefits are reported as a component of reserves for future policy benefits and claims payable in the Condensed Consolidated Balance Sheets. See Note 9 of the Notes to the Condensed Consolidated Financial Statements for more information regarding these additional liabilities.

Certain contracts without significant mortality or morbidity risk and certain annuities that lack insurance risk are treated as investment contracts. For investment contracts, payments received are reported as liabilities and accounted for in a manner consistent with the accounting for interest-bearing or other financial instruments, within other contract holder funds.

The Company issues a variety of annuity products including fixed annuities, fixed index annuities, registered index linked annuities, variable annuities and payout annuities. For annuity contracts that are classified as investment contracts, the liability is the account balance as of the reporting date, reported within the other contract holder funds. For the variable annuity products, only the allocations to fixed fund options are reported in other contract holder funds.

For our fixed index annuities and registered index linked annuities, the equity-linked option issued by the Company is accounted for as an embedded derivative measured at fair value and reported as a component of other contract holder funds on the Condensed Consolidated Balance Sheets with changes in fair value recorded in net income within net gains (losses) on derivatives and investments. The fair value is determined using an option-budget method with capital market inputs of market index returns and discount rates as well as actuarial assumptions including lapse, mortality and withdrawal rates. Favorable equity market movements cause increases in future contract holder benefits, resulting in an increase in the fair value of the embedded derivative liability (and vice versa). The Company also establishes a host contract reserve to support the underlying guaranteed account value growth. This host contract liability is included as a component of other contract holder funds on the Condensed Consolidated Balance Sheets. Interest is accreted to the host contract liability using an effective yield method.

Our annuity products may contain certain features or guarantees that are classified as MRBs. These market risk benefits are a component of the market risk benefits line items in the Condensed Consolidated Balance Sheet. See Note 12 of the Notes to Condensed Consolidated Financial Statements for more information regarding market risk benefits.

The Company's institutional products business is comprised of the guaranteed investment contracts, medium-term funding agreement-backed notes and funding agreements (including agreements issued in conjunction with the Company's participation in the U.S. Federal Home Loan Bank ("FHLB") program) described below.

The Company has established a \$27 billion aggregate Global Medium-Term Note ("MTN") program. Jackson National Life Global Funding was formed as a statutory business trust, solely for the purpose of issuing Medium-Term Note instruments to institutional investors, the proceeds of which are deposited with the Company and secured by the issuance of funding agreements. The carrying values at both September 30, 2023 and December 31, 2022 totaled \$5.9 billion, respectively.

Those Medium-Term Note instruments issued in a foreign currency have been hedged for changes in exchange rates using cross-currency swaps. The unrealized foreign currency gains and losses on those Medium-Term Note instruments are included in the carrying value of the trust instruments supported by funding agreements.

Trust instrument liabilities are adjusted to reflect the effects of foreign currency translation gains and losses using exchange rates as of the reporting date. Foreign currency translation gains and losses are included in net gains (losses) on derivatives and investments.

Jackson is a member of the FHLBI primarily for the purpose of participating in the bank's mortgage-collateralized loan advance program with long-term funding facilities. Advances are in the form of funding agreements, short-term and long-term borrowings issued to FHLBI. At September 30, 2023 and December 31, 2022, the Company held \$108 million and \$146 million of FHLBI capital stock, respectively, supporting \$ 2.2 billion and \$2.1 billion in funding agreements and short-term and long-term borrowings at September 30, 2023 and December 31, 2022, respectively.

The following table presents the liabilities for other contract holder funds (in millions, 2022 information recast for the adoption of LDTI):

|  | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Payout Annuity                           | \$ 852             | \$ 837            |
| Variable Annuity                         | 8,921              | 10,259            |
| Fixed Annuity                            | 10,202             | 11,696            |
| Fixed Indexed Annuities                  | 10,715             | 11,787            |
| RILA                                     | 3,841              | 1,875             |
| Closed Block Life                        | 11,084             | 11,215            |
| Closed Block Annuity                     | 1,267              | 1,319             |
| Institutional Products                   | 8,712              | 9,019             |
| Other Product Lines                      | 172                | 183               |
| <b>Total other contract holder funds</b> | <b>\$ 55,766</b>   | <b>\$ 58,190</b>  |

The following table presents a roll-forward of other contract holder funds, gross of reinsurance (in millions, 2022 information recast for the adoption of LDTI):

|   | Payout<br>Annuity | Variable<br>Annuity | Fixed<br>Annuity | Fixed<br>Indexed<br>Annuities | RILA            | Closed<br>Block<br>Life | Closed<br>Block<br>Annuity | Total            |
|---|-------------------|---------------------|------------------|-------------------------------|-----------------|-------------------------|----------------------------|------------------|
| <b>Balance as of January 1, 2023</b>                      | \$ 837            | \$ 10,259           | \$ 11,696        | \$ 11,787                     | \$ 1,875        | \$ 11,215               | \$ 1,319                   | \$ 48,988        |
| Deposits  | 155               | 793                 | 183              | 179                           | 1,881           | 238                     | 3                          | 3,432            |
| Surrenders, withdrawals and benefits                      | (181)             | (1,315)             | (1,838)          | (1,471)                       | (47)            | (588)                   | (88)                       | (5,528)          |
| Net transfers from (to) separate accounts                 | —                 | (959)               | —                | —                             | —               | —                       | —                          | (959)            |
| Investment performance / change in value of equity option | —                 | —                   | —                | 115                           | 123             | —                       | —                          | 238              |
| Interest credited   | 18                | 210                 | 261              | 161                           | 9               | 566                     | 32                         | 1,257            |
| Policy charges and other                                  | 23                | (67)                | (100)            | (56)                          | —               | (347)                   | 1                          | (546)            |
| <b>Balance as of September 30, 2023</b>                   | <b>\$ 852</b>     | <b>\$ 8,921</b>     | <b>\$ 10,202</b> | <b>\$ 10,715</b>              | <b>\$ 3,841</b> | <b>\$ 11,084</b>        | <b>\$ 1,267</b>            | <b>\$ 46,882</b> |

|   | Payout        | Variable         | Fixed            | Fixed            |                 | Closed           | Closed          |                  |
|---|---------------|------------------|------------------|------------------|-----------------|------------------|-----------------|------------------|
|   | Annuity       | Annuity          | Annuity          | Indexed          | RILA            | Block            | Block           | Total            |
|   |               |                  |                  | Annuities        |                 | Life             | Annuity         |                  |
| <b>Balance as of December 31, 2021</b>                    | \$ 831        | \$ 9,456         | \$ 13,185        | \$ 13,161        | \$ 110          | \$ 11,570        | \$ 1,394        | \$ 49,707        |
| Deposits  | 213           | 1,350            | 276              | 126              | 1,811           | 320              | 9               | 4,105            |
| Surrenders, withdrawals and benefits                      | (230)         | (1,492)          | (2,017)          | (1,414)          | (8)             | (766)            | (118)           | (6,045)          |
| Net transfers from (to) separate accounts                 | —             | 870              | —                | —                | —               | —                | —               | 870              |
| Investment performance / change in value of equity option | —             | —                | —                | (302)            | (37)            | —                | —               | (339)            |
| Interest credited   | 20            | 168              | 389              | 238              | 2               | 659              | 48              | 1,524            |
| Policy charges and other                                  | 3             | (93)             | (137)            | (22)             | (3)             | (568)            | (14)            | (834)            |
| <b>Balance as of December 31, 2022</b>                    | <u>\$ 837</u> | <u>\$ 10,259</u> | <u>\$ 11,696</u> | <u>\$ 11,787</u> | <u>\$ 1,875</u> | <u>\$ 11,215</u> | <u>\$ 1,319</u> | <u>\$ 48,988</u> |

The following table presents weighted average crediting rate, net amount at risk, and cash surrender value of contract holder account balances (dollars in millions, 2022 information recast for the adoption of LDTI):

|  | Payout  | Variable  | Fixed     | Fixed     |          | Closed    | Closed   |  |
|--|---------|-----------|-----------|-----------|----------|-----------|----------|--|
|  | Annuity | Annuity   | Annuity   | Indexed   | RILA     | Block     | Block    |  |
|  |         |           |           | Annuities |          | Life      | Annuity  |  |
| <b>September 30, 2023</b>                      |         |           |           |           |          |           |          |  |
| Weighted-average crediting rate <sup>(1)</sup> | 2.82 %  | 3.14 %    | 3.41 %    | 2.00 %    | 0.31 %   | 6.81 %    | 3.37 %   |  |
| Net amount at risk <sup>(2)</sup>              | \$ —    | \$ —      | \$ —      | \$ —      | \$ —     | \$ 16,601 | \$ —     |  |
| Cash surrender value <sup>(3)</sup>            | \$ —    | \$ 8,816  | \$ 10,110 | \$ 10,351 | \$ 3,609 | \$ 11,005 | \$ 1,267 |  |
| <b>December 31, 2022</b>                       |         |           |           |           |          |           |          |  |
| Weighted-average crediting rate <sup>(1)</sup> | 2.39 %  | 1.64 %    | 3.33 %    | 2.02 %    | 0.11 %   | 5.88 %    | 3.64 %   |  |
| Net amount at risk <sup>(2)</sup>              | \$ —    | \$ —      | \$ —      | \$ —      | \$ —     | \$ 17,427 | \$ —     |  |
| Cash surrender value <sup>(3)</sup>            | \$ —    | \$ 10,101 | \$ 11,573 | \$ 11,409 | \$ 1,728 | \$ 7,096  | \$ 1,319 |  |

<sup>(1)</sup> Weighted average crediting rate is the average crediting rate weighted by contract holder account balances invested in fixed account funds.

<sup>(2)</sup> Net amount at risk represents the standard excess benefit base for guaranteed death benefits on universal life type products. The net amount at risk associated with market risk benefits are presented within Note 12 of the Notes to Consolidated Financial Statements, as recast in our Current Report on Form 8-K filed May 10, 2023.

<sup>(3)</sup> Cash surrender value represents the amount of the contract holder's account balance distributable at the balance sheet date less the applicable surrender charges.

At September 30, 2023 and December 31, 2022, excluding reinsurance business, approximately 93% and 92% of the Company's annuity account values correspond to crediting rates that are at the minimum guaranteed interest rates, respectively. At September 30, 2023 and December 31, 2022, excluding reinsurance business, approximately 64% and 65% of the Company's closed block life account values correspond to crediting rates that are at the minimum guaranteed interest rates, respectively.



The following table presents contract holder account balances invested in fixed account funds by range of guaranteed minimum crediting rates and the related range of the difference between rates being credited to other contract holder funds and the respective guaranteed minimums (in millions, 2022 information recast for the adoption of LDTI):

|  | September 30, 2023 |                    |                     |                    |          |  |
|--|--------------------|--------------------|---------------------|--------------------|----------|--|
|  | At Guaranteed      | 1 Basis Point-50   | 51 Basis Points-150 | Greater Than 150   |          |  |
| Range of Guaranteed Minimum Crediting Rate | Minimum            | Basis Points Above | Basis Points Above  | Basis Points Above | Total    |  |
| Variable Annuities                         |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ —               | \$ 13              | \$ 1                | \$ —               | \$ 14    |  |
| 1.51%-2.50%                                | 185                | —                  | —                   | —                  | 185      |  |
| Greater than 2.50%                         | 8,692              | —                  | —                   | 30                 | 8,722    |  |
| Total                                      | \$ 8,877           | \$ 13              | \$ 1                | \$ 30              | \$ 8,921 |  |
| Fixed Annuities                            |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ 18              | \$ 59              | \$ 75               | \$ 1               | \$ 153   |  |
| 1.51%-2.50%                                | 30                 | 1                  | 1                   | —                  | 32       |  |
| Greater than 2.50%                         | 692                | 53                 | —                   | 284                | 1,029    |  |
| Total                                      | \$ 740             | \$ 113             | \$ 76               | \$ 285             | \$ 1,214 |  |
| Fixed Indexed Annuities                    |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ 5               | \$ 10              | \$ 3                | \$ 43              | \$ 61    |  |
| 1.51%-2.50%                                | —                  | —                  | —                   | —                  | —        |  |
| Greater than 2.50%                         | 21                 | —                  | 60                  | —                  | 81       |  |
| Total                                      | \$ 26              | \$ 10              | \$ 63               | \$ 43              | \$ 142   |  |
| RILA                                       |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ 7               | \$ —               | \$ 4                | \$ 1               | \$ 12    |  |
| 1.51%-2.50%                                | —                  | —                  | —                   | —                  | —        |  |
| Greater than 2.50%                         | 36                 | —                  | —                   | —                  | 36       |  |
| Total                                      | \$ 43              | \$ —               | \$ 4                | \$ 1               | \$ 48    |  |
| Closed Block Life                          |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ —               | \$ —               | \$ —                | \$ —               | \$ —     |  |
| 1.51%-2.50%                                | —                  | —                  | —                   | —                  | —        |  |
| Greater than 2.50%                         | 4,471              | 1,842              | 608                 | 15                 | 6,936    |  |
| Total                                      | \$ 4,471           | \$ 1,842           | \$ 608              | \$ 15              | \$ 6,936 |  |
| Closed Block Annuity                       |                    |                    |                     |                    |          |  |
| 0.00%-1.50%                                | \$ —               | \$ —               | \$ —                | \$ —               | \$ —     |  |
| 1.51%-2.50%                                | —                  | —                  | 1                   | 12                 | 13       |  |
| Greater than 2.50%                         | 957                | 120                | 23                  | —                  | 1,100    |  |
| Total                                      | \$ 957             | \$ 120             | \$ 24               | \$ 12              | \$ 1,113 |  |

|  | December 31, 2022 |                    |                     |                    |           |
|--|-------------------|--------------------|---------------------|--------------------|-----------|
|  | At Guaranteed     | 1 Basis Point-50   | 51 Basis Points-150 | Greater Than 150   |           |
| Range of Guaranteed Minimum Crediting Rate | Minimum           | Basis Points Above | Basis Points Above  | Basis Points Above | Total     |
| Variable Annuities                         |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ 6,679          | \$ 32              | \$ 2                | \$ 75              | \$ 6,788  |
| 1.51%-2.50%                                | 200               | —                  | —                   | —                  | 200       |
| Greater than 2.50%                         | 3,271             | —                  | —                   | —                  | 3,271     |
| Total                                      | \$ 10,150         | \$ 32              | \$ 2                | \$ 75              | \$ 10,259 |
| Fixed Annuities                            |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ 19             | \$ 76              | \$ 95               | \$ —               | \$ 190    |
| 1.51%-2.50%                                | 35                | 2                  | 1                   | —                  | 38        |
| Greater than 2.50%                         | 576               | 64                 | 351                 | —                  | 991       |
| Total                                      | \$ 630            | \$ 142             | \$ 447              | \$ —               | \$ 1,219  |
| Fixed Indexed Annuities                    |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ 6              | \$ 17              | \$ 5                | \$ 40              | \$ 68     |
| 1.51%-2.50%                                | —                 | —                  | —                   | —                  | —         |
| Greater than 2.50%                         | 24                | —                  | —                   | —                  | 24        |
| Total                                      | \$ 30             | \$ 17              | \$ 5                | \$ 40              | \$ 92     |
| RILA                                       |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ 10             | \$ —               | \$ 7                | \$ —               | \$ 17     |
| 1.51%-2.50%                                | —                 | —                  | —                   | —                  | —         |
| Greater than 2.50%                         | —                 | —                  | —                   | —                  | —         |
| Total                                      | \$ 10             | \$ —               | \$ 7                | \$ —               | \$ 17     |
| Closed Block Life                          |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ —              | \$ —               | \$ —                | \$ —               | \$ —      |
| 1.51%-2.50%                                | —                 | —                  | —                   | —                  | —         |
| Greater than 2.50%                         | 4,566             | 1,868              | 619                 | 14                 | 7,067     |
| Total                                      | \$ 4,566          | \$ 1,868           | \$ 619              | \$ 14              | \$ 7,067  |
| Closed Block Annuity                       |                   |                    |                     |                    |           |
| 0.00%-1.50%                                | \$ —              | \$ —               | \$ —                | \$ —               | \$ —      |
| 1.51%-2.50%                                | —                 | —                  | 1                   | 10                 | 11        |
| Greater than 2.50%                         | 980               | 159                | 21                  | —                  | 1,160     |
| Total                                      | \$ 980            | \$ 159             | \$ 22               | \$ 10              | \$ 1,171  |



## 11. Separate Account Assets and Liabilities

*This note contains the new accounting policy for the adoption of LDTI.*

The Company issues variable contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder (traditional variable annuities). The Company also issues variable annuity and life contracts through separate accounts where the Company contractually guarantees to the contract holder (variable contracts with guarantees) either a) return of no less than total deposits made to the account adjusted for any partial withdrawals, b) total deposits made to the account adjusted for any partial withdrawals plus a minimum return, or c) the highest account value on a specified anniversary date adjusted for any withdrawals following the contract anniversary. These guarantees include benefits that are payable in the event of death (guaranteed minimum death benefits, or "GMDB"), at annuitization ("GMIB"), upon the depletion of funds ("GMWB") or at the end of a specified period ("GMAB"). These guarantees are classified as market risk benefits. See Note 12 of the Notes to Condensed Consolidated Financial Statements for more information regarding market risk benefits.

The separate account assets supporting the variable portion of both traditional variable annuities and variable contracts with guarantees are carried at fair value and reported as summary total separate account assets with an equivalent summary total reported for separate account liabilities. At September 30, 2023 and December 31, 2022, the assets and liabilities associated with variable life and annuity contracts were \$203 billion and \$196 billion, respectively. Investment risks associated with market value changes are borne by the contract holders, except to the extent of minimum guarantees made by the Company.

Separate account net investment income, net investment realized and unrealized gains and losses, and the related liability changes are offset within the same line item in the Condensed Consolidated Income Statements. Amounts assessed against the contract holders for mortality, variable annuity benefit guarantees, administrative, and other services are reported in revenue as fee income.

Included in the separate account assets and liabilities described above is a Jackson issued group variable annuity contract designed for use in connection with and issued to the Company's Defined Contribution Retirement Plan. These deposits are allocated to the Jackson National Separate Account - II, which had balances of \$180 million and \$285 million at September 30, 2023 and December 31, 2022, respectively. The Company receives administrative fees for managing the funds. These fees are recorded as earned and included in fee income in the Condensed Consolidated Income Statements.

The following table presents the roll-forward of the separate account balance for variable annuities (in millions, 2022 information recast for the adoption of LDTI):

|   | Nine Months Ended<br>September 30, 2023 | Year Ended December 31,<br>2022 |
|---|---|---------------------------------|
| <b>Balance as of beginning of period</b>  | \$ 195,550                              | \$ 248,469                      |
| Deposits                                  | 6,558                                   | 12,288                          |
| Surrenders, withdrawals and benefits      | (12,169)                                | (14,554)                        |
| Net transfer from (to) general account    | 959                                     | (870)                           |
| Investment performance                    | 13,813                                  | (47,150)                        |
| Policy charges and other                  | (2,060)                                 | (2,633)                         |
| <b>Balance as of end of period, gross</b> | <u>\$ 202,651</u>                       | <u>\$ 195,550</u>               |
| Cash surrender value <sup>(1)</sup>       | \$ 197,645                              | \$ 190,243                      |

<sup>(1)</sup> Cash surrender value represents the amount of the contract holder's account balances distributable at the balance sheet date less applicable surrender charges.

The following table presents the reconciliation of the separate account balance in the Condensed Consolidated Balance Sheets (in millions, 2022 information recast for the adoption of LDTI):

|                    | September 30, 2023 | December 31, 2022 |
|--------------------|--------------------|-------------------|
| Variable Annuities | \$ 202,651         | \$ 195,550        |
| Other              | 252                | 356               |
| Total              | <u>\$ 202,903</u>  | <u>\$ 195,906</u> |

The following table presents aggregate fair value of assets, by major investment asset category, supporting separate accounts (in millions, 2022 information recast for the adoption of LDTI):

|  | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| <b>Variable Annuities By Fund Type</b> |                    |                   |
| Equity                                 | \$ 140,677         | \$ 132,547        |
| Bond                                   | 18,916             | 19,155            |
| Balanced                               | 40,220             | 40,797            |
| Money Market                           | 2,838              | 3,051             |
| <b>Total Variable Annuities</b>        | <u>202,651</u>     | <u>195,550</u>    |
| Other Product Lines                    | 252                | 356               |
| <b>Total Separate Accounts</b>         | <u>\$ 202,903</u>  | <u>\$ 195,906</u> |

## 12. Market Risk Benefits

*This note contains the new accounting policy for the adoption of LDTI.*

Contracts or contract features that provide protection to the contract holder from capital market risk and expose the Company to other-than-nominal capital market risk are classified as MRBs.

All long-duration insurance contracts and certain investment contracts are subject to MRB evaluation. MRBs are measured at fair value at the contract level and can be in either an asset or liability position. For contracts that contain multiple MRB features, the MRBs are valued together as a single compound MRB. Market risk benefit assets and Market risk benefit liabilities are reported separately on the Condensed Consolidated Balance Sheets.

Changes in fair value are reported in Net (gains) losses on market risk benefits on the Condensed Consolidated Income Statements. However, the change in fair value related to our own non-performance risk is reported as a component of other comprehensive income in Change in non-performance risk on market risk benefits on the Condensed Consolidated Statements of Comprehensive Income (Loss).

A description of the items effecting the change in fair value by category is as follows:

- *Changes in interest rates* — movement in risk free rates (impacts both assumed future separate account returns and discounting of cash flows)
- *Fund performance* — separate account returns gross of fees
- *Change in equity index volatility* — movement in implied volatility
- *Expected policyholder behavior* — policyholder behavior as assumed in reserving
- *Actual policyholder behavior different than expected* — difference between actual behavior during the period versus assumed behavior
- *Time* — effect of passage of time including reduction to separate account balances from fees, the change in proximity of future cash flows, and impacts to policy features such as bonus credits
- *Change in assumptions* — changes in assumptions resulting from our periodic review
- *Change in non-performance risk* — changes in Jackson's non-performance risk

See Note 6 of the Notes to Condensed Consolidated Financial Statements for more information regarding fair value measurements.

Additionally, when an annuitization occurs (for annuitization benefits) or upon extinguishment of the account balance (for withdrawal benefits), the balance related to the MRB is derecognized and the amount deducted (after derecognition of any related amount included in accumulated other comprehensive income) is used in the calculation of the liability for future policy benefits for the resulting payout annuity.

#### Variable Annuities

Variable annuity contracts issued by the Company offer various guaranteed minimum death, withdrawal, income and accumulation benefits. These guaranteed benefit features, as well as the reinsurance recoverable on the Company's guaranteed minimum income benefits ("GMIB"), are classified as MRBs and measured at fair value. The Company discontinued offering the GMIB in 2009 and the guaranteed minimum accumulation benefits ("GMAB") in 2011.

Variable annuity guaranteed benefit features classified as MRBs, which have explicit fees, are measured using the attributed fee method. Under the attributed fee method, fair value is measured as the difference between the present value of projected future liabilities and the present value of projected attributed fees. At the inception of the contract, the Company attributes to the MRB a portion of total fees expected to be assessed against the contract holder to offset the projected claims over the lifetime of the contract. The attributed fee is expressed as a percentage of total projected future fees at inception of the contract. This percentage of total projected fees is considered a fixed term of the MRB feature and is held static over the life of the contract. This percentage may not exceed 100% of the total projected contract fees as of contract inception. As the Company may issue contracts that have projected future liabilities greater than the projected future guaranteed benefit fees at issue, the Company may also attribute mortality and expense charges when performing this calculation. In subsequent valuations, both the present value of future projected liabilities and the present value of projected attributed fees are remeasured based on current market conditions and policyholder behavior assumptions.

#### Fixed Index Annuities

The longevity riders issued on fixed index annuities are classified as MRBs and measured at fair value. Similar to the variable annuity guaranteed benefits features, these contracts have explicit fees and are measured using the attributed fee method. The Company attributes a percentage of total projected future fees expected to be assessed against the policyholder to offset the projected future claims over the lifetime of the contract. If the fees attributed are insufficient to offset the claims at issue, the shortfall is borrowed from the host contract rather than recognizing a loss at inception.

#### RILA

RILA guaranteed benefit features are classified as MRBs and measured at fair value. Unlike variable or fixed index annuities, RILA products do not have explicit fees and are measured using an option-based method. The fair value measurement represents the present value of future claims payable by the MRB feature. At inception, the value of the MRB is deducted from the value of the contract resulting in no gain or loss.

The following table presents the reconciliation of the market risk benefits balance in the Condensed Consolidated Balance Sheets (in millions, 2022 information recast for the adoption of LDTI):

|   | September 30, 2023 |               |            | December 31, 2022 |               |            |
|---|--------------------|---------------|------------|-------------------|---------------|------------|
|   | Variable           | Other         | Total      | Variable          | Other         | Total      |
|   | Annuities          | Product Lines |            | Annuities         | Product Lines |            |
| Market risk benefit - (assets)              | \$ (6,807)         | \$ (8)        | \$ (6,815) | \$ (4,856)        | \$ (9)        | \$ (4,865) |
| Market risk benefit - liabilities           | 3,880              | 37            | 3,917      | 5,623             | 39            | 5,662      |
| Market risk benefit - net (asset) liability | \$ (2,927)         | \$ 29         | \$ (2,898) | \$ 767            | \$ 30         | \$ 797     |

The following table presents the roll-forward of the net MRB (assets) liabilities for variable annuities (dollars in millions, 2022 information recast for the adoption of LDTI):

|  | Nine Months Ended<br>September 30, 2023 | Year Ended December<br>31, 2022 |
|--|---|---------------------------------|
| Net MRB balance, beginning of period   | \$ 767                                  | \$ 6,281                        |
| Beginning of period cumulative effect of changes in non-performance risk               | 2,185                                   | 326                             |
| Net MRB balance, beginning of period, before effect of changes in non-performance risk | 2,952                                   | 6,607                           |
| Effect of changes in interest rates  | (3,895)                                 | (14,137)                        |
| Effect of fund performance   | (2,587)                                 | 6,432                           |
| Effect of changes in equity index volatility   | (838)                                   | 1,576                           |
| Effect of expected policyholder behavior   | 406                                     | 532                             |
| Effect of actual policyholder behavior different from expected                         | 360                                     | (230)                           |
| Effect of time   | 1,397                                   | 1,707                           |
| Effect of changes in assumptions   | (9)                                     | 465                             |
| Net MRB balance, end of period, before effect of changes in non-performance risk       | (2,214)                                 | 2,952                           |
| End of period cumulative effect of changes in non-performance risk                     | (713)                                   | (2,185)                         |
| Net MRB balance, end of period, gross  | (2,927)                                 | 767                             |
| Reinsurance recoverable on market risk benefits at fair value, end of period           | (134)                                   | (183)                           |
| Net MRB balance, end of period, net of reinsurance                                     | (3,061)                                 | 584                             |
| Weighted average attained age (years) <sup>(1)</sup>                                   | 69                                      | 69                              |
| Net amount at risk <sup>(2)</sup>  | \$ 12,977                               | \$ 15,592                       |

<sup>(1)</sup> Weighted-average attained age is defined as the average age of policyholders weighted by account value.

<sup>(2)</sup> Net amount at risk (NAR) is defined as of the valuation date for each contract as the greater of Death Benefit NAR (DBNAR) and Living Benefit NAR (LBNAR), as applicable, where DBNAR is the GMDB benefit base in excess of the account value, and the LBNAR is the actuarial present value of guaranteed living benefits in excess of the account value.

At each reporting date, the Company regularly evaluates the inputs and assumptions to be used to measure the fair value of the MRB assets and MRB liabilities. In prior periods, the non-performance risk adjustment was determined based on credit spreads indicated by a blend of yields on similarly rated peer debt and yields on Company debt. Starting June 30, 2023, non-performance risk is incorporated into the calculation through the adjustment of the risk-free rate curve based only on credit spreads for debt and debt-like instruments issued by the Company or its insurance operating subsidiaries, adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries. The change was made as a result of management's determination that the reliability of credit spreads on debt and debt-like instruments issued by the Company as a measure of company-specific credit risk has increased due to sustained levels of market trading volume of these instruments.

The significant assumptions used in the MRB fair value calculations are discussed in Note 6 of the Notes to Condensed Consolidated Financial Statements.

### 13. Long-Term Debt

Liabilities for the Company's debt are primarily carried at an amount equal to the principal balance net of any unamortized original issuance discount or premium. Original issuance discount or premium and any debt issue costs, if applicable, are recognized as a component of interest expense over the period the debt is expected to be outstanding.

The aggregate carrying value of long-term debt was as follows (in millions):

|                       | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------|-----------------------|----------------------|
| <b>Long-Term Debt</b> |                       |                      |
| Senior Notes due 2023 | \$ 600                | \$ 598               |
| Senior Notes due 2027 | 397                   | 397                  |
| Senior Notes due 2031 | 494                   | 493                  |
| Senior Notes due 2032 | 347                   | 347                  |
| Senior Notes due 2051 | 489                   | 488                  |
| Surplus notes         | 250                   | 250                  |
| FHLBI bank loans      | 58                    | 62                   |
| Total long-term debt  | <u>\$ 2,635</u>       | <u>\$ 2,635</u>      |

The following table presents the contractual maturities of the Company's long-term debt as of September 30, 2023 (in millions):

|                | Calendar Year |      |      |      |                     | Total    |
|----------------|---------------|------|------|------|---------------------|----------|
|                | 2023          | 2024 | 2025 | 2026 | 2027 and thereafter |          |
| Long-term debt | \$ 600        | \$ — | \$ — | \$ — | \$ 2,035            | \$ 2,635 |

### Senior Notes

On June 8, 2022, the Company issued \$ 750 million aggregate principal amount of senior unsecured notes, consisting of \$ 400 million aggregate principal amount of 5.170% Senior Notes due June 8, 2027 and \$ 350 million aggregate principal amount of 5.670% Senior Notes due June 8, 2032. The net proceeds of these notes were used, together with cash on hand, to repay the Company's \$750 million aggregate principal amount senior unsecured term loan due February 2023.

### Revolving Credit Facility

On February 24, 2023, the Company replaced the 2021 Revolving Credit Facility that was due to expire in February 2024 and entered into a revolving credit facility (the "2023 Revolving Credit Facility") with a syndicate of banks and Bank of America, N.A., as Administrative Agent. The 2023 Revolving Credit Facility provides for borrowings for working capital and other general corporate purposes under aggregate commitments of \$1.0 billion, with a sub-limit of \$500 million available for letters of credit. The 2023 Revolving Credit Facility further provides for the ability to request, subject to customary terms and conditions, an increase in commitments thereunder by up to an additional \$500 million.

The credit agreement for the 2023 Revolving Credit Facility contains financial maintenance covenants, including a minimum adjusted consolidated net worth test of no less than 70% of our adjusted consolidated net worth as of September 30, 2022 (plus (to the extent positive) or minus (to the extent negative) 70% of the impact on such adjusted consolidated net worth resulting from the application of a one-time transition adjustment for the LDTI accounting change for insurance contracts, and plus 50% of the aggregate amount of any increase in adjusted consolidated net worth resulting from equity issuances by the Company and its consolidated subsidiaries after September 30, 2022), and a maximum consolidated indebtedness to total capitalization ratio test not to exceed 35%. Commitments under the 2023 Revolving Credit Facility terminate on February 24, 2028.

### Line of Credit Agreement

Jackson is a party to an Uncommitted Money Market Line Credit Agreement dated April 6, 2023 among Jackson, Jackson Financial, and Société Générale. This agreement is an uncommitted short-term cash advance facility that provides an additional form of liquidity to Jackson and to Jackson Financial. The aggregate borrowing capacity under the agreement is \$500 million and each cash advance request must be at least \$100 thousand. The interest rate is set by the lender at the time of the borrowing and is fixed for the duration of the advance. Jackson and Jackson Financial are jointly and severally liable to repay any advance under the agreement, which must be repaid prior to the last day of the quarter in which the advance was drawn.



#### 14. Federal Home Loan Bank Advances

The Company, through its subsidiary, Jackson, entered into an advance program with the FHLBI in which interest rates were either fixed or variable based on the FHLBI cost of funds or market rates. Advances of \$180 million and nil were outstanding at September 30, 2023 and December 31, 2022, respectively, and were recorded in other liabilities. Interest expense on such advances was nil and nil for the three months ended September 30, 2023 and 2022, respectively, and \$6 million and nil for the nine months ended September 30, 2023 and 2022, respectively.

#### 15. Income Taxes

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law. The IRA includes a new Federal corporate alternative minimum tax ("CAMT"), effective in 2023, that is based on 15% of an applicable corporation's adjusted financial statement income ("AFSI"). A corporation is subject to the CAMT if its average pre-tax AFSI over three prior years (starting with 2020-2022) is greater than \$1 billion (an "applicable corporation"). Upon becoming an applicable corporation, an entity will remain so for all future years, except under limited circumstances. The corporation's CAMT liability is payable to the extent the CAMT liability exceeds regular corporate income tax. However, any CAMT paid would be indefinitely available as a credit carryover that could reduce future regular corporate income tax in excess of CAMT. The Company is an applicable corporation starting in 2023. That determination is based on interpretations and assumptions we have made regarding the CAMT provisions of the IRA, which may change once further regulatory guidance is issued. As of September 30, 2023, the Company has recorded an estimate of \$450 million for the provision of CAMT based on the Company's interpretation of available guidance with an offsetting increase to the deferred tax asset for the credit carryover resulting in no impact to total tax expense. The U.S. Department of the Treasury is expected to issue additional regulatory guidance in 2023 that may materially change the estimated provision of the CAMT.

The Company uses the estimated annual effective tax rate ("ETR") method in computing the interim tax provision. Certain items, including those deemed unusual, infrequent, or that cannot be reliably estimated, are treated as discrete items and excluded from the estimated annual ETR. In these cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual ETR, primarily certain changes in the realizability of deferred tax assets and uncertain tax positions and are recorded in the period in which the change occurs. The estimated annual ETR is revised, as necessary, at the end of successive interim reporting periods.

The Company's effective income tax rate was 20.5% and 13.8% for the three and nine months ended September 30, 2023, compared with 25.9% and 20.5% for the same period in 2022. The ETR differs from the statutory rate of 21% primarily due to the dividends received deduction and utilization of foreign tax credits. The change in the ETR for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022 was due to the relationship of taxable income to consolidated pre-tax income and the impact of tax adjustments related to prior year returns recorded in the current quarter compared to the impact from tax adjustments related to prior year returns recorded in the third quarter of 2022. The ETR differs for the nine months ended September 30, 2023 from the full year-ended December 31, 2022 ETR of 19.6% due to the relationship of taxable income to consolidated pre-tax income and the tax benefit from tax adjustments related to prior year returns recorded in the current quarter.

The Company is required to evaluate the recoverability of its deferred tax assets and establish a valuation allowance, if necessary, to reduce its deferred tax asset to an amount that is more likely than not to be realizable. Considerable judgment and the use of estimates are required when determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. When evaluating the need for a valuation allowance, the Company considers many factors, including: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of temporary differences; the length of time carryovers can be utilized; and any tax planning strategies the Company would employ to avoid a tax benefit from expiring unused. The Company has adopted an accounting policy to analyze the ability to recover the CAMT credit carryover deferred tax asset separately from the deferred tax assets generated under the regular tax system.

For the nine months ended September 30, 2023, changes in market conditions and interest rates impacted the unrealized tax gains and losses in the available for sale securities portfolio resulting in deferred tax assets related to net unrealized tax capital losses. The deferred tax asset relates to the unrealized losses for which the carryforward period has not yet begun,

and as such, when assessing its recoverability, we consider our ability and intent to hold the underlying securities to recovery.

As of September 30, 2023, based on all available evidence, we concluded that a valuation allowance should be established on a portion of the deferred tax asset related to unrealized losses that are not more-likely-than-not to be realized. For the three and nine months ended September 30, 2023, the Company recorded an increase of \$225 million and an increase of \$183 million to the valuation allowance associated with the unrealized tax losses in the Company's available for sale securities portfolio and both realized and unrealized losses on capital assets of the Non-life Companies. The \$225 million increase for the three months ended September 30, 2023 to the valuation allowance consists of \$217 million tax expense recorded to other comprehensive income and \$8 million tax expense recorded in the income tax expense. The \$183 million increase for the nine months ended September 30, 2023 to the valuation allowance consists of \$165 million tax expense recorded to other comprehensive income and \$18 million tax expense recorded in the income tax expense. At September 30, 2023 and December 31, 2022, the Company has recorded a total valuation allowance for \$1,086 million and \$906 million, respectively, associated with the unrealized tax losses in the Company's available for sale securities portfolio. At September 30, 2023 and December 31, 2022, the Company has recorded a total valuation allowance for \$7 million and \$4 million, respectively, against the deferred tax assets associated with both realized and unrealized losses on capital assets in the Non-life Companies where it is not more-likely-than-not that the full tax benefit of the losses will be realized.

## 16. Commitments and Contingencies

The Company and its subsidiaries are involved in litigation arising in the ordinary course of business. It is the opinion of management that the ultimate disposition of such litigation will not have a material adverse effect on the Company's financial condition. Jackson has been named in civil litigation proceedings, which appear to be substantially similar to other class action litigation brought against many life insurers including allegations of misconduct in the sale of insurance products. The Company accrues for legal contingencies once the contingency is deemed to be probable and reasonably estimable.

At September 30, 2023, the Company had unfunded commitments related to its investments in limited partnerships and limited liability companies totaling \$932 million. At September 30, 2023, unfunded commitments related to fixed-rate mortgage loans and other debt securities totaled \$915 million.

## 17. Other Related Party Transactions

The Company's investment management operation, PPM, provides investment services to entities affiliated with the Company's former parent. As of June 30, 2023, the former parent had no remaining equity interest in the Company and therefore its affiliated entities are no longer designated as related parties. The Company recognized nil million and \$7 million of revenue during the three months ended September 30, 2023, and 2022, and \$18 million and \$25 million of revenue during the nine months ended September 30, 2023 and 2022, associated with these investment services. This revenue was included in fee income in the accompanying Condensed Consolidated Income Statements.

## 18. Operating Costs and Other Expenses

The following table is a summary of the Company's operating costs and other expenses (in millions):

|  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|--|----------------------------------|--------|---------------------------------|----------|
|  | 2023                             | 2022   | 2023                            | 2022     |
| Asset-based commission expenses          | \$ 259                           | \$ 242 | \$ 764                          | \$ 767   |
| Other commission expenses                | 190                              | 195    | 541                             | 664      |
| Sub-advisor expenses                     | 80                               | 80     | 234                             | 252      |
| General and administrative expenses      | 232                              | 220    | 706                             | 614      |
| Deferral of acquisition costs            | (135)                            | (145)  | (383)                           | (496)    |
| Total operating costs and other expenses | \$ 626                           | \$ 592 | \$ 1,862                        | \$ 1,801 |

**19. Accumulated Other Comprehensive Income (Loss)**

The following table represents changes in the balance of AOCI, net of income tax, related to unrealized investment gains (losses) (in millions, 2022 information recast for the adoption of LDTI):

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|---|----------------------------------|------------|---------------------------------|------------|
|   | 2023                             | 2022       | 2023                            | 2022       |
| Balance, beginning of period <sup>(1)</sup>   | \$ (3,365)                       | \$ (1,739) | \$ (3,378)                      | \$ 1,360   |
| Change in unrealized gains (losses) of investments                                  | (1,405)                          | (2,383)    | (958)                           | (9,254)    |
| Change in current discount rate - reserve for future policy benefits <sup>(2)</sup> | 254                              | 460        | 204                             | 1,816      |
| Change in non-performance risk on market risk benefits                              | (999)                            | 552        | (1,479)                         | 2,505      |
| Change in unrealized gains (losses) - other   | 3                                | 16         | (8)                             | 42         |
| Change in deferred tax asset  | 247                              | 117        | 318                             | 561        |
| Other comprehensive income (loss) before reclassifications                          | (1,900)                          | (1,238)    | (1,923)                         | (4,330)    |
| Reclassifications from AOCI, net of tax   | 78                               | (56)       | 114                             | (63)       |
| Other comprehensive income (loss)   | (1,822)                          | (1,294)    | (1,809)                         | (4,393)    |
| Balance, end of period <sup>(1)</sup>   | \$ (5,187)                       | \$ (3,033) | \$ (5,187)                      | \$ (3,033) |

<sup>(1)</sup> Includes \$(2,261) million and \$(2,106) million related to the investments held within the funds withheld account related to the Athene Reinsurance Transaction as of September 30, 2023 and December 31, 2022, respectively.

<sup>(2)</sup> Represents the impact of changes in the discount rate used in the remeasurement of our direct reserves for future policy benefits and claims payable, net of the remeasurement of ceded reserves for future policy benefits and claims payable.

The following table represents amounts reclassified out of AOCI (in millions, 2022 information recast for the adoption of LDTI):

| AOCI Components                                 | Amounts<br>Reclassified from AOCI   |         | Affected Line Item in the Condensed<br>Consolidated Income Statement |
|---|-------------------------------------|---------|--|
|   | Three Months Ended<br>September 30, |         |  |
|   | 2023                                | 2022    |  |
| Net unrealized investment gain (loss):          |                                     |         |  |
| Net realized gain (loss) on investments         | \$ 112                              | \$ (47) | Net gains (losses) on derivatives and investments                    |
| Other impaired securities                       | (14)                                | (25)    | Net gains (losses) on derivatives and investments                    |
| Net unrealized gain (loss), before income taxes | 98                                  | (72)    |  |
| Income tax expense (benefit)                    | 20                                  | (16)    |  |
| Reclassifications, net of income taxes          | \$ 78                               | \$ (56) |  |
|   |                                     |         |  |
| AOCI Components                                 | Amounts<br>Reclassified from AOCI   |         | Affected Line Item in the Condensed<br>Consolidated Income Statement |
|   | Nine Months Ended<br>September 30,  |         |  |
|   | 2023                                | 2022    |  |
| Net unrealized investment gain (loss):          |                                     |         |  |
| Net realized gain (loss) on investments         | \$ 188                              | \$ (85) | Net gains (losses) on derivatives and investments                    |
| Other impaired securities                       | (44)                                | 5       | Net gains (losses) on derivatives and investments                    |
| Net unrealized gain (loss), before income taxes | 144                                 | (80)    |  |
| Income tax expense (benefit)                    | 30                                  | (17)    |  |
| Reclassifications, net of income taxes          | \$ 114                              | \$ (63) |  |



## 20. Equity

### Preferred Stock

On March 13, 2023, the Company issued and sold 22,000,000 depositary shares (the "Depositary Shares"), each representing a 1/1,000th fractional interest in a share of the Company's Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A, \$25,000 liquidation preference per share (equivalent to \$25 per Depositary Share), with a 5-year dividend rate reset period and noncumulative dividends (the "Series A Preferred Stock"). After underwriting discounts and expenses, we received net proceeds of approximately \$533 million.

The Series A Preferred Stock carries i) an initial dividend rate of 8.000% per annum to but excluding, March 30, 2028; and ii) from, and including, March 30, 2028, during each reset period, at a rate per annum equal to the Five-year U.S. Treasury Rate as of the applicable reset dividend determination date plus 3.728%. The dividend is payable quarterly in arrears on March 30, June 30, September 30 and December 30, and commenced on June 30, 2023. Dividends on the Series A Preferred Stock are not cumulative. Under the terms of the Series A Preferred Stock, if the Company has not declared and paid, or declared and set aside a sum sufficient for the payment of, dividends on the Series A Preferred Stock for the immediately preceding dividend period (for the avoidance of doubt, there is no preceding dividend period for the initial dividend period), then the Company's ability to pay dividends or make distributions with respect to its common stock, or to repurchase or otherwise acquire its common stock, is subject to certain restrictions. Similar restrictions would apply in respect of any preferred stock ranking on parity with, or junior to, the Series A Preferred Stock, if any such preferred stock were to be issued by the Company.

We may, at our option, redeem the shares of Series A Preferred Stock (a) in whole but not in part at any time prior to March 30, 2028, (i) within 90 days after the occurrence of a "rating agency event" at a redemption price equal to \$25,500 per share (equivalent to \$25.50 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date, or (ii) within 90 days after the occurrence of a "regulatory capital event," at a redemption price equal to \$25,000 per share (equivalent to \$25 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date, or (b) in whole or in part, from time to time, on or after March 30, 2028, at a redemption price equal to \$25,000 per share (equivalent to \$25 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date. If we redeem any shares of Series A Preferred Stock, a proportionate number of Depositary Shares will be redeemed. Holders of Depositary Shares have no right to require the redemption or repurchase of the Series A Preferred Stock or the Depositary Shares.

The net proceeds from the sale are being used for general corporate purposes, including future repayments of debt.

The following table presents declaration date, record date, payment date and dividends paid per preferred share and per depositary share of JFI's Series A preferred stock:

|                      | Declaration Date | Record Date     | Payment Date    | Dividends Paid      |                      |
|----------------------|------------------|-----------------|-----------------|---------------------|----------------------|
|                      |                  |                 |                 | Per Preferred Share | Per Depositary Share |
| <b>Quarter Ended</b> |                  |                 |                 |                     |                      |
| 06/30/2023           | May 8, 2023      | June 1, 2023    | June 30, 2023   | \$594.44            | \$0.59444            |
| 09/30/2023           | August 7, 2023   | August 31, 2023 | October 2, 2023 | \$500.00            | \$0.50000            |

### Common Stock

At the time of the Demerger, the Company had two classes of common stock: Class A Common Stock and Class B Common Stock. Both classes had a par value of \$0.01 per share. Each share of Class A Common Stock was entitled to one vote per share. Each share of Class B Common Stock was entitled to one-tenth of one vote per share. Except for voting rights, the Company's Class A Common Stock and Class B Common Stock had the same dividend rights, were equal in all other respects, and were otherwise treated as if they were one class of shares. On June 9, 2022, our shareholders approved the Third Amended and Restated Certificate of Incorporation, which amended and restated the Second Amended and Restated Certificate of Incorporation to eliminate the Class B Common Stock. At September 30, 2023 and December 31, 2022, the Company was authorized to issue up to 1 billion shares of common stock (formerly known as the Class A Common Stock at December 31, 2021).

### Share Repurchase Program

On February 27, 2023, our Board of Directors authorized an increase of \$ 450 million in our existing authorization to repurchase shares of our outstanding common stock as part of the Company's share repurchase program. As of November 3, 2023, the Company had remaining authorization to purchase \$342 million of its common shares. The Company expects to repurchase shares from time to time in the open market or in privately negotiated transactions. The timing, form and amount of the share repurchases under the program are at the discretion of management and will depend on a variety of factors, including funds available at the parent company, other potential uses for such funds, market conditions, the Company's capital position, legal requirements and other factors. The repurchase program may be modified, extended or terminated by the Board at any time. It does not have an expiration date. There can be no assurance that we will continue share repurchases or approve any increase to, or approve any new, stock repurchase program, or as to the amount of any repurchases made pursuant to such programs.

The Inflation Reduction Act of 2022 creates a 1% excise tax on net stock buybacks of publicly-traded U.S. corporations. Starting in 2023, such excise tax generally applies if a company repurchases in excess of \$1 million of its stock in any given calendar year. The impact of this provision depends on the extent to which net share repurchases are made. Any excise tax incurred on corporate stock repurchases will generally be recognized as part of the cost basis of the treasury stock acquired and not reported as income tax expense. Through September 30, 2023, we have not incurred any excise tax as stock issuances (including preferred stock) were greater than stock repurchases.

The following table represents share repurchase activities as part of this share repurchase program:

| Period                         | Number of Shares Repurchased | Total Payments (in millions) | Average Price Paid Per Share |
|--------------------------------|------------------------------|------------------------------|------------------------------|
| 2022 (January 1- March 31)     | 3,433,610                    | \$ 140                       | \$ 40.84                     |
| 2022 (April 1- June 30)        | 1,870,854                    | 66                           | 35.15                        |
| 2022 (July 1- September 30)    | 1,200,000                    | 39                           | 32.75                        |
| 2022 (October 1 - December 31) | 1,142,105                    | 38                           | 33.33                        |
| Total 2022                     | 7,646,569                    | \$ 283                       | \$ 37.05                     |
| 2023 (January 1- March 31)     | 1,721,737                    | 70                           | 40.42                        |
| 2023 (April 1- June 30)        | 1,394,797                    | 47                           | 33.87                        |
| 2023 (July 1- September 30)    | 1,873,727                    | 71                           | 38.13                        |
| 2023 (October 1- November 3)   | 670,000                      | 26                           | 38.41                        |
| Total 2023                     | 5,660,261                    | \$ 214                       | \$ 37.81                     |

The following table represents changes in the balance of common stock outstanding:

|   | Common Stock Issued | Treasury Stock           | Total Common Stock Outstanding |
|---|---------------------|--------------------------|--------------------------------|
| Shares at December 31, 2022                 | 94,474,911          | (11,784,813)             | 82,690,098                     |
| Share-based compensation programs           | 6,095               | 2,345,968 <sup>(1)</sup> | 2,352,063                      |
| Shares repurchased under repurchase program | —                   | (4,990,261)              | (4,990,261)                    |
| Shares at September 30, 2023                | 94,481,006          | (14,429,106)             | 80,051,900                     |

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

### Dividends to Shareholders

Any declaration of cash dividends on common stock will be at the discretion of JFI's Board of Directors and will depend on our financial condition, earnings, liquidity and capital requirements, regulatory constraints, level of indebtedness, preferred stock, and contractual restrictions with respect to paying cash dividends, restrictions imposed by Delaware law, general business conditions and any other factors that JFI's Board of Directors deems relevant in making any such determination. Therefore, there can be no assurance that we will pay any cash dividends to holders of our stock or as to the amount of any such cash dividend.

The following table presents declaration date, record date, payment date and dividends paid per share of JFI's common stock:

|                      | Declaration Date  | Record Date       | Payment Date       | Dividends Paid Per Share |
|----------------------|-------------------|-------------------|--------------------|--------------------------|
| <b>Quarter Ended</b> |                   |                   |                    |                          |
| 03/31/2023           | February 27, 2023 | March 14, 2023    | March 23, 2023     | \$0.62                   |
| 06/30/2023           | May 8, 2023       | June 1, 2023      | June 15, 2023      | \$0.62                   |
| 09/30/2023           | August 7, 2023    | August 31, 2023   | September 14, 2023 | \$0.62                   |
| <b>Quarter Ended</b> |                   |                   |                    |                          |
| 03/31/2022           | February 28, 2022 | March 14, 2022    | March 23, 2022     | \$0.55                   |
| 06/30/2022           | May 9, 2022       | June 2, 2022      | June 16, 2022      | \$0.55                   |
| 09/30/2022           | August 8, 2022    | September 1, 2022 | September 15, 2022 | \$0.55                   |

## 21. Earnings Per Share

Basic earnings per share is calculated by dividing net income (loss) attributable to Jackson Financial common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the net income (loss) attributable to Jackson Financial common shareholders, by the weighted-average number of shares of common stock outstanding for the period, plus shares representing the dilutive effect of share-based awards. Beginning in 2021, the Company granted its first share-based awards subject to vesting provisions of the 2021 Omnibus Incentive Plan, which have a dilutive effect. See Note 18 of the Notes to Consolidated Financial Statements in the Company's 2022 Annual Report, as recast in our Current Report on Form 8-K filed May 10, 2023, for further description of share-based awards.

The following table sets forth the calculation of earnings per common share (2022 information recast for the adoption of LDIT):

|  | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|--|----------------------------------|------------|---------------------------------|------------|
|  | 2023                             | 2022       | 2023                            | 2022       |
| (in millions, except share and per share data)                               |                                  |            |                                 |            |
| Net income (loss) attributable to Jackson Financial Inc.                     | \$ 2,773                         | \$ 1,879   | \$ 2,493                        | \$ 7,336   |
| Less: Preferred stock dividends  | 11                               | —          | 24                              | —          |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders | \$ 2,762                         | \$ 1,879   | \$ 2,469                        | \$ 7,336   |
| Weighted average shares of common stock outstanding - basic                  | 82,061,813                       | 85,098,192 | 82,432,264                      | 86,126,710 |
| Dilutive common shares   | 760,005                          | 2,797,727  | 2,108,923                       | 3,198,774  |
| Weighted average shares of common stock outstanding - diluted                | 82,821,818                       | 87,895,919 | 84,541,187                      | 89,325,484 |
| <b>Earnings per share—common stock</b>                                       |                                  |            |                                 |            |
| Basic  | \$ 33.66                         | \$ 22.08   | \$ 29.95                        | \$ 85.18   |
| Diluted  | \$ 33.35                         | \$ 21.38   | \$ 29.20                        | \$ 82.13   |

## 22. Subsequent Events

The Company has evaluated subsequent events through the date these Condensed Consolidated Financial Statements were issued.

### Dividends Declared to Shareholders

On November 6, 2023, our Board of Directors approved a fourth quarter cash dividend on JFI's common stock, \$ 0.62 per share, payable on December 14, 2023, to shareholders of record on November 30, 2023. The Company also declared a cash dividend of \$0.50 per depositary share (the "Depositary Shares"), each representing a 1/1,000th interest in a share of Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A. The dividend will be payable on January 2, 2024, to Depositary Shares shareholders of record at the close of business on November 30, 2023.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### FORWARD-LOOKING STATEMENTS – CAUTIONARY LANGUAGE

The information in this Quarterly Report on Form 10-Q (this "report") contains forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as "could," "should," "can," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident" and "commit" or similar expressions. In particular, statements regarding plans, strategies, prospects, targets and expectations regarding the business and industry are forward-looking statements. They reflect expectations, are not guarantees of performance and speak only as of the dates the statements are made. We caution investors that these forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those projected, expressed, or implied. Factors that could cause actual results to differ materially from those in the forward-looking statements include those reflected in Part I, Item 1A. Risk Factors and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 1, 2023, (the "2022 Annual Report"), as Part II, Item 7 was recast to reflect the adoption of LDTI in our Current Report on Form 8-K filed May 10, 2023, and elsewhere in Jackson Financial Inc.'s filings with the U.S. Securities and Exchange Commission (the "SEC"). Except as required by law, Jackson Financial Inc. does not undertake to update such forward-looking statements. You should not rely unduly on forward-looking statements.



## Available Information

We make available free of charge, through our investor relations page of our website, [investors.jackson.com](http://investors.jackson.com), our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, our proxy statements, and any amendments to those reports or statements as soon as reasonably practicable after these materials are electronically filed with, or furnished to, the SEC. We use our investor relations page of our website as a routine channel for distribution of important information, including news releases, analyst presentations, financial information, and corporate governance information. The content of Jackson's website is not incorporated by reference into this Report or in any other report or document filed with the SEC, and any references to Jackson's website are intended to be inactive textual references only. The SEC's website, [www.sec.gov](http://www.sec.gov), contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## Principal Definitions, Abbreviations, and Acronyms Used in the Text and Notes of this Report

|  |  |
|--|--|
| we, us, our and the Company                  | Jackson Financial Inc. and its consolidated subsidiaries, unless the context refers only to Jackson Financial Inc. as a corporate entity (which we refer to as "JFI" or "Jackson Financial")   |
| Jackson                                      | Jackson National Life Insurance Company, our primary operating subsidiary.   |
| Brooke Life                                  | Brooke Life Insurance Company, our subsidiary and the direct parent company of Jackson National Life Insurance Company.  |
| Jackson Finance                              | Jackson Finance, LLC, our subsidiary.  |
| JNAM   | Jackson National Asset Management LLC, our subsidiary.   |
| PPMH   | PPM Holdings, Inc., our subsidiary   |
| PPM  | PPM America, Inc., a subsidiary of PPMH  |
| ACL  | Allowance for credit loss  |
| Account value or account balance             | The amount of money in a customer's account. For example, the value increases with additional premiums and investment gains, and it decreases with withdrawals, investment losses and fees.  |
| Athene                                       | Athene Life Re Ltd. and its affiliates and permitted transferees, including Athene Co-Invest Reinsurance Affiliate 1A Ltd.   |
| Athene Reinsurance Transaction               | The funds withheld coinsurance agreement entered into with Athene on June 18, 2020, effective June 1, 2020, to reinsure a 100% quota share of a block of our in-force fixed and fixed index annuity liabilities in exchange for approximately \$1.2 billion in ceding commissions  |
| AUM (Assets under management)                | Investment assets that are managed by one of our subsidiaries and includes: (i) assets managed by PPM, including our investment portfolio (but excluding assets held in funds withheld accounts for reinsurance transactions) and third-party assets (including our former parent and its affiliates) and (ii) the separate account assets of our Retail Annuities segment managed and administered by JNAM. |
| Benefit base                                 | A notional amount (not actual cash value) used to calculate guaranteed benefits within an owner's annuity contract. The death benefit and living benefit within the same contract may have different benefit bases.  |
| CMBS   | Commercial mortgage-backed securities  |
| DAC (Deferred acquisition costs)             | Represent the incremental costs related directly to the successful acquisition of new and certain renewal insurance policies and annuity contracts. The recognition of those costs has been deferred, and the deferred amounts are shown on the balance sheet as an asset subject to amortization over the estimated lives of those policies and contracts.  |
| Deferred tax asset or Deferred tax liability | Assets or liabilities that are recorded for the difference between financial reporting, or book basis, and tax basis of an asset or a liability.   |

|  |   |
|--|---|
| Fixed Annuity  | An annuity that guarantees a set annual rate of return with interest at rates we determine, subject to specified minimums. Credited interest rates are guaranteed not to change for certain limited periods of time after which rates may reset (up or down) based upon market rates for a trailing historical period, subject to the specified minimum rate. |
| Fixed Index Annuity  | An annuity with an ability to share in the upside from certain financial markets, such as equity indices, and provides downside protection.   |
| General account assets   | The assets held in the general accounts of our insurance companies.   |
| GIC  | Guaranteed investment contract  |
| Guarantee Fees   | Fees charged on annuities for optional benefit guarantees offered on our annuity contracts.   |
| Guaranteed Benefits:   |   |
| GMAB (Guaranteed minimum accumulation benefit)                 | An add-on benefit (enhanced benefits available for an additional cost) which entitles an owner to a minimum payment, typically in lump-sum, after a set period of time, typically referred to as the accumulation period. The minimum payment is based on the benefit base, which could be greater than the underlying account value.                         |
| GMDB (Guaranteed minimum death benefit)                        | An add-on benefit (enhanced benefits available for an additional cost) that guarantees an owner's beneficiaries are entitled to a minimum payment based on the benefit base, which could be greater than the underlying account value, upon the death of the owner.   |
| GMIB (Guaranteed minimum income benefit)                       | An add-on benefit (available for an additional cost) where an owner is entitled to annuitize the policy and receive a minimum payment stream based on the benefit base, which could be greater than the payment stream resulting from current annuitization of the underlying account value.  |
| GMWB (Guaranteed minimum withdrawal benefit)                   | An add-on benefit (available for an additional cost) where an owner is entitled to withdraw a maximum amount of their benefit base each year, for which cumulative payments to the owner could be greater than the underlying account value.  |
| GMWB for Life (Guaranteed minimum withdrawal benefit for life) | An add-on benefit (available for an additional cost) where an owner is entitled to withdraw the guaranteed annual withdrawal amount each year, for the duration of the policyholder's life, regardless of account performance.  |
| MRB (Market Risk Benefit)                                      | A contract or contract feature that provides protection to the contract holder from other-than-nominal capital market risk while exposing the insurance entity to other-than-nominal capital market risk.   |
| NAIC   | National Association of Insurance Commissioners   |
| NAV  | Net asset value   |
| Net flows  | Net flows represent the net change in customer account balances during a period after reflecting gross premium inflows and surrenders, withdrawals and benefit payment outflows. Net flows do not include investment performance, interest credited to customer accounts and policy charges.  |
| RBC (Risk-based capital)                                       | Statutory minimum level of capital that is required by regulators for an insurer to support its operations.   |
| RBC Ratio  | The ratio of statutory total adjusted capital to company action level required capital. A formal calculation is made once per year at year end. In other periods, the ratio is estimated.   |
| RILA   | A registered index-linked annuity that offers market index-linked investment options, subject to a cap, and offers a variety of guarantees designed to modify or limit losses.  |
| RMBS   | Residential mortgage-backed securities  |
| Variable annuity   | A type of annuity that offers tax-deferred investment into a range of asset classes and a variable return, which offers insurance features related to potential future income payments.   |
| VIE  | Variable interest entity  |

## Overview of Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in its entirety and in conjunction with the Condensed Consolidated Financial Statements and related notes contained in Part I, Item 1 of this report, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in our 2022 Annual Report, as recast to reflect the adoption of LDTI in our Current Report on Form 8-K filed May 10, 2023.

Jackson Financial Inc. ("Jackson Financial" or "JFI") along with its subsidiaries (collectively, the "Company," which also may be referred to as "we," "our" or "us"), is a financial services company focused on helping Americans grow and protect their retirement savings and income to enable them to pursue financial freedom for life. Jackson Financial, domiciled in the United States ("U.S."), was previously a subsidiary of Prudential plc ("Prudential"), London, England and was the holding company for Prudential's U.S. operations. The Company's demerger from Prudential was completed on September 13, 2021 (the "Demerger"). Jackson Financial's primary operating subsidiary, Jackson National Life Insurance Company, is licensed to sell group and individual annuity products (including immediate, registered index-linked, deferred fixed, fixed index, fixed and variable annuities), and various protection products, primarily whole life, universal life and variable universal life and term life insurance products in all 50 states and the District of Columbia.

### Executive Summary

*This executive summary of Management's Discussion and Analysis of Financial Condition and Results of Operation highlights selected information and may not contain all the information that is important to current or potential investors in our securities. You should read this report, together with our 2022 Annual Report, as recast to reflect the adoption of LDTI in our Current Report on Form 8-K filed May 10, 2023, in its entirety for a more detailed description of events, trends, uncertainties, risks and critical accounting estimates affecting us.*

We help Americans grow and protect their retirement savings and income to enable them to pursue financial freedom for life. We believe that we are uniquely positioned in our markets because of our differentiated products, well-known brand and disciplined risk management. Our market leadership is supported by our efficient and scalable operating platform and industry-leading distribution network. We believe these core strengths will enable us to grow profitably as an aging, U.S. population transitions into retirement.

We earn revenues predominantly from fee income, spread income resulting from what we earn on investments versus our interest credited to contract holders, and margins on other insurance products. Our profitability is dependent on our ability to properly price and manage risk on insurance and annuity products, to manage our portfolio of investments effectively, and to control costs through expense discipline.

We experience net income volatility due to the fact that we do not directly use hedging to offset the movement in our U.S. Generally Accepted Accounting Principles ("GAAP") market risk benefit liabilities as market conditions change from period to period. Our core dynamic hedging program seeks to offset changes in the economic liability associated with variable annuity guaranteed benefits due to market movements, while our macro hedging program seeks to protect statutory capital under a range of stress scenarios. We do not directly seek to offset the movement in our market risk benefit liabilities from changes in market conditions. As a result, the changes in the fair value of the derivatives used as part of the hedging program are not expected to match the movements in the market risk benefit liabilities resulting in volatility from changes in fair value recorded to net income. Accordingly, we evaluate and manage the performance of our business using Adjusted Operating Earnings, a non-GAAP financial measure that reduces the impact of market volatility by excluding changes in fair value of freestanding and embedded derivative instruments, market risk benefits and other items. See "Non-GAAP Financial Measures" below for information regarding our non-GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures.

We manage our business through three segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Blocks. We report certain activities and items that are not included in these segments, including the results of PPM Holdings, Inc., the holding company of PPM, which manages the majority of our general account investment portfolio, in Corporate and Other. See Note 3 of Notes to Condensed Consolidated Financial Statements for further information on our segments.

An understanding of several key operating measures, including sales, account value, net flows, benefit base and assets under management ("AUM"), is helpful in evaluating our results. See "Key Operating Measures" below. Finally, we are affected by various economic, industry and regulatory trends, which are described below under "Macroeconomic, Industry and Regulatory Trends."

The table below presents selected financial and operating measures:

|   | Nine Months Ended September 30, |         |
|---|---------------------------------|---------|
|   | 2023                            | 2022    |
|   | (in millions)                   |         |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders                | 2,469                           | 7,336   |
| Adjusted Operating Earnings <sup>(1)</sup>  | 869                             | 1,160   |
| Amount of shares repurchased under share repurchase program                                 | 188                             | 245     |
| Dividends on common shares  | 159                             | 151     |
| Return on Equity ("ROE") Attributable to Common Shareholders                                | 38.9 %                          | 109.4 % |
| Adjusted Operating ROE Attributable to Common Shareholders on average equity <sup>(1)</sup> | 11.6 %                          | 17.7 %  |

<sup>(1)</sup> Non-GAAP Financial Measure. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for information regarding our non-GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures.

#### Recent Events of Note

- **Capital Returned to Common Shareholders:** Since January 1, 2023 through September 30, 2023, we have returned \$347 million to our common shareholders consisting of \$159 million in dividends and \$188 million in common share repurchases. Our capital return target for common shareholders for 2023 is \$450-\$550 million. Share repurchases, net of issuances for our share-based compensation, have reduced our outstanding shares of common stock from 82,690,098 at December 31, 2022 to 80,051,900 at September 30, 2023. See Note 20 of the Notes to Condensed Consolidated Financial Statements for further information on our share repurchases.
- **RILA Product:** In the fourth quarter of 2021, our primary life insurance subsidiary, Jackson, and its insurance subsidiaries successfully launched Jackson Market Link Pro<sup>SM</sup> and Jackson Market Link Pro Advisory<sup>SM</sup>, a commission and an advisory based suite of registered index-linked annuities ("RILA"). In the second quarter of 2023, we enhanced our RILA suite of products with the launch of Jackson Market Link Pro<sup>SM</sup> II and Jackson Market Link Pro Advisory<sup>SM</sup> II. See "Key Operating Measures – Sales" below for information regarding RILA sales.
- **Defined Contribution Market:** Also in the fourth quarter of 2021, we entered the defined contribution market as a carrier in the AllianceBernstein Lifetime Income Strategy.
- **Inflation Reduction Act of 2022 ("IRA"):** As discussed in Note 15 of Notes to Condensed Consolidated Financial Statements in this report, a new corporate alternative minimum tax ("CAMT") based on adjusted financial statement income, rather than reported taxable income, became effective January 1, 2023. We will be subject to the CAMT in 2023. Any CAMT incurred will be treated as a taxable temporary difference, and recorded as a deferred tax asset, so it is not expected to have a direct impact on total income tax expense; although it could affect our cash tax liabilities. As of September 30, 2023, the Company has recorded an estimate of \$450 million for the provision for the CAMT based on the Company's interpretation of guidance with an offsetting increase to the deferred tax asset for the credit carryover resulting in no impact to total tax expense. The calculation of adjusted financial statement income, and therefore the CAMT, is subject to the issuance of regulatory guidance by the U.S. Department of the Treasury. We continue to monitor developments and regulations associated with the IRA for any potential future impacts on our business, financial condition, results of operations and cash flows.

## Key Operating Measures

We use a number of operating measures, discussed below, that management believes provide useful information about our businesses and the operational factors underlying our financial performance.

### Sales

Sales of annuities and institutional products include all money deposited by customers into new and existing contracts. We believe sales statistics are useful to gaining an understanding of, among other things, the attractiveness of our products, how we can best meet our customers' needs, evolving industry product trends and the performance of our business from period to period.

|  | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                  |
|--|----------------------------------|-----------------|---------------------------------|------------------|
|  | 2023                             | 2022            | 2023                            | 2022             |
| (in millions)                            |                                  |                 |                                 |                  |
| <b>Sales</b>                             |                                  |                 |                                 |                  |
| Variable annuities                       | \$ 2,429                         | \$ 2,886        | \$ 7,351                        | \$ 11,094        |
| RILA                                     | 807                              | 562             | 1,881                           | 1,251            |
| Fixed Index Annuities                    | 41                               | 37              | 178                             | 69               |
| Fixed Annuities <sup>(1)</sup>           | 35                               | 75              | 146                             | 85               |
| <b>Total Retail Annuity Sales</b>        | <b>3,312</b>                     | <b>3,560</b>    | <b>9,556</b>                    | <b>12,499</b>    |
| <b>Total Institutional Product Sales</b> | <b>112</b>                       | <b>314</b>      | <b>1,065</b>                    | <b>1,490</b>     |
| <b>Total Sales</b>                       | <b>\$ 3,424</b>                  | <b>\$ 3,874</b> | <b>\$ 10,621</b>                | <b>\$ 13,989</b> |

<sup>(1)</sup> Includes payout annuities

Lower retail sales were primarily due to decreased sales of our variable annuities with lifetime living benefits, partially offset by RILA sales. Sales of fixed index annuities increased in 2023 due to the higher interest rate environment, which enabled more favorable pricing actions.

### Account Value

Account value generally equals the account value of our variable annuities, RILA, fixed index annuities, fixed annuities, interest sensitive life, and institutional products. It reflects the total amount of customer invested assets that have accumulated within a respective product and equals cumulative customer contributions, which includes gross deposits or premiums, plus accrued credited interest plus or minus the impact of market movements, as applicable, less withdrawals and various fees. We believe account value is a useful metric in providing an understanding of, among other things, the sources of potential fee income generation, potential benefit obligations and risk management priorities.

|   | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
|   | (in millions)      |                   |
| <b>Account Value</b>  |                    |                   |
| GMWB For Life   | \$ 154,560         | \$ 149,706        |
| GMWB  | 5,698              | 5,674             |
| GMIB  | 1,290              | 1,356             |
| No Living Benefits  | 50,024             | 49,073            |
| <b>Total Variable Annuity Account Value</b>                               | <b>211,572</b>     | <b>205,809</b>    |
| <b>RILA</b>   | <b>3,841</b>       | <b>1,875</b>      |
| Fixed Index Annuity <sup>(1)</sup>  | 598                | 415               |
| Fixed Annuity <sup>(1)</sup>  | 1,214              | 1,219             |
| <b>Total Fixed &amp; Fixed Index Annuity Account Value <sup>(1)</sup></b> | <b>1,812</b>       | <b>1,634</b>      |
| <b>Payout Annuity<sup>(1)</sup></b>                                       | <b>634</b>         | <b>649</b>        |
| <b>Total Retail Annuities Account Value <sup>(1)</sup></b>                | <b>\$ 217,859</b>  | <b>\$ 209,967</b> |
| <b>Total Institutional Products Account Value</b>                         | <b>\$ 8,712</b>    | <b>\$ 9,019</b>   |
| <b>Total Closed Life and Annuity Blocks Account Value <sup>(1)</sup></b>  | <b>\$ 8,108</b>    | <b>\$ 8,288</b>   |

<sup>(1)</sup> Net of reinsurance.

### Net Flows

Net flows represent the net change in customer account balances during a period, reflecting gross premiums received and surrenders, withdrawals and benefits payments. Net flows exclude investment performance, interest credited to customer accounts, transfers between fixed and variable benefits for variable annuities and policy charges. We believe net flows is a useful metric in providing an understanding of, among other things, sales, ongoing premiums and deposits, the changes in account value from period to period, sources of potential fee income and policyholder behavior.

|  | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                   |
|--|----------------------------------|-----------------|---------------------------------|-------------------|
|  | 2023                             | 2022            | 2023                            | 2022              |
|  | (in millions)                    |                 |                                 |                   |
| <b>Net Flows:</b>  |                                  |                 |                                 |                   |
| Variable Annuity   | \$ (2,314)                       | \$ (666)        | \$ (6,133)                      | \$ (964)          |
| RILA   | 794                              | 561             | 1,834                           | 1,248             |
| Fixed Index Annuity <sup>(1)</sup>                                   | 36                               | 38              | 171                             | 71                |
| Fixed Annuity <sup>(1)</sup>   | 10                               | 58              | (11)                            | 45                |
| Payout Annuity <sup>(1)</sup>  | (18)                             | (22)            | (55)                            | (66)              |
| <b>Total Retail Annuities Net Flows <sup>(1)</sup></b>               | <b>(1,492)</b>                   | <b>(31)</b>     | <b>(4,194)</b>                  | <b>334</b>        |
| Net flows ceded  | (879)                            | (880)           | (3,078)                         | (2,030)           |
| <b>Total Retail Annuities net flows, gross of reinsurance</b>        | <b>\$ (2,371)</b>                | <b>\$ (911)</b> | <b>\$ (7,272)</b>               | <b>\$ (1,696)</b> |
| <b>Total Institutional Products Net Flows</b>                        | <b>\$ (242)</b>                  | <b>\$ (114)</b> | <b>\$ (533)</b>                 | <b>\$ (465)</b>   |
| <b>Total Closed Life and Annuity Blocks Net Flows <sup>(1)</sup></b> | <b>\$ (73)</b>                   | <b>\$ (56)</b>  | <b>\$ (205)</b>                 | <b>\$ (195)</b>   |

<sup>(1)</sup> Net of reinsurance.

Net flows, net of reinsurance, decreased for the three and nine months ended September 30, 2023, compared to the three and nine months ended September 30, 2022, driven by increased variable annuity surrenders and withdrawals coupled with decreased variable annuity sales, partially offset by increased RILA sales.

### Benefit Base

Benefit base refers to a notional amount that represents the value of a customer's guaranteed benefit and, therefore, may be a different value from the invested assets in a customer's account value. The benefit base may be used to calculate the fees for a customer's guaranteed benefits within an annuity contract. The guaranteed death benefit and guaranteed living benefit within the same contract may not have the same benefit base. We believe benefit base is a useful metric for our variable annuity policies in providing an understanding of, among other things, fee income generation, potential optional guarantee benefit obligations and risk management priorities. The following table shows variable annuity account value and benefit base as of September 30, 2023 and December 31, 2022:

|                                       | September 30, 2023 |                   | December 31, 2022 |                   |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                       | Account Value      | Benefit Base      | Account Value     | Benefit Base      |
| (in millions)                         |                    |                   |                   |                   |
| <b>No Living Benefits</b>             | \$ 50,024          | N/A               | \$ 49,073         | N/A               |
| <b>By Guaranteed Living Benefits:</b> |                    |                   |                   |                   |
| GMWB for Life                         | 154,560            | 189,849           | 149,706           | 189,814           |
| GMWB                                  | 5,698              | 5,433             | 5,674             | 5,655             |
| GMIB <sup>(1)</sup>                   | 1,290              | 1,831             | 1,356             | 1,929             |
| <b>Total</b>                          | <u>\$ 211,572</u>  | <u>\$ 197,113</u> | <u>\$ 205,809</u> | <u>\$ 197,398</u> |
| <b>By Guaranteed Death Benefit:</b>   |                    |                   |                   |                   |
| Return of AV (No GMDB)                | \$ 25,563          | N/A               | \$ 25,049         | N/A               |
| Return of Premium                     | 162,243            | 138,052           | 157,339           | 138,419           |
| Highest Anniversary Value             | 12,313             | 13,738            | 12,128            | 14,272            |
| Rollup                                | 3,179              | 4,544             | 3,229             | 4,695             |
| Combination HAV/Rollup                | 8,274              | 10,162            | 8,064             | 10,297            |
| <b>Total</b>                          | <u>\$ 211,572</u>  | <u>\$ 166,496</u> | <u>\$ 205,809</u> | <u>\$ 167,683</u> |

<sup>(1)</sup> Substantially all our GMIB benefits are reinsured.

### Assets Under Management

AUM, or assets under management, refers to investment assets that are managed by one of our subsidiaries and includes: (i) assets managed by PPM, including our investment portfolio (but excluding assets held in funds withheld accounts for reinsurance transactions) and third-party assets (including our former parent and its affiliates) and (ii) the separate account assets of our Retail Annuities segment managed and administered by Jackson National Asset Management LLC ("JNAM"). Total AUM reflects exclusions between segments to avoid double counting. We believe AUM is a useful metric for understanding, among other things, the sources of our earnings, net investment income and performance of our invested assets, customer directed investments and risk management priorities.

|  | September 30,     | December 31,      |
|--|-------------------|-------------------|
|  | 2023              | 2022              |
| (in millions)                                |                   |                   |
| Jackson Invested Assets                      | \$ 43,412         | \$ 44,486         |
| Third Party Invested Assets (including CLOs) | 25,800            | 26,993            |
| <b>Total PPM AUM</b>                         | <u>69,212</u>     | <u>71,479</u>     |
| Total JNAM AUM                               | 224,465           | 219,070           |
| <b>Total AUM</b>                             | <u>\$ 293,677</u> | <u>\$ 290,549</u> |

**Macroeconomic, Industry and Regulatory Trends**

We discuss a number of trends and uncertainties below that we believe could materially affect our future business performance, including our results of operations, our investments, our cash flows, and our capital and liquidity position.

*Macroeconomic and Financial Market Conditions*

Our business and results of operations are affected by macroeconomic factors. The level of interest rates and shape of the yield curve, credit and equity market performance and equity volatility, regulation, tax policy, the level of U.S. employment, inflation and the overall economic growth rate can affect both our short- and long-term profitability. Monetary and fiscal policy in the U.S., or similar actions in foreign nations, could result in increased volatility in financial markets, including interest rates, currencies and equity markets, and could impact our business in both the short-term and medium-term. Political events, including future pandemics, civil unrest, tariffs or other barriers to international trade, and the effects that these or other political events could have on levels of economic activity, could also impact our business through any of their individual impacts on consumers' behavior or impact on financial markets.

In the short- to medium-term, the potential for increased volatility could pressure sales and reduce demand for our products as consumers consider purchasing alternative products to meet their objectives. Our financial performance can be adversely affected by market volatility and equity market declines if fees assessed on the account value of our annuities fluctuate, hedging costs increase, and revenues decline due to reduced sales and increased outflows.

In early March through late April 2023, several regional U.S. banks were taken over by federal regulators with the Federal Deposit Insurance Corporation ("FDIC") named as the receiver. These bank failures raised concern among investors and depositors regarding the solvency and liquidity of regional banks across the country, leading to increased stress on the banking sector. Except for assets held as part of reinsurance arrangements within our funds withheld portfolios, where the Company does not have exposure to default risk, the Company's general account portfolio had no exposure to Silicon Valley Bank ("SVB"), Signature Bank, First Republic Bank, and Credit Suisse Additional Tier 1 debt as of September 30, 2023.

*Equity Market Environment*

Our financial performance is impacted by equity market performance. On our variable annuities, the fees we earn that are not associated with guaranteed benefits are mainly based on the account value, which changes with equity market levels. In addition, our hedges could be less effective in periods of large directional movements or we could experience more frequent or more costly rebalancing in periods of high volatility, which would lead to adverse performance versus our hedge targets and increased hedging costs. Further, we also are exposed to basis risk, which results from our inability to purchase or sell hedge assets whose performance is directly correlated to the performance of the funds into which customers allocate their assets. We make available to customers funds where we believe we can transact in sufficiently correlated hedge assets, yet we anticipate some variance in the performance of our hedge assets and customer funds. This variance may result in our hedge assets outperforming or underperforming the customer assets they are intended to match. This variance may be exacerbated during periods of high volatility, leading to a mismatch in our hedge results relative to our hedge targets and U.S GAAP results.



*Interest Rate Environment*

The interest rate environment has affected, and will continue to affect, our business and financial performance for the following reasons:

- Periods of sharp rises in interest rates, as we have seen recently as a result of the Federal Reserve's actions impact investment-related activity including investment income returns, net investment spread results, new money rates, mortgage loan prepayments, and bond redemptions. Due to increases in interest rates, the yield on new investments has generally exceeded the yield on asset maturities and redemptions (runoff yield). Rising interest rates also impact the hedging results of our variable annuity business as the market value of interest rate hedges decline, thereby driving immediate hedging losses. We would expect lower hedging costs and reduced levels of hedging going forward. Further, we expect near-term hedging losses from rising rates may be more than offset by changes in the fair value of the related guaranteed benefit liabilities, which are reduced with an increase in interest rates.
- Interest rate increases also expose us to disintermediation risk, where higher rates make currently sold fixed annuity products more attractive while simultaneously reducing the market value of assets backing our liabilities. This creates an incentive for our customers to lapse their products in an environment where selling assets causes us to realize losses.
- Additionally, our statutory total adjusted capital ("TAC") may be negatively impacted by rising rates due to minimum required reserving levels (i.e., cash surrender value floor) when reserve releases are limited and unable to offset interest rate hedging losses. The risk based capital, or RBC, ratio may increase or decrease depending on the interaction between movements in TAC and movements in statutory required capital (the company action level, or "CAL"), which could impact available dividends from our insurance subsidiaries. CAL will generally decline in rising interest rate environments. However, at times when the cash surrender value floor materially affects the CAL calculation (in addition to reserves), rising rates can, and have, negatively affected the RBC ratio as well. We are pursuing additional methods of moderating the impact of the cash surrender value floor on TAC, CAL and RBC. The implementation of any such method would be subject to Board and regulatory approval. We can provide no assurance that any such method will be approved or the timing or impact of any such adoption and implementation.
- Low interest rate environments could also subject us to increased hedging costs or an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for optional guaranteed benefits, decreasing statutory surplus, which would adversely affect our insurance subsidiaries' ability to pay dividends. Certain inputs to the statutory models rely on prescribed interest rates, which are determined using an historical interest rate perspective with a mean reversion path over the longer term. In addition, low interest rates could also increase the perceived value of optional guaranteed benefit features to our customers, which in turn could lead to a higher utilization of withdrawal or annuitization features of annuity policies and higher persistency of those products over time.
- Some of our annuities have guaranteed minimum interest crediting rates ("GMICRs") that limit our ability to reduce crediting rates. If earnings on our investment portfolio decline, those GMICRs may result in net investment spread compression that negatively impacts earnings. Many of our annuities have GMICRs that reset at contractually specified times after issue, subject to a contractually specified minimum GMICR. In the current rising interest rate environment, the interest crediting rate on those GMICRs has increased. Conversely, in a falling interest rate environment interest crediting rate will eventually decrease; however, there may be a lag between interest rate movements and the GMICR reset, temporarily limiting our ability to lower crediting rates. When policies have comparatively high GMICRs, in a subsequent low interest rate environment more customers are expected to hold on to their policies, which may result in lower lapses than previously expected.

*Credit Market Environment*

Conditions in fixed income markets impact our financial performance. As credit spreads widen, the fair value of our existing investment portfolio generally decreases, although we generally expect the widening spreads to increase the yield on new fixed income investments. Conversely, as credit spreads tighten, the fair value of our existing investment portfolio generally increases, and the yield available on new investment purchases decreases. While changing credit spreads impact the fair value of our investment portfolio, this revaluation is generally reflected in our AOCI. The revaluation will impact net income for realized gains or losses from the sale of securities, the change in fair value of trading securities or securities carried at fair value under the fair value election, or potential changes in the allowance for credit loss ("ACL"). In addition, if credit conditions deteriorate due to a recession or other negative credit events in capital markets, we could experience an increase in defaults and other-than-temporary-impairments ("OTTI").

OTTI in our underlying investments would result in a reduction in TAC held by our insurance company subsidiaries. Also, shifts in the credit quality or credit rating downgrades of our investments as a result of stressed credit conditions may also impact the level of regulatory required statutory capital for our insurance company subsidiaries. As such, significant credit rating downgrades along with elevated defaults and OTTI losses would negatively impact our RBC ratio, which could impact available dividends from our insurance subsidiaries.

*Pandemics and Other Public Health Crises*

The COVID-19 pandemic disrupted our business and contributed to additional operating costs in prior years. Other similar pandemics, epidemics or disease outbreaks in the U.S. or globally could disrupt our business by affecting how we protect and interact with our critical workforce, customers, key vendors, third-party suppliers, or counterparties with whom we transact. Disruption could result from an inability of those persons to work or transact effectively due to illness, quarantines, and government actions in response to public health emergencies. The extent and severity of governmental actions will necessarily depend on the extent and severity of the perceived emergency. We have risk management plans in place and were able to navigate through COVID-19 with remote and hybrid work environments; however, those plans may be challenged by a new public health emergency.

*Consumer Behavior*

We believe that many retirees look to tax-efficient savings products as a tool for addressing their unmet need for retirement planning. We believe our products are well-positioned to meet this increasing consumer demand. However, consumer behavior may be impacted by increased economic uncertainty, unemployment rates, declining equity markets, significant changes in interest rates and increased volatility of financial markets. In recent years, we have introduced new products to better address changes in consumer demand and targeted distribution channels that meet changes in consumer preferences.

*Demographics*

We expect demographic trends in the U.S. population, in particular the increase in the number of retirement age individuals, to generate significant demand for our products. In addition, the potential risk to government social safety net programs and shifting of responsibility for retirement planning and financial security from employers and other institutions to employees, highlight the need for individuals to plan for their long-term financial security and will create additional opportunities to generate sustained demand for our products. We believe we are well-positioned to capture the increased demand generated by these demographic trends.

### *Regulatory Policy*

We operate in a highly regulated industry. Our insurance company subsidiaries are regulated primarily at the state level, with some policies and products also subject to federal regulation. As such, regulations recently approved or currently under review at both the U.S. federal and state levels could impact our business model, including statutory reserve and capital requirements. We anticipate that our ability to respond to changes in regulation and other legislative activity will be critical to our long-term financial performance. In particular, the following could materially impact our business:

#### *Department of Labor Fiduciary Advice Rule*

The Department of Labor (the "DOL") issued a regulatory action, effective February 16, 2021, that reinstated the text of the DOL's 1975 investment advice regulation defining what constitutes fiduciary "investment advice" to Employee Retirement Income Security Act ("ERISA") plans and individual retirement accounts ("IRAs"). The related guidance provided by the DOL broadened the circumstances under which financial institutions, including insurance companies, could be considered fiduciaries under ERISA or the Federal income tax code. The rule and accompanying guidance faced hurdles, including a February 2023 U.S. District Court decision that vacated the roll over portion of the guidance, ruling that the DOL exceeded its authority in this area.

On October 31, 2023, the DOL initiated another significant rulemaking process in this area. The department issued proposed revisions to the definition of fiduciary and related Prohibited Transaction Exemptions (PTE) (the "Fiduciary Advice Rule"), redefining what constitutes fiduciary "investment advice" to ERISA plans and IRAs. The newest proposal again extends fiduciary status to one-time rollover recommendations and broadens the circumstances under which financial institutions, including insurance companies, could be considered fiduciaries under ERISA or the Federal income tax code, despite the recent U.S. District Court decision. The proposal also narrows the applicability of PTE 84-24 specific to insurance commissions for annuity recommendations to independent insurance agents recommending non-securities products. The changes to PTE 84-24 also impose certain supervisory obligations on insurance carriers that are similar to those already covered under the National Association of Insurance Commissioner's (NAIC) Suitability in Annuity Transactions Model Regulation. The proposal is subject to a 60-day comment period and a final rulemaking will be effective 60 days after publication in the Federal Register.

We continue to analyze the impact of the Fiduciary Advice Rule, and, while we cannot predict the rule's impact, it could have an adverse effect on sales of annuities through our distribution partners. We may need to take certain additional actions to comply with, or assist our distributors in their compliance with, the Fiduciary Advice Rule. The Fiduciary Advice Rule may also lead to changes to our compensation practices and product offerings and increase litigation risk, which could adversely affect our results of operations and financial condition. Nonetheless, because the distribution of annuities is primarily through intermediaries, most of which have implemented systems and processes to align to existing state and federal fiduciary and/or best interest standards, we believe that we will have more limited exposure to the new Fiduciary Advice Rule. While the rule may not have a material impact on our business, it may impede certain investors' access to financial advice or annuities that provide guaranteed income streams.

#### *Legislative Reforms*

Congress approved the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act") on December 20, 2019. The SECURE Act provided individuals with greater access to retirement products. Namely, it made it easier for 401(k) programs to offer annuities as an investment option by, among other things, creating a statutory safe harbor in ERISA for a retirement plan's selection of an annuity provider. The SECURE Act represents the largest overhaul to retirement plans in over a decade. On December 29, 2022, SECURE 2.0 Act of 2022 ("SECURE 2.0") was signed into law as part of a larger omnibus appropriations bill. SECURE 2.0 contains provisions that expand automatic enrollment programs, increase the age for required minimum distributions, and eliminate age requirements for traditional IRA contributions. These changes are intended to expand and increase Americans' retirement savings. We view these reforms as beneficial to our business model and expect growth opportunities will arise from the new laws.

### *Tax Laws*

All our annuities offer investors the opportunity to benefit from tax deferral. If U.S. tax laws were to change such that our annuities no longer offer tax-deferred advantages, demand for our products could materially decrease.

### *Cybersecurity Event*

As previously disclosed in our Form 10-Q for the quarter ended June 30, 2023, Jackson determined that Jackson's information at one of our third-party vendors, Pension Benefit Information, LLC ("PBI"), was impacted by a cybersecurity breach involving Progress Software Corporation's MOVEit Transfer software. This service helps Jackson to identify possible beneficiaries for death benefits. According to PBI, an unknown actor exploited the MOVEit flaw to access PBI's systems and download certain data. Our assessment indicated that personally identifiable information relating to approximately 850,000 of Jackson's customers was obtained by that unknown actor from PBI's systems. PBI informed Jackson that it rectified the MOVEit vulnerability.

Separately, Jackson experienced unauthorized access to two servers as a result of the MOVEit flaw; however, the scope and nature of the data accessed on those servers was significantly less than the PBI impact. Our assessment was that a subset of information relating to certain partner organizations and individuals, including certain customers of Jackson, was obtained from the two affected servers.

At this time, we do not believe the incident or related litigation will have a material adverse effect on the business, operations, or financial results of Jackson Financial.

### **Non-GAAP Financial Measures**

In addition to presenting our results of operations and financial condition in accordance with U.S. GAAP, we use and report selected non-GAAP financial measures. Management believes that the use of these non-GAAP financial measures, together with relevant U.S. GAAP financial measures, provides a better understanding of our results of operations, financial condition and the underlying performance drivers of our business. These non-GAAP financial measures should be considered supplementary to our results of operations and financial condition that are presented in accordance with U.S. GAAP and should not be viewed as a substitute for the U.S. GAAP financial measures. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Consequently, our non-GAAP financial measures may not be comparable to similar measures used by other companies. These non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with U.S. GAAP.

### ***Adjusted Operating Earnings***

Adjusted Operating Earnings is an after-tax non-GAAP financial measure, which we believe should be used to evaluate our financial performance on a consolidated basis by excluding certain items that may be highly variable from period to period due to accounting treatment under U.S. GAAP or that are non-recurring in nature, as well as certain other revenues and expenses that we do not view as driving our underlying performance. Adjusted Operating Earnings should not be used as a substitute for net income as calculated in accordance with U.S. GAAP. However, we believe the adjustments to net income are useful for gaining an understanding of our overall results of operations.

Adjusted Operating Earnings equals our Net income (loss) attributable to Jackson Financial Inc's common shareholders (which excludes income attributable to non-controlling interest and dividends on preferred stock) adjusted to eliminate the impact of the items described in the following numbered paragraphs. These items are excluded as they may vary significantly from period to period due to near-term market conditions or are otherwise not directly comparable or reflective of the underlying performance of our business. We believe these exclusions provide investors a better picture of the drivers of our underlying performance.

1. *Net Hedging Results*: Comprised of: (i) fees attributed to guaranteed benefits; (ii) changes in the fair value of freestanding derivatives used to manage the risk associated with market risk benefits and other guaranteed benefit features; (iii) the movements in reserves, market risk benefits, guaranteed benefit features accounted for as embedded derivative instruments, and related claims and benefit payments; (iv) amortization of the balance of unamortized deferred acquisition costs at the date of transition to current accounting guidance on January 1, 2021 associated with items excluded from adjusted operating earnings prior to transition; and (v) the impact on the valuation of Guaranteed Benefits and Net Hedging Results arising from changes in underlying actuarial assumptions. We believe excluding these items removes the impact to both revenue and related expenses associated with Guaranteed Benefits and Net Hedging Results.
2. *Net Realized Investment Gains and Losses*: Comprised of: (i) realized investment gains and losses associated with the periodic sales or disposals of securities, excluding those held within our trading portfolio, and (ii) impairments of securities, after adjustment for the non-credit component of the impairment charges.
3. *Change in Value of Funds Withheld Embedded Derivative and Net investment income on funds withheld assets*: Composed of: (i) the change in fair value of funds withheld embedded derivatives, and (ii) net investment income on funds withheld assets related to funds withheld reinsurance transactions.
4. *Other items*: Comprised of: (i) the impact of investments that are consolidated in our financial statements due to U.S. GAAP accounting requirements, such as our investments in collateralized loan obligations (CLOs), but for which the consolidation effects are not consistent with our economic interest or exposure to those entities, and (ii) one-time or other non-recurring items, such as costs relating to our separation from Prudential.

Operating income taxes are calculated using the prevailing corporate federal income tax rate of 21% while taking into account any items recognized differently in our financial statements and federal income tax returns, including the dividends received deduction and other tax credits. For interim reporting periods, the Company uses an estimated annual effective tax rate ("ETR") in computing its tax provision including consideration of discrete items.

The following is a reconciliation of Adjusted Operating Earnings to net income (loss) attributable to Jackson Financial common shareholders, the most comparable U.S. GAAP measure.

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2023                             | 2022     | 2023                            | 2022     |
| (in millions)   |                                  |          |                                 |          |
| Net income (loss) attributable to Jackson Financial Inc common shareholders           | \$ 2,762                         | \$ 1,879 | \$ 2,469                        | \$ 7,336 |
| Add: dividends on preferred stock   | 11                               | —        | 24                              | —        |
| Add: income tax expense (benefit)   | 712                              | 657      | 399                             | 1,890    |
| Pretax income (loss) attributable to Jackson Financial Inc                            | 3,485                            | 2,536    | 2,892                           | 9,226    |
| Non-operating adjustments (income) loss:  |                                  |          |                                 |          |
| Guaranteed benefits and hedging results:  |                                  |          |                                 |          |
| Fees attributable to guarantee benefit reserves                                       | (784)                            | (771)    | (2,345)                         | (2,300)  |
| Net movement in freestanding derivatives  | 271                              | 253      | 4,694                           | (1,118)  |
| Market risk benefits (gains) losses, net  | (2,376)                          | (913)    | (5,120)                         | (1,636)  |
| Net reserve and embedded derivative movements   | (45)                             | 7        | 338                             | 47       |
| Amortization of DAC associated with non-operating items at date of transition to LDTI | 148                              | 162      | 450                             | 501      |
| Assumption changes  | —                                | —        | —                               | —        |
| Total guaranteed benefits and net hedging results                                     | (2,786)                          | (1,262)  | (1,983)                         | (4,506)  |
| Net realized investment (gains) losses  | 127                              | 6        | 235                             | 131      |
| Net realized investment (gains) losses on funds withheld assets                       | (159)                            | (555)    | 648                             | (2,660)  |
| Net investment income on funds withheld assets  | (303)                            | (313)    | (862)                           | (937)    |
| Loss on funds withheld reinsurance transaction  | —                                | —        | —                               | —        |
| Other items   | (9)                              | 2        | 32                              | 69       |
| Total non-operating adjustments   | (3,130)                          | (2,122)  | (1,930)                         | (7,903)  |
| Pretax adjusted operating earnings  | 355                              | 414      | 962                             | 1,323    |
| Less: operating income tax expense (benefit)  | 29                               | 38       | 69                              | 163      |
| Adjusted operating earnings before dividends on preferred stock                       | 326                              | 376      | 893                             | 1,160    |
| Less: dividends on preferred stock  | 11                               | —        | 24                              | —        |
| Adjusted operating earnings   | \$ 315                           | \$ 376   | \$ 869                          | \$ 1,160 |

#### Adjusted Book Value Attributable to Common Shareholders and Adjusted Operating ROE Attributable to Common Shareholders

We use Adjusted Operating Return on Equity ("ROE") Attributable to Common Shareholders to manage our business and evaluate our financial performance which: (i) excludes items that vary from period to period due to accounting treatment under U.S. GAAP or that are non-recurring in nature, as such items may distort the underlying performance of our business; and (ii) is calculated by dividing our Adjusted Operating Earnings by average Adjusted Book Value Attributable to Common Shareholders.

Adjusted Book Value Attributable to Common Shareholders excludes Preferred Stock and AOCI attributable to Jackson Financial, which does not include AOCI arising from investments held within the funds withheld account related to the Athene Reinsurance Transaction.

We exclude AOCI attributable to Jackson Financial from Adjusted Book Value Attributable to Common Shareholders because our invested assets are generally invested to closely match the duration of our liabilities, which are longer duration in nature, and, therefore we believe period-to-period fair market value fluctuations in AOCI to be inconsistent with this objective. We believe excluding AOCI attributable to Jackson Financial is more useful to investors in analyzing trends in our business. Changes in AOCI within the funds withheld account related to the Athene Reinsurance Transaction offset the related non-operating earnings from the Athene Reinsurance Transaction resulting in a minimal net impact on Adjusted Book Value of Jackson Financial.

Adjusted Book Value Attributable to Common Shareholders and Adjusted Operating ROE Attributable to Common Shareholders should not be used as substitutes for total shareholders' equity and ROE as calculated using annualized net income and average equity in accordance with U.S. GAAP. However, we believe the adjustments to equity and earnings are useful to gaining an understanding of our overall results of operations.

The following is a reconciliation of Adjusted Book Value Attributable to Common Shareholders to total shareholders' equity and a comparison of Adjusted Operating ROE Attributable to Common Shareholders to ROE Attributable to Common Shareholders, the most comparable U.S. GAAP measure:

|  | Three Months Ended September 30, |           | Nine Months Ended September 30, |           |
|--|----------------------------------|-----------|---------------------------------|-----------|
|  | 2023                             | 2022      | 2023                            | 2022      |
| (in millions)  |                                  |           |                                 |           |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders | \$ 2,762                         | \$ 1,879  | \$ 2,469                        | \$ 7,336  |
| Adjusted Operating Earnings  | 315                              | 376       | 869                             | 1,160     |
| Total shareholders' equity   | \$ 9,478                         | \$ 10,219 | \$ 9,478                        | \$ 10,219 |
| Less: Preferred stock  | 533                              | —         | 533                             | —         |
| Total common shareholders' equity  | 8,945                            | 10,219    | 8,945                           | 10,219    |
| Adjustments to total common shareholders' equity:                            |                                  |           |                                 |           |
| Exclude AOCI attributable to Jackson Financial Inc. <sup>(1)</sup>           | 2,926                            | 716       | 2,926                           | 716       |
| Adjusted Book Value Attributable to Common Shareholders                      | \$ 11,871                        | \$ 10,935 | \$ 11,871                       | \$ 10,935 |
| ROE Attributable to Common Shareholders                                      | 129.5 %                          | 75.4 %    | 38.9 %                          | 109.4 %   |
| Adjusted Operating ROE Attributable to Common Shareholders on average equity | 11.8 %                           | 14.5 %    | 11.6 %                          | 17.7 %    |

<sup>(1)</sup> Excludes \$(2,261) million and \$(2,317) million related to the investments held within the funds withheld account related to the Athene Reinsurance Transaction as of September 30, 2023 and 2022, respectively, are not attributable to Jackson Financial Inc. and are therefore not included as an adjustment to total shareholders' equity in the reconciliation of Adjusted Book Value Attributable to Common Shareholders to total shareholders' equity.

## Consolidated Results of Operations

The following table sets forth, for the periods presented, certain data from our Condensed Consolidated Income Statements. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes elsewhere in this report:

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2023                             | 2022     | 2023                            | 2022     |
| (in millions)   |                                  |          |                                 |          |
| <b>Revenues</b>   |                                  |          |                                 |          |
| Fee income  | \$ 1,950                         | \$ 1,908 | \$ 5,751                        | \$ 5,854 |
| Premiums  | 32                               | 36       | 109                             | 105      |
| Net investment income:  |                                  |          |                                 |          |
| Net investment income excluding funds withheld assets                               | 479                              | 327      | 1,314                           | 1,085    |
| Net investment income on funds withheld assets                                      | 303                              | 313      | 862                             | 937      |
| Total net investment income   | 782                              | 640      | 2,176                           | 2,022    |
| Net gains (losses) on derivatives and investments:                                  |                                  |          |                                 |          |
| Net gains (losses) on derivatives and investments                                   | (335)                            | (196)    | (5,173)                         | 1,176    |
| Net gains (losses) on funds withheld reinsurance treaties                           | 159                              | 555      | (648)                           | 2,660    |
| Total net gains (losses) on derivatives and investments                             | (176)                            | 359      | (5,821)                         | 3,836    |
| Other income  | 18                               | 19       | 52                              | 60       |
| Total revenues  | 2,606                            | 2,962    | 2,267                           | 11,877   |
| <b>Benefits and Expenses</b>  |                                  |          |                                 |          |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 232                              | 237      | 701                             | 811      |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (1)                              | (37)     | 23                              | (8)      |
| Market risk benefits (gains) losses, net  | (2,376)                          | (913)    | (5,120)                         | (1,636)  |
| Interest credited on other contract holder funds, net of deferrals and amortization | 284                              | 224      | 864                             | 630      |
| Interest expense  | 49                               | 29       | 150                             | 73       |
| Operating costs and other expenses, net of deferrals                                | 626                              | 592      | 1,862                           | 1,801    |
| Amortization of deferred acquisition costs  | 290                              | 305      | 874                             | 929      |
| Total benefits and expenses   | (896)                            | 437      | (646)                           | 2,600    |
| Pretax income (loss)  | 3,502                            | 2,525    | 2,913                           | 9,277    |
| Income tax expense (benefit)  | 712                              | 657      | 399                             | 1,890    |
| Net income (loss)   | 2,790                            | 1,868    | 2,514                           | 7,387    |
| Less: Net income (loss) attributable to noncontrolling interests                    | 17                               | (11)     | 21                              | 51       |
| Net income (loss) attributable to Jackson Financial Inc.                            | 2,773                            | 1,879    | 2,493                           | 7,336    |
| Less: Dividends on preferred stock  | 11                               | —        | 24                              | —        |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders        | \$ 2,762                         | \$ 1,879 | \$ 2,469                        | \$ 7,336 |



**Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022****Pretax Income (Loss)**

Our pretax income (loss) increased by \$977 million to \$3,502 million for the three months ended September 30, 2023, from \$2,525 million for the three months ended September 30, 2022 primarily due to:

- \$1,463 million favorable movements in market risk benefits (gains) losses, due primarily to more favorable changes in interest rates during the three months ended September 30, 2023, as well as less unfavorable current quarter separate account returns compared to the prior year quarter;
- \$142 million increase in net investment income as a result of higher income on bonds, driven by higher yields in 2023 compared to the prior year quarter, and higher income on limited partnership investments, which are recorded on a one quarter lag; and
- \$42 million increase in fee income primarily due to higher average separate account values compared to the prior year quarter.

These increases were partially offset by:

- \$535 million decrease in total net gains (losses) on derivatives and investments as shown in the table below and driven by:

|   | Three Months Ended September 30, |               |                 |
|---|----------------------------------|---------------|-----------------|
|   | 2023                             | 2022          | Variance        |
|   | (in millions)                    |               |                 |
| Net gains (losses) excluding derivatives and funds withheld assets                | \$ (127)                         | \$ (6)        | \$ (121)        |
| Net gains (losses) on freestanding derivatives                                    | (310)                            | (248)         | (62)            |
| Net gains (losses) on embedded derivatives (excluding funds withheld reinsurance) | 102                              | 58            | 44              |
| Net gains (losses) on derivative instruments                                      | (208)                            | (190)         | (18)            |
| Net gains (losses) on funds withheld reinsurance                                  | 159                              | 555           | (396)           |
| Total net gains (losses) on derivatives and investments                           | <u>\$ (176)</u>                  | <u>\$ 359</u> | <u>\$ (535)</u> |

- Losses excluding derivatives and funds withheld assets were driven by losses on disposals of debt securities during the three months ended September 30, 2023; and
- Losses recognized on funds withheld reinsurance were driven by the significant rise in interest rates during 2022 which resulted in income reported for the movement in the embedded derivative compared to 2023, where rates did not experience the same increase;
- \$60 million increase in interest credited on contract holder funds, net of deferrals, primarily due to an increase in flexible annual minimum interest rates on variable annuity general account funds and higher crediting rates on new institutional business;
- \$34 million increase in operating costs and other expenses, net of deferrals, primarily due to an increase in incentive and deferred compensation expenses during the three months ended September 30, 2023 and higher asset-based non-deferrable commissions, due to higher account values during the three months ended September 30, 2023, compared to the prior year quarter;
- \$31 million increase in (gain) loss from updating actual benefit cash flows used in the net premium ratio, net of death, other policy benefits, and change in policy reserves primarily due to higher other policy benefits, partially offset by a greater decrease in reserves due to the payout of persistency bonuses on a sub block of business; and
- \$20 million higher interest expense incurred during 2023 primarily related to interest on our repurchase agreements and other short-term borrowings.

**Income Taxes**

Income tax expense increased \$55 million to an expense of \$712 million for the three months ended September 30, 2023, from an expense of \$657 million for the three months ended September 30, 2022. The provision for income tax in the current period led to an effective income tax rate ("ETR") of 20.5% for the three months ended September 30, 2023 compared to the September 30, 2022 ETR of 25.9%. The change in the ETR during the three months ended September 30, 2023 compared to the three months ended September 30, 2022 was due to the relationship of the taxable income to the consolidated pre-tax income and the impact of tax adjustments related to prior year returns recorded in the current quarter. Our ETR differs from the statutory rate of 21% primarily due to the dividends received deduction and the utilization of tax credits. See Note 15 of Notes to Consolidated Financial Statements in our audited Consolidated Financial Statements, as recast in our Current Report on Form 8-K filed May 10, 2023 and Note 15 of Notes to Condensed Consolidated Financial Statements in this report for more information.

***Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022*****Pretax Income (Loss)**

Our pretax income (loss) decreased by \$6,364 million to \$2,913 million for the nine months ended September 30, 2023, from \$9,277 million for the nine months ended September 30, 2022 primarily due to:

- \$9,657 million decrease in total net gains (losses) on derivatives and investments as shown in the table below and driven by:

|   | Nine Months Ended September 30, |                 |                   |
|---|---------------------------------|-----------------|-------------------|
|   | 2023                            | 2022            | Variance          |
|   | (in millions)                   |                 |                   |
| Net gains (losses) excluding derivatives and funds withheld assets                | \$ (235)                        | \$ (131)        | \$ (104)          |
| Net gains (losses) on freestanding derivatives                                    | (4,811)                         | 1,181           | (5,992)           |
| Net gains (losses) on embedded derivatives (excluding funds withheld reinsurance) | (127)                           | 126             | (253)             |
| Net gains (losses) on derivative instruments                                      | (4,938)                         | 1,307           | (6,245)           |
| Net gains (losses) on funds withheld reinsurance                                  | (648)                           | 2,660           | (3,308)           |
| Total net gains (losses) on derivatives and investments                           | <u>\$ (5,821)</u>               | <u>\$ 3,836</u> | <u>\$ (9,657)</u> |

- Freestanding derivative losses on our equity derivatives were primarily driven by market increases in 2023, compared to decreases in the prior year, partially offset by lower amounts of losses within our interest rate related hedge instruments, reflecting lower interest rate increases in 2023, compared to the prior year.
- Losses recognized on funds withheld reinsurance were driven by the significant rise in interest rates during 2022 which resulted in income reported for the movement in the embedded derivative, compared to 2023 where rates were more stable;
- \$234 million increase in interest credited on contract holder funds, net of deferrals, primarily due to an increase in flexible annual minimum interest rates on variable annuity general account funds and higher crediting rates on new institutional business;
- \$103 million decrease in fee income primarily due to lower average separate account values compared to prior year;
- \$77 million higher interest expense incurred during 2023 primarily related to interest on our repurchase agreements, senior notes, and other short-term borrowings; and
- \$61 million increase in operating costs and other expenses, net of deferrals, primarily due to an increase in deferred compensation expenses during 2023 compared to the prior year, partially offset by lower asset-based non-deferrable commissions and lower sub-advisor expenses due to lower account values, and lower taxes, licenses and fees compared to prior year.

These decreases were partially offset by:

- \$3,484 million favorable movements in market risk benefits (gains) losses, net, primarily driven by positive separate account returns as compared to negative separate account returns in the prior year. This was partially offset by less favorable movements in interest rates in 2023, compared to prior year;

- \$154 million increase in net investment income as a result of higher income on bonds, driven by higher yields in 2023 compared to prior year, partially offset by lower income on limited partnership investments, which are recorded on a one quarter lag;
- \$79 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating actual benefit cash flows used in the net premium ratio, primarily due to greater decrease in reserves due to the payout of persistency bonuses on a sub block of business, partially offset by a \$25 million increase in our allowance for reinsurance credit losses related to a specific reinsurer which was recently ordered into liquidation.

### **Income Taxes**

Income tax expense decreased \$1,491 million to an expense of \$399 million for the nine months ended September 30, 2023, from an expense of \$1,890 million for the nine months ended September 30, 2022. The provision for income tax in the current period led to an ETR of 13.8% for the nine months ended September 30, 2023 compared to the September 30, 2022 ETR of 20.5%. The change in the ETR during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was due to the relationship of the taxable income to the consolidated pre-tax income and the impact of tax adjustments related to prior year returns recorded in the current quarter. Our ETR differs from the statutory rate of 21% primarily due to the dividends received deduction and utilization of tax credits. See Note 15 of Notes to Consolidated Financial Statements in our audited Consolidated Financial Statements, as recast in our Current Report on Form 8-K filed May 10, 2023 and Note 15 of Notes to Condensed Consolidated Financial Statements in this report for more information.

### **Segment Results of Operations**

We manage our business through three segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Blocks. We report certain activities and items that are not included in these segments, including the results of PPM Holdings, Inc., the holding company of PPM, within Corporate and Other. The following tables and discussion represent an overall view of our results of operations for each segment.

#### **Pretax Adjusted Operating Earnings by Segment**

The following table summarizes pretax adjusted operating earnings (non-GAAP) from the Company's business segment operations and also provides a reconciliation of the segment measure to net income on a consolidated GAAP basis. Also, see Note 3 of the Notes to Condensed Consolidated Financial Statements for further information regarding the calculation of pretax adjusted operating earnings:

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2023                             | 2022     | 2023                            | 2022     |
|   | (in millions)                    |          |                                 |          |
| Pretax Adjusted Operating Earnings by Segment:  |                                  |          |                                 |          |
| Retail Annuities  | \$ 354                           | \$ 330   | \$ 1,038                        | \$ 1,180 |
| Institutional Products  | 21                               | 20       | 47                              | 62       |
| Closed Life and Annuity Blocks  | 6                                | 76       | (7)                             | 79       |
| Corporate and Other   | (26)                             | (12)     | (116)                           | 2        |
| Pretax Adjusted Operating Earnings  | 355                              | 414      | 962                             | 1,323    |
| Non-operating adjustments income (loss):  |                                  |          |                                 |          |
| Guaranteed benefits and hedging results:  |                                  |          |                                 |          |
| Fees attributable to guarantee benefit reserves                                       | 784                              | 771      | 2,345                           | 2,300    |
| Net movement in freestanding derivatives  | (271)                            | (253)    | (4,694)                         | 1,118    |
| Market risk benefits gains (losses), net  | 2,376                            | 913      | 5,120                           | 1,636    |
| Net reserve and embedded derivative movements   | 45                               | (7)      | (338)                           | (47)     |
| Amortization of DAC associated with non-operating items at date of transition to LDTI | (148)                            | (162)    | (450)                           | (501)    |
| Total guaranteed benefits and hedging results   | 2,786                            | 1,262    | 1,983                           | 4,506    |
| Net realized investment gains (losses)  | (127)                            | (6)      | (235)                           | (131)    |
| Net realized investment gains (losses) on funds withheld assets                       | 159                              | 555      | (648)                           | 2,660    |
| Net investment income on funds withheld assets  | 303                              | 313      | 862                             | 937      |
| Other items   | 9                                | (2)      | (32)                            | (69)     |
| Total pre-tax reconciling items   | 3,130                            | 2,122    | 1,930                           | 7,903    |
| Pretax income (loss) attributable to Jackson Financial Inc.                           | 3,485                            | 2,536    | 2,892                           | 9,226    |
| Income tax expense (benefit)  | 712                              | 657      | 399                             | 1,890    |
| Net income (loss) attributable to Jackson Financial Inc.                              | 2,773                            | 1,879    | 2,493                           | 7,336    |
| Less: Dividends on preferred stock  | 11                               | —        | 24                              | —        |
| Net income (loss) attributable to Jackson Financial Inc. common shareholders          | \$ 2,762                         | \$ 1,879 | \$ 2,469                        | \$ 7,336 |

**Retail Annuities**

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Retail Annuities segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

|   | Three Months Ended September 30, |               | Nine Months Ended September 30, |                 |
|---|----------------------------------|---------------|---------------------------------|-----------------|
|   | 2023                             | 2022          | 2023                            | 2022            |
| (in millions)   |                                  |               |                                 |                 |
| <b>Retail Annuities:</b>  |                                  |               |                                 |                 |
| <b>Operating Revenues</b>   |                                  |               |                                 |                 |
| Fee income  | \$ 1,038                         | \$ 1,002      | \$ 3,015                        | \$ 3,144        |
| Premiums  | 6                                | 3             | 16                              | 6               |
| Net investment income   | 135                              | 72            | 401                             | 299             |
| Income (loss) on operating derivatives  | (12)                             | 2             | (34)                            | 20              |
| Other income  | 9                                | 11            | 28                              | 33              |
| <b>Total Operating Revenues</b>   | <b>1,176</b>                     | <b>1,090</b>  | <b>3,426</b>                    | <b>3,502</b>    |
| <b>Operating Benefits and Expenses</b>  |                                  |               |                                 |                 |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 24                               | 2             | 21                              | 50              |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | (4)                              | (1)           | (6)                             | (3)             |
| Interest credited on other contract holder funds, net of deferrals and amortization | 90                               | 72            | 284                             | 190             |
| Interest expense  | 19                               | 8             | 68                              | 19              |
| Operating costs and other expenses, net of deferrals                                | 554                              | 540           | 1,605                           | 1,647           |
| Amortization of deferred acquisition costs  | 139                              | 139           | 416                             | 419             |
| <b>Total Operating Benefits and Expenses</b>  | <b>822</b>                       | <b>760</b>    | <b>2,388</b>                    | <b>2,322</b>    |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 354</b>                    | <b>\$ 330</b> | <b>\$ 1,038</b>                 | <b>\$ 1,180</b> |

The following table summarizes a roll-forward of activity affecting account value for our Retail Annuities segment for the periods indicated:

|   | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|---|----------------------------------|------------|---------------------------------|------------|
|   | 2023                             | 2022       | 2023                            | 2022       |
| (in millions)   |                                  |            |                                 |            |
| <b>Retail Annuities Account Value:</b>                |                                  |            |                                 |            |
| Balance as of beginning of period                     | \$ 227,266                       | \$ 209,131 | \$ 209,967                      | \$ 260,135 |
| Premiums and deposits                                 | 3,352                            | 3,613      | 9,703                           | 12,675     |
| Surrenders, withdrawals, and benefits                 | (4,844)                          | (3,644)    | (13,897)                        | (12,341)   |
| Net flows   | (1,492)                          | (31)       | (4,194)                         | 334        |
| Investment performance                                | (7,198)                          | (9,853)    | 13,813                          | (59,890)   |
| Change in value of equity option                      | (102)                            | (60)       | 123                             | (127)      |
| Interest credited                                     | 89                               | 66         | 284                             | 182        |
| Policy charges and other                              | (704)                            | (697)      | (2,134)                         | (2,078)    |
| Balance as of end of period, net of ceded reinsurance | 217,859                          | 198,556    | 217,859                         | 198,556    |
| Ceded reinsurance                                     | 19,323                           | 23,081     | 19,323                          | 23,081     |
| Balance as of end of period, gross of reinsurance     | \$ 237,182                       | \$ 221,637 | \$ 237,182                      | \$ 221,637 |

**Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022***Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings increased \$24 million to \$354 million for the three months ended September 30, 2023 from \$330 million for the three months ended September 30, 2022 primarily due to:

- \$45 million increase in spread income primarily due to \$63 million higher investment income, partially offset by \$18 million higher interest credited driven by resetting minimum interest crediting rates on variable annuity fixed rate options in the first quarter of 2023; and
- \$36 million increase in fee income primarily due to higher average separate account values compared to the prior year quarter.

These increases were partially offset by:

- \$19 million increase in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, primarily due to higher other policyholder benefits in 2023;
- \$14 million decrease in income (loss) on operating derivatives primarily due to the increase in floating rates in 2023;
- \$14 million increase in operating costs and other expenses, net of deferrals, primarily due to higher asset-based non-deferrable commissions, due to higher account values during the three months ended September 30, 2023, compared to the prior year quarter; and
- \$11 million increase in interest expense incurred in the current year primarily related to interest on our repurchase agreements and other short-term borrowings.

**Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022***Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings decreased \$142 million to \$1,038 million for the nine months ended September 30, 2023 from \$1,180 million for the nine months ended September 30, 2022 primarily due to:

- \$129 million decrease in fee income primarily due to lower average separate account values compared to prior year;
- \$54 million decrease in income on operating derivatives primarily due to the increase in floating rates during 2023; and
- \$49 million increase in interest expense incurred in the current year primarily related to interest on our repurchase agreements and other short-term borrowings.

These decreases were partially offset by:

- \$42 million decrease in operating costs and other expenses, net of deferrals, primarily due to lower asset-based non-deferrable commissions and lower sub-advisor expenses due to lower account values during 2023, and lower taxes, licenses, and fees compared to prior year, partially offset by an increase in deferred compensation expenses in 2023;
- \$32 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, primarily due to lower other policyholder benefits in 2023;
- \$8 million increase in spread income primarily due to \$102 million higher investment income, partially offset by \$94 million higher interest credited driven by resetting minimum interest crediting rates on variable annuity fixed rate options in the first quarter of 2023.

*Account Value*

Retail annuities account value, net of reinsurance, increased \$19.3 billion between periods primarily due to positive variable annuity separate account returns driven by favorable market performance in 2023, as well as positive RILA net flows over the period.

**Institutional Products**

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Institutional Products segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

|   | Three Months Ended September 30, |              | Nine Months Ended September 30, |              |
|---|----------------------------------|--------------|---------------------------------|--------------|
|   | 2023                             | 2022         | 2023                            | 2022         |
| (in millions)   |                                  |              |                                 |              |
| <b>Institutional Products:</b>  |                                  |              |                                 |              |
| <b>Operating Revenues</b>   |                                  |              |                                 |              |
| Net investment income   | \$ 130                           | \$ 80        | \$ 351                          | \$ 216       |
| Income (loss) on operating derivatives  | (13)                             | (8)          | (38)                            | (13)         |
| <b>Total Operating Revenues</b>   | <b>117</b>                       | <b>72</b>    | <b>313</b>                      | <b>203</b>   |
| <b>Operating Benefits and Expenses</b>  |                                  |              |                                 |              |
| Interest credited on other contract holder funds, net of deferrals and amortization | 87                               | 51           | 247                             | 137          |
| Interest expense  | 8                                | —            | 16                              | —            |
| Operating costs and other expenses, net of deferrals                                | 1                                | 1            | 3                               | 4            |
| <b>Total Operating Benefits and Expenses</b>  | <b>96</b>                        | <b>52</b>    | <b>266</b>                      | <b>141</b>   |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 21</b>                     | <b>\$ 20</b> | <b>\$ 47</b>                    | <b>\$ 62</b> |

The following table summarizes a roll-forward of activity affecting account value for our Institutional Products segment for the periods indicated:

|                                       | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                 |
|---------------------------------------|----------------------------------|-----------------|---------------------------------|-----------------|
|                                       | 2023                             | 2022            | 2023                            | 2022            |
| (in millions)                         |                                  |                 |                                 |                 |
| <b>Institutional Products:</b>        |                                  |                 |                                 |                 |
| Balance as of beginning of period     | \$ 8,887                         | \$ 8,483        | \$ 9,019                        | \$ 8,830        |
| Premiums and deposits                 | 112                              | 314             | 1,065                           | 1,490           |
| Surrenders, withdrawals, and benefits | (354)                            | (428)           | (1,598)                         | (1,955)         |
| Net flows                             | (242)                            | (114)           | (533)                           | (465)           |
| Credited Interest                     | 87                               | 51              | 247                             | 137             |
| Policy Charges and other              | (20)                             | (62)            | (21)                            | (144)           |
| Balance as of end of period           | <u>\$ 8,712</u>                  | <u>\$ 8,358</u> | <u>\$ 8,712</u>                 | <u>\$ 8,358</u> |

**Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022****Pretax Adjusted Operating Earnings**

Pretax adjusted operating earnings increased \$1 million to \$21 million for the three months ended September 30, 2023 from \$20 million for the three months ended September 30, 2022 primarily due to higher investment income, which was predominately offset by increased interest credited on contract holder funds due to higher crediting rates on new business and higher interest expense.

**Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022****Pretax Adjusted Operating Earnings**

Pretax adjusted operating earnings decreased \$15 million to \$47 million for the nine months ended September 30, 2023 from \$62 million for the nine months ended September 30, 2022 primarily due to increased interest credited on contract holder funds due to higher crediting rates on new business and increased losses on operating derivatives, partially offset by higher investment income.

**Account Value**

Institutional product account value increased from \$8,358 million at September 30, 2022 to \$8,712 million at September 30, 2023. The increase in account value was driven by new issuances and increased interest credited due to higher crediting rates on new business, partially offset by continued maturities of the existing contracts and funding agreements.

**Closed Life and Annuity Blocks**

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Closed Block Life and Annuity Blocks segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

|   | Three Months Ended September 30, |              | Nine Months Ended September 30, |              |
|---|----------------------------------|--------------|---------------------------------|--------------|
|   | 2023                             | 2022         | 2023                            | 2022         |
| (in millions)   |                                  |              |                                 |              |
| <b>Closed Life and Annuity Blocks:</b>  |                                  |              |                                 |              |
| <b>Operating Revenues</b>   |                                  |              |                                 |              |
| Fee income  | \$ 112                           | \$ 118       | \$ 345                          | \$ 358       |
| Premiums  | 30                               | 36           | 102                             | 108          |
| Net investment income   | 172                              | 166          | 524                             | 522          |
| Income (loss) on operating derivatives  | (11)                             | 7            | (35)                            | 35           |
| Other income  | 8                                | 8            | 18                              | 25           |
| <b>Total Operating Revenues</b>   | <b>311</b>                       | <b>335</b>   | <b>954</b>                      | <b>1,048</b> |
| <b>Operating Benefits and Expenses</b>  |                                  |              |                                 |              |
| Death, other policy benefits and change in policy reserves, net of deferrals        | 150                              | 168          | 467                             | 587          |
| (Gain) loss from updating future policy benefits cash flow assumptions, net         | 4                                | (36)         | 31                              | (4)          |
| Interest credited on other contract holder funds, net of deferrals and amortization | 107                              | 101          | 333                             | 303          |
| Operating costs and other expenses, net of deferrals                                | 41                               | 23           | 122                             | 74           |
| Amortization of deferred acquisition costs  | 3                                | 3            | 8                               | 9            |
| <b>Total Operating Benefits and Expenses</b>  | <b>305</b>                       | <b>259</b>   | <b>961</b>                      | <b>969</b>   |
| <b>Pretax Adjusted Operating Earnings</b>   | <b>\$ 6</b>                      | <b>\$ 76</b> | <b>\$ (7)</b>                   | <b>\$ 79</b> |



**Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022***Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings decreased \$70 million to \$6 million for the three months ended September 30, 2023 from \$76 million for the three months ended September 30, 2022 primarily due to:

- \$22 million increase in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, primarily due to higher other policy benefits, partially offset by a greater decrease in reserves due to the payout of persistency bonuses on a sub block of business;
- \$18 million decrease in income on operating derivatives primarily due to the increase in floating rates during 2023; and
- \$18 million increase in operating costs and other expenses, net of deferrals, primarily due to an increase in incentive and deferred compensation expenses in 2023.

**Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022***Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings decreased \$86 million to \$(7) million for the nine months ended September 30, 2023 from \$79 million for the nine months ended September 30, 2022 primarily due to:

- \$70 million decrease in income on operating derivatives primarily due to the increase in floating rates during 2023;
- \$48 million increase in operating costs and other expenses, net of deferrals, primarily due to an increase in deferred compensation expenses in 2023; and
- \$30 million increase in interest credited related to persistency bonuses in 2023.

These decreases were partially offset by:

- \$85 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating actual benefit cash flows used in the net premium ratio, primarily due to a greater release reserves due to the payout of persistency bonuses on a sub block of business, partially offset by a \$25 million increase in our allowance for reinsurance credit losses related to a specific reinsurer which was recently ordered into liquidation.

**Corporate and Other**

Corporate and Other includes the operations of PPM Holdings, Inc., the holding company of PPM, and unallocated corporate revenue and expenses, as well as certain eliminations and consolidation adjustments. The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for Corporate and Other. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

|  | Three Months Ended September 30, |                | Nine Months Ended September 30, |             |
|--|----------------------------------|----------------|---------------------------------|-------------|
|  | 2023                             | 2022           | 2023                            | 2022        |
| (in millions)  |                                  |                |                                 |             |
| <b>Corporate and Other:</b>                          |                                  |                |                                 |             |
| <b>Operating Revenues</b>                            |                                  |                |                                 |             |
| Fee income   | \$ 11                            | \$ 13          | \$ 37                           | \$ 43       |
| Net investment income                                | 16                               | 22             | 49                              | 65          |
| Income (loss) on operating derivatives               | (2)                              | 2              | (10)                            | 20          |
| Other income   | 1                                | —              | 6                               | 2           |
| <b>Total Operating Revenues</b>                      | <b>26</b>                        | <b>37</b>      | <b>82</b>                       | <b>130</b>  |
| <b>Operating Benefits and Expenses</b>               |                                  |                |                                 |             |
| Interest expense                                     | 22                               | 21             | 66                              | 54          |
| Operating costs and other expenses, net of deferrals | 30                               | 28             | 132                             | 74          |
| <b>Total Operating Benefits and Expenses</b>         | <b>52</b>                        | <b>49</b>      | <b>198</b>                      | <b>128</b>  |
| <b>Pretax Adjusted Operating Earnings</b>            | <b>\$ (26)</b>                   | <b>\$ (12)</b> | <b>\$ (116)</b>                 | <b>\$ 2</b> |

**Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022****Pretax Adjusted Operating Earnings**

Pretax adjusted operating earnings decreased \$14 million to \$(26) million for the three months ended September 30, 2023 from \$(12) million for the three months ended September 30, 2022 primarily due to the following:

- \$6 million decrease in net investment income; and
- \$4 million decrease in income on operating derivatives primarily due to the increase in floating rates in 2023.

**Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022****Pretax Adjusted Operating Earnings**

Pretax adjusted operating earnings decreased \$118 million to \$(116) million for the nine months ended September 30, 2023 from \$2 million for the nine months ended September 30, 2022 primarily due to the following:

- \$58 million increase in operating costs and other expenses, net of deferrals, primarily due an increase in deferred compensation expenses in 2023;
- \$30 million decrease in income on operating derivatives primarily due to the increase in floating rates in 2023; and
- \$16 million decrease in net investment income.

## Investments

Our investment portfolio primarily consists of fixed-income securities and loans, primarily publicly-traded corporate and government bonds, private securities and loans, asset-backed securities and mortgage loans. Asset-backed securities include mortgage-backed and other structured securities. The fair value of these and our other invested assets fluctuates depending on market and other general economic conditions and the interest rate environment and is affected by other economic factors.

### *Investment Strategy*

Our overall investment strategy seeks to maintain a diversified and largely investment grade fixed income portfolio that is capital efficient, achieves risk-adjusted returns that support competitive pricing for our products, generates profitable growth of our business and maintains adequate liquidity to support our obligations. The investments within our investment portfolio are primarily managed by PPM, our wholly-owned registered investment advisor. Our investment strategy benefits from PPM's ability to originate investments directly, as well as participate in transactions originated by banks, investment banks, commercial finance companies and other intermediaries. Certain investments held in funds withheld accounts for reinsurance transactions are managed by Apollo Insurance Solutions Group LP ("Apollo"), an Athene affiliate, see Note 8 - Reinsurance of Notes to Condensed Consolidated Financial Statements for further details. We may also use other third-party investment managers for certain niche asset classes. As of September 30, 2023, Apollo managed \$16.7 billion of cash and investments and other third-party investment managers managed approximately \$181 million of investments.

Our investment program seeks to generate a competitive rate of return on our invested assets to support the profitable growth of our business, while maintaining investment portfolio allocations within the Company's risk tolerance. This means maximizing risk-adjusted return within the context of a largely fixed income portfolio while also managing exposure to downside risk in a stressed environment, regulatory and rating agency capital models, overall portfolio yield, diversification and correlation with other investments and company exposures.

Our Investment Committee has specified a target strategic asset allocation ("SAA") that is designed to deliver the highest expected return within a defined risk tolerance while meeting other important objectives such as those mentioned in the prior paragraph. The fixed income portion of the SAA is assessed relative to a customized index of public corporate bonds that represents a close approximation of the maturity profile of our liabilities and a credit quality mix that is consistent with our risk tolerance. PPM's objective is to outperform this index on a number of measures including portfolio yield, total return and capital loss due to downgrades and defaults. While PPM has access to a broad universe of potential investments, we believe grounding the investment program with a customized public corporate index that can be easily tracked and monitored helps guide PPM in meeting the risk and return expectations and assists with performance evaluation.

Recognizing the trade-offs between the level of risk, required capital, liquidity and investment return, the largest allocation within our investment portfolio is to investment grade fixed income securities. As previously mentioned, our investment manager accesses a broad universe of potential investments to construct the investment portfolio and considers the benefits of diversification across various sectors, collateral types and asset classes. To this end, our SAA and investment portfolio includes allocations to public and private corporate bonds (both investment grade and high yield), mortgage loans, structured securities, private equity and U.S. Treasury securities. These U.S. Treasury securities, while lower yielding than other alternatives, provide a higher level of liquidity and play a role in managing our interest rate exposure.

**Portfolio Composition**

The following table summarizes the carrying values of our investments:

|   | September 30, 2023             |                |           | December 31, 2022              |                |           |
|---|--------------------------------|----------------|-----------|--------------------------------|----------------|-----------|
|   | Investments<br>excluding Funds |                |           | Investments<br>excluding Funds |                |           |
|   | Withheld                       | Funds Withheld | Total     | Withheld                       | Funds Withheld | Total     |
| (in millions)   |                                |                |           |                                |                |           |
| Debt Securities, available-for-sale, net of allowance for credit losses | \$ 27,567                      | \$ 11,511      | \$ 39,078 | \$ 28,867                      | \$ 13,622      | \$ 42,489 |
| Debt Securities, at fair value under fair value option                  | 2,101                          | 143            | 2,244     | 2,014                          | 159            | 2,173     |
| Debt securities, trading, at fair value                                 | 66                             | —              | 66        | 100                            | —              | 100       |
| Equity securities, at fair value  | 140                            | 137            | 277       | 316                            | 77             | 393       |
| Mortgage loans, net of allowance for credit losses                      | 7,030                          | 3,106          | 10,136    | 6,840                          | 4,127          | 10,967    |
| Mortgage loans, at fair value under fair value option                   | —                              | 476            | 476       | —                              | 582            | 582       |
| Policy loans  | 921                            | 3,447          | 4,368     | 942                            | 3,435          | 4,377     |
| Freestanding derivative instruments                                     | 868                            | 57             | 925       | 1,192                          | 78             | 1,270     |
| Other invested assets   | 2,876                          | 677            | 3,553     | 2,802                          | 793            | 3,595     |
| Total investments   | \$ 41,569                      | \$ 19,554      | \$ 61,123 | \$ 43,073                      | \$ 22,873      | \$ 65,946 |

Available-for-sale debt securities decreased to \$39,078 million at September 30, 2023 from \$42,489 million at December 31, 2022, primarily due to dispositions and an increase in net unrealized losses. The amortized cost of available-for-sale debt securities decreased from \$48,798 million as of December 31, 2022 to \$46,203 million as of September 30, 2023. Further, net unrealized losses, after adjusting for allowance for credit loss, were \$6,286 million as of December 31, 2022 compared to \$7,099 million as of September 30, 2023.

**Other Invested Assets**

Other invested assets decreased to \$3,553 million at September 30, 2023 from \$3,595 million at December 31, 2022.

**Debt Securities**

At September 30, 2023 and December 31, 2022, the amortized cost, allowance for credit loss, gross unrealized gains and losses, and fair value of debt securities, including trading securities and securities carried at fair value under the fair value option, were as follows (in millions):

| September 30, 2023            | Amortized<br>Cost | Allowance for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross Unrealized<br>Losses | Fair<br>Value    |
|-------------------------------|-------------------|------------------------------|------------------------------|----------------------------|------------------|
| U.S. government securities    | \$ 4,877          | \$ —                         | \$ —                         | \$ 1,203                   | \$ 3,674         |
| Other government securities   | 1,684             | 3                            | —                            | 303                        | 1,378            |
| Corporate securities          |                   |                              |                              |                            |                  |
| Utilities                     | 5,936             | —                            | 13                           | 881                        | 5,068            |
| Energy                        | 3,002             | 1                            | 5                            | 437                        | 2,569            |
| Banking                       | 2,198             | 1                            | 1                            | 259                        | 1,939            |
| Healthcare                    | 3,114             | —                            | 4                            | 498                        | 2,620            |
| Finance/Insurance             | 4,462             | 14                           | 3                            | 658                        | 3,793            |
| Technology/Telecom            | 2,272             | 1                            | 1                            | 323                        | 1,949            |
| Consumer goods                | 2,453             | —                            | 8                            | 425                        | 2,036            |
| Industrial                    | 1,696             | —                            | 6                            | 184                        | 1,518            |
| Capital goods                 | 1,917             | —                            | 1                            | 218                        | 1,700            |
| Real estate                   | 1,604             | —                            | —                            | 231                        | 1,373            |
| Media                         | 1,175             | —                            | 1                            | 184                        | 992              |
| Transportation                | 1,421             | —                            | —                            | 237                        | 1,184            |
| Retail                        | 1,250             | —                            | 2                            | 200                        | 1,052            |
| Other <sup>(1)</sup>          | 2,164             | —                            | —                            | 207                        | 1,957            |
| Total Corporate Securities    | 34,664            | 17                           | 45                           | 4,942                      | 29,750           |
| Residential mortgage-backed   | 441               | 6                            | 10                           | 69                         | 376              |
| Commercial mortgage-backed    | 1,639             | —                            | —                            | 197                        | 1,442            |
| Other asset-backed securities | 5,208             | —                            | 2                            | 442                        | 4,768            |
| Total Debt Securities         | <u>\$ 48,513</u>  | <u>\$ 26</u>                 | <u>\$ 57</u>                 | <u>\$ 7,156</u>            | <u>\$ 41,388</u> |

<sup>(1)</sup> No single remaining industry exceeds 3% of the portfolio.

| December 31, 2022             | Amortized<br>Cost | Allowance for<br>Credit Loss | Gross<br>Unrealized<br>Gains | Gross Unrealized<br>Losses | Fair<br>Value |
|-------------------------------|-------------------|------------------------------|------------------------------|----------------------------|---------------|
| U.S. government securities    | \$ 6,192          | \$ —                         | \$ 1                         | \$ 1,008                   | \$ 5,185      |
| Other government securities   | 1,719             | 2                            | 1                            | 251                        | 1,467         |
| Corporate securities          |                   |                              |                              |                            |               |
| Utilities                     | 5,893             | —                            | 27                           | 695                        | 5,225         |
| Energy                        | 3,006             | 10                           | 7                            | 390                        | 2,613         |
| Banking                       | 1,994             | —                            | 2                            | 234                        | 1,762         |
| Healthcare                    | 2,956             | —                            | 8                            | 439                        | 2,525         |
| Finance/Insurance             | 4,497             | 4                            | 8                            | 621                        | 3,880         |
| Technology/Telecom            | 2,333             | 1                            | 2                            | 296                        | 2,038         |
| Consumer goods                | 2,463             | —                            | 10                           | 378                        | 2,095         |
| Industrial                    | 1,675             | —                            | 8                            | 173                        | 1,510         |
| Capital goods                 | 1,982             | —                            | 3                            | 196                        | 1,789         |
| Real estate                   | 1,723             | —                            | 1                            | 225                        | 1,499         |
| Media                         | 1,230             | —                            | 1                            | 175                        | 1,056         |
| Transportation                | 1,576             | —                            | 3                            | 214                        | 1,365         |
| Retail                        | 1,312             | —                            | 5                            | 182                        | 1,135         |
| Other <sup>(1)</sup>          | 2,056             | —                            | 1                            | 178                        | 1,879         |
| Total Corporate Securities    | 34,696            | 15                           | 86                           | 4,396                      | 30,371        |
| Residential mortgage-backed   | 510               | 6                            | 19                           | 59                         | 464           |
| Commercial mortgage-backed    | 1,821             | —                            | —                            | 183                        | 1,638         |
| Other asset-backed securities | 6,133             | —                            | 8                            | 504                        | 5,637         |
| Total Debt Securities         | \$ 51,071         | \$ 23                        | \$ 115                       | \$ 6,401                   | \$ 44,762     |

<sup>(1)</sup> No single remaining industry exceeds 3% of the portfolio.

**Evaluation of Available-For-Sale Debt Securities**

See Note 4 - Investments of Notes to Condensed Consolidated Financial Statements for information about how we evaluate our available-for-sale debt securities for credit loss.

**Equity Securities**

Equity securities consist of investments in common and preferred stock holdings and mutual fund investments. Common and preferred stock investments generally arise out of previous private equity investments or other settlements rather than as direct investments. Mutual fund investments typically represent investments made in our own mutual funds to seed those structures for external issuance at a later date. The following table summarizes our holdings:

|                 | September 30,<br>2023 | December 31,<br>2022 |
|-----------------|-----------------------|----------------------|
|                 | (in millions)         |                      |
| Common Stock    | \$ 75                 | \$ 82                |
| Preferred Stock | 184                   | 133                  |
| Mutual Funds    | 18                    | 178                  |
| Total           | <u>\$ 277</u>         | <u>\$ 393</u>        |

**Mortgage Loans**

At September 30, 2023, commercial mortgage loans were collateralized by properties located in 37 states, the District of Columbia, and Europe. Residential mortgage loans were collateralized by properties located in 50 states, the District of Columbia, Mexico, and Europe.

The table below presents the carrying value, net of allowance of credit loss, of our mortgage loans by property type:

|                                 | September 30,<br>2023 | December 31,<br>2022 |
|---------------------------------|-----------------------|----------------------|
|                                 | (in millions)         |                      |
| Commercial:                     |                       |                      |
| Apartment                       | \$ 3,230              | \$ 3,558             |
| Hotel                           | 882                   | 1,015                |
| Office                          | 1,459                 | 1,795                |
| Retail                          | 2,011                 | 2,085                |
| Warehouse                       | 2,012                 | 1,788                |
| Total Commercial <sup>(1)</sup> | <u>\$ 9,594</u>       | <u>\$ 10,241</u>     |
| Residential <sup>(2)</sup>      | <u>1,018</u>          | <u>1,308</u>         |
| Total                           | <u>\$ 10,612</u>      | <u>\$ 11,549</u>     |

(1) Net of an allowance for credit losses of \$195 million and \$91 million at September 30, 2023 and December 31, 2022, respectively.

(2) Net of an allowance for credit losses of \$5 million and \$4 million at September 30, 2023 and December 31, 2022, respectively.

The table below presents the carrying value, net of allowance for credit loss, of our mortgage loans by region:

|                            | September 30,<br>2023 | December 31,<br>2022 |
|----------------------------|-----------------------|----------------------|
| (in millions)              |                       |                      |
| <b>United States:</b>      |                       |                      |
| East North Central         | \$ 1,071              | \$ 1,116             |
| East South Central         | 516                   | 546                  |
| Middle Atlantic            | 1,475                 | 1,677                |
| Mountain                   | 536                   | 627                  |
| New England                | 293                   | 371                  |
| Pacific                    | 2,493                 | 2,850                |
| South Atlantic             | 2,186                 | 2,313                |
| West North Central         | 597                   | 572                  |
| West South Central         | 968                   | 920                  |
| <b>Total United States</b> | <b>10,135</b>         | <b>10,992</b>        |
| Foreign                    | 477                   | 557                  |
| <b>Total</b>               | <b>\$ 10,612</b>      | <b>\$ 11,549</b>     |

The following table provides information about the credit quality of our mortgage loans:

|                                   | September 30,<br>2023 | December 31,<br>2022 |
|-----------------------------------|-----------------------|----------------------|
| (in millions)                     |                       |                      |
| <b>Commercial mortgage loans</b>  |                       |                      |
| <b>Loan to value ratios:</b>      |                       |                      |
| Less than 70%                     | \$ 8,695              | \$ 9,586             |
| 70% - 80%                         | 507                   | 424                  |
| 80% - 100%                        | 359                   | 197                  |
| Greater than 100%                 | 33                    | 34                   |
| <b>Total</b>                      | <b>9,594</b>          | <b>10,241</b>        |
| <b>Residential mortgage loans</b> |                       |                      |
| Performing                        | 939                   | 1,230                |
| Nonperforming <sup>(1)</sup>      | 79                    | 78                   |
| <b>Total</b>                      | <b>1,018</b>          | <b>1,308</b>         |
| <b>Total mortgage loans</b>       | <b>\$ 10,612</b>      | <b>\$ 11,549</b>     |

<sup>(1)</sup> As of September 30, 2023 and December 31, 2022, includes \$26 million and \$41 million of loans purchased when the loans were greater than 90 days delinquent and \$7 million and \$12 million of loans in process of foreclosure, respectively, and are supported with insurance or other guarantees provided by various governmental programs.

The following table provides a summary of the allowance for credit losses related to our mortgage loans:

|   | September 30,<br>2023 | December 31,<br>2022 |
|---|-----------------------|----------------------|
| (in millions)                           |                       |                      |
| Balance at beginning of year            | \$ 95                 | \$ 94                |
| Provision (release), net <sup>(1)</sup> | 105                   | (15)                 |
| <b>Balance at end of period</b>         | <b>\$ 200</b>         | <b>\$ 79</b>         |

<sup>(1)</sup> At September 30, 2023, the \$105 million allowance for credit losses are primarily from two mezzanine loans experiencing stress around payoff, or refinance, of the loans for which the Company continues to assess options with the lending group and borrowers.





The Company's mortgage loans that are current and in good standing are accruing interest. Interest is not accrued on loans greater than 90 days delinquent and in process of foreclosure, when deemed uncollectible. Delinquency status is determined from the date of the first missed contractual payment. Accrued interest amounting to \$2 million and nil were written off as of September 30, 2023 and 2022, respectively, relating to loans that were greater than 90 days delinquent or in the process of foreclosure.

At September 30, 2023, there was \$23 million of recorded investment, \$26 million of unpaid principal balance, no related loan allowance, \$17 million of average recorded investment, and no investment income recognized on impaired residential mortgage loans.

At December 31, 2022, there was \$15 million of recorded investment, \$16 million of unpaid principal balance, no related loan allowance, \$18 million of average recorded investment, and no investment income recognized on impaired residential mortgage loans.

#### ***Derivative Instruments***

Note 5 – Derivative Instruments of Notes to Condensed Consolidated Financial Statements presents the aggregate contractual or notional amounts and the fair values of our freestanding and embedded derivatives instruments as of September 30, 2023 and December 31, 2022.

#### ***Evaluation of Invested Assets***

We perform regular evaluations of our invested assets. On a monthly basis, management identifies those investments that may require additional monitoring and carefully reviews the carrying value of such investments to determine whether specific investments should be placed on a non-accrual status and if an allowance for credit loss is required. In making these reviews, management principally considers the adequacy of any collateral, compliance with contractual covenants, the borrower's recent financial performance, news reports and other externally generated information concerning the borrower's affairs. In the case of publicly traded bonds, management also considers market value quotations, where available. For mortgage loans, management generally considers information concerning the mortgaged property, including factors impacting the current and expected payment status of the loan and, if available, the current fair value of the underlying collateral. For investments in partnerships, management reviews the financial statements and other information provided by the general partners.

To determine an allowance for credit loss, we consider a security's forecasted cash flows as well as the severity of depressed fair values. Investment income is not accrued on securities in default and otherwise where the collection is uncertain. Subsequent receipts of interest on such securities are generally used to reduce the cost basis of the securities. The provisions for impairment on mortgage loans are based on losses expected by management to be realized on transfers of mortgage loans to real estate, on the disposition and settlement of mortgage loans and on mortgage loans that management believes may not be collectible in full. Accrual of interest on mortgage loans is generally suspended when principal or interest payments on mortgage loans are past due more than 90 days. Interest is then accounted for on a cash basis.

## Policy and Contract Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations or to provide for future annuity payments. Amounts for actuarial liabilities are computed and reported on the Condensed Consolidated Financial Statements in conformity with GAAP. For more details on Policyholder Liabilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" included in our 2022 Annual Report, as recast to reflect the adoption of LDTI in our Current Report on Form 8-K filed May 10, 2023.

Our policy and contract liabilities includes separate account liabilities, reserves for future policy benefits and claims payable and other contract holder funds. As of September 30, 2023, 89% of our policy and contract liabilities were in our Retail Annuities segment, 3% were in our Institutional Products segment and 8% were in our Closed Life and Annuity Blocks segment.

The table below represents a breakdown of our policy and contract liabilities:

| September 30, 2023                           | Separate<br>Accounts | Reserves for<br>future policy<br>benefits | Other contract<br>holder funds | Market Risk<br>Benefits | Total             |
|--|----------------------|---|--------------------------------|-------------------------|-------------------|
| (in millions)                                |                      |   |                                |                         |                   |
| Variable Annuities                           | \$ 202,651           | \$ —                                      | \$ 8,921                       | \$ (2,927)              | \$ 208,645        |
| RILA <sup>1</sup>                            | —                    | —   | 3,841                          | 7                       | 3,848             |
| Fixed Annuities                              | —                    | —   | 10,202                         | 1                       | 10,203            |
| Fixed Index Annuities <sup>2</sup>           | —                    | —   | 10,715                         | 15                      | 10,730            |
| Payout Annuities                             | —                    | 1,014                                     | 852                            | —                       | 1,866             |
| Other Annuities                              | 180                  | —   | —                              | —                       | 180               |
| <b>Total Retail Annuities</b>                | <b>202,831</b>       | <b>1,014</b>                              | <b>34,531</b>                  | <b>(2,904)</b>          | <b>235,472</b>    |
| <b>Total Institutional Products</b>          | <b>—</b>             | <b>—</b>                                  | <b>8,712</b>                   | <b>—</b>                | <b>8,712</b>      |
| <b>Total Closed Life and Annuity Blocks</b>  | <b>72</b>            | <b>8,976</b>                              | <b>12,351</b>                  | <b>6</b>                | <b>21,405</b>     |
| <b>Total Policy and Contract Liabilities</b> | <b>202,903</b>       | <b>9,990</b>                              | <b>55,594</b>                  | <b>(2,898)</b>          | <b>265,589</b>    |
| Claims payable and other                     | —                    | 1,428                                     | 172                            | —                       | 1,600             |
| <b>Total</b>                                 | <b>\$ 202,903</b>    | <b>\$ 11,418</b>                          | <b>\$ 55,766</b>               | <b>\$ (2,898)</b>       | <b>\$ 267,189</b> |

  

| December 31, 2022                            | Separate<br>Accounts | Reserves for<br>future policy<br>benefits | Other contract<br>holder funds | Market Risk<br>Benefits | Total             |
|--|----------------------|---|--------------------------------|-------------------------|-------------------|
| (in millions)                                |                      |   |                                |                         |                   |
| Variable Annuities                           | \$ 195,550           | \$ —                                      | \$ 10,259                      | \$ 767                  | \$ 206,576        |
| RILA <sup>1</sup>                            | —                    | —   | 1,875                          | 5                       | 1,880             |
| Fixed Annuities                              | —                    | —   | 11,696                         | —                       | 11,696            |
| Fixed Index Annuities <sup>2</sup>           | —                    | —   | 11,787                         | 17                      | 11,804            |
| Payout Annuities                             | —                    | 1,042                                     | 837                            | —                       | 1,879             |
| Other Annuities                              | 285                  | —   | —                              | —                       | 285               |
| <b>Total Retail Annuities</b>                | <b>195,835</b>       | <b>1,042</b>                              | <b>36,454</b>                  | <b>789</b>              | <b>234,120</b>    |
| <b>Total Institutional Products</b>          | <b>—</b>             | <b>—</b>                                  | <b>9,019</b>                   | <b>—</b>                | <b>9,019</b>      |
| <b>Total Closed Life and Annuity Blocks</b>  | <b>71</b>            | <b>9,726</b>                              | <b>12,534</b>                  | <b>8</b>                | <b>22,339</b>     |
| <b>Total Policy and Contract Liabilities</b> | <b>195,906</b>       | <b>10,768</b>                             | <b>58,007</b>                  | <b>797</b>              | <b>265,478</b>    |
| Claims payable and other                     | —                    | 1,550                                     | 183                            | —                       | 1,733             |
| <b>Total</b>                                 | <b>\$ 195,906</b>    | <b>\$ 12,318</b>                          | <b>\$ 58,190</b>               | <b>\$ 797</b>           | <b>\$ 267,211</b> |

<sup>(1)</sup> Includes the embedded derivative liabilities in other contract holder funds related to RILA of \$676 million and \$205 million at September 30, 2023 and December 31, 2022, respectively.

<sup>(2)</sup> Includes the embedded derivative liabilities related to fixed index annuity in other contract holder funds of \$956 million and \$931 million at September 30, 2023 and December 31, 2022, respectively.



As of September 30, 2023:

- \$202.9 billion or 76% of our policy and contract liabilities were backed by separate account assets. These separate account assets backed reserves primarily related to our variable annuities. Separate account liabilities are fully funded by cash flows from the customer's corresponding separate account assets and are set equal to the fair value of such invested assets.
- \$43.2 billion of our policy and contract liabilities were backed by our investment portfolio.
- \$19.5 billion of our policy and contract liabilities were reinsured by Athene and backed by funds withheld assets.

As of September 30, 2023, 100% of our RILA policy and contract liabilities were subject to surrender charges of at least 5% or at market value in the event of discretionary withdrawal by customers. We have the discretion, subject to contractual limitations and minimums, to reset the crediting terms on the majority of our fixed index annuities and fixed annuities. As of September 30, 2023, 94% of fixed annuity, fixed-indexed annuity, and the fixed accounts of RILA and variable annuity correspond to crediting rates that are at the guaranteed minimum crediting rate.

See Note 9, Note 10, Note 11 and Note 12 of Notes to Condensed Consolidated Financial Statements for additional discussion on accounting policies around Reserves for future policy benefits and claims payable, Other contract holder funds, Separate account assets and liabilities and MRBs.

### Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows to meet the cash requirements of operating, investing and financing activities. Capital refers to our long-term financial resources available to support the business operations and contribute to future growth. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of the businesses, timing of cash flows on investments and products, general economic conditions and access to the capital markets and alternate sources of liquidity and capital described herein.

The discussion below describes our liquidity and capital resources for the nine months ended September 30, 2023 and 2022.

### Cash Flows

The following table presents a summary of our cash flow activity for the periods set forth below:

|  | Nine Months Ended September 30, |          |
|--|---------------------------------|----------|
|  | 2023                            | 2022     |
|  | (in millions)                   |          |
| Net cash provided by (used in) operating activities                    | \$ 3,676                        | \$ 2,941 |
| Net cash provided by (used in) investing activities                    | (685)                           | 2,469    |
| Net cash provided by (used in) financing activities                    | (4,527)                         | (2,700)  |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | (1,536)                         | 2,710    |
| Cash, cash equivalents, and restricted cash at beginning of period     | 4,301                           | 2,631    |
| Total cash, cash equivalents, and restricted cash at end of period     | \$ 2,765                        | \$ 5,341 |

### Cash flows from Operating Activities

The principal operating cash inflows from our insurance activities come from insurance premiums, fees charged on our products and net investment income. The principal operating cash outflows are the result of annuity and life insurance benefits, interest credited on other contract holder funds, operating expenses and income tax, as well as interest expense. The primary liquidity concern with respect to these cash flows is the risk of early contract holder and policyholder benefit payments.

Cash flows provided by (used in) operating activities increased \$735 million to \$3,676 million for the nine months ended September 30, 2023 from \$2,941 million for the nine months ended September 30, 2022. This was primarily due to the timing of settlements of receivables and payables as well as lower acquisition costs.

#### *Cash flows from Investing Activities*

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments, as well as settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments and settlements of freestanding derivatives. It is not unusual to have a net cash outflow from investing activities because cash inflows from insurance operations are typically reinvested to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors or market disruptions that might impact the timing of investment-related cash flows as well as derivative collateral needs, which could result in material liquidity needs for our insurance subsidiaries.

Cash flows provided by (used in) investing activities decreased \$3,154 million to \$(685) million during the nine months ended September 30, 2023 from \$2,469 million during the nine months ended September 30, 2022. This decrease was primarily due to outflows related to our hedging program for derivative settlements and collateral predominantly resulting from market increases in 2023.

#### *Cash flows from Financing Activities*

The principal cash inflows from our financing activities come from deposits of funds associated with policyholder account balances, issuance of securities and lending of securities. The principal cash outflows come from withdrawals associated with policyholder account balances, repayment of debt, and the return of securities on loan. The primary liquidity concerns with respect to these cash flows are market disruption and the risk of early policyholder withdrawal.

Cash flows provided by (used in) financing activities decreased \$1,827 million to \$(4,527) million during the nine months ended September 30, 2023 from \$(2,700) million during the nine months ended September 30, 2022. This decrease was primarily due to decreased deposits driven by lower variable annuity sales in 2023 compared to 2022, partially offset by lower payments on repurchase agreements and proceeds from the issuance of our preferred stock.

#### **Statutory Capital**

Our insurance company subsidiaries have statutory surplus above the level needed to meet current regulatory requirements. RBC requirements are used as minimum capital requirements by the NAIC and the state insurance departments to identify companies that merit regulatory action. RBC is based on a formula that incorporates both factor-based components (applied to various asset, premium, claim, expense and statutory reserve items) and model-based components. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk and is calculated on an annual basis. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not to rank insurers generally. As of September 30, 2023, our insurance companies were well in excess of the minimum required capital levels. Jackson is also subject to risk-based capital guidelines that provide a method to measure the adjusted capital that a life insurance company should have for regulatory purposes, taking into account the risk characteristics of Jackson's investments and products.

Our statutory TAC may be negatively impacted by minimum required reserving levels (i.e., cash surrender value floor) when reserve releases are limited and unable to offset losses from our hedging program. The RBC ratio may increase or decrease depending on the interaction between movements in TAC and movements in statutory CAL, which could impact available dividends from our insurance subsidiaries. At times the cash surrender value floor materially affects the CAL calculation in addition to reserve levels. We are pursuing additional methods of moderating the impact of the cash surrender value floor on TAC, CAL and RBC. The implementation of any such method would be subject to Board and regulatory approval. We can provide no assurance that any such method will be approved or the timing or impact of any adoption and implementation.

### ***Holding Company Liquidity***

As a holding company with no business operations of its own, Jackson Financial primarily derives cash flows from dividends and interest payments from its insurance subsidiaries. These principal sources of liquidity are expected to be supplemented by cash and short-term investments held by Jackson Financial, and access to bank lines of credit and the capital markets. We intend to maintain a minimum amount of cash and highly liquid securities at Jackson Financial adequate to fund two years of holding company fixed net expenses, which may change over time as we refinance existing debt or make changes to our debt and capital structure, and is currently targeted at \$250 million. The main uses of liquidity for Jackson Financial are interest payments and debt repayment, holding company operating expenses, payment of dividends and other distributions to shareholders, which may include stock repurchases, and capital contributions, if needed, to our insurance company subsidiaries. Our principal sources of liquidity and our anticipated capital position are described in the following paragraphs.

Any declaration of cash dividends or stock repurchases is at the discretion of JFI's Board of Directors and will depend on our financial condition, earnings, liquidity and capital requirements, regulatory constraints, level of indebtedness, preferred stock and other contractual restrictions with respect to paying cash dividends or repurchasing stock, restrictions imposed by Delaware law, general business conditions and any other factors that JFI's Board of Directors deems relevant in making any such determination. Therefore, there can be no assurance that we will pay any cash dividends to holders of our stock or approve any further increase in the existing, or any new, common stock repurchase program, or as to the amount of any such cash dividends or stock repurchases.

Delaware law requires that dividends be paid and stock repurchases made only out of "surplus," which is defined as the fair market value of our net assets, minus our stated capital; or out of the current or the immediately preceding year's earnings. JFI is a holding company and has no direct operations. All of our business operations are conducted through our subsidiaries. Any dividends we pay or stock repurchases we make will depend upon the funds legally available for distribution, including dividends or distributions from our subsidiaries to us. The states in which our insurance subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries' ability to pay dividends to their parent companies. These restrictions are based in part on the prior year's statutory income and surplus, as well as earned surplus. Such restrictions, or any future restrictions adopted by the states in which our insurance subsidiaries are domiciled, could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable by our subsidiaries without affirmative approval of state regulatory authorities. See "Risk Factors—Risks relating to Financing and Liquidity - As a holding company, Jackson Financial depends on the ability of its subsidiaries to pay dividends and make other distributions to meet its obligations and liquidity needs, including servicing debt, dividend payments and stock repurchases."

On March 13, 2023, the Company issued and sold depositary shares representing interests in our Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A. After underwriting discounts and expenses, we received net proceeds of approximately \$533 million. See Note 20 of the Notes to Condensed Consolidated Financial Statements for more information.

During the third quarter of 2023, we paid a cash dividend of \$0.50 per depositary share and \$0.62 per share on JFI's preferred and common stock totaling \$11 million and \$52 million, respectively. On November 6, 2023, our Board of Directors approved a fourth quarter cash dividend on JFI's common stock of \$0.62 per share, payable on December 14, 2023 to shareholders of record on November 30, 2023. The Company also declared a cash dividend of \$0.50 per depositary share. The dividend will be payable on January 2, 2024, to Depositary Shares shareholders of record at the close of business on November 30, 2023.

We repurchased a total of 1,873,727 shares and a total of 4,990,261 shares of common stock for an aggregate purchase price of \$71 million and \$188 million in the three and nine months ended September 30, 2023, respectively, which were funded with cash on hand.

See Note 20 of the Notes to Condensed Consolidated Financial Statements in this report for further information on dividends to shareholders and share repurchases.

During the second quarter of 2023, Jackson Financial purchased certain private equity fund investments from Jackson National Life Insurance Company for \$452 million, with a carrying value of \$502 million, as part of rebalancing Jackson National Life Insurance Company's portfolio mix. Jackson Financial sold these investments in October 2023. The Company estimated a loss of approximately \$93 million which it recognized in Net Investment Income within the consolidated financial statements for the nine months ended September 30, 2023, of which \$76 million of this loss was attributable to Jackson Financial.

#### ***Distributions from our Insurance Company Subsidiaries***

The ability of our insurance company subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where such subsidiaries are domiciled as well as agreements entered into with regulators. These laws and regulations require, among other things, our insurance company subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations, our insurance company subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile, subject to prior notification to the appropriate regulatory agency. Any distributions above the amount permitted by statute in any twelve-month period are considered extraordinary dividends, and the approval of the appropriate regulator is required prior to payment. In Michigan, the Director of the Michigan Department of Insurance and Financial Services (the Michigan Director of Insurance) may limit, or not permit, the payment of dividends from either Jackson or Brooke Life, Jackson's direct parent company, if it determines that the surplus of either of these subsidiaries is not reasonable in relation to their outstanding liabilities and is not adequate to meet their financial needs, as required by the Michigan Insurance Code of 1956. Unless otherwise approved by the Michigan Director of Insurance, dividends may only be paid from earned surplus. Also, surplus note arrangements and interest payments must be approved by the Michigan Director of Insurance and such interest payments to related parties reduce the otherwise calculated ordinary dividend capacity for that period. In New York, all dividends require approval from the NYSDFS.

For 2023, Jackson and Brooke Life have total ordinary dividend capacity, based on 2022 statutory capital and surplus and statutory net gain from operations, subject to the availability of earned surplus, of \$3,688 million and \$501 million, respectively. Brooke Life, as the sole owner of our other insurance company subsidiaries, including Jackson and Jackson National Life NY, is the direct recipient of any dividend payments from those subsidiaries and must make dividend payments to its ultimate parent company, Jackson Financial, in order for any funds from our insurance company subsidiaries to reach Jackson Financial. As such, Jackson Financial's ability to receive dividend payments from our insurance company subsidiaries is effectively limited by Brooke Life's ability to make dividend payments to Jackson Financial.

On March 1, 2023, Jackson paid a \$450 million ordinary dividend and remitted a \$150 million return of capital to its parent company, Brooke Life. Brooke Life subsequently paid a \$360 million ordinary dividend and remitted a \$150 million return of capital to its ultimate parent, Jackson Financial. In addition, for the three and nine months ended September 30, 2023, Brooke Life paid \$45 million and \$90 million of interest associated with the \$2 billion surplus note between Brooke Life and Jackson Finance, LLC ("Jackson Finance"), a subsidiary of Jackson Financial.

The maximum distribution permitted by law or contract is not necessarily indicative of an insurer's actual ability to pay such distributions, which may be constrained by business and other considerations, such as imposition of withholding tax, the impact of such distributions on surplus, which could affect the insurer's credit and financial strength ratings or competitive position, the ability to generate new annuity sales and the ability to pay future dividends or make other distributions. Further, state insurance laws and regulations require that the statutory surplus of our insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs. Along with solvency regulations, another primary consideration in determining the amount of capital used for dividends is the level of capital needed to maintain desired financial strength ratings from rating agencies, including A.M. Best, S&P, Moody's and Fitch. Given recent economic events that have affected the insurance industry, both regulators and rating agencies could become more conservative in their methodology and criteria, including increasing capital requirements for insurance company subsidiaries. We believe our insurance company subsidiaries have sufficient statutory capital and surplus to maintain their desired financial strength rating.



**Insurance Company Subsidiaries' Liquidity**

The liquidity requirements for our insurance company subsidiaries primarily relate to the liabilities associated with their insurance and reinsurance activities, operating expenses and income taxes. Liabilities arising from insurance and reinsurance activities include the payment of policyholder benefits when due, cash payments in connection with policy surrenders and withdrawals and policy loans.

Liquidity requirements are principally for purchases of new investments, management of derivative-related margin requirements, repayment of principal and interest on debt, payments of interest on surplus notes, funding of insurance product liabilities including payments for policy benefits, surrenders, maturities and new policy loans, funding of expenses including payment of commissions, operating expenses and taxes. As of September 30, 2023, Jackson's outstanding surplus notes and bank debt included \$58 million of bank loans from the Federal Home Loan Bank of Indianapolis ("FHLBI"), collateralized by mortgage-related securities and mortgage loans and \$250 million of surplus notes maturing in 2027.

Significant increases in interest rates could create sudden increases in surrender and withdrawal requests by customers and contract holders and result in increased liquidity requirements at our insurance company subsidiaries. Significant increases in interest rates or equity markets may also result in higher margin and collateral requirements on our derivative portfolio. The derivative contracts are an integral part of our risk management program, especially for the management of our variable annuities program, and are managed in accordance with our hedging and risk management program. Our cash flows associated with collateral received from counterparties and posted with counterparties fluctuates with changes in the market value of the underlying derivative contract and/or the market value of the collateral. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. Collateral posting requirements can result in material liquidity needs for our insurance subsidiaries. As of September 30, 2023, we were in a net collateral payable position of \$450 million, which is down from \$689 million as of December 31, 2022.

Other factors that are not directly related to interest rates can also give rise to an increase in liquidity requirements including, changes in ratings from rating agencies, general policyholder concerns relating to the life insurance industry (e.g., the unexpected default of a large, unrelated life insurer) and competition from other products, including non-insurance products such as mutual funds, certificates of deposit and newly developed investment products. Most of the life insurance and annuity products Jackson offers permit the policyholder or contract holder to withdraw or borrow funds or surrender cash values. As of September 30, 2023, approximately half of Jackson's general account reserves are not surrenderable, included surrender charges greater than 5%, or included market value adjustments to discourage early withdrawal of policy and contract funds.

The liquidity sources for our insurance company subsidiaries are their cash, short-term investments, sales of publicly-traded bonds, insurance premiums, fees charged on their products, sales of annuities and institutional products, investment income, commercial repurchase agreements and utilization of a short-term borrowing facility with the FHLBI.

Jackson uses a variety of asset liability management techniques to provide for the orderly provision of cash flow from investments and other sources as policies and contracts mature in accordance with their normal terms. Jackson's principal sources of liquidity to meet unexpected cash outflows associated with sudden and severe increases in surrenders and withdrawals or benefit payments are its portfolio of liquid assets and its net operating cash flows. As of September 30, 2023, the portfolio of cash, short-term investments and privately- and publicly-traded securities and equities that are unencumbered and unrestricted to sale, amounted to \$21.2 billion.

**Our Indebtedness****Senior Notes**

In November 2021 and June 2022, the Company issued an aggregate of \$2,350 million principal amount of its senior notes, shown as Long-term debt on the Condensed Consolidated Balance Sheet. The proceeds of the note issuances were used, together with cash on hand, to retire the Company's previously outstanding term loans. \$600 million of these notes mature on November 22, 2023, and are expected to be paid with cash on hand at maturity.

### *Revolving Credit and Short-Term Borrowing Facilities*

On February 24, 2023, the Company entered into a revolving credit facility (the "2023 Revolving Credit Facility") with a syndicate of banks and Bank of America, N.A., as Administrative Agent. The 2023 Revolving Credit Facility replaced an existing revolving credit facility that was due to expire in February 2024. The 2023 Revolving Credit Facility provides for borrowings for working capital and other general corporate purposes under aggregate commitments of \$1.0 billion, with a sub-limit of \$500 million available for letters of credit. The 2023 Revolving Credit Facility further provides for the ability to request, subject to customary terms and conditions, an increase in commitments thereunder by up to an additional \$500 million. Commitments under the 2023 Revolving Credit Facility terminate on February 24, 2028. Interest on borrowings may be based on a "Base Rate" (as defined in the 2023 Revolving Credit Facility) plus an adder ranging from 0.125% to 0.875%, or a "Term SOFR Rate" (as defined in the 2023 Revolving Credit Facility) plus an adder ranging from 1.125% to 1.875%. The applicable adder is based upon the ratings assigned to the Company's senior, unsecured, non-credit enhanced debt.

The credit agreement governing the 2023 Revolving Credit Facility contains a number of customary representations and warranties, affirmative and negative covenants and events of default (including a change of control provision). The credit agreement contains financial maintenance covenants, including a minimum adjusted consolidated net worth test of no less than 70% of our adjusted consolidated net worth as of September 30, 2022 (plus (to the extent positive) or minus (to the extent negative) 70% of the impact on such adjusted consolidated net worth resulting from the application of a one-time transition adjustment for the LDTI accounting change for insurance contracts, and plus 50% of the aggregate amount of any increase in adjusted consolidated net worth resulting from equity issuances by the Company and its consolidated subsidiaries after September 30, 2022) and a maximum consolidated indebtedness to total capitalization ratio test not to exceed 35%. We were in compliance with these covenants at September 30, 2023.

Jackson is a party to an Uncommitted Money Market Line Credit Agreement dated April 6, 2023 among Jackson, Jackson Financial, and Société Générale. This agreement is an uncommitted short-term cash advance facility that provides an additional form of liquidity to Jackson and to Jackson Financial. The aggregate borrowing capacity under the agreement is \$500 million and each cash advance request must be at least \$100 thousand. The interest rate is set by the lender at the time of the borrowing and is fixed for the duration of the advance. Jackson and Jackson Financial are jointly and severally liable to repay any advance under the agreement, which must be repaid prior to the last day of the quarter in which the advance was drawn.

### *Surplus Notes*

On March 15, 1997, our subsidiary, Jackson, issued 8.2% surplus notes in the principal amount of \$250 million due March 15, 2027. These surplus notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims and may not be redeemed at the option of the Company or any holder prior to maturity. Interest is payable semi-annually on March 15th and September 15th of each year. Interest expense on the notes was \$6 million and \$18 million for the three and nine months ended September 30, 2023, respectively and interest expense on the notes was \$5 million and \$15 million for the three and nine months ended September 30, 2022, respectively.

Under Michigan insurance law, for statutory reporting purposes, the surplus notes are not part of the legal liabilities of the Company and are considered surplus funds. Payments of interest or principal may only be made with the prior approval of the Michigan Director of Insurance and only out of surplus earnings that the director determines to be available for such payments under Michigan Insurance Law.

### *Federal Home Loan Bank*

Jackson is a member of the regional FHLBI primarily for the purpose of participating in its collateralized loan advance program with funding facilities. Membership requires us to purchase and hold a minimum amount of FHLBI capital stock, plus additional stock based on outstanding advances. Advances are in the form of either notes or funding agreements issued to FHLBI. As of September 30, 2023 and December 31, 2022, Jackson held a bank loan with an outstanding balance of \$58 million and \$62 million, respectively.

## Financial Strength Ratings

Our access to funding and our related cost of borrowing, the attractiveness of certain of our subsidiaries' products to customers, our attractiveness as a reinsurer to potential ceding companies and requirements for derivatives collateral posting are affected by our credit ratings and financial strength ratings, which are periodically reviewed by the rating agencies. Financial strength ratings and credit ratings are important factors affecting consumer confidence in an insurer and its competitive position in marketing products as well as critical factors considered by ceding companies in selecting a reinsurer.

Our principal insurance company subsidiaries are rated by A.M. Best, S&P, Moody's and Fitch. Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurer or reinsurer to meet its obligations under an insurance policy or reinsurance arrangement and generally involve quantitative and qualitative evaluations by rating agencies of a company's financial condition and operating performance. Generally, rating agencies base their financial strength ratings upon information furnished to them by the company and upon their own investigations, studies and assumptions. Financial strength ratings are based upon factors of concern to customers, distribution partners and ceding companies and are not directed toward the protection of investors. Financial strength ratings are not recommendations to buy, sell or hold securities and may be revised or revoked at any time at the sole discretion of the rating organization.

As of November 3, 2023, the financial strength ratings of our principal insurance subsidiaries were as follows :

| Company  | A.M. Best | Fitch  | Moody's <sup>(1)</sup> | S&P    |
|--|-----------|--------|------------------------|--------|
| <b>Jackson National Life Insurance Company</b>             |           |        |                        |        |
| Rating   | A         | A      | A3                     | A      |
| Outlook  | stable    | stable | stable                 | stable |
| <b>Jackson National Life Insurance Company of New York</b> |           |        |                        |        |
| Rating   | A         | A      | A3                     | A      |
| Outlook  | stable    | stable | stable                 | stable |
| <b>Brooke Life Insurance Company</b>                       |           |        |                        |        |
| Rating   | A         |        |                        |        |
| Outlook  | stable    |        |                        |        |

- (1) On October 20, 2023, Moody's downgraded Jackson Financial Inc.'s issuer rating from Baa2 to Baa3 as well as the insurance financial strength rating for Jackson National Life Insurance Company and Jackson National Life Insurance Company of New York from A2 to A3 and changed its outlook from "negative" to "stable."

In evaluating our Company's financial strength, the rating agencies evaluate a variety of factors including our strategy, market positioning and track record, mix of business, profitability, leverage and liquidity, the adequacy and soundness of our reinsurance, the quality and estimated market value of our assets, the adequacy of our surplus, our capital structure, and the experience and competence of our management.

In addition to the financial strength ratings, rating agencies use an outlook statement to indicate a short- or medium-term trend which, if continued, may lead to a rating change. A positive outlook indicates a rating may be raised and a negative outlook indicates a rating may be lowered. A stable outlook is assigned when ratings are not likely to be changed. Outlooks should not be confused with expected stability of the issuer's financial or economic performance. A stable outlook does not preclude a rating agency from changing a rating at any time without notice.

A.M. Best, S&P, Moody's and Fitch review their ratings of insurance companies from time to time. There can be no assurance that any particular rating will continue for any given period of time or that it will not be changed or withdrawn entirely if, in their judgment, circumstances so warrant. While the degree to which ratings adjustments will affect sales of our annuities and institutional products, and persistency is unknown, if our ratings are negatively adjusted for any reason, we believe we could experience a material decline in the sales in our individual channel, origination in our institutional channel, and the persistency of our existing business.

## Impact of Recent Accounting Pronouncements

For a complete discussion of new accounting pronouncements affecting us, see Note 2 of Notes to Condensed Consolidated Financial Statements.

As discussed in Note 2 of Notes to Condensed Consolidated Financial Statements in this report, we adopted Accounting Standards Update ("ASU") 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts" ("LDTI"), for our fiscal year beginning January 1, 2023, with a transition date of January 1, 2021. Based upon the elected transition methods, the adoption of LDTI resulted in a decrease in total equity of \$3.0 billion as of the transition date of January 1, 2021, comprised of a reduction in accumulated other comprehensive income ("AOCI") of \$0.4 billion and a reduction in retained earnings of \$2.6 billion. The adoption of the standard resulted in increases in net income attributable to Jackson Financial Inc. of \$489 million and \$234 million for the years ended December 31, 2022 and 2021, respectively, and also resulted in an increase in total equity of \$223 million and a decrease of \$2.8 billion for the years ended December 31, 2022 and 2021, respectively, from the amounts reported prior to the adoption of LDTI. The change in the equity impact from the transition date was primarily due to higher interest rates and is comprised of a reduction in retained earnings that is more than offset by an increase in AOCI. See further discussion in Note 2- New Accounting Standards of the Notes to Condensed Consolidated Financial Statements for the significant changes associated with this change in accounting principle.

## Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in our Condensed Consolidated Financial Statements included elsewhere in this report. The most critical estimates are presented below.

The below critical accounting estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" and Notes 1 and 2 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report, as recast to reflect the adoption of LDTI in our Current Report on Form 8-K filed May 10, 2023.

- income taxes and the ability to realize certain deferred tax benefits
- valuation and impairment of investments, including estimates related to expectations of credit losses on certain financial assets
- valuation of freestanding derivative instruments
- valuation of embedded derivatives
- net investment income
- contingent liabilities
- consolidation of variable interest entities

The below critical accounting estimates are updated from our 2022 Annual Report for the adoption of LDTI.

## *Reserves for Future Policy Benefits and Claims Payable*

We establish reserves for future policy benefits to, or on behalf of, customers in the same period in which the policy is issued or acquired, using methodologies prescribed by U.S. GAAP.

### *Reserves for Future Policy Benefits*

For non-participating traditional life insurance contracts and limited pay life-contingent contracts, which include term, whole life, and payout annuities with significant insurance risk, reserves for future policy benefits represents the present value of estimated future policy benefits to be paid to, or on behalf of, policyholders in future periods and certain related expenses less the present value of estimated future net premiums.

Reserves for future policy benefits for non-participating traditional and limited-payment insurance contracts are measured using the net premium ratio (NPR) measurement model. The NPR measurement model accrues for future policy benefits in proportion to the premium revenue recognized. The reserve for future policy benefits is derived from the Company's best estimate of future net premium and future benefits and expenses, which is based on best estimate assumptions, including mortality, persistency, claims expense, and discount rate. On an annual basis, or as circumstances warrant, we conduct a comprehensive review of our current best estimate assumptions based on our experience, industry benchmarking, and other factors, as applicable. Expense assumptions are updated based on estimates of expected non-level costs, such as termination or settlement costs, and costs after the premium-paying period, and exclude acquisition costs or any costs that are required to be charged to expenses as incurred. Updates to assumptions are applied on a retrospective basis, and each reporting period the reserve for future policy benefits is updated to reflect actual experience to date.

The Company establishes cohorts, which are product groupings used to measure reserves for future policy benefits. In determining cohorts, the Company considered both qualitative and quantitative factors, including the issue year, type of product, product features, and legal entity.

The discount rate used to estimate reserves for future policy benefits is consistent with an upper-medium grade (low-credit risk) fixed-income corporate instrument yield, which has been interpreted to represent a single-A corporate instrument yield. This discount rate curve is determined by fitting a parametric function to yields to maturity and related times to maturity of market observable single-A rated corporate instruments. The discount rate used to recognize interest accretion on the reserves for future policy benefits is locked at the initial measurement of the cohort. Each reporting period, the reserve for future policy benefits is remeasured using the current discount rate. The difference between the reserve calculated using the current discount rate and the reserve calculated using the locked-in discount rate is recorded in other comprehensive income.

#### *Additional Liabilities - Universal Life-type*

The Company issues universal life plans with secondary guarantees and interest-sensitive life plans. The primary reserves for these policies are the contract holder account balances reported within the other contract holder funds line of the balance sheet. Where these contracts provide additional benefits beyond the account balance or base insurance coverage that are not market risk benefits or embedded derivatives, liabilities in addition to the policyholder's account value are recognized. These additional liabilities for annuitization, death and other insurance benefits are reported within reserves for future policy benefits and claims payable. The methodology uses a benefit ratio defined as a constant percentage of the assessment base. This ratio is multiplied by current period assessments to determine the reserve accrual for the period. The assumptions used in the measurement of the additional liabilities for annuitization, death and other insurance benefits are based on best estimate assumptions including mortality, persistency, investment returns, and discount rates. These assumptions are similarly subject to the annual review process discussed above.

#### *Other Future Policy Benefits and Claims Payable*

In conjunction with a prior acquisition, we recorded a fair value adjustment related to certain annuity and interest-sensitive life blocks of business to reflect the cost of the interest guarantees within the in-force liabilities, based on the difference between the guaranteed interest rate and an assumed new money guaranteed interest rate. This adjustment is recorded in reserves for future policy benefits and claims payable. This component of the acquired reserves is reassessed at the end of each period, taking into account changes in the in-force block. Any resulting change in the reserve is recorded as a change in policy reserve through the Consolidated Income Statements.

In addition, life and annuity claims liabilities in course of settlement are included in other future policy benefits and claims payable.

See Note 9 - Reserve for Future Policy Benefits and Claims Payable of the Notes to Condensed Consolidated Financial Statements for additional information on these accounting policies.

**Market Risk Benefits**

Contracts or contract features that provide protection to the contract holder from capital market risk and expose the Company to other-than-nominal capital market risk are classified as market risk benefits, or MRBs. All long-duration insurance contracts and certain investment contracts are subject to MRB evaluation. MRBs are measured at fair value at the contract level and can be in either an asset or liability position. For contracts that contain multiple MRB features, the MRBs are valued together as a single compound MRB.

The use of models and assumptions used to determine fair value of MRBs requires a significant amount of judgement. The significant assumptions used in the MRB fair value calculations are:

- *Mortality rates* - These vary by attained age, tax qualification status, guaranteed benefit election, and duration. The range used reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.
- *Base lapse rates* - These vary by contract-level factors, such as product type, surrender charge schedule and optional benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.
- *Utilization rates* - These represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.
- *Withdrawal rates* - These represent the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type and duration. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.
- *Non-performance risk adjustment* - This is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.
- *Long-term equity volatility* - This represents the equity volatility beyond the period for which observable equity volatilities are available.

See Note 6 - Fair Value Measurements of the Notes to Condensed Consolidated Financial Statements for additional information.

**Variable Annuities**

We issue variable contracts through our separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder. Certain of these contracts include contract provisions by which we contractually guarantee to the contract holder either a) return of no less than total deposits made to the account adjusted for any partial withdrawals, b) total deposits made to the account adjusted for any partial withdrawals plus a minimum return, or c) the highest account value on a specified anniversary date adjusted for any withdrawals following the contract anniversary. These guarantees include benefits that are payable upon the depletion of funds (GMWB), in the event of death (GMDB), at annuitization (GMIB), or at the end of a specified period (GMAB). Substantially all of our GMIB benefits are reinsured. GMIB benefits and GMAB benefits were discontinued in 2009 and 2011, respectively. For additional information regarding our account value by optional guarantee benefit, see Business—Our Segments—Retail Annuities—Variable Annuities in our 2022 Annual Report.

Variable annuity guaranteed benefit features classified as MRBs, which have explicit fees, are measured using the attributed fee method. Under the attributed fee method, fair value is measured as the difference between the present value of projected future liabilities and the present value of projected attributed fees. At the inception of the contract, the Company attributes to the MRB a portion of total fees expected to be assessed against the contract holder to offset the projected claims over the lifetime of the contract. The attributed fee is expressed as a percentage of total projected future fees at inception of the contract. This percentage of total projected fees is considered a fixed term of the MRB feature and is held static over the life of the contract. This percentage may not exceed 100% of the total projected contract fees as of contract inception. As the Company may issue contracts that have projected future liabilities greater than the projected future guaranteed benefit fees at issue, the Company may also attribute mortality and expense charges when performing this calculation. In subsequent valuations, both the present value of future projected liabilities and the present value of projected attributed fees are remeasured based on current market conditions and policyholder behavior assumptions.

#### Fixed Index Annuities

The longevity riders issued on fixed index annuities are classified as MRBs and measured at fair value. Similar to the variable annuity guaranteed benefits features, these contracts have explicit fees and are measured using the attributed fee method. The Company attributes a percentage of total projected future fees expected to be assessed against the policyholder to offset the projected future claims over the lifetime of the contract. If the fees attributed are insufficient to offset the claims at issue, the shortfall is borrowed from the host contract rather than recognizing a loss at inception.

#### RILA

RILA guaranteed benefit features are classified as MRBs and measured at fair value. Unlike variable or fixed index annuities, RILA products do not have explicit fees and are measured using an option-based method. The fair value measurement represents the present value of future claims payable by the MRB feature. At inception, the value of the MRB is deducted from the value of the contract resulting in no gain or loss.

*See Note 12 - Market Risk Benefits of the Notes to Condensed Consolidated Financial Statements for additional information on these accounting policies.*

#### **Reinsurance**

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risk with respect to reinsurance receivables. We periodically review actual and anticipated experience compared to the previously mentioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluate the financial strength of counterparties to our reinsurance agreements. Counterparty credit risk may be managed through the use of letters of credit, collateral trusts or on balance sheet funds withheld agreements. Assets held under funds withheld agreements are included on our balance sheets and subject to triggers embedded within the relevant reinsurance agreements.

Additionally, for each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. We review all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

For reinsurance contracts, reinsurance recoverable balances are generally calculated using methodologies and assumptions that are consistent with those used to calculate the direct liabilities. For non-participating traditional life insurance contracts and limited pay life-contingent contracts, there may be reinsurance contracts executed subsequent to the direct contract issue dates, and market interest rates may have changed between the date that the underlying insurance contracts were issued and the date the reinsurance contract is recognized in the financial statements, resulting in the underlying discount rate differing between the direct and reinsured business.

Our guaranteed minimum income benefits (GMIBs) are reinsured with an unrelated party. For contracts that only ceded the GMIB feature of our annuity products, the reinsurance contract in its entirety is classified as a reinsured market risk benefit or MRB. Accordingly, the reinsured MRB is recorded at fair value using internally developed models consistent with those used to value our direct MRBs.

*See Note 8 - Reinsurance of the Notes to Condensed Consolidated Financial Statements for additional information on these accounting policies.*

**Off-Balance Sheet Arrangements**

*See Note 13 - Long-term Debt regarding lender commitment under the Company's revolving credit facility and Note 16 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements regarding unfunded investment commitments to limited partnerships and limited liability companies.*



**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There have been no material changes to the quantitative and qualitative disclosures about market risk described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk" previously disclosed in our 2022 Annual Report.

**Item 4. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. During the period covered by this report, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) and determined our disclosure controls and procedures were not effective due to a material weakness identified related to the ineffective risk assessment of a process level control used to determine our non-performance risk adjustment in developing the discount rate used to estimate the fair value of some of the guarantee features of our variable annuity products, as described in "Item 9A. Controls and Procedures—Management's Report on Internal Control Over Financial Reporting" previously disclosed in our 2022 Annual Report. Consequently, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective as of September 30, 2023.

The Company began remediation of the material weakness in the first quarter of 2023 and expects that it will be remediated by the end of the year. Remediation will include additional evidence supporting the review and challenge of inputs and results as well as enhancements to the governance process in developing the discount rate used to estimate the fair value of some of our guarantee features.

**Changes in Internal Control Over Financial Reporting**

As described above, the Company is taking steps to remediate the material weakness in its internal control over financial reporting and is implementing additional controls to remediate the material weakness. Additionally, as part of the adoption of LDTI, the Company has made certain changes to its valuation, financial reporting, and disclosure processes. As a result of these changes, the Company has made changes to certain existing controls, and implemented certain new controls, which address the risks of material misstatement in these processes. Other than these additional controls, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended September 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Part II - Other Information

### Item 1. Legal Proceedings.

For a discussion of legal proceedings, see Note 16 of Notes to Condensed Consolidated Financial Statements included elsewhere in this report.

### Item 1A. Risk Factors.

We discuss in this report, in our 2022 Annual Report, and in our other filings with the SEC, various risks that may materially affect our business. In addition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements - Cautionary Language" included herein. There have been no material changes to our risk factors disclosed in our 2022 Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

#### Recent Sales of Unregistered Securities.

None.

#### Repurchase of Equity by the Company.

| Period                                      | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(2)</sup> | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions) <sup>(2)</sup> |
|---|----------------------------------|------------------------------|---|---|
| July 1, 2023 - July 31, 2023 <sup>(1)</sup> |                                  |                              |   |   |
| Share repurchase program                    | —                                | \$ —                         | —   | \$ 439  |
| Employee transactions <sup>(3)</sup>        | —                                | —                            | N/A   | N/A   |
| August 1, 2023 - August 31, 2023            |                                  |                              |   |   |
| Share repurchase program                    | 471,903                          | 34.78                        | 471,903   | 423   |
| Employee transactions <sup>(3)</sup>        | —                                | N/A                          | N/A   | N/A   |
| September 1, 2023 - September 30, 2023      |                                  |                              |   |   |
| Share repurchase program                    | 1,401,824                        | 39.25                        | 1,401,824   | 368   |
| Employee transactions <sup>(3)</sup>        | 12,228                           | 38.65                        | N/A   | N/A   |
| <b>Totals</b>                               |                                  |                              |   |   |
| Share repurchase program                    | 1,873,727                        |                              | 1,873,727   |   |
| Employee transactions <sup>(3)</sup>        | 12,228                           |                              | N/A   |   |
|   | <b>1,885,955</b>                 |                              | <b>1,873,727</b>  |   |

<sup>(1)</sup> Includes repurchases of shares under Class A Common Stock repurchase agreements with Athene.

<sup>(2)</sup> On February 27, 2023, our Board of Directors authorized an increase of \$450 million to the existing share repurchase authorization. For more information on common stock repurchases, see Note 20 of Notes to Condensed Consolidated Financial Statements included elsewhere in this Report.

<sup>(3)</sup> Includes shares withheld pursuant to the terms of awards under the Company's 2021 Omnibus Incentive Plan to offset tax withholding obligations that occur upon vesting and release of shares, which are treated as share repurchases. The value of the shares withheld is the closing price of common stock of Jackson Financial Inc. on the date the relevant transaction occurs.

### Item 4. Mine Safety Disclosures.

Not applicable.

**Item 5. Other Information.**

During the three months ended September 30, 2023, no directors or officers of Jackson Financial adopted or terminated any contract, instruction or written plan for the purchase or sale of Jackson Financial's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a "Rule 10b5-1 trading arrangement") or any "non-Rule 10b5-1 trading arrangement" as defined under the securities laws. We do not intend to respond in the future to this item if there are no such trading arrangements or plans adopted or terminated.

**Item 6. Exhibits.**

The following documents are filed as exhibits hereto:

| Number   | Description   |
|----------|---|
| 10.1*†   | <a href="#">Notice of Award of Restricted Share Units and 2023 Restricted Share Unit Award Agreement (Mid-Cycle) between Jackson Financial Inc. and Christopher Raub.</a>   |
| 10.2*†   | <a href="#">Notice of Award of Performance Units and 2023 Performance Unit Award Agreement (Mid-Cycle) between Jackson Financial Inc. and Christopher Raub.</a>   |
| 31.1*    | <a href="#">Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 31.2*    | <a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 32.1*    | <a href="#">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.</a>  |
| 32.2*    | <a href="#">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.</a>  |
| 101.INS* | Inline 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* | Inline XBRL Taxonomy Extension Schema Document  |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document   |
| 104*     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).   |

\* Filed herewith.

† Identifies each management contract or compensatory plan or arrangement.

## SIGNATURES

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

**JACKSON FINANCIAL INC.**

(Registrant)

Date: November 8, 2023

By: /s/ Marcia Wadsten

Marcia Wadsten

Executive Vice President and  
Chief Financial Officer

(Principal Financial Officer)

**NOTICE OF AWARD OF RESTRICTED SHARE UNITS**

Jackson Financial Inc. (the "Company"), pursuant to its 2021 Omnibus Incentive Plan, as amended from time to time (the "Plan"), hereby awards to you a restricted share unit award (the "Award") with respect to the number of shares of the Company's common stock (" Shares") indicated below in this Notice of Award of Restricted Share Units (the "Notice"). The Award is effective on the grant date indicated below and is subject to the terms set forth herein and in the Restricted Share Unit Award Agreement attached hereto (the "Award Agreement") and the Plan, each of which is incorporated by reference. Capitalized terms that are used in this Notice but not defined in this Notice have the meanings given to such terms in the Plan.

|                         |  |
|-------------------------|--|
| Participant:            | Christopher Raub   |
| Grant Date:             | 10-Sep-2023  |
| Number of RSUs Granted: | 4,843  |
| Settlement Form:        | Share settled  |
| Vesting Schedule:       | The Award will vest in three equal installments on the first, second, and third anniversaries of the Grant Date, subject in each case to the Participant's continued employment with the Company or one or more of its Subsidiaries through the applicable vesting date and subject further to accelerated vesting in certain cases, all as specified in the attached Award Agreement. |

Please review the Plan and the attached Award Agreement for important information about the Restricted Share Units. For your award to be effective, the Award Agreement must be electronically reviewed and accepted on the Shareworks by Morgan Stanley website at [https://shareworks.solium.com/solium/servlet/userLogin?requested\\_lang=en](https://shareworks.solium.com/solium/servlet/userLogin?requested_lang=en) within three months of the grant date. If you have any questions regarding the Shareworks by Morgan Stanley website, you can call 1-877-380-7793. If you have general inquiries on your Award, please contact [compensation@jackson.com](mailto:compensation@jackson.com).

Attachments: Restricted Share Unit Award Agreement

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## RESTRICTED SHARE UNIT AWARD AGREEMENT

This Award Agreement contains the Terms and Conditions of the Restricted Share Units awarded by the Company to the Participant indicated in the Notice of Award of Restricted Share Units to which this document is attached (the "Notice"), and constitutes a binding agreement by and between Jackson Financial Inc. (the "Company"), and the employee whose name is set forth on the Notice. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Jackson Financial Inc. 2021 Omnibus Incentive Plan, as amended from time to time (the "Plan").

1. Grant of Restricted Share Units. The Company hereby evidences and confirms its grant to the individual whose name is set forth on the Notice (the "Participant"), effective as of the grant date set forth on the Notice (the "Grant Date"), of the number of Restricted Share Units set forth on the Notice (the "RSUs"). Each RSU represents the unfunded, unsecured right of the Participant to receive one Share or a cash payment that is equal to the Fair Market Value of one Share, in accordance with the Settlement Form identified in the Notice. The RSUs are also subject to the terms and conditions of the Plan, which are incorporated by reference herein.
2. Vesting of RSUs; Effect of Termination of Employment.
  - (a) Vesting. Except as otherwise provided in this Section 2 or in the Plan or as approved by the Administrator, all of the RSUs shall vest in accordance with the vesting schedule set forth in the Notice (each date on which RSUs are scheduled to vest, a "Vesting Date"), and the terms of this Award Agreement (including the Notice and the Plan), subject to the Participant's continued employment with the Company or its Subsidiary through each applicable Vesting Date.
  - (b) Effect of a Termination of Employment. In the event of a Participant's termination of employment at any time before all of the Participant's RSUs have vested, outstanding, unvested RSUs shall vest or become forfeited as follows (the occurrence of each such event described in Section 2(b)(i)-(iii), a "Vesting Event"):
    - (1) Death; Disability. All of the unvested RSUs shall become fully vested on the earlier to occur of (y) the Participant's death, or (z) the termination of the Participant's employment due to Disability, subject in each case to the Participant's continued employment with the Company or its Subsidiary through such date;
    - (i) Without Cause; for Good Reason. If the Participant's employment is terminated (y) by the Company or its Subsidiary without Cause; or (z) by the Participant for Good Reason (as defined below) then, (1) a pro rata portion of the number of RSUs scheduled to vest on the Vesting Date next following termination shall immediately become vested, with such pro rata portion determined based on the portion that has elapsed, as of the termination date, of the period between (a) the most recent Vesting Date that occurred prior to termination (or the Grant Date, if no Vesting Date had yet occurred) and (b) the scheduled Vesting Date next following termination, and (2) RSUs that do not vest pursuant to this Section 2(b)(i) shall automatically be forfeited and cancelled as of the Participant's termination date; and
    - (ii) Qualifying Retirement. If the Participant's employment terminates in a Qualifying Retirement (as defined below) at any time before all of the Participant's RSUs have fully vested, all of the unvested RSUs shall vest in accordance with the vesting schedule set forth in the Notice; provided, that (i)

at least six (6) months must have elapsed from the Grant Date to the date of termination of the Participant's employment for any termination initiated by the Participant to be treated as a Qualifying Retirement, and (ii) such vesting shall be conditioned on the Participant executing a general release of claims as described in Section 4(c) and the Administrator's determination that the Participant remains in material compliance with the restrictive covenants set forth in Section 12(b).

- (iii) Any Other Reason. Upon termination of the Participant's employment at any time before all of the Participant's RSUs have vested for any reason other than the Participant's death, Disability, Qualifying Retirement, termination by the Company without Cause or by the Participant for Good Reason, all unvested RSUs shall be forfeited and cancelled as of the effective date of such termination.

- (c) Employment. For purposes of this Award Agreement, employment with the Company will be deemed to include employment with the Company or the Company's Subsidiary, but in the case of employment with or service to a Subsidiary, only during such time as such Subsidiary is an affiliate of the Company.

- (d) Effect of a Change in Control. Upon the occurrence of a Change in Control, all then outstanding unvested RSUs shall be treated as provided in the Plan.

- 3. Termination for Cause. If the Participant's employment is terminated for Cause, or if the Participant resigns at such time as the Company could have terminated the Participant's employment for Cause, then notwithstanding any other provision of this Award Agreement, the Participant will immediately forfeit any remaining unvested RSUs (or cash otherwise payable, as applicable), along with any Shares issuable, or cash payment payable, as applicable, with respect to such RSUs (even if otherwise vested) for which Shares (or cash) have not yet been delivered, and any cash amounts payable under Section 9(b).

4. Delivery.

- (a) In the case of the vesting of the RSUs on a scheduled Vesting Date, as described in Section 2(a), or due to a Participant's death or Disability, one Share, or a cash payment equal to the Fair Market Value of one Share, as applicable, shall be delivered in respect of each RSU then vesting, within 30 days following (i) the occurrence of the scheduled Vesting Date, (ii) the Participant's death, or (iii) the date on which the Participant's employment terminated due to Disability, as applicable. In the event of the death of the Participant, the delivery of Shares or cash payment under this Section 4 shall be made to the Participant's estate.
- (b) In the case of the vesting of RSUs due to a Vesting Event described in Section 2(b)(ii) (termination without Cause or, if applicable, with Good Reason), one Share, or a cash payment equal to the Fair Market Value of one Share, as applicable, will become deliverable in respect of each RSU then vesting, subject to the Participant executing a general release of claims in favor of the Company and its affiliates, directors and officers in a form provided by the Company ("Release of Claims") and to such release becoming irrevocable within 55 days after such termination (such 55-day period, the "Release Period"). Subject to the Participant's compliance with the release requirement described in the preceding sentence, Shares or cash payments deliverable following a termination without Cause or with Good Reason will be delivered on the date the release becomes irrevocable (but if the Release Period spans two taxable years of the Participant, not before the first day of such second taxable year). If the Participant fails to timely satisfy this release requirement, all RSUs that would otherwise vest under Section 2(b)(ii) (along with any Shares issuable, or any cash

payable, as applicable, with respect to such RSUs), shall be forfeited and the Participant will have no further rights with respect thereto.

- (c) In the case of the vesting of RSUs due to a Participant's Qualifying Retirement described in Section 2(b)(iii), then, subject to the Participant's compliance with Section 12(b) and execution of a Release of Claims, one Share, or a cash payment equal to the Fair Market Value of one Share, as applicable, will become deliverable in respect of each RSU then vesting. Shares or cash payments deliverable under this Section 4(c) will be delivered (i) within 30 days of each applicable Vesting Date that would have otherwise applied to the Participant's unvested RSUs if the Participant had remained employed or, if later, (ii) on the date on which the Release of Claims becomes irrevocable (but if the Release Period spans two taxable years of the Participant, not before the first day of such second taxable year). If the Participant fails to timely execute a Release of Claims as outlined in Section 4(b), all RSUs that would otherwise vest under Section 2(b)(iii) (along with any Shares issuable, or any cash payable, as applicable, with respect to such RSUs) shall be forfeited and the Participant will have no further rights with respect thereto.

5. Certain Definitions. For purposes of this Award Agreement and notwithstanding any provision of the Plan to the contrary, the following definitions will apply:

- (a) "Cause" means any of the following: (i) the Participant's commission of a crime involving fraud, theft, false statements or other similar acts or commission of any crime that is a felony (or comparable classification in a jurisdiction that does not use these terms); (ii) the Participant's engaging in any conduct that constitutes an employment disqualification under applicable law with respect to a material portion of the Participant's work duties; (iii) the Participant's willful or grossly negligent failure to perform his or her material employment-related duties for the Company or a Subsidiary, or willful misconduct in the performance of such duties; (iv) the Participant's material violation of any Company or Subsidiary policy as in effect from time to time; (v) the Participant's engaging in any act or making any public statement that materially impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company or its Subsidiaries; (vi) the Participant's failure to return to a partial or full-time in-office working environment, as required by the Company, following a remote work arrangement that was temporary in nature; or (vii) the Participant's breach of any award agreement, employment agreement, or noncompetition, nondisclosure or nonsolicitation agreement to which the Participant is a party or by which the Participant is bound; provided that in the case of any Participant who, as of the date of determination, is a party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual, "Cause" shall have the meaning, if any, specified in such agreement. A termination for Cause shall be deemed to include a determination by the Committee following a Participant's termination of employment that circumstances existing prior to such termination would have entitled the Company or one of its Subsidiaries to have terminated such Participant's employment for Cause. All rights a Participant has or may have under the Plan shall be suspended automatically during the pendency of any investigation by the Committee or its designee, or during any negotiations between the Committee or its designee and the Participant, regarding any actual or alleged act or omission by the Participant of the type described in the applicable definition of Cause.
- (b) "Good Reason" means:
  - (i) in the case of any Participant who, as the date of determination is party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such



individual that defines "Good Reason," the meaning specified in such agreement; or

- (ii) if no such agreement exists or if such agreement does not define "Good Reason," the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (i) a material reduction in the Participant's base salary; (ii) a material reduction in the Participant's target annual total cash compensation, which is comprised of base salary, target annual bonus opportunity, and target annual production-related sales compensation (if applicable); or (iii) a geographical relocation of the Participant's principal office location by more than fifty (50) miles. For the avoidance of doubt, to the extent the Company requires a Participant to return to a partial or full-time in-office working environment following a remote work arrangement that was temporary in nature, such required return to office shall not constitute Good Reason. In order for a termination of employment for Good Reason to be effective, the Participant must terminate his or her employment within 30 days following the expiration of the cure period set forth in this Section 5(b)(ii).

- (c) "Qualifying Retirement" means the Participant's "separation from service" within the meaning of Section 409A of the Code after the Participant (i) has attained age 55 and completed at least 10 years of employment with the Company or a Subsidiary, or (ii) has attained a minimum age of 50, and the sum of (y) the Participant's age, plus (z) number of years of service, both calculated in completed years and months, equals 65 or more.

- 6. Adjustments Upon Certain Events. The Administrator shall, in its sole discretion, make equitable substitutions or adjustments to the number of Shares and the RSUs pursuant to Section 4.3 of the Plan.
- 7. No Right to Continued Employment. Neither the Plan, the Notice nor this Award Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship with, the Company or any of its Subsidiaries. Further, the Company (or, as applicable, its Subsidiaries) may at any time dismiss the Participant, free from any liability or any claim under the Plan, the Notice or this Award Agreement, except as otherwise expressly provided herein.
- 8. No Acquired Rights. The Award has been granted entirely at the discretion of the Administrator. The grant of the Award does not obligate the Company to grant additional Awards to the Participant in the future (whether on the same or different terms).
- 9. No Rights of a Stockholder: Dividend Equivalent Payments.
  - (a) The Participant shall not have any rights or privileges as a stockholder of the Company in respect of RSUs, which for the avoidance of doubt includes no rights to dividends or to vote, until the underlying Shares have been registered in the Company's register of stockholders as being held by the Participant.
  - (b) Section 9(a) notwithstanding, in the event that the record date for an ordinary dividend cash payment on the Shares occurs following the Grant Date and prior to the date on which the RSUs are settled, a Dividend Equivalent shall be credited in respect of each RSU granted to the Participant hereunder that is then outstanding, in an amount equal to the amount of such

cash dividend. The dollar value of each such Dividend Equivalent shall be deemed reinvested in additional RSUs (rounded to the sixth decimal), based on the closing market price of a Share reported for the date the corresponding dividend is payable to shareholders. The additional RSU(s) into which the Dividend Equivalent is deemed reinvested shall not be payable unless the related RSUs (or portion thereof) vest and shall be forfeited to the extent that the related RSUs (or portion thereof) are forfeited. Any such additional RSUs shall be paid when the related RSUs vest, in the same form as the related RSUs.

10. Transferability of RSUs. Except as set forth in Section 4(a), the RSUs (and, prior to their actual issuance, the Shares) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 10 shall be void and unenforceable. Notwithstanding the foregoing, the Participant may, with the prior approval of the Company, transfer the RSUs for estate planning purposes.
11. Withholding; Taxation; Specified Employees.
  - (a) The Company and the Participant shall cooperate to satisfy applicable federal, state and local income and employment tax withholding requirements applicable to the grant, vesting and settlement of the RSUs and any Dividend Equivalents payable under Section 9(b) (the "Required Withholding"). The Company shall withhold from the Shares that would otherwise have been transferred to the Participant in settlement of vested RSUs the number of Shares necessary to satisfy the Participant's Required Withholding unless, subject to the Company's consent, the Required Withholding shall previously have been satisfied by the Participant or from other amounts payable by the Company to the Participant and, if applicable, shall deliver the remaining Shares to the Participant. The amount of the Required Withholding and the number of Shares to be withheld by the Company, if applicable, to satisfy Participant's Required Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the then Fair Market Value of the Shares. The obligations of the Company under this Award Agreement will be conditioned on such satisfaction of the Required Withholding.
  - (b) The Award and this Award Agreement are intended to comply with Section 409A of the Code and should be interpreted accordingly. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Section 11 and the other provisions of this Award Agreement, this Section 11 will govern. Nonetheless, the Company does not guarantee the tax treatment of the Award.
  - (c) In no event will the Participant be permitted to designate, directly or indirectly, the taxable year of the delivery. To the extent the Award includes a "series of installment payments" as described in Treas. Reg. § 1.409A-2(b)(2)(iii), the Participant's right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment. The Award is subject to offset solely to the extent permitted by the Plan and Section 409A of the Code. To the extent any payment under the Award is conditioned on the effectiveness of a release of claims and the period the Participant is afforded to consider the release spans two taxable years of the Participant, payment will be made in the second taxable year.
  - (d) Notwithstanding anything in this Award Agreement to the contrary, (i) to the extent permitted by Treas. Reg. § 1.409A-3(j)(4)(vi) and subject to the approval of the Administrator, settlement of the Award may be accelerated to the extent necessary to satisfy

employment tax withholding obligations that arise with respect to the Award, and (ii) the Company may terminate this arrangement and deliver Shares hereunder in a manner consistent with Treas. Reg. § 1.409A3(j)(4)(ix).

- (e) Notwithstanding any other provisions of this Award Agreement to the contrary, to the extent necessary to comply with the requirements of Section 409A with respect to any individual who is a "specified employee" within the meaning of Section 409A, delivery of Shares on account of termination of the Participant's employment with the Company or any Subsidiary may not be made before the date that is six (6) months after the date of such termination of employment (or, if earlier, the date of the Participant's death).

12. Clawback/Forfeiture; Other Company Policies.

- (a) Notwithstanding anything to the contrary contained herein or in the Plan, in consideration for the grant of this Award, the Participant agrees that the RSUs and any Shares or cash delivered in settlement of the RSUs, including in respect of Dividend Equivalents pursuant to Section 9(b), (i) will be subject to the terms of the Jackson Financial Inc. Compensation Clawback Policy, as may be amended from time to time and, in accordance with such policy, may be subject to the requirement that the Shares underlying the RSUs or any cash payments made in respect thereof be repaid or returned to the Company after they have been distributed to the Participant, and (ii) will, along with any other equity interests in the Company held by the Participant, be subject to any policy with respect to hedging or pledging of Shares that the Company may have in effect from time to time.
- (b) Unless otherwise approved by the Administrator, as a condition to the Qualified Retirement Vesting Event described in Section 2(b)(iii), the Participant shall not, to the extent permitted by applicable law, during the period following a Qualifying Retirement and prior to the applicable Vesting Date(s), without the prior written consent of the Company, directly or indirectly, as an employee, agent, consultant, partner, joint venturer, owner, officer, director, member of any other firm, partnership, corporation or other entity, or in any other capacity, (i) own any interest in, manage, control, participate in, consult with, render services for, or otherwise be or be connected in any manner with any business competing directly or indirectly with the business of the Company or the business of its Subsidiaries or any other business that the Company and its Subsidiaries have conducted during the one-year period immediately preceding the date of such Qualifying Retirement or has plans to conduct as of the date of such Qualifying Retirement anywhere in the world, or (ii) induce or attempt to induce any customer, supplier, broker, agent, licensee or other business relation of the Company or any Subsidiary to cease doing business with the Company or such Subsidiary, or interfere in any way with the relationship between any such customer, supplier, broker, agent, licensee or business relation and the Company or any of its Subsidiaries. Accordingly, the Participant agrees that, unless otherwise approved by the Administrator, without limiting any of the Company's rights pursuant to any clawback or recapture policy that the Company may have in effect from time to time, in the event of the Participant's violation of any of the covenants contained in this Section 12(b), the Participant will immediately forfeit all unvested RSUs held by the Participant, and the Participant will have no further rights with respect thereto.

13. Choice of Law. THE AWARD, THIS AWARD AGREEMENT AND THE NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THE AWARD, THIS AWARD AGREEMENT OR THE NOTICE MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES

HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN MICHIGAN. EACH PARTY HEREBY WAIVES THE RIGHT TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.

14. RSUs Subject to Plan. All the RSUs are subject to the Plan, a copy of which has been provided to the Participant and the terms of which are incorporated herein by this reference. Except as set forth in Section 11(a), if there is any inconsistency between any express provision of this Award Agreement and any express term of the Plan, the express term of the Plan shall govern.
15. Entire Agreement; Severability. The Plan, this Award Agreement and the Notice contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of the Notice or this Award Agreement shall be valid unless the same shall be in writing and signed by the parties hereto. Whenever possible, each provision of this Award Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Award Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Award Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
16. Acceptance of RSUs and Agreement. The Participant has indicated the Participant's consent and acknowledgement of the terms of this Award Agreement pursuant to the instructions provided to the Participant by or on behalf of the Company. The Participant acknowledges receipt of the Plan, represents to the Company that the Participant has read and understood the Notice, this Award Agreement and the Plan, and, as an express condition to the grant of the RSUs under the Notice and this Award Agreement, agrees to be bound by the terms of the Notice, this Award Agreement and the Plan. The Participant and the Company each agrees and acknowledges that the use of electronic media (including, without limitation, a click-through button or checkbox on a website of the Company or a third-party administrator) to indicate the Participant's confirmation, consent, signature, agreement and delivery of the Notice, this Award Agreement and the Plan is legally valid and has the same legal force and effect as if the Participant and the Company signed and executed this Award Agreement in paper form. The same use of electronic media may be used for any amendment or waiver of this Award Agreement.
17. Transferability of Shares. Any Shares issued or transferred to the Participant pursuant to the Award shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the Notice, this Award Agreement or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Administrator may cause a legend or legends to be put on any certificates representing such Shares or make an appropriate entry on the record books of the appropriate registered book-entry custodian, if the Shares are not certificated, to make appropriate reference to such restrictions.

**NOTICE OF AWARD OF PERFORMANCE UNITS**

Jackson Financial Inc. (the "Company"), pursuant to its 2021 Omnibus Incentive Plan, as amended from time to time (the "Plan"), hereby awards to you a performance unit award (the "Award") with respect to the number of shares of the Company's common stock (" Shares") indicated below in this Notice of Award of Performance Units (the "Notice"). The Award is effective on the grant date indicated below and is subject to the terms set forth herein and in the Performance Unit Award Agreement attached hereto (the "Award Agreement") and the Plan, each of which is incorporated by reference. Capitalized terms that are used in this Notice but not defined in this Notice have the meanings given to such terms in the Plan.

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Participant: Christopher Raub

Grant Date: 10-Sep-2023

Performance Units: You have been awarded a target number of 7,265 Performance Units (the "Target PSUs") representing the right to receive a number of Shares equal to 0% to 200% of the Target PSUs, subject to adjustment as provided in Section 7 of the Agreement.

Settlement Form: Share settled

The three-year period commencing January 1, 2023 and ending December 31, 2025.

The Performance Units shall vest based on the satisfaction of two conditions: achievement of the Performance Goals specified in Section 4 of the Award Agreement and the Participant's continued employment with the Company or one or more of its Subsidiaries through the third anniversary of the Grant Date (the "Vesting Date") and subject further to modification based on the Company's three-year Relative Total Shareholder Return and, in certain cases, accelerated vesting, all as specified in the attached Award Agreement.

Performance Cycle:

Vesting Schedule:

Performance Goals: Target Adjusted Operating Return on Equity

Threshold: 12.0%

Target: 15.0%

Maximum: 18.0%

Generation of Net Cash Flow Available to the Company

Threshold: \$2,949,000,000

Target: \$4,449,000,000

Maximum: \$5,949,000,000

*The vesting level otherwise achieved under these Performance Goals will be adjusted based on the Company's three-year Relative Total Shareholder Return placement as compared to the peer group identified by the Committee for this purpose, as specified in Section 4(f) of the attached Award Agreement; however, in no event shall the vesting level of the Target*

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-2-

Please review the Plan and the attached Award Agreement for important information about the Performance Units. For your award to be effective, the Award Agreement must be electronically reviewed and accepted on the Shareworks by Morgan Stanley website at [https://shareworks.solium.com/solium/servlet/userLogin?requested\\_lang=en](https://shareworks.solium.com/solium/servlet/userLogin?requested_lang=en) within three months of the grant date. If you have any questions regarding the Shareworks by Morgan Stanley website, you can call 1-877-380-7793. If you have general inquiries on your Award, please contact [compensation@jackson.com](mailto:compensation@jackson.com).

Attachments: Performance Unit Award Agreement -3-

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### PERFORMANCE UNIT AWARD AGREEMENT

This Award Agreement contains the terms and conditions of the Performance Units awarded by the Company to the Participant indicated in the Notice of Award of Performance Units to which this document is attached (the "Notice"), and constitutes a binding agreement by and between Jackson Financial Inc. (the "Company"), and the employee whose name is set forth on the Notice. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Jackson Financial Inc. 2021 Omnibus Incentive Plan, as amended from time to time (the "Plan").

1. Grant of Performance Units. The Company hereby evidences and confirms its grant to the individual whose name is set forth on the Notice (the "Participant"), effective as of the grant date set forth on the Notice (the "Grant Date"), of the number of target Performance Units set forth on the Notice (the "PSUs"). The PSUs represent the unfunded, unsecured right of the Participant to receive Shares or a cash payment that is equal to the Fair Market Value of such Shares, in accordance with the Settlement Form identified in the Notice, in such number and at such times as determined pursuant to the Notice and this Award Agreement. The PSUs are also subject to the terms and conditions of the Notice and the Plan, which are incorporated by reference herein.
  
2. Vesting of PSUs; Effect of Termination of Employment.
  - (a) Vesting. PSUs shall generally vest only upon the satisfaction of two conditions: achievement of the performance conditions specified in Section 4 below and satisfaction of the service condition set forth in this Section 2. Except as otherwise provided in this Section 2 or in the Plan or as approved by the Administrator, the PSUs that are earned, in accordance with the performance vesting schedules set forth in Section 4, and not forfeited pursuant to this Award Agreement, shall vest in accordance with the terms of this Award Agreement (including the Notice and the Plan), subject to the Participant's continued employment through the Vesting Date (as defined in the Notice). PSUs that are earned and vested shall be settled as provided in Section 5.
  
  - (b) Effect of Termination of Employment. In the event of a Participant's termination of employment prior to the Vesting Date, outstanding, unvested PSUs shall vest or become forfeited as follows (the occurrence of each such event described in Section 2(b)(i)-(iii), a "Vesting Event"):
    - ( i ) Death. All of the Target PSUs shall become fully vested on the Participant's death, subject in each case to the Participant's continued employment with the Company or its Subsidiary through such date;
  
    - (ii) Without Cause; for Good Reason. If the Participant's employment is terminated (y) by the Company or its Subsidiary without Cause; or (z) by the Participant for Good Reason (as defined below) then, (1) to the extent then unvested, a pro rata portion of the PSUs shall become vested based on the actual achievement of the Performance Goals during the entire Performance Cycle (as if the Employee's employment had continued through the entire Performance Cycle), with such resulting number of earned PSUs then multiplied by a fraction representing the portion of period between the Grant Date and the Vesting Date that has elapsed through the date of the Employee's actual date of termination of employment, and (2) any PSUs that do not vest pursuant to this 2(b)(ii) shall automatically be forfeited and cancelled; and



- (iii) Disability or Qualifying Retirement. If the Participant's employment terminates prior to the Vesting Date due to the Participant's Disability or in a Qualifying Retirement (as defined below), a number of the PSUs shall be earned and become vested based on the actual achievement of the Performance Goals during the entire Performance Cycle (as if the Participant's employment had continued during the entire Performance Cycle) and any PSUs that do not vest pursuant to this 2(b)(iii) shall automatically be forfeited and cancelled; provided, that (i) at least six (6) months must have elapsed from the Grant Date to the date of termination of the Participant's employment for any termination initiated by the Employee to be treated as a Qualifying Retirement, and (ii) in the case of the Employee's Qualified Retirement, such vesting shall be conditioned on the Participant executing a general release of claims as described in Section 5(b) and on the Administrator's determination that the Employee remains in material compliance with the restrictive covenants set forth in Section 13(b).
    - (iv) Any Other Reason. Upon termination of the Participant's employment before the Vesting Date for any reason other than the Employee's death, Disability, Qualifying Retirement, termination by the Company without Cause or by the Participant for Good Reason, all PSUs shall be forfeited and cancelled as of the effective date of such termination.
  - (c) Employment. For purposes of this Award Agreement, employment with the Company will be deemed to include employment with, or, if approved by the Administrator, other service to, the Company or the Company's Subsidiary, but in the case of employment with or service to a Subsidiary, only during such time as such Subsidiary is an affiliate of the Company.
  - (d) Effect of a Change in Control. Upon the occurrence of a Change in Control, all then outstanding unvested PSUs shall be treated as provided in the Plan.
3. Termination for Cause. If the Participant's employment is terminated for Cause, or if the Participant resigns at such time as the Company could have terminated the Participant's employment for Cause, then notwithstanding any other provision of this Award Agreement, the Participant will immediately forfeit any remaining PSUs, along with any Shares issuable (or cash otherwise payable, as applicable) with respect to such PSUs (even if otherwise vested) for which Shares (or cash) have not yet been delivered, and any amounts payable under Section 10(b).
4. Performance Conditions. The PSUs shall vest based on the achievement of the following Performance Goals, as set forth in the schedules below:
- (a) Adjusted Operating Return on Equity: The extent to which forty percent (40%) of the Target PSUs are earned shall be determined by reference to the achievement of Adjusted Operating Return on Equity, as follows:

| <u>Adjusted Operating Return on Equity Achievement:</u> | <u>Number of Performance Units Earned<br/>(as a percentage of the Target PSUs assigned to this<br/>performance goal):</u> |
|---|---|
| Below threshold   | 0%  |
| Threshold   | 50%   |
| Target  | 100%  |
| Maximum   | 200%  |

For this purpose, “Adjusted Operating Return on Equity” means the average of the Adjusted Operating Return on Equity for each fiscal year ending during the Performance Cycle. The Adjusted Operating Return on Equity for a fiscal year is determined by dividing (i) Adjusted Operating Earnings by (ii) the average of the Adjusted Book Value for the fiscal year. For this purpose, “Adjusted Operating Earnings” means Adjusted Operating Earnings as defined in Jackson Financial Inc.’s U.S. Securities and Exchange Commission filings.

Adjusted Operating Earnings for each of the three years that is used in the calculation of Adjusted Operating Return on Equity may be adjusted to exclude (i) the net impact of equity market total returns over the period outside a corridor of 7% above or below the equity market total return assumption under the Company’s business plan, (ii) the impact on spread earnings resulting from movement in the 10-year Treasury rate, relative to the beginning of year rate, of more than 2%, and (iii) the impact on net investment income resulting from increases (or decreases) in general account assets resulting from net freestanding derivatives gains (or losses) in excess of \$2 billion.

Adjusted Book Value is defined as total stockholders’ equity determined in accordance with U.S. GAAP, adjusted to exclude accumulated other comprehensive income attributable to Jackson Financial Inc. Accumulated other comprehensive income attributable to Jackson Financial Inc. does not include accumulated other comprehensive income arising from investments held within the funds withheld account related to the Athene Reinsurance Transaction. For significant movements arising from the interaction of path dependent rate or equity movements and the risk framework in place during the period, the Committee may assess the performance of the hedging program to adjust the average Adjusted Book Value outcome used in the calculation of Adjusted Operating Return on Equity. The Committee may also adjust the average Adjusted Book Value to exclude the impact over the performance period of significant events, including, but not limited to, new business investment, business continuity disruptions, restructuring initiatives, mergers and acquisitions, guarantee fund assessments in the event of insurance company liquidations, material litigation and regulatory matters, and legislative, regulatory, or accounting changes, as determined by the Committee, or such other factors as enumerated in Section 9.5 of the Plan.

- (b) Generation of Net Cash Flow Available to the Company: The extent to which sixty percent (60%) of the Target PSUs are earned shall be determined by reference to the achievement of Generation of Net Cash Flow Available to the Company, as follows:

| <u>Generation of Net Cash Flow Available to the Company:</u> | <u>Number of Performance Units Earned<br/>(as a percentage of the Target PSUs assigned to this performance goal):</u> |
|--|---|
| Below threshold  | 0%  |
| Threshold  | 50%   |
| Target   | 100%  |
| Maximum  | 200%  |

For this purpose, "Generation of Net Cash Flow Available to the Company" means (1) the sum of cash flows to or available to the Company from its operating Subsidiaries in the form of (i) dividends, (ii) return of capital distributions, (iii) interest payments on intercompany surplus notes, (iv) payments related to expense or tax-sharing arrangements, (v) other similar payments, and (vi) unremitted cash in excess of the upper end of the stated target RBC range, minus, unless and to the extent that the Company otherwise specifies at the time of grant, (2) capital contributions to the Company's operating Subsidiaries. This measure considers cash flows related to performance in calendar year periods which may take place in the following calendar year (i.e., dividends from operating company pertain to excess capital development over a calendar year period, but are likely to be remitted in Q1 of the following year to allow for regulatory approval process). Generation of Net Cash Flow Available to the Company is distinct from any of the Company's capital actions, such as common stock dividends and repurchases, debt reduction payments and mergers and acquisitions.

Generation of Net Cash Flow Available to the Company will be measured relative to the plan projections for the period and may be adjusted to address the following macro-economic scenarios and unplanned events: (i) for material movements in interest rates or equity levels during the threeyear period, the metric outcome for the period may be adjusted based on the plan sensitivities for impacts on the Generation of Net Cash Flow Available to the Company, and (ii) for significant movements arising from the interaction of path dependent rate or equity movements and the risk framework in place during the period, the Committee may assess the performance of the hedging program to adjust the final outcome. The Committee may also adjust for the impact of significant events, including, but not limited to, new business investment, business continuity disruptions, restructuring initiatives, mergers and acquisitions, guarantee fund assessments in the event of insurance company liquidations, material litigation and regulatory matters, and legislative, regulatory, or accounting changes, as determined by the Committee, or such other factors as enumerated in Section 9.5 of the Plan.

- (c) Straight-line Interpolation. With respect to both Performance Goals, achievement of a Performance Goal in excess of threshold performance and below target performance, or in excess of the target performance and below maximum performance will be calculated by the Administrator by straight-line interpolation between threshold and target performance and between target and maximum performance.
- (d) Determination of Performance Achievement Relative to Performance Goals: As soon as practicable after the end of the Performance Cycle but in any event within 60 days after end of the Performance Cycle, the Administrator shall determine in writing the extent to which the Performance Goals have been achieved (the date on which such determination is made, the "Determination Date") and the number of PSUs that have been earned based on such

achievement. In making such determination, the Administrator shall be permitted to exercise any discretion permitted under the Plan.

- (e) The “Target Adjusted Operating Return on Equity” and the “Target Generation of Net Cash Flow Available to the Company” shall be set forth in the Notice.
- (f) Relative Total Shareholder Return Adjustment: The vesting level of the Target PSUs otherwise achieved under the Target Adjusted Operating Return on Equity and the Target Generation of Net Cash Flow Available to the Company Performance Goals shall be adjusted based on the placement of the Company’s three-year Relative Total Shareholder Return (“Relative TSR”) as compared to the peer group identified by the Committee for this purpose. The vesting level otherwise achieved shall be adjusted as set forth in the table below.

| <u>Relative TSR<br/>Performance Quartile Placement</u> | <u>Multiplier (to be applied to final<br/>vesting<br/>level)</u> |
|--|--|
| First  | 120%   |
| Second   | 100%   |
| Third  | 100%   |
| Fourth   | 80%  |

For purposes of this Section 4(f), Relative TSR shall mean the total shareholder return as determined by dividing (1) the sum of (i) the Ending Period Average Price minus the Beginning Period Average Price and (ii) all dividends and other distributions paid on the Company’s common stock during the Performance Cycle, assuming such dividends and other distributions are invested in shares on the ex-dividend date for such dividend or other distribution, by (2) the Beginning Period Average Price. For this purpose:

“Beginning Period Average Price” shall mean the average official closing price per share of the issuer over the 20 consecutive trading days ending with and including December 31, 2022 (if the applicable day is not a trading day, the immediately preceding trading day); and

“Ending Period Average Price” shall mean the average official closing price per share of the issuer over the 20 consecutive trading days ending with and including December 31, 2025 (if the applicable day is not a trading day, the immediately preceding trading day).

The Company’s Relative TSR, along with that of each company in the peer group defined for this purpose, will be ranked in descending order. In the event any member of the peer group liquidates or reorganizes under the United States Bankruptcy Code (U.S.C. Title 11) before the end of the Performance Period, such member shall remain in the peer group for purposes of calculating the payout modifier, with its Relative TSR measured over the period up to the point of liquidation or reorganization. If any member of the peer group is acquired by another entity before the end of the Performance Period, such member shall be removed from the peer group for purposes of calculating the payout modifier. In all other cases involving merger, reorganization or material change in ownership, legal structure, or business operations of any member of the peer group before the end of the performance period, the Committee shall have discretionary authority to retain, remove, or replace such member for purposes of calculating the payout modifier.

The Committee shall have the authority to make appropriate adjustments to account for extraordinary items affecting the Relative TSR. Notwithstanding any of the foregoing, in no event shall an adjustment made pursuant to this Section 4(f) cause the vesting level of the Target PSUs to exceed 200%.

5. Delivery.

- (a) In the case of the vesting of PSUs as described in Section 2(a), or due to a Participant's death, one Share, or a cash payment equal to the Fair Market Value of one Share as of the payment date, as applicable, shall be delivered in respect of each earned and vested PSU within 30 days following (i) the occurrence of the Vesting Date, or (ii) the Participant's death, as applicable. In the event of the death of the Participant, the delivery of Shares or cash payment under this Section 5 shall be made to the Participant's estate.
- (b) In the case of the vesting of PSUs due to a Vesting Event described in Section 2(b)(ii) (termination without Cause or with Good Reason) or, subject to the Participant's compliance with Section 13(b), due to a Qualifying Retirement, as described in Section 2(b)(iii), one Share, or a cash payment equal to the Fair Market Value of one Share as of the payment date, as applicable, will become deliverable in respect of each earned and vested PSU, subject to the Participant executing a general release of claims in favor of the Company and its affiliates, directors and officers in a form provided by the Company ("Release of Claims") and to such release becoming irrevocable within 55 days after such termination (such 55-day period, the "Release Period"). Subject to the Participant's compliance with the release requirement described in the preceding sentence, Shares or cash payments deliverable due to a termination without Cause or with Good Reason or due to a Qualifying Retirement will be delivered (i) within 30 days following the Vesting Date or, if later, (ii) on the date on which the Release of Claims becomes irrevocable (but if the Release Period spans two taxable years of the Participant, not before the first day of such second taxable year). If the Participant fails to timely satisfy this release requirement, all PSUs otherwise vesting under Section 2(b)(ii) or pursuant to a Qualified Retirement under Section 2(b)(iii), as applicable (along with any Shares issuable or cash payment payable with respect to such PSUs), shall be forfeited and the Participant will have no further rights with respect thereto.
- (c) In the case of a Vesting Event due to the Participant's Disability, as described in Section 2(b)(iii), one Share, or a cash payment equal to the Fair Market value of one share, as applicable, will become deliverable in respect of each earned and vested PSU. Shares or cash payments deliverable under this Section 5(c) will be delivered within 30 days following the Vesting Date.

6. Certain Definitions. For purposes of this Award Agreement and notwithstanding any provision of the Plan to the contrary, the following definitions will apply:

- (a) "Cause" means any of the following: (i) the Participant's commission of a crime involving fraud, theft, false statements or other similar acts or commission of any crime that is a felony (or comparable classification in a jurisdiction that does not use these terms); (ii) the Participant's engaging in any conduct that constitutes an employment disqualification under applicable law with respect to a material portion of the Participant's work duties; (iii) the Participant's willful or grossly negligent failure to perform his or her material employment-related duties for the Company or a Subsidiary, or willful misconduct in the performance of such duties; (iv) the Participant's material violation of any Company or Subsidiary policy as in effect from time to time; (v) the Participant's engaging in any act or making any public statement that materially impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company or its

Subsidiaries; (vi) the Participant's failure to return to a partial or full-time in-office working environment, as required by the Company, following a remote work arrangement that was temporary in nature; or (vii) the Participant's breach of any award agreement, employment agreement, or noncompetition, nondisclosure or nonsolicitation agreement to which the Participant is a party or by which the Participant is bound; provided that in the case of any Participant who, as of the date of determination, is a party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual, "Cause" shall have the meaning, if any, specified in such agreement. A termination for Cause shall be deemed to include a determination by the Committee following a Participant's termination of employment that circumstances existing prior to such termination would have entitled the Company or one of its Subsidiaries to have terminated such Participant's employment for Cause. All rights a Participant has or may have under the Plan shall be suspended automatically during the pendency of any investigation by the Committee or its designee, or during any negotiations between the Committee or its designee and the Participant, regarding any actual or alleged act or omission by the Participant of the type described in the applicable definition of Cause.

(b) "Good Reason" means:

- (i) in the case of any Participant who, as the date of determination is party to an effective services, severance, consulting or employment agreement with the Company or any Subsidiary of the Company that employs such individual that defines "Good Reason," the meaning specified in such agreement; or
- (ii) if no such agreement exists or if such agreement does not define "Good Reason," the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (i) a material reduction in the Participant's base salary; (ii) a material reduction in the Participant's target annual total cash compensation, which is comprised of base salary, target annual bonus opportunity, and target annual production-related sales compensation (if applicable); or (iii) a geographical relocation of the Participant's principal office location by more than fifty (50) miles. For the avoidance of doubt, to the extent the Company requires a Participant to return to a partial or full-time in-office working environment following a remote work arrangement that was temporary in nature, such required return to office shall not constitute Good Reason. In order for a termination of employment for Good Reason to be effective, the Participant must terminate his or her employment within 30 days following the expiration of the cure period set forth in this Section 6(b)(ii).

(c) "Qualifying Retirement" means the Participant's "separation from service" within the meaning of Section 409A of the Code after the Participant (i) has attained age 55 and completed at least 10 years of employment with the Company or a Subsidiary, or (ii) has attained a minimum age of 50, and the sum of (y) the Participant's age, plus (z) number of years of service, both calculated in completed years and months, equals 65 or more.

7. Adjustments Upon Certain Events. The Administrator shall, in its sole discretion, make equitable substitutions or adjustments to the number of Shares and the PSUs pursuant to Section 4.3 of the Plan.
8. No Right to Continued Employment. Neither the Plan, the Notice nor this Award

Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship with, the Company or any of its Subsidiaries. Further, the Company (or, as applicable, its Subsidiaries) may at any time dismiss the Participant, free from any liability or any claim under the Plan, the Notice or this Award Agreement, except as otherwise expressly provided herein.

9. No Acquired Rights. The Award has been granted entirely at the discretion of the Administrator. The grant of the Award does not obligate the Company to grant additional Awards to the Participant in the future (whether on the same or different terms).
10. No Rights of a Shareholder; Dividend Equivalent Payments.
  - (a) The Participant shall not have any rights or privileges as a shareholder of the Company in respect of PSUs, which for the avoidance of doubt includes no rights to dividends or to vote, until the underlying Shares have been registered in the Company's register of shareholders as being held by the Participant.
  - (b) Section 10(a) notwithstanding, in the event that the record date for an ordinary dividend cash payment on the Shares occurs following the Grant Date and prior to the date on which the PSUs are settled, a Dividend Equivalent shall be credited in respect of each PSU granted to the Participant hereunder that is then outstanding, in an amount equal to the amount of such cash dividend. The dollar value of each such Dividend Equivalent shall be deemed reinvested in additional PSUs (rounded to the sixth decimal), based on the closing market price of a Share reported for the date the corresponding dividend is payable to shareholders. The additional PSU(s) into which the Dividend Equivalent is deemed reinvested shall not be payable unless the related PSUs (or portion thereof) become earned and vested, and shall be forfeited to the extent that the related PSUs (or portion thereof) are forfeited. For the avoidance of doubt, any such additional PSUs shall become earned to the same extent that the related PSUs become earned, if at all. Any such additional PSUs shall be paid when the related PSUs vest, in the same form as the related PSUs.
11. Transferability of PSUs. Except as set forth in Section 5(a), the PSUs (and, prior to their actual issuance, the Shares) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 11 shall be void and unenforceable. Notwithstanding the foregoing, the Participant may, with the prior approval of the Company, transfer the PSUs for estate planning purposes.
12. Withholding; Taxation; Specified Employees.
  - (a) The Company and the Participant shall cooperate to satisfy applicable federal, state and local income and employment tax withholding requirements applicable to the grant, vesting and settlement of the PSUs and any Dividend Equivalents payable under Section 10(b) (the "Required Withholding"). For Share-settled awards, the Company shall withhold from the Shares that would otherwise have been transferred to the Participant in settlement of vested PSUs the number of Shares necessary to satisfy the Participant's Required Withholding unless, subject to the Company's consent, the Required Withholding shall previously have been satisfied by the Participant or from other amounts payable by the Company to the Participant and, if applicable, shall deliver the remaining Shares to the Participant. The amount of the Required Withholding and the number of Shares to be withheld by the Company, if applicable, to satisfy Participant's Required

Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the then Fair Market Value of the Shares. The obligations of the Company under this Award Agreement will be conditioned on such satisfaction of the Required Withholding.

- (b) The Award and this Award Agreement are intended to comply with Section 409A of the Code and should be interpreted accordingly. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan and this Award Agreement, the provisions of this Award Agreement will govern, and in the case of any conflict or potential inconsistency between this Section 12 and the other provisions of this Award Agreement, this Section 12 will govern. Nonetheless, the Company does not guarantee the tax treatment of the Award.
- (c) In no event will the Participant be permitted to designate, directly or indirectly, the taxable year of the delivery. To the extent the Award includes a "series of installment payments" as described in Treas. Reg. § 1.409A-2(b)(2)(iii), the Participant's right to the series of installment payments will be treated as a right to a series of separate payments and not as a right to a single payment. The Award is subject to offset solely to the extent permitted by the Plan and Section 409A of the Code. To the extent any payment under the Award is conditioned on the effectiveness of a release of claims and the period the Participant is afforded to consider the release spans two taxable years of the Participant, payment will be made in the second taxable year.
- (d) Notwithstanding anything in this Award Agreement to the contrary, (i) to the extent permitted by Treas. Reg. § 1.409A-3(j)(4)(vi) and subject to approval by the Administrator, settlement of the Award may be accelerated to the extent necessary to satisfy employment tax withholding obligations that arise with respect to the Award, and (ii) the Company may terminate this arrangement and deliver Shares hereunder in a manner consistent with Treas. Reg. § 1.409A3(j)(4)(ix).
- (e) Notwithstanding any other provisions of this Award Agreement to the contrary, to the extent necessary to comply with the requirements of Section 409A with respect to any individual who is a "specified employee" within the meaning of Section 409A, delivery of Shares on account of termination of the Participant's employment with the Company or any Subsidiary may not be made before the date that is six (6) months after the date of such termination of employment (or, if earlier, the date of the Participant's death).

13. Clawback/Forfeiture; Other Company Policies.

- (a) Notwithstanding anything to the contrary contained herein or in the Plan, in consideration for the grant of this Award, the Participant agrees that the PSUs and any Shares or cash delivered in settlement of the PSUs, including in respect of Dividend Equivalents pursuant to Section 10(b), (i) will be subject to the terms of the Jackson Financial Inc. Compensation Clawback Policy, as may be amended from time to time and, in accordance with such policy, may be subject to the requirement that the Shares underlying the PSUs or any cash payments made in respect thereof be repaid or returned to the Company after they have been distributed to the Participant, and (ii) will, along with any other equity interests in the Company held by the Participant, be subject to any policy with



respect to hedging or pledging of Shares that the Company may have in effect from time to time.

- (b) Unless otherwise approved by the Administrator, as a condition to the Qualified Retirement Vesting Event described in Section 2(b)(iii), the Participant shall not, to the extent permitted by applicable law, during the period following a Qualifying Retirement and prior to the Vesting Date, without the prior written consent of the Company, directly or indirectly, as an employee, agent, consultant, partner, joint venturer, owner, officer, director, member of any other firm, partnership, corporation or other entity, or in any other capacity, (i) own any interest in, manage, control, participate in, consult with, render services for, or otherwise be or be connected in any manner with any business competing directly or indirectly with the business of the Company or the business of its Subsidiaries or any other business that the Company and its Subsidiaries have conducted during the one-year period immediately preceding the date of such Qualifying Retirement or has plans to conduct as of the date of such Qualifying Retirement anywhere in the world, or (ii) induce or attempt to induce any customer, supplier, broker, agent, licensee or other business relation of the Company or any Subsidiary to cease doing business with the Company or such Subsidiary, or interfere in any way with the relationship between any such customer, supplier, broker, agent, licensee or business relation and the Company or any of its Subsidiaries. Accordingly, the Participant agrees that, unless otherwise approved by the Administrator, without limiting any of the Company's rights pursuant to any clawback or recapture policy that the Company may have in effect from time to time, in the event of the Participant's violation of any of the covenants contained in this Section 13(b), the Participant will immediately forfeit all unvested PSUs held by the Participant, and the Participant will have no further rights with respect thereto.

14. Choice of Law. THE AWARD, THIS AWARD AGREEMENT AND THE NOTICE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE. ANY ACTION TO ENFORCE THE AWARD, THIS AWARD AGREEMENT OR THE NOTICE MUST BE BROUGHT IN A COURT SITUATED IN, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF, COURTS SITUATED IN MICHIGAN. EACH PARTY HEREBY WAIVES THE RIGHT TO CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM FOR THE RESOLUTION OF ANY SUCH ACTION.
15. PSUs Subject to Plan. All of the PSUs are subject to the Plan, a copy of which has been provided to the Participant and the terms of which are incorporated herein by this reference.
- Except as set forth in Section 12(b), if there is any inconsistency between any express provision of this Award Agreement and any express term of the Plan, the express term of the Plan shall govern.
16. Entire Agreement; Severability. The Plan, this Award Agreement and the Notice contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of the Notice or this Award Agreement shall be valid unless the same be in writing and signed by the parties hereto. Whenever possible, each provision of this Award Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Award Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Award Agreement shall be reformed, construed and

enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17. Acceptance of PSUs and Agreement. The Participant has indicated the Participant's consent and acknowledgement of the terms of this Award Agreement pursuant to the instructions provided to the Participant by or on behalf of the Company. The Participant acknowledges receipt of the Plan, represents to the Company that the Participant has read and understood the Notice, this Award Agreement and the Plan, and, as an express condition to the grant of the PSUs under the Notice and this Award Agreement, agrees to be bound by the terms of the Notice, this Award Agreement and the Plan. The Participant and the Company each agrees and acknowledges that the use of electronic media (including, without limitation, a click-through button or checkbox on a website of the Company or a third-party administrator) to indicate the Participant's confirmation, consent, signature, agreement and delivery of the Notice, this Award Agreement and the Plan is legally valid and has the same legal force and effect as if the Participant and the Company signed and executed this Award Agreement in paper form. The same use of electronic media may be used for any amendment or waiver of this Award Agreement.
18. Transferability of Shares. Any Shares issued or transferred to the Participant pursuant to the Award shall be subject to such stop transfer orders and other restrictions as the Administrator may deem advisable under the Plan, the Notice, this Award Agreement or the rules, regulations and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Administrator may cause a legend or legends to be put on any certificates representing such Shares or make an appropriate entry on the record books of the appropriate registered book-entry custodian, if the Shares are not certificated, to make appropriate reference to such restrictions.

**CERTIFICATIONS**

I, Laura L. Prieskorn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jackson 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 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 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: November 8, 2023

/s/ Laura L. Prieskorn

Laura L. Prieskorn

President and

Chief Executive Officer

**CERTIFICATIONS**

I, Marcia L. Wadsten, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jackson 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 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 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: November 8, 2023

/s/ Marcia Wadsten  
Marcia Wadsten  
Executive Vice President and  
Chief Financial Officer

**Certification pursuant to 18 U.S.C. Section 1350 by the  
Chief Executive Officer, as Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Jackson Financial Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023

/s/ Laura L. Prieskorn

Laura L. Prieskorn

*President and Chief Executive Officer*

**Certification pursuant to 18 U.S.C. Section 1350 by the  
Chief Financial Officer, as Adopted Pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Jackson Financial Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023

/s/ Marcia Wadsten

Marcia Wadsten

*Executive Vice President and  
Chief Financial Officer*