UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

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: 001-37905

Brighthouse Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-3846992**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
11225 North Community House Road, Charlotte, North Carolina	**28277**
(Address of principal executive offices)	*(Zip Code)*

(980) 365-7100
(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 each exchange on which registered
Common Stock, par value $0.01 per share	**BHF**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 6.600% Non-Cumulative Preferred Stock, Series A	**BHFAP**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 6.750% Non-Cumulative Preferred Stock, Series B	**BHFAO**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 5.375% Non-Cumulative Preferred Stock, Series C	**BHFAN**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 4.625% Non-Cumulative Preferred Stock, Series D	**BHFAM**	**The Nasdaq Stock Market LLC**
6.250% Junior Subordinated Debentures due 2058	**BHFAL**	**The Nasdaq Stock Market LLC**

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	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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 August 4, 2025, 57,152,371 shares of the registrant's common stock were outstanding.

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Part I — Financial Information

Item 1. Financial Statements

Brighthouse Financial, Inc.

Interim Condensed Consolidated Balance Sheets
June 30, 2025 (Unaudited) and December 31, 2024

(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $86,762 and $87,603, respectively; allowance for credit losses of $67 and $81, respectively)	$ 80,835	$ 80,055
Trading securities, at estimated fair value	520	—
Equity securities, at estimated fair value	74	77
Mortgage loans (net of allowance for credit losses of $209 and $178, respectively)	22,993	23,286
Policy loans	1,425	2,024
Limited partnerships and limited liability companies	4,798	4,827
Short-term investments, principally at estimated fair value	1,170	1,868
Other invested assets, principally at estimated fair value (net of allowance for credit losses of $0 and $0, respectively)	8,932	5,250
Total investments	120,747	117,387
Cash and cash equivalents	5,540	5,045
Accrued investment income	1,235	1,277
Premiums, reinsurance and other receivables (net of allowance for credit losses of $3 and $3, respectively)	21,258	21,126
Deferred policy acquisition costs and value of business acquired	4,636	4,710
Current income tax recoverable	17	19
Deferred income tax asset	1,695	1,875
Market risk benefit assets	1,084	1,092
Other assets	348	370
Separate account assets	86,085	85,636
Total assets	$ 242,645	$ 238,537
Liabilities and Equity		
Liabilities		
Future policy benefits	$ 31,974	$ 31,475
Policyholder account balances	88,046	87,989
Market risk benefit liabilities	8,051	8,329
Other policy-related balances	3,977	3,878
Payables for collateral under securities loaned and other transactions	3,994	3,891
Long-term debt	3,155	3,155
Other liabilities	11,625	9,160
Separate account liabilities	86,085	85,636
Total liabilities	236,907	233,513
Contingencies, Commitments and Guarantees (Note 13)		
Equity		
Brighthouse Financial, Inc.'s stockholders' equity:		
Preferred stock, par value $0.01 per share; $1,753 aggregate liquidation preference	—	—
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 124,019,538 and 123,480,326 shares issued, respectively; 57,122,494 and 58,629,049 shares outstanding, respectively	1	1
Additional paid-in capital	13,918	13,927
Retained earnings (deficit)	(1,302)	(1,119)
Treasury stock, at cost; 66,897,044 and 64,851,277 shares, respectively	(2,687)	(2,572)
Accumulated other comprehensive income (loss)	(4,257)	(5,278)
Total Brighthouse Financial, Inc.'s stockholders' equity	5,673	4,959
Noncontrolling interests	65	65
Total equity	5,738	5,024
Total liabilities and equity	$ 242,645	$ 238,537

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months and Six Months Ended June 30, 2025 and 2024 (Unaudited)

(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Premiums	$ 166	$ 181	$ 352	$ 383
Universal life and investment-type product policy fees	553	580	1,096	1,016
Net investment income	1,285	1,307	2,582	2,561
Other revenues	143	141	279	286
Net investment gains (losses)	(39)	(120)	(122)	(162)
Net derivative gains (losses)	(1,237)	(662)	(926)	(2,583)
Total revenues	871	1,427	3,261	1,501
Expenses				
Policyholder benefits and claims (including liability remeasurement gains (losses) of $0, $0, $0, and $0, respectively)	711	642	1,360	1,610
Interest credited to policyholder account balances	537	509	1,098	1,011
Amortization of deferred policy acquisition costs and value of business acquired	149	150	297	301
Change in market risk benefits	(1,101)	(356)	(208)	(1,796)
Other expenses	482	468	975	975
Total expenses	778	1,413	3,522	2,101
Income (loss) before provision for income tax	93	14	(261)	(600)
Provision for income tax expense (benefit)	8	(20)	(80)	(143)
Net income (loss)	85	34	(181)	(457)
Less: Net income (loss) attributable to noncontrolling interests	—	—	2	2
Net income (loss) attributable to Brighthouse Financial, Inc.	85	34	(183)	(459)
Less: Preferred stock dividends	25	25	51	51
Net income (loss) available to Brighthouse Financial, Inc.’s common shareholders	$ 60	$ 9	$ (234)	$ (510)
Comprehensive income (loss)	$ 498	$ 28	$ 840	$ (630)
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	2	2
Comprehensive income (loss) attributable to Brighthouse Financial, Inc.	$ 498	$ 28	$ 838	$ (632)
Earnings per common share				
Basic	$ 1.03	$ 0.12	$ (4.06)	$ (8.17)
Diluted	$ 1.02	$ 0.12	$ (4.06)	$ (8.17)

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Equity
For the Three Months and Six Months Ended June 30, 2025 and 2024 (Unaudited)

(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Brighthouse Financial, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2024	$ —	$ 1	$ 13,927	$ (1,119)	$ (2,572)	$ (5,278)	$ 4,959	$ 65	$ 5,024
Treasury stock acquired in connection with share repurchases					(59)		(59)		(59)
Share-based compensation		—	38		(13)		25		25
Dividends on preferred stock			(26)				(26)		(26)
Change in noncontrolling interests							—	(2)	(2)
Net income (loss)				(268)			(268)	2	(266)
Other comprehensive income (loss), net of income tax						608	608		608
Balance at March 31, 2025	—	1	13,939	(1,387)	(2,644)	(4,670)	5,239	65	5,304
Treasury stock acquired in connection with share repurchases					(43)		(43)		(43)
Share-based compensation		—	4				4		4
Dividends on preferred stock			(25)				(25)		(25)
Change in noncontrolling interests							—	—	—
Net income (loss)				85			85	—	85
Other comprehensive income (loss), net of income tax						413	413		413
Balance at June 30, 2025	$ —	$ 1	$ 13,918	$ (1,302)	$ (2,687)	$ (4,257)	$ 5,673	$ 65	$ 5,738

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Brighthouse Financial, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2023	$ —	$ 1	$ 14,004	$ (1,507)	$ (2,309)	$ (5,246)	$ 4,943	$ 65	$ 5,008
Treasury stock acquired in connection with share repurchases					(62)		(62)		(62)
Share-based compensation		—	11		(11)		—		—
Dividends on preferred stock			(26)				(26)		(26)
Change in noncontrolling interests							—	(2)	(2)
Net income (loss)				(493)			(493)	2	(491)
Other comprehensive income (loss), net of income tax						(167)	(167)		(167)
Balance at March 31, 2024	—	1	13,989	(2,000)	(2,382)	(5,413)	4,195	65	4,260
Treasury stock acquired in connection with share repurchases					(64)		(64)		(64)
Share-based compensation		—	8		(1)		7		7
Dividends on preferred stock			(25)				(25)		(25)
Change in noncontrolling interests							—	—	—
Net income (loss)				34			34	—	34
Other comprehensive income (loss), net of income tax						(6)	(6)		(6)
Balance at June 30, 2024	$ —	$ 1	$ 13,972	$ (1,966)	$ (2,447)	$ (5,419)	$ 4,141	$ 65	$ 4,206

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024 (Unaudited)

(In millions)

	Six Months Ended June 30,	
	2025	2024
Net cash provided by (used in) operating activities	$ 145	$ (196)
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	6,202	5,550
Trading securities	6	—
Equity securities	30	32
Mortgage loans	1,129	685
Limited partnerships and limited liability companies	196	155
Purchases of:		
Fixed maturity securities	(5,382)	(6,423)
Trading securities	(178)	—
Equity securities	(20)	(2)
Mortgage loans	(896)	(886)
Limited partnerships and limited liability companies	(118)	(153)
Cash received in connection with freestanding derivatives	5,332	5,627
Cash paid in connection with freestanding derivatives	(6,966)	(5,743)
Net change in policy loans	599	(138)
Net change in short-term investments	730	(220)
Net change in other invested assets	11	(191)
Net cash provided by (used in) investing activities	675	(1,707)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	9,834	20,632
Withdrawals	(9,980)	(18,009)
Net change in payables for collateral under securities loaned and other transactions	103	236
Long-term debt repaid	(1)	(1)
Dividends on preferred stock	(51)	(51)
Treasury stock acquired in connection with share repurchases	(102)	(126)
Financing element on certain derivative instruments and other derivative related transactions, net	(114)	(175)
Other, net	(14)	(13)
Net cash provided by (used in) financing activities	(325)	2,493
Change in cash, cash equivalents and restricted cash	495	590
Cash, cash equivalents and restricted cash, beginning of period	5,045	3,851
Cash, cash equivalents and restricted cash, end of period	$ 5,540	$ 4,441
Supplemental disclosures of cash flow information		
Net cash paid (received) for:		
Interest	$ 75	$ 75
Income tax	$ 10	$ 6

See accompanying notes to the interim condensed consolidated financial statements.

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

Brighthouse Financial, Inc. ("BHF" and, together with its subsidiaries, "Brighthouse Financial" or the "Company") is a holding company formed in 2016 to own the legal entities that historically operated a substantial portion of MetLife, Inc.'s former retail segment until becoming a separate, publicly-traded company in August 2017. Brighthouse Financial is one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. The Company is organized into the following reportable segments: Annuities; Life; Run-off; and Corporate & Other.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

Consolidation

The accompanying interim condensed consolidated financial statements include the accounts of Brighthouse Financial, as well as partnerships and limited liability companies ("LLC") that the Company controls. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in limited partnerships and LLCs when it has more than a minor ownership interest or more than a minor influence over the investee's operations. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. When the Company has virtually no influence over the investee's operations, the investment is carried at fair value.

The accompanying interim condensed consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2024 consolidated balance sheet data was derived from audited consolidated financial statements included in Brighthouse Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2024 Annual Report.

Summary of Significant Accounting Policies

In connection with the establishment of a trading portfolio comprised of fixed income securities (classified as "trading securities" under GAAP), the Company updated its impacted accounting policies as described below. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2024 Annual Report for a description of the Company's accounting policies that did not change.

Investments

Trading Securities

The Company's trading securities consist primarily of fixed maturity securities and are reported at their estimated fair value. Realized and unrealized investment gains (losses) on trading securities are recorded in net investment income on the interim condensed consolidated statements of operations.

Adoption of New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASU") to the FASB Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. There were no significant ASUs adopted during the period ended June 30, 2025.

Future Adoption of New Accounting Pronouncements

In November 2024, the FASB issued new guidance on income statement expense disclosures (ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*: Disaggregation of Income Statement Expenses). This ASU requires public companies to disclose additional disaggregated information about expenses in the notes to financial statements at each interim and annual reporting period. This ASU is effective for fiscal years starting January 1, 2027, and for interim periods starting January 1, 2028. This ASU is required to be adopted prospectively with the option of retrospective application. The Company is currently evaluating the impact of this guidance on its financial statements.

In December 2023, the FASB issued new guidance on Income Tax Disclosures (ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures)*. This ASU updates the required income tax disclosures to include disclosure of income taxes paid disaggregated by jurisdiction and greater disaggregation of information in the required rate reconciliation. This ASU is effective for annual periods starting with fiscal year 2025 and will be applied on a prospective basis with the option of retrospective application. This ASU has no impact on the Company's consolidated financial statements but will result in expanded disclosures in the Notes to the Consolidated Financial Statements.

2. Segment Information

The Company is organized into and provides its products and services through the following reportable segments: Annuities; Life; Run-off; and Corporate & Other. The Company's chief operating decision maker ("CODM") views and manages the business through these segments.

Annuities

The Annuities segment consists of a variety of variable, fixed, index-linked and income annuities designed to address contract holders' needs for protected wealth accumulation on a tax-deferred basis, wealth transfer and income security.

Life

The Life segment consists of insurance products, including term, universal, whole and variable life products designed to address policyholders' needs for financial security and protected wealth transfer, which may be on a tax-advantaged basis.

Run-off

The Run-off segment consists primarily of products that are no longer actively sold and are separately managed, including universal life with secondary guarantees ("ULSG"), structured settlements, pension risk transfer contracts, certain company-owned life insurance policies and certain funding agreements.

Corporate & Other

The Corporate & Other segment consists of activities related to funding agreements associated with the Company's institutional spread margin business, excess capital not allocated to the other segments, interest expense related to the Company's outstanding debt, and preferred stock dividends, as well as expenses associated with certain legal proceedings and income tax audit issues. The Corporate & Other segment also includes long-term care business reinsured through 100% quota share reinsurance agreements.

Financial Measure and Segment Accounting Policies

The Company's CODM is its Chief Executive Officer ("CEO"). The CEO uses adjusted earnings to evaluate segment performance and facilitate comparisons to industry results. The Company believes the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of its performance by the investor community by highlighting the results of operations and the underlying profitability drivers of the business.

Adjusted earnings, which may be positive or negative, focuses on the Company's primary businesses by excluding the impact of market volatility, which could distort trends. Adjusted earnings was updated during the first quarter of 2025 in connection with the establishment of a trading portfolio comprised of certain fixed income securities (classified as "trading securities" under GAAP). The Company did not have trading securities prior to the first quarter of 2025.

2. Segment Information (continued)

The following items are excluded from total revenues in calculating adjusted earnings:

- Net investment gains (losses);
- Investment gains (losses) on trading securities measured at estimated fair value through net investment income; and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”).

The following items are excluded from total expenses in calculating adjusted earnings:

- Change in market risk benefits (“MRB”); and
- Change in fair value of the crediting rate on experience-rated contracts and market value adjustments on institutional group annuities that are economically offset by gains (losses) on the related trading securities (“Market Value Adjustments”).

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

The segment accounting policies are the same as those used to prepare the Company’s interim condensed consolidated financial statements, except for the adjustments to calculate adjusted earnings described above. In addition, segment accounting policies include the methods of capital allocation described below.

Segment investment and capitalization targets are based on statutory oriented risk principles and metrics. Segment invested assets backing liabilities are based on net statutory liabilities plus excess capital. For the variable annuity business, the excess capital held is based on the target statutory total asset requirement consistent with the Company’s variable annuity risk management strategy. For insurance businesses other than variable annuities, excess capital held is based on a percentage of required statutory risk-based capital. Assets in excess of those allocated to the Annuities, Life and Run-off segments, if any, are held in the Corporate & Other segment. Segment net investment income reflects the performance of each segment’s respective invested assets.

2. Segment Information (continued)

The tables below provide information about the Company’s segments, including significant segment expenses, and reconciliations to Net income (loss) available to common shareholders.

	Three Months Ended June 30, 2025				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Total revenues	$ 202	$ 269	$ 209	$ 191	$ 871
Less: Revenues excluded from adjusted earnings (1)	(1,129)	(14)	(173)	33	
Less: Segment expenses:					
Policyholder benefits and claims	98	213	400	—	
Interest credited to policyholder account balances, excluding market value adjustments	354	28	58	103	
Amortization of DAC and VOBA	127	22	—	—	
Interest expense on debt	—	—	—	38	
Other expenses (2)	342	53	29	20	
Less: Provision for income tax expense (benefit)	78	(7)	(22)	(3)	
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—	
Less: Preferred stock dividends	—	—	—	25	
Adjusted earnings (loss)	$ 332	$ (26)	$ (83)	$ (25)	198
Adjustments for:					
Net investment gains (losses)					(39)
Investment gains (losses) on trading securities					(6)
Net derivative gains (losses), excluding investment hedge adjustments of $1					(1,238)
Change in market risk benefits					1,101
Market value adjustments					6
Provision for income tax (expense) benefit					38
Net income (loss) available to Brighthouse Financial, Inc.’s common shareholders					$ 60
Interest revenue	$ 757	$ 97	$ 283	$ 155	

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. Segment Information (continued)

	Three Months Ended June 30, 2024				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Total revenues	$ 664	$ 293	$ 318	$ 152	$ 1,427
Less: Revenues excluded from adjusted earnings (1)	(650)	(4)	(111)	(26)	
Less: Segment expenses:					
Policyholder benefits and claims	109	155	378	—	
Interest credited to policyholder account balances, excluding market value adjustments	328	25	53	109	
Amortization of DAC and VOBA	126	24	—	—	
Interest expense on debt	—	—	—	38	
Other expenses (2)	341	41	35	13	
Less: Provision for income tax expense (benefit)	78	10	(7)	(9)	
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—	
Less: Preferred stock dividends	—	—	—	25	
Adjusted earnings (loss)	$ 332	$ 42	$ (30)	$ 2	346
Adjustments for:					
Net investment gains (losses)					(120)
Investment gains (losses) on trading securities					—
Net derivative gains (losses), excluding investment hedge adjustments of $9					(671)
Change in market risk benefits					356
Market value adjustments					6
Provision for income tax (expense) benefit					92
Net income (loss) available to Brighthouse Financial, Inc.’s common shareholders					$ 9
Interest revenue	$ 702	$ 121	$ 315	$ 178	

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2. Segment Information (continued)

	Six Months Ended June 30, 2025				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Total revenues	$ 1,792	$ 550	$ 577	$ 342	$ 3,261
Less: Revenues excluded from adjusted earnings (1)	(883)	(24)	(172)	30	
Less: Segment expenses:					
Policyholder benefits and claims	208	400	752	—	
Interest credited to policyholder account balances, excluding market value adjustments	712	55	118	209	
Amortization of DAC and VOBA	253	44	—	—	
Interest expense on debt	—	—	—	76	
Other expenses (2)	705	98	65	31	
Less: Provision for income tax expense (benefit)	151	(6)	(39)	(8)	
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	
Less: Preferred stock dividends	—	—	—	51	
Adjusted earnings (loss)	$ 646	$ (17)	$ (147)	$ (49)	433
Adjustments for:					
Net investment gains (losses)					(122)
Investment gains (losses) on trading securities					—
Net derivative gains (losses), excluding investment hedge adjustments of $1					(927)
Change in market risk benefits					208
Market value adjustments					(4)
Provision for income tax (expense) benefit					178
Net income (loss) available to Brighthouse Financial, Inc.’s common shareholders					$ (234)
Interest revenue	$ 1,510	$ 204	$ 555	$ 314	

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

2. Segment Information (continued)

	Six Months Ended June 30, 2024				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Total revenues	$ 200	$ 500	$ 464	$ 337	$ 1,501
Less: Revenues excluded from adjusted earnings (1)	(2,418)	(14)	(321)	(14)	
Less: Segment expenses:					
Policyholder benefits and claims	254	305	1,051	—	
Interest credited to policyholder account balances, excluding market value adjustments	631	50	122	218	
Amortization of DAC and VOBA	253	48	—	—	
Interest expense on debt	—	—	—	76	
Other expenses (2)	685	105	81	28	
Less: Provision for income tax expense (benefit)	150	—	(98)	8	
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	
Less: Preferred stock dividends	—	—	—	51	
Adjusted earnings (loss)	$ 645	$ 6	$ (371)	$ (32)	248
Adjustments for:					
Net investment gains (losses)					(162)
Investment gains (losses) on trading securities					—
Net derivative gains (losses), excluding investment hedge adjustments of $22					(2,605)
Change in market risk benefits					1,796
Market value adjustments					10
Provision for income tax (expense) benefit					203
Net income (loss) available to Brighthouse Financial, Inc.’s common shareholders					$ (510)
Interest revenue	$ 1,378	$ 228	$ 631	$ 346	

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(1) For each reportable segment, certain revenues are excluded from adjusted earnings (loss), including net investment gains (losses), investment gains (losses) on trading securities and net derivative gains (losses), excluding investment hedge adjustments.

(2) Other expenses include corporate expense allocations directly attributable to each of the segments.

Total assets by segment were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
Annuities	$ 168,101	$ 163,830
Life	26,810	26,261
Run-off	24,873	24,873
Corporate & Other	22,861	23,573
Total	$ 242,645	$ 238,537

2. Segment Information (continued)

Total premiums, universal life and investment-type product policy fees and other revenues by major product group were as follows:

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(In millions)			
Annuity products	$ 577	$ 613	$ 1,168	$ 1,241
Life insurance products	280	287	556	435
Other products	5	2	3	9
Total	$ 862	$ 902	$ 1,727	$ 1,685

Substantially all of the Company's premiums, universal life and investment-type product policy fees and other revenues originated in the U.S.

Revenues derived from any individual customer did not exceed 10% of premiums, universal life and investment-type product policy fees and other revenues for the three months and six months ended June 30, 2025 and 2024.

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3. Insurance Liabilities

Liability for Future Policy Benefits

Information regarding liability for future policy benefits (“LFPB”) for non-participating traditional and limited-payment contracts was as follows:

	Six Months Ended June 30,					
	2025			2024		
	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities
	(Dollars in millions)					
Present value of expected net premiums:						
Balance, beginning of period	$ 2,808	$ —	$ —	$ 2,974	$ —	$ —
Beginning balance at original discount rate	3,161	—	—	3,234	—	—
Effect of model refinements	3	—	—	4	—	—
Effect of actual variances from expected experience	(11)	—	—	19	—	—
Adjusted beginning of period balance	3,153	—	—	3,257	—	—
Issuances	8	—	—	41	—	—
Interest accrual	55	—	—	57	—	—
Net premiums collected	(186)	—	—	(189)	—	—
Ending balance at original discount rate	3,030	—	—	3,166	—	—
Effect of changes in discount rate assumptions	(302)	—	—	(341)	—	—
Balance, end of period	$ 2,728	$ —	$ —	$ 2,825	$ —	$ —
Present value of expected future policy benefits:						
Balance, beginning of period	$ 5,325	$ 3,763	$ 6,118	$ 5,507	$ 3,754	$ 6,697
Beginning balance at original discount rate	5,989	4,161	6,876	6,023	4,031	7,085
Effect of model refinements	2	—	—	9	—	—
Effect of actual variances from expected experience	(14)	(27)	(24)	28	(1)	(3)
Adjusted beginning of period balance	5,977	4,134	6,852	6,060	4,030	7,082
Issuances	9	185	—	43	197	—
Interest accrual	109	80	148	110	76	152
Benefit payments	(273)	(206)	(269)	(311)	(201)	(288)
Ending balance at original discount rate	5,822	4,193	6,731	5,902	4,102	6,946
Effect of changes in discount rate assumptions	(555)	(327)	(678)	(688)	(404)	(721)
Balance, end of period	$ 5,267	$ 3,866	$ 6,053	$ 5,214	$ 3,698	$ 6,225
Net liability for future policy benefits, end of period	$ 2,539	$ 3,866	$ 6,053	$ 2,389	$ 3,698	$ 6,225
Less: Reinsurance recoverable, end of period	27	32	59	37	30	61
Net liability for future policy benefits, after reinsurance recoverable	$ 2,512	$ 3,834	$ 5,994	$ 2,352	$ 3,668	$ 6,164
Weighted-average duration of liability	7.4 years	7.8 years	11.5 years	8.7 years	8.1 years	11.5 years
Weighted-average interest accretion rate	3.92 %	4.08 %	4.46 %	3.95 %	4.00 %	4.46 %
Current discount rate	5.15 %	5.25 %	5.54 %	5.46 %	5.46 %	5.56 %
Gross premiums or assessments recognized during period	$ 269	$ 235	$ —	$ 284	$ 247	$ —
Expected future gross premiums, undiscounted	$ 5,663	$ —	$ —	$ 5,953	$ —	$ —
Expected future gross premiums, discounted	$ 4,175	$ —	$ —	$ 4,477	$ —	$ —
Expected future benefit payments, undiscounted	$ 7,896	$ 5,900	$ 13,031	$ 8,163	$ 5,809	$ 13,483
Expected future benefit payments, discounted	$ 5,822	$ 4,193	$ 6,731	$ 5,902	$ 4,102	$ 6,946

3. Insurance Liabilities (continued)

Information regarding the additional insurance liabilities for universal life-type contracts with secondary guarantees was as follows:

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(Dollars in millions)	
Balance, beginning of period	$ 8,986	$ 7,607
Beginning balance before the effect of unrealized gains and losses	9,277	7,784
Effect of actual variances from expected experience	83	67
Adjusted beginning of period balance	9,360	7,851
Interest accrual	228	190
Net assessments collected	236	215
Benefit payments	(236)	(201)
Ending balance before the effect of unrealized gains and losses	9,588	8,055
Effect of unrealized gains and losses	(252)	(250)
Balance, end of period	9,336	7,805
Less: Reinsurance recoverable, end of period	1,567	1,466
Net additional liability, after reinsurance recoverable	$ 7,769	$ 6,339
Weighted-average duration of liability	6.6 years	6.6 years
Weighted-average interest accretion rate	4.95 %	4.93 %
Gross assessments recognized during period	$ 533	$ 542

A reconciliation of the net LFPBs for non-participating traditional and limited-payment contracts and the additional insurance liabilities for universal life-type contracts with secondary guarantees reported in the preceding rollforward tables to LFPBs on the consolidated balance sheets was as follows at:

	June 30, 2025	June 30, 2024
	(In millions)	
Liabilities reported in the preceding rollforward tables	$ 21,794	$ 20,117
Long-term care insurance (1)	5,153	5,224
ULSG liabilities, including liability for profits followed by losses	941	2,525
Participating whole life insurance (2)	3,254	3,161
Deferred profit liabilities	457	476
Other	375	383
Total liability for future policy benefits	$ 31,974	$ 31,886

(1) Includes liabilities related to fully reinsured individual long-term care insurance. See Note 2.

(2) Participating whole life insurance uses an interest assumption based on the non-forfeiture interest rate, ranging from 3.5% to 4.5%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts, and also includes a liability for terminal dividends. Participating whole life insurance represented 3% of the Company's life insurance in-force at both June 30, 2025 and 2024, and 39% and 41% of gross traditional life insurance premiums for the six months ended June 30, 2025 and 2024, respectively.

3. Insurance Liabilities (continued)

Policyholder Account Balances

Information regarding policyholder account balances was as follows:

	Universal Life Insurance	Variable Annuities (1)	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance (1)
	(Dollars in millions)					
Six Months Ended June 30, 2025						
Balance, beginning of period	$ 2,590	$ 3,833	$ 48,605	$ 14,665	$ 4,779	$ 1,166
Premiums and deposits	130	26	4,001	520	313	—
Surrenders and withdrawals	(52)	(295)	(3,547)	(666)	(13)	—
Benefit payments	(35)	(44)	(173)	(182)	(49)	(4)
Net transfers from (to) separate account	15	66	—	—	—	(525)
Interest credited	53	50	378	282	77	12
Policy charges	(96)	(11)	(17)	—	(488)	(4)
Changes related to embedded derivatives	—	—	990	—	—	—
Balance, end of period	$ 2,605	$ 3,625	$ 50,237	$ 14,619	$ 4,619	$ 645
Weighted-average crediting rate (2)	2.04 %	1.34 %	0.96 %	1.93 %	1.64 %	1.45 %
Six Months Ended June 30, 2024						
Balance, beginning of period	$ 2,550	$ 4,307	$ 41,627	$ 14,672	$ 5,052	$ 653
Premiums and deposits	121	34	4,236	687	328	—
Surrenders and withdrawals	(49)	(351)	(2,510)	(736)	(10)	—
Benefit payments	(27)	(47)	(151)	(178)	(39)	(5)
Net transfers from (to) separate account	31	59	—	—	—	(1)
Interest credited	48	54	291	281	82	18
Policy charges	(108)	(12)	(9)	—	(499)	(6)
Changes related to embedded derivatives	—	—	2,605	—	—	—
Balance, end of period	$ 2,566	$ 4,044	$ 46,089	$ 14,726	$ 4,914	$ 659
Weighted-average crediting rate (2)	1.88 %	1.29 %	0.85 %	1.90 %	1.65 %	2.49 %

(1) Includes liabilities related to separate account products where the contract holder elected a general account investment option.

(2) Excludes the effects of embedded derivatives related to index-linked crediting rates.

A reconciliation of policyholder account balances reported in the preceding rollforward table to the liability for policyholder account balances on the consolidated balance sheets was as follows at:

	June 30, 2025	June 30, 2024
	(In millions)	
Policyholder account balances reported in the preceding rollforward table	$ 76,350	$ 72,998
Funding agreements classified as investment contracts	10,174	11,502
Institutional group annuities	566	343
Other investment contract liabilities	956	1,022
Total policyholder account balances	$ 88,046	$ 85,865

3. Insurance Liabilities (continued)

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

Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 to 50 Basis Points Above	51 to 150 Basis Points Above	Greater than 150 Basis Points Above	Total
			(In millions)		
June 30, 2025					
Annuities (1):					
Less than 2.00%	$ 481	$ 113	$ 340	$ 9,015	$ 9,949
2.00% to 3.99%	6,606	505	592	332	8,035
Greater than 3.99%	786	—	—	—	786
Total	$ 7,873	$ 618	$ 932	$ 9,347	$ 18,770
Life insurance (2) (3):					
Less than 2.00%	$ —	$ —	$ —	$ 361	$ 361
2.00% to 3.99%	—	522	43	123	688
Greater than 3.99%	1,504	—	—	—	1,504
Total	$ 1,504	$ 522	$ 43	$ 484	$ 2,553
ULSG (3):					
Less than 2.00%	$ —	$ —	$ —	$ —	$ —
2.00% to 3.99%	1,008	1,332	1,560	231	4,131
Greater than 3.99%	472	—	—	—	472
Total	$ 1,480	$ 1,332	$ 1,560	$ 231	$ 4,603
December 31, 2024					
Annuities (1):					
Less than 2.00%	$ 562	$ 126	$ 240	$ 8,769	$ 9,697
2.00% to 3.99%	7,160	462	492	385	8,499
Greater than 3.99%	783	—	—	—	783
Total	$ 8,505	$ 588	$ 732	$ 9,154	$ 18,979
Life insurance (2) (3):					
Less than 2.00%	$ —	$ —	$ —	$ 317	$ 317
2.00% to 3.99%	—	522	48	131	701
Greater than 3.99%	1,530	—	—	—	1,530
Total	$ 1,530	$ 522	$ 48	$ 448	$ 2,548
ULSG (3):					
Less than 2.00%	$ —	$ —	$ —	$ —	$ —
2.00% to 3.99%	1,052	1,386	1,602	238	4,278
Greater than 3.99%	484	—	—	—	484
Total	$ 1,536	$ 1,386	$ 1,602	$ 238	$ 4,762

(1) Includes policyholder account balances for fixed rate annuities and the fixed account portion of variable annuities.

(2) Includes policyholder account balances for retained asset accounts, universal life policies and the fixed account portion of universal variable life insurance policies.

(3) Amounts are gross of policy loans.

See Note 5 for information regarding net amount at risk and cash surrender values.

4. Market Risk Benefits

Information regarding MRB assets and liabilities associated with variable annuities was as follows:

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
	(Dollars in millions)	
Balance, beginning of period	$ 7,233	$ 9,701
Balance, beginning of period, before effect of changes in nonperformance risk	5,219	7,326
Decrements	(61)	(66)
Effect of actual different from expected experience	(28)	88
Effect of changes in interest rates	221	(1,547)
Effect of changes in fund returns	(799)	(649)
Issuances	(2)	—
Effect of changes in risk margin	(11)	(53)
Aging of the block and other	658	665
Balance, end of period, before effect of changes in nonperformance risk	5,197	5,764
Effect of changes in nonperformance risk	1,763	2,049
Balance, end of period	6,960	7,813
Less: Reinsurance recoverable, end of period	15	21
Balance, end of period, net of reinsurance (1)	$ 6,945	$ 7,792
Weighted-average attained age of contract holder	74.2 years	73.4 years

(1) Amounts represent the sum of MRB assets and MRB liabilities presented on the consolidated balance sheets at June 30, 2025 and 2024, with the exception of $22 million and $0, respectively, of index-linked annuities not included in this table.

5. Separate Accounts

Separate Accounts

Information regarding separate account liabilities was as follows:

	Six Months Ended June 30,					
	2025			2024		
	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance
	(In millions)					
Balance, beginning of period	$ 77,151	$ 6,419	$ 1,808	$ 79,990	$ 5,921	$ 2,162
Premiums and deposits	478	74	—	417	77	—
Surrenders and withdrawals	(3,843)	(114)	(4)	(3,990)	(112)	(5)
Benefit payments	(848)	(49)	(17)	(788)	(31)	(12)
Investment performance	4,925	425	115	5,028	510	148
Policy charges	(1,003)	(108)	(28)	(1,060)	(103)	(26)
Net transfers from (to) general account	(66)	(15)	525	(59)	(31)	1
Other	(12)	—	—	(16)	—	(1)
Balance, end of period	$ 76,782	$ 6,632	$ 2,399	$ 79,522	$ 6,231	$ 2,267

5. Separate Accounts (continued)

A reconciliation of separate account liabilities reported in the preceding rollforward table to the separate account liabilities balance on the consolidated balance sheets was as follows at:

	June 30, 2025	June 30, 2024
	(In millions)	
Separate account liabilities reported in the preceding rollforward table	$ 85,813	$ 88,020
Variable income annuities	248	218
Pension risk transfer annuities	24	22
Total separate account liabilities	$ 86,085	$ 88,260

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

	June 30, 2025	December 31, 2024
	(In millions)	
Equity securities	$ 85,868	$ 85,423
Fixed maturity securities	209	207
Cash and cash equivalents	4	2
Other assets	4	4
Total aggregate estimated fair value of assets	$ 86,085	$ 85,636

Net Amount at Risk and Cash Surrender Values

Information regarding the net amount at risk and cash surrender value for insurance products was as follows at:

	Universal Life Insurance	Variable Annuities	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance
	(In millions)					
June 30, 2025						
Account balances reported in the preceding rollforward tables:						
Policyholder account balances	$ 2,605	$ 3,625	$ 50,237	$ 14,619	$ 4,619	$ 645
Separate account liabilities	6,632	76,782	—	—	—	2,399
Total account balances	$ 9,237	$ 80,407	$ 50,237	$ 14,619	$ 4,619	$ 3,044
Net amount at risk	$ 32,356	$ 12,287	N/A	N/A	$ 62,652	$ 2,642
Cash surrender value	$ 8,642	$ 80,039	$ 49,450	$ 14,509	$ 4,195	$ 2,845
June 30, 2024						
Account balances reported in the preceding rollforward tables:						
Policyholder account balances	$ 2,566	$ 4,044	$ 46,089	$ 14,726	$ 4,914	$ 659
Separate account liabilities	6,231	79,522	—	—	—	2,267
Total account balances	$ 8,797	$ 83,566	$ 46,089	$ 14,726	$ 4,914	$ 2,926
Net amount at risk	$ 34,485	$ 12,642	N/A	N/A	$ 64,450	$ 2,675
Cash surrender value	$ 8,224	$ 83,155	$ 43,846	$ 14,063	$ 4,414	$ 2,598

Products may contain both separate account and general account fund options; accordingly, net amount at risk and cash surrender value reported in the table above relate to the total account balance for each respective product grouping.

6. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") was as follows:

	Variable Annuities	Fixed Rate Annuities	Index-linked Annuities	Term and Whole Life Insurance	Universal Life Insurance
			(In millions)		
Six Months Ended June 30, 2025					
DAC:					
Balance, beginning of period	$ 2,116	$ 115	$ 1,462	$ 310	$ 332
Capitalization	22	3	189	(1)	10
Amortization	(108)	—	(129)	(22)	(19)
Balance, end of period	2,030	118	1,522	287	323
VOBA:					
Balance, beginning of period	279	55	—	3	38
Amortization	(14)	(2)	—	—	(3)
Balance, end of period	265	53	—	3	35
Total DAC and VOBA:					
Balance, end of period	$ 2,295	$ 171	$ 1,522	$ 290	$ 358
Six Months Ended June 30, 2024					
DAC:					
Balance, beginning of period	$ 2,301	$ 110	$ 1,331	$ 354	$ 360
Capitalization	19	4	190	1	6
Amortization	(114)	(2)	(119)	(25)	(21)
Balance, end of period	2,206	112	1,402	330	345
VOBA:					
Balance, beginning of period	309	60	—	4	43
Amortization	(15)	(2)	—	—	(3)
Balance, end of period	294	58	—	4	40
Total DAC and VOBA:					
Balance, end of period	$ 2,500	$ 170	$ 1,402	$ 334	$ 385

Deferred Sales Inducements

Information regarding deferred sales inducements, included in other assets, was as follows:

	Six Months Ended June 30,			
	2025		2024	
	Variable Annuities	Fixed Rate Annuities	Variable Annuities	Fixed Rate Annuities
	(In millions)			
Balance, beginning of period	$ 198	$ 6	$ 220	$ 8
Amortization	(11)	—	(11)	(1)
Balance, end of period	$ 187	$ 6	$ 209	$ 7

6. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Unearned Revenue

Information regarding unearned revenue, included in other policy-related balances, was as follows:

	Six Months Ended June 30,					
	2025			2024		
	Universal Life Insurance	ULSG	Variable Annuities	Universal Life Insurance	ULSG	Variable Annuities
	(In millions)					
Balance, beginning of period	$ 357	$ 715	$ 60	$ 356	$ 612	$ 67
Capitalization	18	79	—	18	84	—
Amortization	(18)	(36)	(3)	(18)	(29)	(4)
Balance, end of period	$ 357	$ 758	$ 57	$ 356	$ 667	$ 63

7. Investments

See Note 1 to the Interim Condensed Consolidated Financial Statements and Notes 1 and 10 of the Notes to the Consolidated Financial Statements included in the 2024 Annual Report for a description of the Company's accounting policies for investments and the fair value hierarchy for investments and the related valuation methodologies.

Fixed Maturity Securities Available-For-Sale

Fixed Maturity Securities by Sector

Fixed maturity securities by sector were as follows at:

	June 30, 2025					December 31, 2024				
			Gross Unrealized					Gross Unrealized		
	Amortized Cost	Allowance for Credit Losses	Gains	Losses	Estimated Fair Value	Amortized Cost	Allowance for Credit Losses	Gains	Losses	Estimated Fair Value
	(In millions)									
U.S. corporate	$ 40,690	$ 26	$ 349	$ 3,440	$ 37,573	$ 40,894	$ 47	$ 215	$ 3,939	$ 37,123
Foreign corporate	12,763	35	126	1,085	11,769	13,284	26	53	1,481	11,830
Residential mortgage-backed securities	8,482	3	63	707	7,835	8,120	4	46	875	7,287
U.S. government and agency	7,186	—	83	633	6,636	7,408	—	40	701	6,747
Commercial mortgage-backed securities	6,663	3	12	298	6,374	6,776	4	6	422	6,356
Asset-backed securities	6,215	—	36	65	6,186	6,354	—	33	75	6,312
State and political subdivision	3,776	—	86	341	3,521	3,731	—	81	371	3,441
Foreign government	987	—	31	77	941	1,036	—	24	101	959
Total fixed maturity securities	$ 86,762	$ 67	$ 786	$ 6,646	$ 80,835	$ 87,603	$ 81	$ 498	$ 7,965	$ 80,055

The Company held non-income producing fixed maturity securities with an estimated fair value of $20 million and $30 million at June 30, 2025 and December 31, 2024, respectively.

7. Investments (continued)

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at June 30, 2025:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities (1)	Total Fixed Maturity Securities
	(In millions)					
Amortized cost	$ 4,365	$ 19,915	$ 12,556	$ 28,566	$ 21,360	$ 86,762
Estimated fair value	$ 4,342	$ 19,598	$ 11,928	$ 24,572	$ 20,395	$ 80,835

(1) Structured securities include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities").

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been presented in the year of final contractual maturity. Structured Securities are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity Securities by Sector

The estimated fair value and gross unrealized losses of fixed maturity securities in an unrealized loss position, by sector and by length of time that the securities have been in a continuous unrealized loss position, were as follows at:

	June 30, 2025				December 31, 2024			
	Less than 12 Months		12 Months or Greater		Less than 12 Months		12 Months or Greater	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(Dollars in millions)							
U.S. corporate	$ 7,641	$ 536	$ 17,381	$ 2,904	$ 10,764	$ 719	$ 17,660	$ 3,220
Foreign corporate	2,513	276	5,123	809	3,277	351	5,560	1,130
RMBS	999	55	4,578	652	1,223	81	4,647	794
U.S. government and agency	1,476	72	1,662	561	2,457	118	1,884	583
CMBS	1,276	65	3,987	233	1,326	90	4,402	332
ABS	578	5	867	60	717	10	1,081	65
State and political subdivision	638	47	1,582	294	882	64	1,447	307
Foreign government	227	22	389	55	272	30	431	71
Total fixed maturity securities	$ 15,348	$ 1,078	$ 35,569	$ 5,568	$ 20,918	$ 1,463	$ 37,112	$ 6,502
Total number of securities in an unrealized loss position	2,598		4,962		3,362		5,272	

7. Investments (continued)

Allowance for Credit Losses for Fixed Maturity Securities

Evaluation and Measurement Methodologies

For fixed maturity securities in an unrealized loss position, management first assesses whether the Company intends to sell, or whether it is more likely than not it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to estimated fair value through net investment gains (losses). For fixed maturity securities that do not meet the aforementioned criteria, management evaluates whether the decline in estimated fair value has resulted from credit losses or other factors. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the allowance for credit loss evaluation process include, but are not limited to: (i) the extent to which estimated fair value is less than amortized cost; (ii) any changes to the rating of the security by a rating agency; (iii) adverse conditions specifically related to the security, industry or geographic area; and (iv) payment structure of the fixed maturity security and the likelihood of the issuer being able to make payments in the future or the issuer's failure to make scheduled interest and principal payments. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss is deemed to exist and an allowance for credit losses is recorded, limited by the amount that the estimated fair value is less than the amortized cost basis, with a corresponding charge to net investment gains (losses). Any unrealized losses that have not been recorded through an allowance for credit losses are recognized in other comprehensive income ("OCI").

Once a security specific allowance for credit losses is established, the present value of cash flows expected to be collected from the security continues to be reassessed. Any changes in the security specific allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in net investment gains (losses).

Fixed maturity securities are also evaluated to determine whether any amounts have become uncollectible. 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 fixed maturity securities. An allowance for credit losses is not estimated on an accrued interest receivable, rather receivable balances 90-days past due are deemed uncollectible and are written off with a corresponding reduction to net investment income. The accrued interest receivable on fixed maturity securities totaled $669 million and $672 million at June 30, 2025 and December 31, 2024, respectively, and is included in accrued investment income.

Fixed maturity securities are also evaluated to determine if they qualify as purchased financial assets with credit deterioration ("PCD"). To determine if the credit deterioration experienced since origination is more than insignificant, both (i) the extent of the credit deterioration and (ii) any rating agency downgrades are evaluated. For securities categorized as PCD assets, the present value of cash flows expected to be collected from the security are compared to the par value of the security. If the present value of cash flows expected to be collected is less than the par value, credit losses are embedded in the purchase price of the PCD asset. In this situation, both an allowance for credit losses and amortized cost gross-up is recorded, limited by the amount that the estimated fair value is less than the grossed-up amortized cost basis. Any difference between the purchase price and the present value of cash flows is amortized or accreted into net investment income over the life of the PCD asset. Any subsequent PCD asset allowance for credit losses is evaluated in a manner similar to the process described above for fixed maturity securities.

Current Period Evaluation

Based on the Company's current evaluation of its fixed maturity securities in an unrealized loss position and the current intent or requirement to sell, the Company recorded an allowance for credit losses of $67 million, relating to 19 securities, at June 30, 2025. Management concluded that for all other fixed maturity securities in an unrealized loss position, the unrealized loss was not due to issuer-specific credit-related factors and as a result was recognized in OCI. Where unrealized losses have not been recognized into income, it is primarily because the securities' bond issuer(s) are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in estimated fair value is largely due to changes in interest rates and non-issuer specific credit spreads. These issuers continued to make timely principal and interest payments and the estimated fair value is expected to recover as the securities approach maturity.

Rollforward of the Allowance for Credit Losses for Fixed Maturity Securities by Sector

The changes in the allowance for credit losses for fixed maturity securities by sector were as follows:

	U.S. Corporate	Foreign Corporate	RMBS	CMBS	Total
			(In millions)		
Six Months Ended June 30, 2025					
Balance, beginning of period	$ 47	$ 26	$ 4	$ 4	$ 81
Allowance on securities where credit losses were not previously recorded	—	—	—	—	—
Reductions for securities sold	(1)	—	—	(1)	(2)
Change in allowance on securities with an allowance recorded in a previous period	7	9	(1)	—	15
Write-offs charged against allowance (1)	(27)	—	—	—	(27)
Balance, end of period	$ 26	$ 35	$ 3	$ 3	$ 67
Six Months Ended June 30, 2024					
Balance, beginning of period	$ 15	$ —	$ 5	$ 1	$ 21
Allowance on securities where credit losses were not previously recorded	12	4	—	3	19
Reductions for securities sold	—	—	—	—	—
Change in allowance on securities with an allowance recorded in a previous period	4	—	—	1	5
Write-offs charged against allowance (1)	—	—	—	—	—
Balance, end of period	$ 31	$ 4	$ 5	$ 5	$ 45

(1) The Company recorded total write-offs of $33 million and $1 million for the six months ended June 30, 2025 and 2024, respectively.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	June 30, 2025		December 31, 2024	
	Carrying Value	% of Total	Carrying Value	% of Total
		(Dollars in millions)		
Commercial	$ 12,916	56.2 %	$ 13,330	57.2 %
Agricultural	4,509	19.6	4,591	19.7
Residential	5,777	25.1	5,543	23.8
Total mortgage loans (1)	23,202	100.9	23,464	100.7
Allowance for credit losses	(209)	(0.9)	(178)	(0.7)
Total mortgage loans, net	$ 22,993	100.0 %	$ 23,286	100.0 %

(1) Purchases of mortgage loans from third parties were $379 million and $557 million for the three months and six months ended June 30, 2025, respectively, and $188 million and $349 million for the three months and six months ended June 30, 2024, respectively, and were primarily comprised of residential mortgage loans.

Allowance for Credit Losses for Mortgage Loans

Evaluation and Measurement Methodologies

The allowance for credit losses is a valuation account that is deducted from the mortgage loan's amortized cost basis to present the net amount expected to be collected on the mortgage loan. The loan balance, or a portion of the loan balance, is written-off against the allowance when management believes this amount is uncollectible.

Accrued interest receivables are presented separate from the amortized cost basis of mortgage loans. An allowance for credit losses is generally not estimated on an accrued interest receivable, rather when a loan is placed in nonaccrual status the associated accrued interest receivable balance is written off with a corresponding reduction to net investment income. The accrued interest receivable on mortgage loans is included in accrued investment income and totaled $130 million and $132 million at June 30, 2025 and December 31, 2024, respectively.

The allowance for credit losses is estimated using relevant available information, from internal and external sources, relating to past events, current conditions, and a reasonable and supportable forecast. Historical credit loss experience provides the basis for estimating expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics and environmental conditions. A reasonable and supportable forecast period of two years is used with an input reversion period of one year.

Mortgage loans are evaluated in each of the three portfolio segments to determine the allowance for credit losses. The loan-level loss rates are determined using individual loan terms and characteristics, risk pools/internal ratings, national economic forecasts, prepayment speeds, and estimated default and loss severity. The resulting loss rates are applied to the mortgage loan's amortized cost to generate an allowance for credit losses. In certain situations, the allowance for credit losses is measured as the difference between the loan's amortized cost and liquidation value of the collateral. These situations include collateral dependent loans, modifications, foreclosure probable loans, and loans with dissimilar risk characteristics.

Mortgage loans are also evaluated to determine if they qualify as PCD assets. To determine if the credit deterioration experienced since origination is more than insignificant, the extent of credit deterioration is evaluated. All re-performing/modified loan ("RPL") pools purchased after December 31, 2019 are determined to have been acquired with evidence of more than insignificant credit deterioration since origination and are classified as PCD assets. RPLs are pools of residential mortgage loans acquired at a discount or premium which have both credit and non-credit components. For PCD mortgage loans, the allowance for credit losses is determined using a similar methodology described above, except the loss-rate is determined at the pool level instead of the individual loan level. The initial allowance for credit losses, determined on a collective basis, is then allocated to the individual loans. The initial amortized cost of the loan is grossed-up to reflect the sum of the loan's purchase price and allowance for credit losses. The difference between the grossed-up amortized cost basis and the par value of the loan is a non-credit discount or premium, which is accreted or amortized into net investment income over the remaining life of the loan. Any subsequent PCD mortgage loan allowance for credit losses is evaluated in a manner similar to the process described above for each of the three portfolio segments.

7. Investments (continued)

Rollforward of the Allowance for Credit Losses for Mortgage Loans by Portfolio Segment

The changes in the allowance for credit losses by portfolio segment were as follows:

	Commercial	Agricultural	Residential	Total
	(In millions)			
Six Months Ended June 30, 2025				
Balance, beginning of period	$ 106	$ 30	$ 42	$ 178
Current period provision	64	4	(1)	67
Charge-offs, net of recoveries	(24)	(12)	—	(36)
Balance, end of period	$ 146	$ 22	$ 41	$ 209
Six Months Ended June 30, 2024				
Balance, beginning of period	$ 69	$ 19	$ 49	$ 137
Current period provision	38	(1)	(11)	26
Charge-offs, net of recoveries	(8)	—	—	(8)
Balance, end of period	$ 99	$ 18	$ 38	$ 155

Credit Quality of Mortgage Loans by Portfolio Segment

The amortized cost of mortgage loans by year of origination and credit quality indicator was as follows at:

	2025	2024	2023	2022	2021	Prior	Total
				(In millions)			
June 30, 2025							
Commercial mortgage loans							
Loan-to-value ratios:							
Less than 65%	$ 286	$ 639	$ 158	$ 288	$ 1,826	$ 2,684	$ 5,881
65% to 75%	73	208	—	973	701	1,068	3,023
76% to 80%	—	—	—	117	165	881	1,163
Greater than 80%	31	—	—	950	270	1,598	2,849
Total commercial mortgage loans	390	847	158	2,328	2,962	6,231	12,916
Agricultural mortgage loans							
Loan-to-value ratios:							
Less than 65%	126	359	200	579	1,051	1,955	4,270
65% to 75%	—	—	17	84	111	26	238
76% to 80%	—	—	—	—	—	1	1
Greater than 80%	—	—	—	—	—	—	—
Total agricultural mortgage loans	126	359	217	663	1,162	1,982	4,509
Residential mortgage loans							
Performing	327	725	202	1,206	1,571	1,637	5,668
Nonperforming	—	—	—	40	25	44	109
Total residential mortgage loans	327	725	202	1,246	1,596	1,681	5,777
Total	$ 843	$ 1,931	$ 577	$ 4,237	$ 5,720	$ 9,894	$ 23,202

7. Investments (continued)

	2024	2023	2022	2021	2020	Prior	Total
				(In millions)			
December 31, 2024							
Commercial mortgage loans							
Loan-to-value ratios:							
Less than 65%	$ 640	$ 199	$ 279	$ 1,850	$ 196	$ 2,846	$ 6,010
65% to 75%	208	—	1,022	713	62	1,171	3,176
76% to 80%	—	—	117	201	174	602	1,094
Greater than 80%	—	—	972	388	—	1,690	3,050
Total commercial mortgage loans	848	199	2,390	3,152	432	6,309	13,330
Agricultural mortgage loans							
Loan-to-value ratios:							
Less than 65%	410	203	594	1,073	402	1,655	4,337
65% to 75%	—	18	80	113	6	20	237
76% to 80%	—	—	—	—	1	—	1
Greater than 80%	—	—	—	—	—	16	16
Total agricultural mortgage loans	410	221	674	1,186	409	1,691	4,591
Residential mortgage loans							
Performing	586	222	1,268	1,640	146	1,563	5,425
Nonperforming	1	—	44	21	1	51	118
Total residential mortgage loans	587	222	1,312	1,661	147	1,614	5,543
Total	$ 1,845	$ 642	$ 4,376	$ 5,999	$ 988	$ 9,614	$ 23,464

The loan-to-value ratio is a measure commonly used to assess the quality of commercial and agricultural mortgage loans. The loan-to-value ratio compares the amount of the loan to the estimated fair value of the underlying property collateralizing the loan and is commonly expressed as a percentage. A loan-to-value ratio less than 100% indicates an excess of collateral value over the loan amount. Loan-to-value ratios greater than 100% indicate that the loan amount exceeds the collateral value. Performing status is a measure commonly used to assess the quality of residential mortgage loans. A loan is considered performing when the borrower makes consistent and timely payments.

The amortized cost of commercial mortgage loans by debt-service coverage ratio was as follows at:

	June 30, 2025		December 31, 2024	
	Amortized Cost	% of Total	Amortized Cost	% of Total
		(Dollars in millions)		
Debt-service coverage ratios:				
Greater than 1.20x	$ 11,314	87.6 %	$ 12,033	90.3 %
1.00x - 1.20x	931	7.2	801	6.0
Less than 1.00x	671	5.2	496	3.7
Total	$ 12,916	100.0 %	$ 13,330	100.0 %

The debt-service coverage ratio compares a property's net operating income to its debt-service payments. Debt-service coverage ratios less than 1.00 times indicate that property operations do not generate enough income to cover the loan's current debt payments. A debt-service coverage ratio greater than 1.00 times indicates an excess of net operating income over the debt-service payments.

7. Investments (continued)

Past Due Mortgage Loans by Portfolio Segment

The Company has a high-quality, well-performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both June 30, 2025 and December 31, 2024. Delinquency is defined consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days; and agricultural mortgage loans — 90 days.

The aging of the amortized cost of past due mortgage loans by portfolio segment was as follows at:

	June 30, 2025				December 31, 2024			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Current	$ 12,801	$ 4,491	$ 5,579	$ 22,871	$ 13,210	$ 4,566	$ 5,423	$ 23,199
30-59 days past due	—	3	89	92	—	—	2	2
60-89 days past due	24	—	28	52	—	—	36	36
90-179 days past due	56	4	25	85	21	9	36	66
180+ days past due	35	11	56	102	99	16	46	161
Total	$ 12,916	$ 4,509	$ 5,777	$ 23,202	$ 13,330	$ 4,591	$ 5,543	$ 23,464

Mortgage Loans in Nonaccrual Status by Portfolio Segment

Mortgage loans are placed in a nonaccrual status if there are concerns regarding collectability of future payments or the loan is past due, unless the past due loan is well collateralized.

The amortized cost of mortgage loans in a nonaccrual status by portfolio segment was as follows at:

	Commercial	Agricultural	Residential (1)	Total
	(In millions)			
June 30, 2025	$ 162	$ 9	$ 109	$ 280
December 31, 2024	$ 120	$ 25	$ 118	$ 263

(1) The Company had $9 million and $3 million of mortgage loans in nonaccrual status for which there was no related allowance for credit losses at June 30, 2025 and December 31, 2024, respectively.

Current period investment income on mortgage loans in nonaccrual status was $3 million and $1 million for the six months ended June 30, 2025 and 2024, respectively.

Modified Mortgage Loans by Portfolio Segment

Under certain circumstances, modifications are granted to mortgage loans. Generally, the types of concessions may include interest rate reduction, term extension, principal forgiveness, or a combination of all three. The Company did not have a significant amount of mortgage loans modified during both the six months ended June 30, 2025 and 2024.

Other Invested Assets

Over 75% of other invested assets is comprised of freestanding derivatives with positive estimated fair values. See Note 8 for information about freestanding derivatives with positive estimated fair values. Other invested assets also includes the Company's investment in company-owned life insurance, Federal Home Loan Bank ("FHLB") stock, leveraged leases and tax credit and renewable energy partnerships.

7. Investments (continued)

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity securities, and the effect on future policy benefits that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in accumulated other comprehensive income (loss) ("AOCI").

The components of net unrealized investment gains (losses), included in AOCI, were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
Fixed maturity securities	$ (5,860)	$ (7,467)
Derivatives	189	469
Other	(7)	(12)
Subtotal	(5,678)	(7,010)
Amounts allocated from:		
Future policy benefits	844	977
Deferred income tax benefit (expense)	1,015	1,267
Net unrealized investment gains (losses)	$ (3,819)	$ (4,766)

The changes in net unrealized investment gains (losses) were as follows:

	Six Months Ended June 30, 2025
	(In millions)
Balance at December 31, 2024	$ (4,766)
Unrealized investment gains (losses) during the period	1,332
Unrealized investment gains (losses) relating to:	
Future policy benefits	(133)
Deferred income tax benefit (expense)	(252)
Balance at June 30, 2025	$ (3,819)
Change in net unrealized investment gains (losses)	$ 947

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at both June 30, 2025 and December 31, 2024.

Securities Lending

Elements of the securities lending program are presented below at:

	June 30, 2025	December 31, 2024
	(In millions)	
Securities on loan: (1)		
Amortized cost	$ 3,636	$ 3,582
Estimated fair value	$ 3,238	$ 3,127
Cash collateral received from counterparties (2)	$ 3,301	$ 3,210
Reinvestment portfolio — estimated fair value	$ 3,383	$ 3,217

(1) Included in fixed maturity securities.

(2) Included in payables for collateral under securities loaned and other transactions.

7. Investments (continued)

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

	June 30, 2025				December 31, 2024			
	Open (1)	1 Month or Less	1 to 6 Months	Total	Open (1)	1 Month or Less	1 to 6 Months	Total
	(In millions)							
U.S. government and agency	$ 449	$ 1,199	$ 1,286	$ 2,934	$ 490	$ 1,467	$ 886	$ 2,843
U.S. corporate	—	248	—	248	—	248	—	248
Foreign corporate	4	106	—	110	—	105	—	105
Foreign government	—	9	—	9	—	14	—	14
Total	$ 453	$ 1,562	$ 1,286	$ 3,301	$ 490	$ 1,834	$ 886	$ 3,210

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than what otherwise would have been realized in normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at June 30, 2025 was $444 million, primarily comprised of U.S. government and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including agency RMBS, ABS, U.S. government and agency securities, U.S. and foreign corporate securities, non-agency RMBS and CMBS) with 52% invested in agency RMBS, U.S. government and agency securities and cash and cash equivalents at June 30, 2025. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

Invested Assets on Deposit, Held in Trust and Pledged as Collateral

Invested assets on deposit, held in trust and pledged as collateral at estimated fair value were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
Invested assets on deposit (regulatory deposits) (1)	$ 6,354	$ 6,249
Invested assets held in trust (reinsurance agreements) (2)	8,544	8,274
Invested assets pledged as collateral (3)	11,345	12,471
Total invested assets on deposit, held in trust and pledged as collateral	$ 26,243	$ 26,994

(1) The Company has assets, primarily fixed maturity securities, on deposit with governmental authorities relating to certain policyholder liabilities, of which $76 million and $68 million of the assets on deposit represents restricted cash and cash equivalents at June 30, 2025 and December 31, 2024, respectively.

(2) The Company has assets, primarily fixed maturity securities, held in trust relating to certain reinsurance transactions, of which $616 million and $334 million of the assets held in trust balance represents restricted cash and cash equivalents at June 30, 2025 and December 31, 2024, respectively.

(3) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 3 of the Notes to the Consolidated Financial Statements included in the 2024 Annual Report) and derivative transactions (see Note 8).

See "— Securities Lending" for information regarding securities on loan. In addition, the Company's investment in FHLB common stock, which is considered restricted until redeemed by the issuer, was $218 million and $222 million at redemption value at June 30, 2025 and December 31, 2024, respectively.

7. Investments (continued)

Variable Interest Entities

A variable interest entity ("VIE") is a legal entity that does not have sufficient equity at risk to finance its activities or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity.

The Company enters into various arrangements with VIEs in the normal course of business and has invested in legal entities that are VIEs. VIEs are consolidated when it is determined that the Company is the primary beneficiary. A primary beneficiary is the variable interest holder in a VIE with both (i) the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In addition, the evaluation of whether a legal entity is a VIE and if the Company is a primary beneficiary includes a review of the capital structure of the VIE, the related contractual relationships and terms, the nature of the operations and purpose of the VIE, the nature of the VIE interests issued and the Company's involvement with the entity.

There were no material VIEs for which the Company has concluded that it is the primary beneficiary at either June 30, 2025 or December 31, 2024.

The carrying amount and maximum exposure to loss related to the VIEs for which the Company has concluded that it holds a variable interest, but is not the primary beneficiary, were as follows at:

	June 30, 2025		December 31, 2024	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
	(In millions)			
Fixed maturity securities	$ 14,208	$ 15,046	$ 14,375	$ 15,474
Limited partnerships and LLCs	4,266	5,243	4,236	5,278
Total	$ 18,474	$ 20,289	$ 18,611	$ 20,752

The Company's investments in unconsolidated VIEs are described below.

Fixed Maturity Securities

The Company invests in U.S. corporate bonds, foreign corporate bonds and Structured Securities issued by VIEs. The Company is not obligated to provide any financial or other support to these VIEs, other than the original investment. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer, or investment manager, which are generally viewed as having the power to direct the activities that most significantly impact the economic performance of the VIE, nor does the Company function in any of these roles. The Company does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity; as a result, the Company has determined it is not the primary beneficiary, or consolidator, of the VIE. The Company's maximum exposure to loss on these fixed maturity securities is limited to the amortized cost of these investments. See "— Fixed Maturity Securities Available-For-Sale" for information on these securities.

Limited Partnerships and LLCs

The Company holds investments in certain limited partnerships and LLCs which are VIEs. These ventures include limited partnerships, LLCs, private equity funds, and, to a lesser extent, tax credit and renewable energy partnerships. The Company is not considered the primary beneficiary, or consolidator, when its involvement takes the form of a limited partner interest and is restricted to a role of a passive investor, as a limited partner's interest does not provide the Company with any substantive kick-out or participating rights, nor does it provide the Company with the power to direct the activities of the fund. The Company's maximum exposure to loss on these investments is limited to: (i) the amount invested in debt or equity of the VIE and (ii) commitments to the VIE, as described in Note 13.

7. Investments (continued)

Net Investment Income

The components of net investment income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Investment income:				
Fixed maturity securities	$ 924	$ 937	$ 1,848	$ 1,856
Trading securities (1)	(1)	—	10	—
Equity securities	1	—	1	2
Mortgage loans	255	250	512	495
Policy loans	19	19	37	33
Limited partnerships and LLCs (2)	80	99	151	173
Cash, cash equivalents and short-term investments	63	63	135	124
Other	25	26	52	51
Total investment income	1,366	1,394	2,746	2,734
Less: Investment expenses	81	87	164	173
Net investment income	$ 1,285	$ 1,307	$ 2,582	$ 2,561

(1) Investment gains (losses) were ($6) million and less than $1 million related to trading securities still held for the three months and six months ended June 30, 2025, respectively. There were no investment gains (losses) related to trading securities still held for the three months and six months ended June 30, 2024.

(2) Includes net investment income pertaining to other limited partnership interests of $63 million and $119 million for the three months and six months ended June 30, 2025, respectively, and $102 million and $195 million for the three months and six months ended June 30, 2024, respectively.

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fixed maturity securities	$ (23)	$ (97)	$ (57)	$ (135)
Equity securities	3	(1)	—	—
Mortgage loans	(24)	(22)	(67)	(27)
Limited partnerships and LLCs	1	(1)	—	(1)
Other	4	1	2	1
Total net investment gains (losses)	$ (39)	$ (120)	$ (122)	$ (162)

Gains (losses) from foreign currency transactions included within net investment gains (losses) were not significant for the three months and six months ended June 30, 2025 and 2024.

7. Investments (continued)

Sales or Disposals of Fixed Maturity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. Proceeds from sales or disposals of fixed maturity securities and the components of fixed maturity securities net investment gains (losses) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Proceeds	$ 286	$ 1,175	$ 973	$ 1,855
Gross investment gains	$ 2	$ 8	$ 5	$ 10
Gross investment losses	(15)	(86)	(43)	(120)
Net investment gains (losses)	$ (13)	$ (78)	$ (38)	$ (110)

8. Derivatives

Accounting for Derivatives

See Notes 1 and 10 of the Notes to the Consolidated Financial Statements included in the 2024 Annual Report for a description of the Company's accounting policies for derivatives and the fair value hierarchy for derivatives.

Types of Derivative Instruments and Derivative Strategies

The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to minimize its exposure to various market risks. Commonly used derivative instruments include, but are not necessarily limited to:

- Interest rate derivatives: swaps, floors, caps, futures, options and forwards;
- Foreign currency exchange rate derivatives: forwards and swaps;
- Equity market derivatives: futures, options and total return swaps; and
- Credit derivatives: index reference credit default swaps.

For detailed information on these contracts and the related strategies, see Note 9 of the Notes to the Consolidated Financial Statements included in the 2024 Annual Report.

8. Derivatives (continued)

Primary Risks Managed by Derivatives

The primary underlying risk exposure, gross notional amount and estimated fair value of derivatives, excluding embedded derivatives, held were as follows at:

		June 30, 2025			December 31, 2024		
			Estimated Fair Value			Estimated Fair Value	
	Primary Underlying Risk Exposure	Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
		(In millions)					
Derivatives Designated as Hedging Instruments:							
Cash flow hedges:							
Interest rate swaps	Interest rate	$ 500	$ —	$ 3	$ 500	$ 9	$ —
Foreign currency swaps	Foreign currency exchange rate	3,764	253	102	3,823	439	25
Total qualifying hedges		4,264	253	105	4,323	448	25
Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate swaps	Interest rate	37,501	176	315	69,303	131	444
Interest rate floors	Interest rate	8,000	4	19	8,000	1	30
Interest rate caps	Interest rate	5,350	3	9	7,850	14	14
Interest rate futures	Interest rate	—	—	—	171	—	—
Interest rate options	Interest rate	28,700	13	407	23,060	11	371
Interest rate forwards	Interest rate	11,481	70	1,280	16,352	121	1,876
Foreign currency swaps	Foreign currency exchange rate	594	72	5	685	113	—
Foreign currency forwards	Foreign currency exchange rate	422	1	7	386	12	—
Credit default swaps — written	Credit	1,230	28	—	780	19	—
Equity futures	Equity market	395	—	1	316	—	1
Equity index options	Equity market	84,568	2,929	1,344	39,897	1,722	1,041
Equity total return swaps	Equity market	107,041	4,254	3,906	106,301	1,543	1,446
Total non-designated or non-qualifying derivatives		285,282	7,550	7,293	273,101	3,687	5,223
Total		$ 289,546	$ 7,803	$ 7,398	$ 277,424	$ 4,135	$ 5,248

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both June 30, 2025 and December 31, 2024. The Company's use of derivatives includes (i) derivatives that serve as hedges of the Company's exposure to various risks and generally do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities and generally do not qualify for hedge accounting because they do not meet the criteria of being "highly effective" as outlined in Accounting Standards Codification 815 — Derivatives and Hedging; (iii) derivatives that economically hedge MRBs that do not qualify for hedge accounting because the changes in estimated fair value of the MRBs are already recorded in net income; and (iv) written credit default swaps that are used to create synthetic credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship.

8. Derivatives (continued)

The amount and location of gains (losses), including earned income, recognized for derivatives and gains (losses) pertaining to hedged items reported in net derivative gains (losses) were as follows:

	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Policyholder Benefits and Claims	Amount of Gains (Losses) Deferred in AOCI
			(In millions)		
Three Months Ended June 30, 2025					
Derivatives Designated as Hedging Instruments:					
Cash flow hedges:					
Interest rate	$ —	$ —	$ —	$ 1	$ (5)
Foreign currency exchange rate	—	—	8	—	(251)
Total cash flow hedges	—	—	8	1	(256)
Derivatives Not Designated or Not Qualifying as Hedging Instruments:					
Interest rate	(386)	—	—	—	—
Foreign currency exchange rate	(63)	13	—	—	—
Credit	8	—	—	—	—
Equity market	1,352	—	—	—	—
Embedded	(2,161)	—	—	—	—
Total non-qualifying hedges	(1,250)	13	—	—	—
Total	$ (1,250)	$ 13	$ 8	$ 1	$ (256)
Three Months Ended June 30, 2024					
Derivatives Designated as Hedging Instruments:					
Cash flow hedges:					
Interest rate	$ —	$ —	$ 1	$ 2	$ 3
Foreign currency exchange rate	1	(1)	13	—	41
Total cash flow hedges	1	(1)	14	2	44
Derivatives Not Designated or Not Qualifying as Hedging Instruments:					
Interest rate	(319)	—	—	—	—
Foreign currency exchange rate	14	(6)	—	—	—
Credit	1	—	—	—	—
Equity market	362	—	—	—	—
Embedded	(714)	—	—	—	—
Total non-qualifying hedges	(656)	(6)	—	—	—
Total	$ (655)	$ (7)	$ 14	$ 2	$ 44

8. Derivatives (continued)

	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Policyholder Benefits and Claims	Amount of Gains (Losses) Deferred in AOCI
			(In millions)		
Six Months Ended June 30, 2025					
Derivatives Designated as Hedging Instruments:					
Cash flow hedges:					
Interest rate	$ 3	$ —	$ 1	$ 2	$ (12)
Foreign currency exchange rate	3	(3)	21	—	(261)
Total cash flow hedges	6	(3)	22	2	(273)
Derivatives Not Designated or Not Qualifying as Hedging Instruments:					
Interest rate	2	—	—	—	—
Foreign currency exchange rate	(78)	14	—	—	—
Credit	7	—	—	—	—
Equity market	110	—	—	—	—
Embedded	(984)	—	—	—	—
Total non-qualifying hedges	(943)	14	—	—	—
Total	$ (937)	$ 11	$ 22	$ 2	$ (273)
Six Months Ended June 30, 2024					
Derivatives Designated as Hedging Instruments:					
Cash flow hedges:					
Interest rate	$ 3	$ —	$ 1	$ 4	$ 12
Foreign currency exchange rate	1	(2)	26	—	85
Total cash flow hedges	4	(2)	27	4	97
Derivatives Not Designated or Not Qualifying as Hedging Instruments:					
Interest rate	(1,101)	—	—	—	—
Foreign currency exchange rate	45	(9)	—	—	—
Credit	7	—	—	—	—
Equity market	1,073	—	—	—	—
Embedded	(2,600)	—	—	—	—
Total non-qualifying hedges	(2,576)	(9)	—	—	—
Total	$ (2,572)	$ (11)	$ 27	$ 4	$ 97

At June 30, 2025 and December 31, 2024, the Company held no qualified derivatives hedging exposure to future cash flows for forecasted asset purchases.

At June 30, 2025 and December 31, 2024, the balance in AOCI associated with cash flow hedges was $189 million and $469 million, respectively.

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation.

8. Derivatives (continued)

The estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps were as follows at:

	June 30, 2025			December 31, 2024		
Rating Agency Designation of Referenced Credit Obligations (1)	**Estimated Fair Value of Credit Default Swaps**	**Maximum Amount of Future Payments under Credit Default Swaps**	**Weighted Average Years to Maturity (2)**	**Estimated Fair Value of Credit Default Swaps**	**Maximum Amount of Future Payments under Credit Default Swaps**	**Weighted Average Years to Maturity (2)**
	(Dollars in millions)					
Aaa/Aa/A	$ 2	$ 100	2.2	$ 2	$ 100	2.7
Baa	24	1,102	4.8	7	300	4.5
Ba	2	24	1.5	10	376	4.8
Caa and Lower	—	4	0.5	—	4	1.0
Total	$ 28	$ 1,230	4.5	$ 19	$ 780	4.4

(1) The Company has written credit protection on index references. The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

(2) The weighted average years to maturity of the credit default swaps is calculated based on weighted average gross notional amounts.

Counterparty Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative instruments. Generally, the credit exposure is the fair value at the reporting date less any collateral received from the counterparty.

The Company manages its credit risk by: (i) entering into derivative transactions with creditworthy counterparties governed by master netting agreements; (ii) trading through regulated exchanges and central clearing counterparties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

See Note 9 for a description of the impact of credit risk on the valuation of derivatives.

8. Derivatives (continued)

The estimated fair values of net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

	Gross Amount Recognized	Gross Amounts Not Offset on the Consolidated Balance Sheets: Financial Instruments (1)	Gross Amounts Not Offset on the Consolidated Balance Sheets: Collateral Received/Pledged (2)	Net Amount	Securities Collateral Received/Pledged (3)	Net Amount After Securities Collateral
			(In millions)			
June 30, 2025						
Derivative assets	$ 7,458	$ (6,143)	$ (613)	$ 702	$ (684)	$ 18
Derivative liabilities	$ 7,265	$ (6,143)	$ —	$ 1,122	$ (1,121)	$ 1
December 31, 2024						
Derivative assets	$ 4,140	$ (3,039)	$ (540)	$ 561	$ (559)	$ 2
Derivative liabilities	$ 5,353	$ (3,039)	$ —	$ 2,314	$ (2,306)	$ 8

(1) Represents amounts subject to an enforceable master netting agreement or similar agreement.

(2) The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreement.

(3) Securities collateral received from counterparties is not reported on the consolidated balance sheets and may not be sold or re-pledged unless the counterparty is in default. Amounts do not include excess of collateral pledged or received.

The Company’s collateral arrangements generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the amount owed by that counterparty reaches a minimum transfer amount. Certain of these arrangements also include credit-contingent provisions which permit the party with positive fair value to terminate the derivative at the current fair value or demand immediate full collateralization from the party in a net liability position, in the event that the financial strength or credit rating of the party in a net liability position falls below a certain level.

The aggregate estimated fair values of derivatives in a net liability position containing such credit-contingent provisions and the aggregate estimated fair value of assets posted as collateral for such instruments were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
Estimated fair value of derivatives in a net liability position (1)	$ 1,122	$ 2,314
Estimated fair value of collateral provided (2):		
Fixed maturity securities	$ 3,873	$ 4,883

(1) After taking into consideration the existence of netting agreements.

(2) Substantially all of the Company’s collateral arrangements provide for daily posting of collateral for the full value of the derivative contract. As a result, if the credit-contingent provisions of derivative contracts in a net liability position were triggered, minimal additional assets would be required to be posted as collateral or needed to settle the instruments immediately. Additionally, the Company is required to pledge initial margin for certain new over-the-counter (“OTC”) bilateral contracts between two counterparties (“OTC-bilateral”) derivative transactions to third-party custodians.

9. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are presented in the tables below. Investments that do not have a readily determinable fair value and are measured at net asset value (or equivalent) as a practical expedient to estimated fair value are excluded from the fair value hierarchy.

	June 30, 2025			
	Fair Value Hierarchy			Total Estimated Fair Value
	Level 1	Level 2	Level 3	
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 36,920	$ 653	$ 37,573
Foreign corporate	—	11,654	115	11,769
RMBS	—	7,821	14	7,835
U.S. government and agency	2,544	4,092	—	6,636
CMBS	—	6,374	—	6,374
ABS	—	5,794	392	6,186
State and political subdivision	—	3,521	—	3,521
Foreign government	—	917	24	941
Total fixed maturity securities	2,544	77,093	1,198	80,835
Trading securities	94	423	3	520
Equity securities	63	5	6	74
Short-term investments	905	265	—	1,170
Derivative assets: (1)				
Interest rate	—	266	—	266
Foreign currency exchange rate	—	320	6	326
Credit	—	26	2	28
Equity market	—	7,183	—	7,183
Total derivative assets	—	7,795	8	7,803
Embedded derivatives on index-linked annuities (2)	—	—	80	80
Market risk benefit assets	—	—	1,084	1,084
Separate account assets	6	86,079	—	86,085
Total assets	$ 3,612	$ 171,660	$ 2,379	$ 177,651
Liabilities				
Market risk benefit liabilities	$ —	$ —	$ 8,051	$ 8,051
Derivative liabilities: (1)				
Interest rate	—	2,033	—	2,033
Foreign currency exchange rate	—	114	—	114
Equity market	1	5,250	—	5,251
Total derivative liabilities	1	7,397	—	7,398
Embedded derivatives on index-linked annuities (2)	—	—	11,646	11,646
Total liabilities	$ 1	$ 7,397	$ 19,697	$ 27,095

9. Fair Value (continued)

	December 31, 2024			
	Fair Value Hierarchy			Total Estimated Fair Value
	Level 1	Level 2	Level 3	
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 36,427	$ 696	$ 37,123
Foreign corporate	—	11,434	396	11,830
RMBS	—	7,270	17	7,287
U.S. government and agency	2,731	4,016	—	6,747
CMBS	—	6,330	26	6,356
ABS	—	5,990	322	6,312
State and political subdivision	—	3,441	—	3,441
Foreign government	—	938	21	959
Total fixed maturity securities	2,731	75,846	1,478	80,055
Trading securities	—	—	—	—
Equity securities	56	6	15	77
Short-term investments	1,414	452	2	1,868
Derivative assets: (1)				
Interest rate	—	287	—	287
Foreign currency exchange rate	—	557	7	564
Credit	—	17	2	19
Equity market	—	3,265	—	3,265
Total derivative assets	—	4,126	9	4,135
Embedded derivatives on index-linked annuities (2)	—	—	47	47
Market risk benefit assets	—	—	1,092	1,092
Separate account assets	3	85,633	—	85,636
Total assets	$ 4,204	$ 166,063	$ 2,643	$ 172,910
Liabilities				
Market risk benefit liabilities	$ —	$ —	$ 8,329	$ 8,329
Derivative liabilities: (1)				
Interest rate	—	2,735	—	2,735
Foreign currency exchange rate	—	25	—	25
Equity market	1	2,487	—	2,488
Total derivative liabilities	1	5,247	—	5,248
Embedded derivatives on index-linked annuities (2)	—	—	11,540	11,540
Total liabilities	$ 1	$ 5,247	$ 19,869	$ 25,117

(1) Derivative assets are reported in other invested assets and derivative liabilities are reported in other liabilities. The amounts are presented gross in the tables above to reflect the presentation on the consolidated balance sheets.

(2) Embedded derivative assets on index-linked annuities are reported in premiums and other receivables. Embedded derivative liabilities on index-linked annuities are reported in policyholder account balances.

Valuation Controls and Procedures

The Company monitors and provides oversight of valuation controls and policies for securities, mortgage loans and derivatives, which are primarily executed by its valuation service providers. The valuation methodologies used to determine fair values prioritize the use of observable market prices and market-based parameters and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. The valuation methodologies for securities, mortgage loans and derivatives are reviewed on an ongoing basis and revised when necessary. In addition, the Chief Accounting Officer periodically reports to the Audit Committee of BHF's Board of Directors regarding compliance with fair value accounting standards.

The fair value of financial assets and financial liabilities is based on quoted market prices, where available. Prices received are assessed to determine if they represent a reasonable estimate of fair value. Several controls are performed, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. Independent non-binding broker quotes, also referred to herein as "consensus pricing," are used for a non-significant portion of the portfolio. Prices received from independent brokers are assessed to determine if they represent a reasonable estimate of fair value by considering such pricing relative to the current market dynamics and current pricing for similar financial instruments.

A formal process is also applied to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained. If obtaining an independent non-binding broker quotation is unsuccessful, the last available price will be used.

Additional controls are performed, such as balance sheet analytics to assess reasonableness of period-to-period pricing changes, including any price adjustments. Price adjustments are applied if prices or quotes received from independent pricing services or brokers are not considered reflective of market activity or representative of estimated fair value. The Company did not have significant price adjustments during the six months ended June 30, 2025.

Determination of Fair Value

Fixed Maturity Securities

The fair values for actively traded marketable bonds designated as available-for-sale or trading securities, primarily U.S. government and agency securities, are determined using the quoted market prices and are classified as Level 1 assets. For securities classified as Level 2 assets, fair values are determined using either a market or income approach and are valued based on a variety of observable inputs as described below.

U.S. corporate and foreign corporate securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark yields, spreads off benchmark yields, new issuances, issuer rating, trades of identical or comparable securities, or duration. Privately-placed securities are valued using the additional key inputs: market yield curve, call provisions, observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer, and delta spread adjustments to reflect specific credit-related issues.

U.S. government and agency, state and political subdivision and foreign government securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark U.S. Treasury yield or other yields, spread off the U.S. Treasury yield curve for the identical security, issuer ratings and issuer spreads, broker-dealer quotes, and comparable securities that are actively traded.

9. Fair Value (continued)

Structured Securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, ratings, geographic region, weighted average coupon and weighted average maturity, average delinquency rates and debt-service coverage ratios. Other issuance-specific information is also used, including, but not limited to, collateral type, structure of the security, vintage of the loans, payment terms of the underlying asset, payment priority within tranche, and deal performance.

Equity Securities and Short-term Investments

The fair value for actively traded equity securities and short-term investments are determined using quoted market prices and are classified as Level 1 assets. For financial instruments classified as Level 2 assets, fair values are determined using a market approach and are valued based on a variety of observable inputs as described below.

Equity securities and short-term investments: Fair value is determined using third-party commercial pricing services, with the primary input being quoted prices in markets that are not active.

Derivatives

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the OTC market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are OTC-bilateral.

The fair values for exchange-traded derivatives are determined using the quoted market prices and are classified as Level 1 assets or liabilities. For OTC-bilateral derivatives and OTC-cleared derivatives classified as Level 2 assets or liabilities, fair values are determined using the income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models which are based on market standard valuation methodologies and a variety of observable inputs.

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and management believes they are consistent with what other market participants would use when pricing such instruments.

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

9. Fair Value (continued)

Market Risk Benefits

MRBs principally include guaranteed minimum benefits on variable annuity contracts including benefits reinsured related to these guarantees.

The estimated fair value of variable annuity guarantees accounted for as MRBs is determined based on the present value of projected future benefits less the present value of projected future fees attributable to the guarantees. At policy inception, the Company determines an attributed fee ratio by solving for a percentage of projected future rider fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. To the extent the rider fees are insufficient, the Company may also include fees related to mortality and expense charges in the attributed fee ratio, provided the total fees included in the calculation do not exceed total contract fees and assessments collected from the contract holder. Any additional fees not included in the attributed fee ratio are considered revenue and reported in universal life and investment-type product policy fees. The attributed fee ratio is not updated in subsequent periods.

The Company updates the estimated fair value of variable annuity guarantees in subsequent periods by projecting future benefits using capital markets inputs and actuarial assumptions including expectations of policyholder behavior. A risk neutral valuation methodology is used to project the cash flows from the guarantees under multiple capital markets scenarios. The reported estimated fair value is then determined by taking the present value of these cash flows using a discount rate that incorporates a spread over the risk-free rate to reflect the Company’s nonperformance risk and adding a risk margin.

The valuation of MRBs includes an adjustment for the risk that the Company fails to satisfy its obligations, which is referred to as nonperformance risk. The nonperformance risk adjustment is captured as an additional spread applied to the risk-free rate in determining the rate to discount the cash flows of the liability. The spread over the risk-free rate is based on the Company’s creditworthiness taking into consideration publicly available information relating to spreads in the secondary market for Brighthouse Financial’s debt. These observable spreads are then adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries as compared to the credit rating of Brighthouse Financial.

Risk margins are established to capture the non-capital markets risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. The establishment of risk margins requires the use of significant actuarial judgment, including assumptions of the amount needed to cover the guarantees.

Actuarial assumptions are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of variable annuity guarantees are updated quarterly through net income, except for the change attributable to the Company’s nonperformance risk, which is reported in OCI.

Embedded Derivatives

Embedded derivatives include crediting rates associated with index-linked annuity contracts. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The crediting rates associated with these features are embedded derivatives which are measured at estimated fair value separately from the host fixed annuity contract. These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

The estimated fair value of crediting rates associated with index-linked annuities is determined using a combination of an option pricing model and an option-budget approach. The valuation of these embedded derivatives also includes the establishment of a risk margin, as well as changes in nonperformance risk.

Actuarial assumptions including policyholder behavior and expectations for renewals at the end of the term period are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of crediting rate embedded derivatives are updated quarterly through net income.

9. Fair Value (continued)

Transfers Into or Out of Level 3:

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

Certain quantitative information about the significant unobservable inputs used in the fair value measurement, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows at:

			June 30, 2025			December 31, 2024			
	Valuation Techniques	Significant Unobservable Inputs	Range			Range			Impact of Increase in Input on Estimated Fair Value
Market Risk Benefits									
Variable annuity guaranteed minimum benefits	• Discounted cash flows	• Mortality rates	0.04%	-	12.90%	0.04%	-	12.90%	Decrease (1)
		• Lapse rates	1.00%	-	20.20%	1.00%	-	20.20%	Decrease (2)
		• Utilization rates	0.00%	-	25.00%	0.00%	-	25.00%	Increase (3)
		• Withdrawal rates	0.00%	-	10.00%	0.00%	-	10.00%	(4)
		• Long-term equity volatilities	12.04%	-	28.30%	12.22%	-	37.04%	Increase (5)
		• Nonperformance risk spread	0.40%	-	1.22%	0.20%	-	1.19%	Decrease (6)
Embedded Derivatives									
Registered index-linked annuity crediting rates	• Option pricing techniques	• Mortality rates	0.03%	-	7.86%	0.03%	-	7.86%	Decrease (1)
		• Lapse rates	1.00%	-	62.30%	1.00%	-	62.30%	Decrease (2)
		• Withdrawal rates	0.50%	-	13.00%	0.50%	-	13.00%	(4)
		• Nonperformance risk spread	0.21%	-	1.64%	0.30%	-	1.63%	Decrease (6)

(1) Mortality rates vary by age and by demographic characteristics such as gender. The range shown reflects the mortality rate for policyholders between 35 and 90 years old. Mortality rate assumptions are set based on company experience and include an assumption for mortality improvement.

(2) The lapse rate range reflects base lapse rates for major product categories for duration 1-20. Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. For variable annuity guarantees, a dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in-the-money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies.

(3) The utilization rate assumption for variable annuity guarantees estimates the percentage of contract holders with a guaranteed minimum income benefit ("GMIB") or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible in a given year. The range shown represents the floor and cap of the GMIB dynamic election rates across varying levels of in-the-money. For lifetime withdrawal guarantee riders, the assumption is that everyone will begin withdrawals once account value reaches zero which is equivalent to a 100% utilization rate. Utilization rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder.

9. Fair Value (continued)

(4) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For variable annuity guaranteed minimum withdrawal benefits, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For variable annuity guaranteed minimum accumulation benefits and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.

(5) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing MRBs.

(6) Nonperformance risk spread varies by duration. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the MRB or embedded derivative.

The Company does not develop unobservable inputs used in measuring fair value for all other assets and liabilities classified within Level 3; therefore, these are not included in the table above. The other Level 3 assets and liabilities primarily included fixed maturity securities and derivatives. For fixed maturity securities valued based on non-binding broker quotes, an increase (decrease) in credit spreads would result in a (lower) higher fair value. For derivatives valued based on third-party pricing models, an increase (decrease) in credit spreads would generally result in a (lower) higher fair value.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

9. Fair Value (continued)

The changes in assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (excluding MRBs disclosed in Note 4) were summarized as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities							
	Corporate (1)	Structured Securities	Foreign Government	Trading Securities	Equity Securities	Short-term Investments	Net Derivatives (2)	Embedded Derivatives on Index-Linked Annuities
	(In millions)							
Three Months Ended June 30, 2025								
Balance, beginning of period	$ 666	$ 340	$ 22	$ —	$ 14	$ 2	$ 9	$ (9,925)
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	(38)	—	—	—	—	—	(1)	(2,161)
Total realized/unrealized gains (losses) included in AOCI	37	(3)	2	—	—	—	—	—
Purchases (5)	63	127	—	3	—	—	—	—
Sales (5)	(10)	(10)	—	—	(8)	(2)	—	—
Issuances (5)	—	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—	520
Transfers into Level 3 (6)	54	—	—	—	—	—	—	—
Transfers out of Level 3 (6)	(4)	(48)	—	—	—	—	—	—
Balance, end of period	$ 768	$ 406	$ 24	$ 3	$ 6	$ —	$ 8	$ (11,566)
Three Months Ended June 30, 2024								
Balance, beginning of period	$ 1,267	$ 482	$ 21	$ —	$ 25	$ —	$ 11	$ (9,941)
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	(15)	—	—	—	(1)	—	(1)	(714)
Total realized/unrealized gains (losses) included in AOCI	(2)	2	—	—	—	—	—	—
Purchases (5)	199	129	—	—	—	—	—	—
Sales (5)	(43)	(26)	—	—	—	—	—	—
Issuances (5)	—	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—	72
Transfers into Level 3 (6)	41	—	—	—	—	—	—	—
Transfers out of Level 3 (6)	(82)	(81)	—	—	—	—	—	—
Balance, end of period	$ 1,365	$ 506	$ 21	$ —	$ 24	$ —	$ 10	$ (10,583)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2025 (7)	$ (5)	$ —	$ —	$ —	$ —	$ —	$ (1)	$ (2,430)
Changes in unrealized gains (losses) included in OCI for the instruments still held as of June 30, 2025 (7)	$ 4	$ 7	$ 2	$ —	$ —	$ —	$ (1)	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2024 (7)	$ (15)	$ —	$ —	$ —	$ (2)	$ —	$ (1)	$ (881)
Changes in unrealized gains (losses) included in OCI for the instruments still held as of June 30, 2024 (7)	$ (2)	$ 1	$ —	$ —	$ —	$ —	$ —	$ —

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9. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities							
	Corporate (1)	Structured Securities	Foreign Government	Trading Securities	Equity Securities	Short-term Investments	Net Derivatives (2)	Embedded Derivatives on Index-Linked Annuities
	(In millions)							
Six Months Ended June 30, 2025								
Balance, beginning of period	$ 1,092	$ 365	$ 21	$ —	$ 15	$ 2	$ 9	$ (11,493)
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	(13)	—	—	—	(1)	—	(1)	(984)
Total realized/unrealized gains (losses) included in AOCI	12	(5)	3	—	—	—	—	—
Purchases (5)	106	148	—	3	—	—	—	—
Sales (5)	(60)	(42)	—	—	(8)	(2)	—	—
Issuances (5)	—	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—	911
Transfers into Level 3 (6)	24	—	—	—	—	—	—	—
Transfers out of Level 3 (6)	(393)	(60)	—	—	—	—	—	—
Balance, end of period	$ 768	$ 406	$ 24	$ 3	$ 6	$ —	$ 8	$ (11,566)
Six Months Ended June 30, 2024								
Balance, beginning of period	$ 1,320	$ 380	$ 36	$ —	$ 25	$ —	$ 18	$ (8,186)
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)	(19)	1	—	—	(1)	—	(3)	(2,600)
Total realized/unrealized gains (losses) included in AOCI	(9)	2	—	—	—	—	—	—
Purchases (5)	238	207	—	—	—	—	1	—
Sales (5)	(84)	(31)	—	—	—	—	—	—
Issuances (5)	—	—	—	—	—	—	—	—
Settlements (5)	—	—	—	—	—	—	—	203
Transfers into Level 3 (6)	55	—	—	—	—	—	—	—
Transfers out of Level 3 (6)	(136)	(53)	(15)	—	—	—	(6)	—
Balance, end of period	$ 1,365	$ 506	$ 21	$ —	$ 24	$ —	$ 10	$ (10,583)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2025 (7)	$ (7)	$ —	$ —	$ —	$ —	$ —	$ (1)	$ (1,480)
Changes in unrealized gains (losses) included in OCI for the instruments still held as of June 30, 2025 (7)	$ 11	$ (5)	$ 3	$ —	$ —	$ —	$ —	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2024 (7)	$ (18)	$ —	$ —	$ —	$ (2)	$ —	$ (3)	$ (2,921)
Changes in unrealized gains (losses) included in OCI for the instruments still held as of June 30, 2024 (7)	$ (19)	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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(1) Comprised of U.S. and foreign corporate securities.

(2) Freestanding derivative assets and liabilities are reported net for purposes of the rollforward.

(3) Amortization of premium/accretion of discount is included in net investment income. Changes in the allowance for credit losses and direct write-offs are charged to net income (loss) on securities are included in net investment gains (losses). Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

(4) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

(5) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

(6) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and out of Level 3 in the same period are excluded from the rollforward.

(7) Changes in unrealized gains (losses) included in net income (loss) for fixed maturities are reported in either net investment income or net investment gains (losses). Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income and payables for collateral under securities loaned and other transactions. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates carrying value as they are short-term in nature such that the Company believes there is minimal risk of material changes in interest rates or credit quality. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	June 30, 2025				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
			(In millions)		
Assets					
Mortgage loans	$ 22,993	$ —	$ —	$ 21,587	$ 21,587
Policy loans	$ 1,425	$ —	$ 543	$ 994	$ 1,537
Other invested assets	$ 228	$ —	$ 217	$ 11	$ 228
Premiums, reinsurance and other receivables	$ 8,781	$ —	$ 68	$ 9,800	$ 9,868
Liabilities					
Policyholder account balances	$ 31,034	$ —	$ —	$ 30,763	$ 30,763
Long-term debt	$ 3,155	$ —	$ 2,726	$ —	$ 2,726
Other liabilities	$ 1,670	$ —	$ 1,041	$ 629	$ 1,670
Separate account liabilities	$ 1,243	$ —	$ 1,243	$ —	$ 1,243

9. Fair Value (continued)

	December 31, 2024				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 23,286	$ —	$ —	$ 21,373	$ 21,373
Policy loans	$ 2,024	$ —	$ 1,161	$ 943	$ 2,104
Other invested assets	$ 233	$ —	$ 222	$ 11	$ 233
Premiums, reinsurance and other receivables	$ 8,527	$ —	$ 55	$ 9,222	$ 9,277
Liabilities					
Policyholder account balances	$ 31,928	$ —	$ —	$ 31,563	$ 31,563
Long-term debt	$ 3,155	$ —	$ 2,787	$ —	$ 2,787
Other liabilities	$ 1,338	$ —	$ 691	$ 647	$ 1,338
Separate account liabilities	$ 1,246	$ —	$ 1,246	$ —	$ 1,246

10. Equity

Preferred Stock

Preferred stock shares authorized, issued and outstanding were as follows at both June 30, 2025 and December 31, 2024:

	Shares Authorized	Shares Issued	Shares Outstanding
6.600% Non-Cumulative Preferred Stock, Series A	17,000	17,000	17,000
6.750% Non-Cumulative Preferred Stock, Series B	16,100	16,100	16,100
5.375% Non-Cumulative Preferred Stock, Series C	23,000	23,000	23,000
4.625% Non-Cumulative Preferred Stock, Series D	14,000	14,000	14,000
Not designated	99,929,900	—	—
Total	100,000,000	70,100	70,100

The per share and aggregate dividends declared for BHF's preferred stock by series were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
Series	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate
	(In millions, except per share data)							
A	$ 412.50	$ 7	$ 412.50	$ 7	$ 825.00	$ 14	$ 825.00	$ 14
B	$ 421.88	7	$ 421.88	7	$ 843.76	14	$ 843.76	14
C	$ 335.94	7	$ 335.94	7	$ 671.88	15	$ 671.88	15
D	$ 289.06	4	$ 289.06	4	$ 578.12	8	$ 578.12	8
Total		$ 25		$ 25		$ 51		$ 51

Common Stock Repurchase Program

During the six months ended June 30, 2025 and 2024, BHF repurchased 1,844,396 and 2,634,041 shares, respectively, of its common stock through open market purchases, pursuant to Rule 10b5-1 plans, for $102 million and $126 million, respectively. At June 30, 2025, BHF had $441 million remaining under its common stock repurchase program.

10. Equity (continued)

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI was as follows:

	Three Months Ended June 30, 2025					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at March 31, 2025	$ (4,379)	$ 352	$ (1,625)	$ 1,027	$ (45)	$ (4,670)
OCI before reclassifications	512	(256)	279	(51)	31	515
Deferred income tax benefit (expense) (3)	(108)	53	(58)	10	(6)	(109)
AOCI before reclassifications, net of income tax	(3,975)	149	(1,404)	986	(20)	(4,264)
Amounts reclassified from AOCI	8	—	—	—	1	9
Deferred income tax benefit (expense) (3)	(1)	—	—	—	(1)	(2)
Amounts reclassified from AOCI, net of income tax	7	—	—	—	—	7
Balance at June 30, 2025	$ (3,968)	$ 149	$ (1,404)	$ 986	$ (20)	$ (4,257)

	Three Months Ended June 30, 2024					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at March 31, 2024	$ (4,937)	$ 317	$ (1,711)	$ 969	$ (51)	$ (5,413)
OCI before reclassifications	(475)	44	110	233	(2)	(90)
Deferred income tax benefit (expense) (3)	100	(9)	(23)	(49)	—	19
AOCI before reclassifications, net of income tax	(5,312)	352	(1,624)	1,153	(53)	(5,484)
Amounts reclassified from AOCI	85	(2)	—	—	1	84
Deferred income tax benefit (expense) (3)	(18)	—	—	—	(1)	(19)
Amounts reclassified from AOCI, net of income tax	67	(2)	—	—	—	65
Balance at June 30, 2024	$ (5,245)	$ 350	$ (1,624)	$ 1,153	$ (53)	$ (5,419)

	Six Months Ended June 30, 2025					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at December 31, 2024	$ (5,137)	$ 371	$ (1,603)	$ 1,149	$ (58)	$ (5,278)
OCI before reclassifications	1,440	(273)	252	(206)	46	1,259
Deferred income tax benefit (expense) (3)	(302)	57	(53)	43	(10)	(265)
AOCI before reclassifications, net of income tax	(3,999)	155	(1,404)	986	(22)	(4,284)
Amounts reclassified from AOCI	39	(7)	—	—	3	35
Deferred income tax benefit (expense) (3)	(8)	1	—	—	(1)	(8)
Amounts reclassified from AOCI, net of income tax	31	(6)	—	—	2	27
Balance at June 30, 2025	$ (3,968)	$ 149	$ (1,404)	$ 986	$ (20)	$ (4,257)

10. Equity (continued)

	Six Months Ended June 30, 2024					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at December 31, 2023	$ (4,317)	$ 277	$ (1,881)	$ 720	$ (45)	$ (5,246)
OCI before reclassifications	(1,295)	97	325	548	(11)	(336)
Deferred income tax benefit (expense) (3)	271	(20)	(68)	(115)	2	70
AOCI before reclassifications, net of income tax	(5,341)	354	(1,624)	1,153	(54)	(5,512)
Amounts reclassified from AOCI	121	(5)	—	—	2	118
Deferred income tax benefit (expense) (3)	(25)	1	—	—	(1)	(25)
Amounts reclassified from AOCI, net of income tax	96	(4)	—	—	1	93
Balance at June 30, 2024	$ (5,245)	$ 350	$ (1,624)	$ 1,153	$ (53)	$ (5,419)

(1) See Note 7 for information on offsets to investments related to future policy benefits.

(2) Includes OCI related to foreign currency translation and defined benefit plan gains and losses.

(3) The effects of income taxes on amounts recorded to AOCI are also recognized in AOCI. These income tax effects are released from AOCI when the related activity is reclassified into results from operations.

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	Amounts Reclassified from AOCI				Consolidated Statements of Operations and Comprehensive Income (Loss) Locations
	Three Months Ended June 30,		Six Months Ended June 30,		
	2025	2024	2025	2024	
	(In millions)				
Net unrealized investment gains (losses):					
Net unrealized investment gains (losses)	$ (12)	$ (78)	$ (37)	$ (112)	Net investment gains (losses)
Net unrealized investment gains (losses)	4	(7)	(2)	(9)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	(8)	(85)	(39)	(121)	
Income tax (expense) benefit	1	18	8	25	
Net unrealized investment gains (losses), net of income tax	(7)	(67)	(31)	(96)	
Unrealized gains (losses) on derivatives - cash flow hedges:					
Interest rate swaps	—	—	3	3	Net derivative gains (losses)
Interest rate swaps	—	1	1	1	Net investment income
Foreign currency swaps	—	1	3	1	Net derivative gains (losses)
Gains (losses) on cash flow hedges, before income tax	—	2	7	5	
Income tax (expense) benefit	—	—	(1)	(1)	
Gains (losses) on cash flow hedges, net of income tax	—	2	6	4	
Defined benefit plans adjustment:					
Amortization of net actuarial gains (losses)	(1)	(1)	(3)	(2)	
Amortization of defined benefit plans, before income tax	(1)	(1)	(3)	(2)	
Income tax (expense) benefit	1	1	1	1	
Amortization of defined benefit plans, net of income tax	—	—	(2)	(1)	
Total reclassifications, net of income tax	$ (7)	$ (65)	$ (27)	$ (93)	

11. Other Revenues and Other Expenses

Other Revenues

The Company has entered into contracts with mutual funds, fund managers, and their affiliates (collectively, the "Funds") whereby the Company is paid monthly or quarterly fees ("12b-1 fees") for providing certain services to customers and distributors of the Funds. The 12b-1 fees, which are included in other revenues, are generally equal to a fixed percentage of the average daily balance of the customer's investment in a fund. The percentage is specified in the contract between the Company and the Funds. Payments are generally collected when due and are neither refundable nor able to offset future fees.

To earn these fees, the Company performs services such as responding to phone inquiries, maintaining records, providing information to distributors and shareholders about fund performance and providing training to account managers and sales agents. The passage of time reflects the satisfaction of the Company's performance obligations to the Funds and is used to recognize revenue associated with 12b-1 fees.

Other revenues included 12b-1 fees of $64 million and $129 million for the three months and six months ended June 30, 2025, respectively, and $69 million and $136 million for the three months and six months ended June 30, 2024, respectively, of which substantially all were reported in the Annuities segment.

Other Expenses

Information on other expenses was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Compensation	$ 103	$ 101	$ 233	$ 212
Contracted services and other labor costs	76	70	148	133
Transition services agreements	4	5	7	12
Premium and other taxes, licenses and fees	10	13	26	24
Separate account fees	80	91	163	183
Volume related costs, excluding compensation, net of DAC capitalization	153	138	285	285
Interest expense on debt	38	38	76	76
Other	18	12	37	50
Total other expenses	$ 482	$ 468	$ 975	$ 975

Capitalization of DAC

See Note 6 for additional information on the capitalization of DAC.

12. Earnings Per Common Share

The calculation of earnings per common share was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions, except share and per share data)			
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ 60	$ 9	$ (234)	$ (510)
Weighted average common shares outstanding — basic	57,411,289	61,956,829	57,832,368	62,496,801
Dilutive effect of share-based awards	322,881	298,501	—	—
Weighted average common shares outstanding — diluted	57,734,170	62,255,330	57,832,368	62,496,801
Earnings per common share:				
Basic	$ 1.03	$ 0.12	$ (4.06)	$ (8.17)
Diluted	$ 1.02	$ 0.12	$ (4.06)	$ (8.17)

For the three months ended June 30, 2025, weighted average shares used for calculating diluted earnings per common share includes 166,769 shares underlying in-the-money stock options. For the three months ended June 30, 2024, weighted average shares used for calculating diluted earnings per common share excludes 187,371 shares underlying out-of-the-money stock options, as the inclusion of such shares would be antidilutive under the treasury stock method to the earnings per common share calculation due to the average share price for the three months ended June 30, 2024.

For both the six months ended June 30, 2025 and 2024, basic loss per common share equaled diluted loss per common share. The diluted shares were not included in the per share calculation for these periods as the inclusion of such shares would have an antidilutive effect.

13. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

The Company also receives and responds to subpoenas or other inquiries seeking a broad range of information from various state and federal regulators, agencies and officials. The issues involved in information requests and regulatory matters vary widely and can include inquiries or investigations concerning the Company's compliance with applicable insurance and other laws and regulations. The Company cooperates in these inquiries.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

13. Contingencies, Commitments and Guarantees (continued)

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at June 30, 2025.

Matters as to Which an Estimate Can Be Made

For some loss contingency matters, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. In addition to amounts accrued for probable and reasonably estimable losses, as of June 30, 2025, the Company estimates the aggregate range of reasonably possible losses to be up to approximately $10 million.

Matters as to Which an Estimate Cannot Be Made

For other matters, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims and regulatory inquiries and investigations, alleging improper marketing or sales of individual life insurance policies, annuities or other products. The Company continues to defend vigorously against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Cost of Insurance Class Actions

Richard A. Newton v. Brighthouse Life Insurance Company (U.S. District Court, Northern District of Georgia, Atlanta Division, filed May 8, 2020). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff was the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of all persons who own or owned life insurance policies issued where the terms of the life insurance policy provide or provided, among other things, a guarantee that the cost of insurance rates would not be increased by more than a specified percentage in any contract year. Plaintiff also alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, fraud, suppression and concealment, and violation of the Georgia Racketeer Influenced and Corrupt Organizations Act. Plaintiff seeks to recover damages, including punitive damages, interest and treble damages, attorneys' fees, and injunctive and declaratory relief. Brighthouse Life Insurance Company filed a motion to dismiss in June 2020, which was granted in part and denied in part in March 2021. Plaintiff was granted leave to amend the complaint. On January 18, 2023, plaintiff filed a motion on consent to amend the second amended class action complaint to narrow the scope of the class sought to those who own or owned policies issued in Georgia. The motion was granted on January 23, 2023, and the third amended class action complaint was filed on January 23, 2023. The Company intends to vigorously defend this matter.

Lawrence Martin v. Brighthouse Life Insurance Company (U.S. District Court, Southern District of New York, filed April 6, 2021). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff is the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of similarly situated owners of universal life insurance policies issued or administered by defendants and alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. Plaintiff seeks to recover compensatory damages, attorney's fees, interest, and equitable relief including a constructive trust. Brighthouse Life Insurance Company filed a motion to dismiss in June 2021, which was denied in February 2022. Brighthouse Life Insurance Company of NY, was initially named as a defendant when the lawsuit was filed, but was dismissed as a defendant, without prejudice, in April 2022. The Company intends to vigorously defend this matter.

13. Contingencies, Commitments and Guarantees (continued)

MOVEit Data Security Incident Litigation

Kennedy v. Progress Software Corporation, et al. (U.S. District Court, District of Massachusetts, filed October 3, 2023). BHF has been named as a defendant in a purported class action lawsuit. The action relates to a data security incident at an alleged third-party vendor, PBI Research Services ("PBI"), and allegedly involves the MOVEit file transfer system that PBI uses in its provision of services ("MOVEit Incident"). As it relates to BHF, plaintiff seeks to certify a subclass of persons whose private information was allegedly maintained by BHF and accessed or acquired in relation to the MOVEit Incident. Plaintiff alleges, among other things, that BHF negligently chose to utilize PBI to store and transfer plaintiff's and purported class members' private information despite PBI's use of the MOVEit software which plaintiff contends contained security vulnerabilities. The complaint asserts claims against BHF for negligence, negligence per se, and unjust enrichment, and plaintiff seeks declaratory and injunctive relief, damages, attorneys' fees and prejudgment interest. The court dismissed claims for injunctive relief against BHF, but denied the remainder of a motion to dismiss based on plaintiff's lack of standing. BHF intends to vigorously defend this matter.

Summary

Various litigations, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, investor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations, it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Other Loss Contingencies

As with litigation and regulatory loss contingencies, the Company considers establishing liabilities for loss contingencies associated with disputes or other matters involving third parties, including counterparties to contractual arrangements entered into by the Company (e.g., third-party vendors and reinsurers), as well as with tax or other authorities ("other loss contingencies"). The Company establishes liabilities for such other loss contingencies when it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. In matters where it is not probable, but is reasonably possible that a loss will be incurred and the amount of loss can be reasonably estimated, such losses or range of losses are disclosed, and no accrual is made. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual is made and no loss or range of loss is disclosed. On a quarterly basis, the Company reviews relevant information with respect to other loss contingencies and, when applicable, updates its accruals, disclosures and estimates of reasonably possible losses or estimated ranges of loss based on such reviews.

The Company's tax-related matters have involved disputes with taxing authorities, ongoing audits, evaluation of filing positions and any potential assessments related thereto. In the matters where the Company's subsidiaries are acting as the reinsured or the reinsurer, such reinsurance matters have involved assertions by third parties primarily related to rates, fees or reinsured benefit calculations, and certain of such reinsurance matters have resulted in arbitration. As of June 30, 2025, the Company estimates the range of reasonably possible losses in excess of the amounts accrued for certain other loss contingencies to be from zero up to approximately $100 million relating to certain tax matters, as described above. For certain other matters, the Company may not currently be able to estimate the reasonably possible loss or estimated range of loss until developments in such matters have provided sufficient information to support an assessment of such loss.

During the first quarter of 2024, an arbitration panel ruled in favor of a reinsurer seeking a premium rate increase retroactive to September 2019 resulting in a $187 million loss, of which $167 million was reported in universal life and investment product-type policy fees and $20 million was reported in other expenses.

13. Contingencies, Commitments and Guarantees (continued)

Commitments

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $182 million and $271 million at June 30, 2025 and December 31, 2024, respectively.

Commitments to Fund Partnership Investments, Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to fund partnership investments and to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were $1.6 billion and $1.7 billion at June 30, 2025 and December 31, 2024, respectively.

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that it may be required to make payments now or in the future. In the context of reinsurance, acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third-party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation with a cumulative maximum of $82 million, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future. Management believes that it is unlikely the Company will have to make any material payments under these indemnities, guarantees, or commitments.

In addition, the Company indemnifies its directors and officers as provided in its charters and bylaws. Also, the Company indemnifies its agents for liabilities incurred as a result of their representation of the Company’s interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these indemnities in the future.

The Company did not have any liabilities recorded for indemnities, guarantees and commitments at both June 30, 2025 and December 31, 2024.

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

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

For purposes of this discussion, "Brighthouse Financial," the "Company," "we," "our" and "us" refer to Brighthouse Financial, Inc. and its subsidiaries, and "BHF" refers solely to Brighthouse Financial, Inc., the ultimate holding company for all of our subsidiaries, and not to any of its subsidiaries. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with (i) the Interim Condensed Consolidated Financial Statements and related notes included elsewhere herein; (ii) our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Annual Report") filed with the U.S. Securities and Exchange Commission ("SEC") on February 28, 2025; (iii) our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "First Quarter Form 10-Q") filed with the SEC on May 9, 2025; and (iv) our current reports on Form 8-K filed in 2025.

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations, financial condition and cash flows of Brighthouse Financial for the periods indicated. Prior to discussing our results of operations, we present information that we believe is useful to understanding the discussion of our financial results. This information precedes our results of operations discussion and is most beneficial when read in the sequence presented. A summary of key informational sections is as follows:

- "Executive Summary" provides summarized information regarding our business, segments and financial results.
- "Industry Trends and Uncertainties" discusses updates and changes to a number of trends and uncertainties included in our 2024 Annual Report that we believe may materially affect our future financial condition, results of operations or cash flows.
- "Summary of Critical Accounting Estimates" explains what we believe to be the most critical estimates and judgments applied in determining our results in accordance with accounting principles generally accepted in the United States of America ("GAAP").
- "Non-GAAP Financial Disclosures" defines key financial measures presented in our results of operations discussion that are not calculated in accordance with GAAP but are used by management in evaluating company and segment performance. As described in this section, adjusted earnings is presented by key business activities which are derived, but different, from the line items presented in the GAAP statements of operations. This section also refers to certain other terms used to describe our insurance business and financial and operating metrics but is not intended to be exhaustive.

Our Results of Operations discussion and analysis presents a review for the three months and six months ended June 30, 2025 and 2024 and period-over-period, as well as year-over-year, comparisons between these periods.

Executive Summary

We are one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. We are organized into the following reportable segments: Annuities; Life; Run-off; and Corporate & Other. See "Business — Segment Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary" included in our 2024 Annual Report, as well as Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements for further information regarding our segments.

Net income (loss) available to shareholders and adjusted earnings (loss), a non-GAAP financial measure, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Income (loss) available to shareholders before provision for income tax	$ 68	$ (11)	$ (314)	$ (653)
Less: Provision for income tax expense (benefit)	8	(20)	(80)	(143)
Net income (loss) available to shareholders (1)	$ 60	$ 9	$ (234)	$ (510)
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends (1)	$ 244	$ 418	$ 531	$ 308
Less: Provision for income tax expense (benefit)	46	72	98	60
Adjusted earnings (loss) (1)	$ 198	$ 346	$ 433	$ 248

(1) We use the term “net income (loss) available to shareholders” to refer to “net income (loss) available to Brighthouse Financial, Inc.’s common shareholders” and “adjusted loss” to refer to negative adjusted earnings values throughout the results of operations discussions.

For the three months ended June 30, 2025, we had net income available to shareholders of $60 million and adjusted earnings of $198 million compared to net income available to shareholders of $9 million and adjusted earnings of $346 million for the three months ended June 30, 2024. Net income available to shareholders for the three months ended June 30, 2025 primarily reflects favorable pre-tax adjusted earnings and net favorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors. The favorable impacts were partially offset by an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our universal life with secondary guarantees (“ULSG”) business resulting from increasing long-term interest rates, the weakening of the U.S. dollar unfavorably impacting foreign currency forwards and swaps, net investment losses on mortgage loans and net investment losses on sales of fixed maturity securities.

For the six months ended June 30, 2025, we had a net loss available to shareholders of $234 million and adjusted earnings of $433 million compared to a net loss available to shareholders of $510 million and adjusted earnings of $248 million for the six months ended June 30, 2024. The net loss available to shareholders for the six months ended June 30, 2025 primarily reflects net unfavorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors, an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our ULSG business, the weakening of the U.S. dollar unfavorably impacting foreign currency forwards and swaps, net investment losses on mortgage loans and net investment losses on sales of fixed maturity securities. These unfavorable impacts were partially offset by favorable pre-tax adjusted earnings.

See “— Non-GAAP Financial Disclosures.” See “— Results of Operations” for a detailed discussion of our results.

Industry Trends and Uncertainties

Throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations, we discuss a number of trends and uncertainties that we believe may materially affect our future financial condition, results of operations or cash flows. Where these trends or uncertainties are specific to a particular aspect of our business, we often include such a discussion under the relevant caption of this Management’s Discussion and Analysis of Financial Condition and Results of Operations, as part of our broader analysis of that area of our business. Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties” included in our 2024 Annual Report, as amended or supplemented by our First Quarter Form 10-Q and herein, for a comprehensive discussion of some of the key general trends and uncertainties that have influenced the development of our business and our historical financial performance and that we believe will continue to influence our business and results of operations in the future.

Financial and Economic Environment

Our business and results of operations are materially affected by conditions in the capital markets and the economy generally. Stressed conditions, volatility and disruptions in the capital markets or financial asset classes can have an adverse effect on us. Equity market performance can affect our profitability for variable annuities, Shield® Level Annuities ("Shield" and "Shield Annuity") and other separate account products as a result of the effects it has on product demand, revenues, expenses, reserves and our risk management effectiveness. In September, November and December 2024, the Federal Reserve Board (the "Federal Reserve") decreased the target range for the federal funds rate, and any additional future decrease may negatively impact our business in certain respects, including our investment portfolio, by lowering the level of long-term interest rates and changing the shape of the yield curve. The level of long-term interest rates and the shape of the yield curve can have a negative effect on the profitability for variable annuities, as well as the demand for, and the profitability of, spread-based products such as fixed annuities, index-linked annuities and universal life insurance. Low interest rates and risk premium, including credit spread, affect new money rates on invested assets and the cost of product guarantees. Insurance premium growth and demand for our products is impacted by the general health of U.S. economic activity. A sustained or material increase in inflation could also affect our business in several ways. During inflationary periods, the value of fixed income investments falls which could increase realized and unrealized losses. Inflation also increases our expenses (including, among others, for labor and third-party services), potentially putting pressure on profitability if such costs cannot be passed through to policyholders in our product prices. Prolonged and elevated inflation could adversely affect the financial markets and the economy generally and dispelling it may require governments to pursue restrictive fiscal and monetary policies, which could constrain overall economic activity and inhibit revenue growth. Events involving limited liquidity, defaults, nonperformance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about events of these kinds or other similar risks, could adversely affect market-wide liquidity, which could increase the risk of a recession or an equity market downturn and negatively impact various portions of our business, including our investment portfolio. See "Risk Factors — Economic Environment and Capital Markets-Related Risks — If difficult conditions in the capital markets and the U.S. economy generally persist or are perceived to persist, they may materially adversely affect our business and results of operations" and "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2024 Annual Report.

The above factors affect our expectations regarding future margins. We review our long-term assumptions about capital markets returns and interest rates, along with other assumptions such as contract holder behavior, as part of our annual actuarial review. As additional company specific or industry information on contract holder behavior becomes available, related assumptions may change and may potentially have a material impact on liability valuations and net income.

We continue to closely monitor political and economic conditions that might contribute to market volatility and their impact on our business operations, investment portfolio and derivatives, such as global inflation, tariffs imposed or threatened by the U.S. or foreign governments, uncertainty and instability in certain asset classes (including commercial real estate), supply chain disruptions and recent geopolitical conflicts, including in Europe and the Middle East. See "— Investments — Current Environment" herein, as well as "Risk Factors — Economic Environment and Capital Markets-Related Risks," "Risk Factors — Risks Related to Our Investment Portfolio," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties" and "Management's Discussion and Analysis of Financial Condition and Results of Operations —Investments" included in our 2024 Annual Report for a detailed discussion of financial and economic impacts on our business, including the potential impacts of interest rate risk and inflation risk on our investments and overall business.

Regulatory Developments

Our insurance subsidiaries and Brighthouse Reinsurance Company of Delaware ("BRCD") are primarily regulated at the state level, with some products and services also subject to federal regulation. In addition, BHF and its insurance subsidiaries are subject to regulation under the insurance holding company laws of various U.S. jurisdictions. Furthermore, some of our operations, products and services are subject to the Employee Retirement Income Security Act of 1974, consumer protection laws, securities, broker-dealer and investment advisor regulations, as well as environmental and unclaimed property laws and regulations. See "Business — Regulation," as well as "Risk Factors — Regulatory and Legal Risks" included in our 2024 Annual Report, as amended or supplemented by our quarterly reports under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties — Regulatory Developments."

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the Interim Condensed Consolidated Financial Statements.

The most critical estimates include those used in determining:

- liability for future policy benefits;
- estimated fair values of market risk benefits (“MRB”);
- estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation; and
- measurement of income taxes and the valuation of deferred tax assets.

In applying our accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our business and operations. Actual results could differ from these estimates.

The above critical accounting estimates are described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates” and Note 1 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report.

Non-GAAP Financial Disclosures

We present certain measures of our performance that are not calculated in accordance with GAAP. Our definitions of non-GAAP financial measures may differ from those used by other companies.

Adjusted Earnings

Adjusted earnings is a financial measure used by management to evaluate performance and facilitate comparisons to industry results. We believe the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of our performance by the investor community by highlighting the results of operations and the underlying profitability drivers of our business. Adjusted earnings should not be viewed as a substitute for net income (loss) available to Brighthouse Financial, Inc.’s common shareholders, which is the most directly comparable financial measure calculated in accordance with GAAP. See “— Results of Operations” for a reconciliation of adjusted earnings to net income (loss) available to Brighthouse Financial, Inc.’s common shareholders.

Adjusted earnings, which may be positive or negative, focuses on our primary businesses by excluding the impact of market volatility, which could distort trends. Adjusted earnings was updated during the first quarter of 2025 in connection with the establishment of a trading portfolio comprised of certain fixed income securities (classified as “trading securities” under GAAP). The Company did not have trading securities prior to the first quarter of 2025.

The following items are excluded from total revenues in calculating adjusted earnings:

- Net investment gains (losses);
- Investment gains (losses) on trading securities measured at estimated fair value through net investment income; and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”).

The following items are excluded from total expenses in calculating adjusted earnings:

- Change in MRBs; and
- Change in fair value of the crediting rate on experience-rated contracts and market value adjustments on institutional group annuities that are economically offset by gains (losses) on the related trading securities (“Market Value Adjustments”).

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

We present adjusted earnings in a manner consistent with management's view of the primary business activities that drive the profitability of our core businesses. The following table illustrates how each component of adjusted earnings is calculated from the GAAP statements of operations line items:

Component of Adjusted Earnings		How Derived from GAAP (1)	
(i)	Fee income	(i)	*Universal life and investment-type product policy fees* plus *Other revenues*.
(ii)	Net investment spread	(ii)	*Net investment income* (excluding investment gains (losses) on trading securities) plus Investment Hedge Adjustments reduced by *Interest credited to policyholder account balances* (excluding Market Value Adjustments) and interest on future policy benefits.
(iii)	Insurance-related activities	(iii)	*Premiums* less *Policyholder benefits and claims*, excluding interest on future policy benefits.
(iv)	Amortization of DAC and VOBA	(iv)	*Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA")*.
(v)	Other expenses	(v)	*Other expenses*.
(vi)	Provision for income tax expense (benefit)	(vi)	Tax impact of the above items, calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

(1) Italicized items indicate GAAP statements of operations line items.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance. Accordingly, we report adjusted earnings by segment in Note 2 of the Notes to the Interim Condensed Consolidated Financial Statements.

Adjusted Net Investment Income

Adjusted net investment income is used by management to measure our performance, and we believe it enhances the understanding of our investment portfolio results. Adjusted net investment income represents GAAP net investment income plus Investment Hedge Adjustments less investment gains (losses) on trading securities. For a reconciliation of adjusted net investment income to net investment income, the most directly comparable GAAP measure, see table note (3) to the summary yield table located in "— Investments — Current Environment — Investment Portfolio Results."

Adjusted Net Investment Income Yield

Similar to adjusted net investment income, adjusted net investment income yield is used by management as a performance measure that we believe enhances the understanding of our investment portfolio results. Adjusted net investment income yield represents adjusted net investment income as a percentage of average quarterly asset carrying values. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties. Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties. For a reconciliation of adjusted net investment income yield to net investment income, the most directly comparable GAAP measure, see the summary yield table located in "— Investments — Current Environment — Investment Portfolio Results."

Results of Operations

Consolidated Results for the Three Months and Six Months Ended June 30, 2025 and 2024

Unless otherwise noted, all amounts in the following discussions of our results of operations are stated before income tax except for adjusted earnings, which are presented net of income tax.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Revenues				
Premiums	$ 166	$ 181	$ 352	$ 383
Universal life and investment-type product policy fees	553	580	1,096	1,016
Net investment income	1,285	1,307	2,582	2,561
Other revenues	143	141	279	286
Net investment gains (losses)	(39)	(120)	(122)	(162)
Net derivative gains (losses)	(1,237)	(662)	(926)	(2,583)
Total revenues	871	1,427	3,261	1,501
Expenses				
Policyholder benefits and claims (including liability remeasurement gains (losses) of $0, $0, $0 and $0, respectively)	711	642	1,360	1,610
Interest credited to policyholder account balances	537	509	1,098	1,011
Amortization of DAC and VOBA	149	150	297	301
Change in market risk benefits	(1,101)	(356)	(208)	(1,796)
Interest expense on debt	38	38	76	76
Other expenses	444	430	899	899
Total expenses	778	1,413	3,522	2,101
Income (loss) before provision for income tax	93	14	(261)	(600)
Provision for income tax expense (benefit)	8	(20)	(80)	(143)
Net income (loss)	85	34	(181)	(457)
Less: Net income (loss) attributable to noncontrolling interests	—	—	2	2
Net income (loss) attributable to Brighthouse Financial, Inc.	85	34	(183)	(459)
Less: Preferred stock dividends	25	25	51	51
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ 60	$ 9	$ (234)	$ (510)

The components of net income (loss) available to shareholders were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Change in market risk benefits	$ 1,101	$ 356	$ 208	$ 1,796
Net investment gains (losses)	(39)	(120)	(122)	(162)
Investment gains (losses) on trading securities	(6)	—	—	—
Net derivative gains (losses), excluding investment hedge adjustments	(1,238)	(671)	(927)	(2,605)
Market value adjustments	6	6	(4)	10
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	244	418	531	308
Income (loss) available to shareholders before provision for income tax	68	(11)	(314)	(653)
Provision for income tax expense (benefit)	8	(20)	(80)	(143)
Net income (loss) available to shareholders	$ 60	$ 9	$ (234)	$ (510)

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Income available to shareholders before provision for income tax was $68 million ($60 million, net of income tax), an increase of $79 million ($51 million, net of income tax) from loss available to shareholders before provision for income tax of $11 million ($9 million, net of income tax) in the prior period.

The increase in income before provision for income tax was driven by the following favorable items:

- gains from variable annuity guaranteed benefit riders, see "— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Six Months Ended June 30, 2025 and 2024"; and
- net investment gains (losses) reflecting lower net losses on sales of fixed maturity securities.

The increase in income before provision for income taxes was partially offset by the following unfavorable items:

- lower pre-tax adjusted earnings, as discussed in greater detail below;
- the impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate increased in the current period, resulting in a loss of $154 million, and increased in the prior period, resulting in a loss of $97 million; and
- the weakening of the U.S. dollar more in the current period than the prior period, unfavorably impacting foreign currency forwards and swaps.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in a higher effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

The loss available to shareholders before provision for income tax was $314 million ($234 million, net of income tax), a lower loss of $339 million ($276 million, net of income tax) from loss available to shareholders before provision for income tax of $653 million ($510 million, net of income tax) in the prior period.

The lower loss before provision for income tax was driven by the following favorable items:

- higher pre-tax adjusted earnings, as discussed in greater detail below;
- the impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate decreased in the current period, resulting in a loss of $132 million, and increased in the prior period, resulting in a loss of $309 million; and
- net investment gains (losses) reflecting lower net losses on sales of fixed maturity securities, partially offset by higher net losses on mortgage loans due to an increase in the allowance for credit losses.

The lower loss before provision for income tax was partially offset by the following unfavorable items:

- the weakening of the U.S. dollar in the current period and strengthening in the prior period, unfavorably impacting foreign currency forwards and swaps; and
- higher losses from variable annuity guaranteed benefit riders, see "— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Six Months Ended June 30, 2025 and 2024."

The provision for income tax, calculated as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 31% in the current period compared to 24% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

Reconciliation of Net Income (Loss) Available to Shareholders to Adjusted Earnings (Loss)

The reconciliation of net income (loss) available to shareholders to adjusted earnings (loss) was as follows:

	Three Months Ended June 30, 2025				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ 310	$ (40)	$ 152	$ (362)	$ 60
Add: Provision for income tax expense (benefit)	78	(7)	(430)	367	8
Income (loss) available to shareholders before provision for income tax	388	(47)	(278)	5	68
Less: Net investment gains (losses)	(71)	—	(4)	36	(39)
Less: Investment gains (losses) on trading securities	(6)	—	—	—	(6)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $1	(1,052)	(14)	(169)	(3)	(1,238)
Less: Change in market risk benefits	1,101	—	—	—	1,101
Less: Market value adjustments	6	—	—	—	6
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	410	(33)	(105)	(28)	244
Less: Provision for income tax expense (benefit)	78	(7)	(22)	(3)	46
Adjusted earnings (loss)	$ 332	$ (26)	$ (83)	$ (25)	$ 198

	Three Months Ended June 30, 2024				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ 38	$ 38	$ 22	$ (89)	$ 9
Add: Provision for income tax expense (benefit)	78	10	(164)	56	(20)
Income (loss) available to shareholders before provision for income tax	116	48	(142)	(33)	(11)
Less: Net investment gains (losses)	(81)	(7)	(15)	(17)	(120)
Less: Investment gains (losses) on trading securities	—	—	—	—	—
Less: Net derivative gains (losses), excluding investment hedge adjustments of $9	(569)	3	(96)	(9)	(671)
Less: Change in market risk benefits	356	—	—	—	356
Less: Market value adjustments	—	—	6	—	6
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	410	52	(37)	(7)	418
Less: Provision for income tax expense (benefit)	78	10	(7)	(9)	72
Adjusted earnings (loss)	$ 332	$ 42	$ (30)	$ 2	$ 346

	Six Months Ended June 30, 2025				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ (29)	$ (41)	$ (127)	$ (37)	$ (234)
Add: Provision for income tax expense (benefit)	151	(6)	(235)	10	(80)
Income (loss) available to shareholders before provision for income tax	122	(47)	(362)	(27)	(314)
Less: Net investment gains (losses)	(123)	(4)	(22)	27	(122)
Less: Investment gains (losses) on trading securities	—	—	—	—	—
Less: Net derivative gains (losses), excluding investment hedge adjustments of $1	(760)	(20)	(150)	3	(927)
Less: Change in market risk benefits	208	—	—	—	208
Less: Market value adjustments	—	—	(4)	—	(4)
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	797	(23)	(186)	(57)	531
Less: Provision for income tax expense (benefit)	151	(6)	(39)	(8)	98
Adjusted earnings (loss)	$ 646	$ (17)	$ (147)	$ (49)	$ 433

	Six Months Ended June 30, 2024				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ 23	$ (8)	$ (142)	$ (383)	$ (510)
Add: Provision for income tax expense (benefit)	150	—	(638)	345	(143)
Income (loss) available to shareholders before provision for income tax	173	(8)	(780)	(38)	(653)
Less: Net investment gains (losses)	(105)	(23)	(21)	(13)	(162)
Less: Investment gains (losses) on trading securities	—	—	—	—	—
Less: Net derivative gains (losses), excluding investment hedge adjustments of $22	(2,313)	9	(300)	(1)	(2,605)
Less: Change in market risk benefits	1,796	—	—	—	1,796
Less: Market value adjustments	—	—	10	—	10
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	795	6	(469)	(24)	308
Less: Provision for income tax expense (benefit)	150	—	(98)	8	60
Adjusted earnings (loss)	$ 645	$ 6	$ (371)	$ (32)	$ 248

Consolidated Results for the Three Months and Six Months Ended June 30, 2025 and 2024 — Adjusted Earnings (Loss)

The components of adjusted earnings (loss) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fee income	$ 696	$ 721	$ 1,375	$ 1,302
Net investment spread	720	773	1,431	1,506
Insurance-related activities	(516)	(433)	(950)	(1,171)
Amortization of DAC and VOBA	(149)	(150)	(297)	(301)
Other expenses	(482)	(468)	(975)	(975)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	25	25	53	53
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	244	418	531	308
Provision for income tax expense (benefit)	46	72	98	60
Adjusted earnings (loss)	$ 198	$ 346	$ 433	$ 248

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Adjusted earnings were $198 million in the current period, a decrease of $148 million.

Key net unfavorable impacts were:

- higher net costs associated with insurance-related activities due to:
    - higher claims, net of reinsurance in our Life and Run-off segments;

  partially offset by
    - an increase in income annuity underwriting margins;
- lower net investment spread due to:
    - higher interest credited to policyholders due to higher account balances; and
    - lower returns on other limited partnerships;

  partially offset by
    - higher returns on real estate limited partnerships and limited liability companies (“LLC”); and
    - higher average invested assets resulting from positive net flows in the general account;
- lower net fee income due to:
    - lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
    - a decline in the net cost of insurance fees driven by the aging in-force business in our Run-off segment;

  partially offset by
    - lower ceded cost of insurance fees consistent with favorable equity market returns in our Life segment, which is offset in other expenses; and
- higher other expenses due to:
    - lower ceded cost of insurance expenses consistent with favorable equity market returns in our Life segment, which is offset in fee income; and
    - higher deferred compensation and operational expenses;

  partially offset by

◦ lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings (loss), resulted in an effective tax rate of 17% in the current period compared to 16% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

Adjusted earnings were $433 million in the current period, an increase of $185 million.

Key net favorable impacts were:

- lower net costs associated with insurance-related activities due to:
  - a decrease in liability balances in our Run-off segment resulting from a reinsurance premium rate increase associated with the conclusion of a reinsurance arbitration in the prior period; and
  - an increase in income annuity underwriting margins;

  partially offset by
  - higher claims, net of reinsurance, in our Life segment;
- higher net fee income due to:
  - lower ceded cost of insurance fees in our Life and Run-off segments related to the conclusion of the aforementioned reinsurance arbitration in the prior period;

  partially offset by
  - lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
  - a decline in the net cost of insurance fees driven by the aging in-force business in our Run-off segment; and
- lower other expenses due to:
  - the conclusion of the aforementioned reinsurance arbitration in our Life and Run-off segments in the prior period;
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income; and
  - lower transition services agreement expenses;

  partially offset by
  - higher operational expenses.

The key unfavorable impact was a lower net investment spread due to higher interest credited to policyholders due to higher account balances and actuarial modeling improvements in our Annuities segment.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in an effective tax rate of 17% in both the current period and the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

Segment Results for the Three Months and Six Months Ended June 30, 2025 and 2024 — Adjusted Earnings (Loss)

Annuities

The components of adjusted earnings for our Annuities segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fee income	$ 514	$ 549	$ 1,040	$ 1,094
Net investment spread	403	374	798	747
Insurance-related activities	(38)	(46)	(83)	(108)
Amortization of DAC and VOBA	(127)	(126)	(253)	(253)
Other expenses	(342)	(341)	(705)	(685)
Pre-tax adjusted earnings	410	410	797	795
Provision for income tax expense (benefit)	78	78	151	150
Adjusted earnings	$ 332	$ 332	$ 646	$ 645

A significant portion of our adjusted earnings is driven by separate account balances related to our variable annuity business, as these balances determine asset-based fee income and commissions. The changes in our variable annuities separate account balances are presented in Note 5 of the Notes to the Interim Condensed Consolidated Financial Statements.

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Adjusted earnings were $332 million in the current and prior period.

Key net favorable impacts were:

- higher net investment spread due to:
  - higher average invested assets resulting from positive net flows in the general account;
  - higher returns on real estate limited partnerships and LLCs; and
  - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average;

  partially offset by
  - higher interest credited to policyholders due to higher account balances; and
- lower net costs associated with insurance-related activities due to an increase in income annuity underwriting margins.

Key net unfavorable impacts were:

- lower fee income due to lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
- higher other expenses due to:
  - higher deferred compensation and operational expenses;

  partially offset by
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 19% in both the current period and the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

Adjusted earnings were $646 million in the current period, an increase of $1 million.

Key net favorable impacts were:

- higher net investment spread due to:
  - higher average invested assets resulting from positive net flows in the general account;
  - higher returns on real estate limited partnerships and LLCs; and
  - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average;

  partially offset by
  - higher interest credited to policyholders due to higher account balances and actuarial modeling improvements; and
- lower net costs associated with insurance-related activities due to an increase in income annuity underwriting margins.

Key net unfavorable impacts were:

- lower fee income due to lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
- higher other expenses due to:
  - higher operational expenses;

  partially offset by
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income; and
  - lower transition services agreement expenses.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 19% in both the current period and the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Life

The components of adjusted earnings (loss) for our Life segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fee income	$ 82	$ 58	$ 145	$ 49
Net investment spread	40	68	91	122
Insurance-related activities	(80)	(9)	(117)	(12)
Amortization of DAC and VOBA	(22)	(24)	(44)	(48)
Other expenses	(53)	(41)	(98)	(105)
Pre-tax adjusted earnings (loss)	(33)	52	(23)	6
Provision for income tax expense (benefit)	(7)	10	(6)	—
Adjusted earnings (loss)	$ (26)	$ 42	$ (17)	$ 6

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Adjusted loss was $26 million in the current period, a decrease of $68 million.

Key net unfavorable impacts were:

- higher costs associated with insurance-related activities due to higher claims, net of reinsurance;

- lower net investment spread due to lower returns on other limited partnerships; and
- higher other expenses due to:
  - lower ceded cost of insurance expenses consistent with favorable equity market returns, which is offset in fee income; and
  - higher operational expenses.

The key favorable impact was higher fee income due to lower ceded cost of insurance fees consistent with favorable equity market returns, which is offset in other expenses.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in an effective tax rate of 21% in the current period compared to 19% in the prior period. Our effective tax rate may differ from the statutory tax rate primarily due to the impact of the dividends received deduction.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

Adjusted loss was $17 million in the current period, a decrease of $23 million.

Key net unfavorable impacts were:

- higher net costs associated with insurance-related activities due to higher claims, net of reinsurance; and
- lower net investment spread due to lower returns on other limited partnerships.

Key net favorable impacts were:

- higher fee income due to lower ceded cost of insurance fees related to the conclusion of the aforementioned reinsurance arbitration in the prior period; and
- lower other expenses due to:
  - the conclusion of the aforementioned reinsurance arbitration in the prior period;

  partially offset by
  - higher operational expenses.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in a higher effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Run-off

The components of adjusted earnings (loss) for our Run-off segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fee income	$ 97	$ 114	$ 192	$ 154
Net investment spread	225	262	437	509
Insurance-related activities	(398)	(378)	(750)	(1,051)
Amortization of DAC and VOBA	—	—	—	—
Other expenses	(29)	(35)	(65)	(81)
Pre-tax adjusted earnings (loss)	(105)	(37)	(186)	(469)
Provision for income tax expense (benefit)	(22)	(7)	(39)	(98)
Adjusted earnings (loss)	$ (83)	$ (30)	$ (147)	$ (371)

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Adjusted loss was $83 million in the current period, a higher loss of $53 million.

Key net unfavorable impacts were:

- lower net investment spread due to:
  - lower returns on other limited partnerships; and
  - lower average invested long-term assets;
- higher net costs associated with insurance-related activities due to higher claims, net of reinsurance; and
- lower fee income due to a decline in the net cost of insurance fees driven by the aging in-force business.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in an effective tax rate of 21% in the current period compared to 19% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

Adjusted loss was $147 million in the current period, a lower loss of $224 million.

Key net favorable impacts were:

- lower costs associated with insurance-related activities due to:
  - a decrease in liability balances resulting from a reinsurance premium rate increase associated with the conclusion of the aforementioned reinsurance arbitration in the prior period; and
  - lower claims, net of reinsurance;
- higher net fee income due to:
  - lower ceded cost of insurance fees related to the conclusion of the aforementioned reinsurance arbitration in the prior period;

  partially offset by
  - a decline in the net cost of insurance fees driven by the aging in-force business; and
- lower other expenses due to:
  - the conclusion of the aforementioned reinsurance arbitration in the prior period;

  partially offset by
  - higher operational expenses.

The key unfavorable impact was a lower net investment spread due to:

- lower returns on other limited partnerships; and
- lower average invested long-term assets.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in an effective tax rate of 21% in both the current period and the prior period.

Corporate & Other

The components of adjusted earnings (loss) for our Corporate & Other segment were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Fee income	$ 3	$ —	$ (2)	$ 5
Net investment spread	52	69	105	128
Insurance-related activities	—	—	—	—
Amortization of DAC and VOBA	—	—	—	—
Other expenses	(58)	(51)	(107)	(104)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	25	25	53	53
Pre-tax adjusted earnings (loss), less net income (loss) attributable to noncontrolling interests and preferred stock dividends	(28)	(7)	(57)	(24)
Provision for income tax expense (benefit)	(3)	(9)	(8)	8
Adjusted earnings (loss)	$ (25)	$ 2	$ (49)	$ (32)

Three Months Ended June 30, 2025 Compared with the Three Months Ended June 30, 2024

Adjusted loss was $25 million in the current period, a decrease of $27 million.

The key unfavorable impact was a lower net investment spread due to lower average invested long-term assets on our institutional spread margin business.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits. We believe the effective tax rate for the Corporate & Other segment is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for the Corporate & Other segment are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

Six Months Ended June 30, 2025 Compared with the Six Months Ended June 30, 2024

Adjusted loss was $49 million in the current period, a higher loss of $17 million.

The key unfavorable impact was a lower net investment spread due to lower average invested long-term assets on our institutional spread margin business.

The provision for income tax, calculated as a percentage of pre-tax adjusted earnings (loss), resulted in a higher effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items. We believe the effective tax rate for the Corporate & Other segment is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for the Corporate & Other segment are derived from the difference between the overall consolidated effective tax rate and total taxes for the other operating segments.

Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Six Months Ended June 30, 2025 and 2024

The overall impact on income (loss) available to shareholders before provision for income tax from the performance of annuity guaranteed benefits and Shield Annuity liabilities, which includes (i) changes in the fair value of liabilities and related reinsurance, (ii) fees net of claims and (iii) the mark-to-market of hedges, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Market risk benefits mark-to-market	$ 1,020	$ 228	$ 21	$ 1,571
Annuity guaranteed benefit rider fees, net of claims	97	135	192	251
Ceded reinsurance	(16)	(7)	(5)	(26)
Total changes attributable to annuity guaranteed benefits	1,101	356	208	1,796
Variable annuity hedges	1,073	137	196	204
Shield embedded derivatives	(2,103)	(697)	(932)	(2,514)
Total	$ 71	$ (204)	$ (528)	$ (514)

Three Months Ended June 30, 2025

Annuity guaranteed benefits and Shield Annuity liabilities performance was favorable for the three months ended June 30, 2025, primarily driven by:

- favorable decreases in annuity guaranteed benefits liabilities due to increasing equity markets and interest rates;
- favorable changes in variable annuity hedges due to increasing equity markets, partially offset by increasing long-term interest rates; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Three Months Ended June 30, 2024

Annuity guaranteed benefits and Shield Annuity liabilities performance was unfavorable for the three months ended June 30, 2024, primarily driven by:

- favorable decreases in annuity guaranteed benefits liabilities due to increasing interest rates;
- favorable changes in variable annuity hedges due to increasing equity markets, partially offset by increasing long-term interest rates; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Six Months Ended June 30, 2025

Annuity guaranteed benefits and Shield Annuity liabilities performance was unfavorable for the six months ended June 30, 2025, primarily driven by:

- favorable decreases in annuity guaranteed benefits liabilities due to increasing equity markets, partially offset by decreasing interest rates;
- favorable changes in variable annuity hedges due to decreasing long-term interest rates and increasing equity markets; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Six Months Ended June 30, 2024

Annuity guaranteed benefits and Shield Annuity liabilities performance was unfavorable for the six months ended June 30, 2024, primarily driven by:

- favorable decreases in annuity guaranteed benefits liabilities due to increasing interest rates and equity markets;
- favorable changes in variable annuity hedges due to increasing equity markets, partially offset by increasing long-term interest rates; and

- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Investments

Investment Risk Management Strategy

We manage the risks related to our investment portfolio through asset-type allocation as well as industry and issuer diversification. We also use risk limits to promote diversification by asset sector, avoid concentrations in any single issuer and limit overall aggregate credit and equity risk exposure. We manage real estate risk through geographic, property type and product type diversification and asset allocation. Interest rate risk is managed as part of our Asset Liability Management ("ALM") strategies. We also utilize product design to manage interest rate risk (e.g., market value adjustment features and surrender charges). These ALM strategies include maintaining an investment portfolio that targets a weighted average duration that reflects the duration of our estimated liability cash flow profile. For certain of our liability portfolios, it is not possible to invest assets for the full liability duration, thereby creating some asset/liability mismatch. We also use certain derivatives in the management of credit, interest rate, equity market and foreign currency exchange rate risks.

Investment Management Agreements

Other than our derivatives trading, which we manage in-house, we have engaged a select group of experienced external asset management firms to manage the investment of the assets comprising our general account portfolio and certain separate account assets of our insurance subsidiaries, as well as assets of BHF and our reinsurance subsidiary, BRCD.

Current Environment

Our business and results of operations are materially affected by conditions in capital markets and the economy, generally. As a U.S. insurance company, we are affected by the monetary policy of the Federal Reserve in the U.S. In 2024, the Federal Reserve decreased the target range for the federal funds rate three times — from between 5.25% and 5.50% to between 4.25% and 4.50%. The Federal Reserve may increase or decrease the federal funds rate in the future, which may have an impact on the pricing levels of risk-bearing investments and may adversely impact the level of product sales. We are also affected by the monetary policy of central banks around the world due to the diversification of our investment portfolio. See "— Industry Trends and Uncertainties — Financial and Economic Environment."

Interest rate increases have contributed to the net unrealized loss position in our investment portfolio. As a result of increases in interest rates, the unrealized losses on our fixed maturity securities exceeded the unrealized gains as of June 30, 2025.

See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2024 Annual Report.

Selected Sector Investments

Market volatility has affected the performance of various asset classes. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations," and "Risk Factors — Risks Related to Our Investment Portfolio — Ongoing military actions, the continued threat of terrorism, climate change as well as other catastrophic events may adversely affect the value of our investment portfolio and the level of claim losses we incur" included in our 2024 Annual Report.

There has been a continued market focus on commercial real estate, including office properties, as a result of hybrid work arrangements and the resulting impact on the demand for office space.

We have direct commercial real estate exposure through mortgage loans and certain structured securities, which include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities"). In addition, we have direct and indirect exposure through certain financial industry corporate fixed maturity securities. See "— Investments — Mortgage Loans" and Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans, including credit quality by portfolio segment and commercial mortgage loans by property type. Additionally, see "— Investments — Fixed Maturity Securities Available-For-Sale — Structured Securities" for information on Structured Securities, including security type, risk profile and ratings profile as well as "— Investments — Fixed Maturity Securities Available-For-Sale — U.S. and Foreign Corporate Fixed Maturity Securities" for our exposure to the finance industry.

We monitor direct and indirect investment exposure across sectors and asset classes and adjust our level of investment exposure, as appropriate. At this time, we do not expect that our general account investments in these sectors and asset classes will have a material adverse effect on our results of operations or financial condition.

Investment Portfolio Results

The following summary yield table presents the yield and adjusted net investment income for our investment portfolio for the periods indicated. As described below, this table reflects certain differences from the presentation of net investment income presented in the GAAP statements of operations. This summary yield table presentation is consistent with how we measure our investment performance for management purposes, and we believe it enhances understanding of our investment portfolio results.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2025		2024		2025		2024	
	Yield %	Amount	Yield %	Amount	Yield %	Amount	Yield %	Amount
	(Dollars in millions)							
Investment income (1)	4.41 %	$ 1,329	4.52 %	$ 1,353	4.40 %	$ 2,659	4.45 %	$ 2,658
Investment fees and expenses (2)	(0.13)	(37)	(0.13)	(37)	(0.13)	(76)	(0.14)	(75)
Adjusted net investment income (3)	4.28 %	$ 1,292	4.39 %	$ 1,316	4.27 %	$ 2,583	4.31 %	$ 2,583

(1) Investment income yields are calculated as investment income as a percentage of average quarterly asset carrying values. Investment income excludes recognized gains and losses and reflects the adjustments discussed in table note (3) below to arrive at adjusted net investment income. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

(2) Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

(3) Adjusted net investment income presented in the yield table varies from the most directly comparable GAAP measure due to certain reclassifications, as presented below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	(In millions)			
Net investment income	$ 1,285	$ 1,307	$ 2,582	$ 2,561
Add: Investment hedge adjustments	1	9	1	22
Less: Investment gains (losses) on trading securities	(6)	—	—	—
Adjusted net investment income — in the above yield table	$ 1,292	$ 1,316	$ 2,583	$ 2,583

See "— Results of Operations — Consolidated Results for the Three Months and Six Months Ended June 30, 2025 and 2024" for an analysis of the period-over-period changes in net investment income.

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Fixed Maturity Securities Available-For-Sale

Fixed maturity securities held by type (public or private) were as follows at:

	June 30, 2025		December 31, 2024	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(Dollars in millions)			
Publicly-traded	$ 66,653	82.5 %	$ 66,402	82.9 %
Privately-placed	14,182	17.5	13,653	17.1
Total fixed maturity securities	$ 80,835	100.0 %	$ 80,055	100.0 %
Percentage of cash and invested assets	64.0 %		65.4 %	

See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements for further information on our valuation controls and procedures including our formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value.

See Notes 1 and 7 of the Notes to the Interim Condensed Consolidated Financial Statements for further information about fixed maturity securities by sector, contractual maturities, continuous gross unrealized losses and the allowance for credit losses.

<u>Fixed Maturity Securities Credit Quality — Ratings</u>

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Fixed Maturity Securities Available-For-Sale — Fixed Maturity Securities Credit Quality — Ratings" included in our 2024 Annual Report for a discussion of the credit quality ratings assigned by Nationally Recognized Statistical Rating Organizations ("NRSRO"), credit quality designations assigned by and methodologies used by the Securities Valuation Office of the National Association of Insurance Commissioners ("NAIC") for fixed maturity securities and the methodologies adopted by the NAIC for certain Structured Securities.

The following table presents total fixed maturity securities by NRSRO rating and the applicable NAIC designation from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies, as well as the percentage, based on estimated fair value that each NAIC designation is comprised of at:

		June 30, 2025					December 31, 2024				
NAIC Designation	NRSRO Rating	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)	Estimated Fair Value	% of Total	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)	Estimated Fair Value	% of Total
		(Dollars in millions)									
1	Aaa/Aa/A	$ 57,038	$ 4	$ (3,838)	$ 53,196	65.8 %	$ 56,661	$ 5	$ (4,680)	$ 51,976	64.9 %
2	Baa	27,264	—	(1,925)	25,339	31.3	28,446	—	(2,640)	25,806	32.3
Subtotal investment grade		84,302	4	(5,763)	78,535	97.1 %	85,107	5	(7,320)	77,782	97.2 %
3	Ba	1,888	2	(43)	1,843	2.3	1,879	—	(92)	1,787	2.2
4	B	376	—	(30)	346	0.5	383	2	(32)	349	0.4
5	Caa and lower	145	38	(16)	91	0.1	151	31	(13)	107	0.1
6	In or near default	51	23	(8)	20	—	83	43	(10)	30	0.1
Subtotal below investment grade		2,460	63	(97)	2,300	2.9 %	2,496	76	(147)	2,273	2.8 %
Total fixed maturity securities		$ 86,762	$ 67	$ (5,860)	$ 80,835	100.0 %	$ 87,603	$ 81	$ (7,467)	$ 80,055	100.0 %

The following tables present total fixed maturity securities, based on estimated fair value, by sector classification and by NRSRO rating and the applicable NAIC designations from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies as described above:

	Fixed Maturity Securities — by Sector & Credit Quality Rating						
NAIC Designation	1	2	3	4	5	6	
NRSRO Rating	Aaa/Aa/A	Baa	Ba	B	Caa and Lower	In or Near Default	Total Estimated Fair Value
	(In millions)						
June 30, 2025							
U.S. corporate	$ 17,773	$ 18,047	$ 1,431	$ 255	$ 47	$ 20	$ 37,573
Foreign corporate	5,213	6,150	296	73	37	—	11,769
RMBS	7,824	1	9	—	1	—	7,835
U.S. government and agency	6,554	82	—	—	—	—	6,636
CMBS	5,994	333	35	8	4	—	6,374
ABS	5,795	350	29	10	2	—	6,186
State and political subdivision	3,471	50	—	—	—	—	3,521
Foreign government	572	326	43	—	—	—	941
Total fixed maturity securities	$ 53,196	$ 25,339	$ 1,843	$ 346	$ 91	$ 20	$ 80,835
December 31, 2024							
U.S. corporate	$ 17,036	$ 18,415	$ 1,303	$ 291	$ 49	$ 29	$ 37,123
Foreign corporate	5,327	6,026	391	41	45	—	11,830
RMBS	7,254	15	16	—	1	1	7,287
U.S. government and agency	6,636	111	—	—	—	—	6,747
CMBS	5,985	344	17	6	4	—	6,356
ABS	5,776	498	19	11	8	—	6,312
State and political subdivision	3,390	51	—	—	—	—	3,441
Foreign government	572	346	41	—	—	—	959
Total fixed maturity securities	$ 51,976	$ 25,806	$ 1,787	$ 349	$ 107	$ 30	$ 80,055

U.S. and Foreign Corporate Fixed Maturity Securities

We maintain a diversified portfolio of corporate fixed maturity securities across industries and issuers. Our portfolio does not have any exposure to any single issuer in excess of 1% of total investments and the top ten holdings in aggregate comprise 1% total investments at both June 30, 2025 and December 31, 2024. Our U.S. and foreign corporate fixed maturity securities holdings by industry were as follows at:

	June 30, 2025		December 31, 2024	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(Dollars in millions)			
Industrial	$ 15,872	32.2 %	$ 15,448	31.6 %
Finance	13,067	26.5	13,279	27.1
Consumer	11,363	23.0	11,155	22.8
Utility	6,385	12.9	6,405	13.1
Communications	2,655	5.4	2,666	5.4
Total	$ 49,342	100.0 %	$ 48,953	100.0 %

Structured Securities

We held $20.4 billion and $20.0 billion of Structured Securities, at estimated fair value, at June 30, 2025 and December 31, 2024, respectively, as presented in the RMBS, CMBS and ABS sections below.

RMBS

Our RMBS holdings are diversified by security type, risk profile and ratings profile, which were as follows at:

	June 30, 2025			December 31, 2024		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
	(Dollars in millions)					
Security type:						
Collateralized mortgage obligations	$ 4,215	53.8 %	$ (208)	$ 3,906	53.6 %	$ (304)
Pass-through securities	3,620	46.2	(436)	3,381	46.4	(525)
Total RMBS	$ 7,835	100.0 %	$ (644)	$ 7,287	100.0 %	$ (829)
Risk profile:						
Agency	$ 6,101	77.9 %	$ (640)	$ 5,752	78.9 %	$ (800)
Prime	221	2.8	(14)	220	3.0	(19)
Alt-A	1,201	15.3	4	992	13.6	(11)
Sub-prime	312	4.0	6	323	4.5	1
Total RMBS	$ 7,835	100.0 %	$ (644)	$ 7,287	100.0 %	$ (829)
Ratings profile:						
Rated Aaa	$ 1,125	14.4 %		$ 892	12.2 %	
Designated NAIC 1	$ 7,824	99.9 %		$ 7,254	99.5 %	

Historically, our exposure to sub-prime RMBS holdings has been managed by focusing primarily on senior tranche securities, stress-testing the portfolio with severe loss assumptions and closely monitoring the performance of the portfolio. Our sub-prime RMBS portfolio consists predominantly of securities that were purchased after 2012 at significant discounts to par value and discounts to the expected principal recovery value of these securities. The vast majority of these securities are investment grade under the NAIC designations (e.g., NAIC 1 and NAIC 2).

CMBS

Our CMBS holdings are diversified by vintage year, which were as follows at:

	June 30, 2025		December 31, 2024	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
2005 - 2011	$ 59	$ 55	$ 81	$ 76
2012	—	—	2	1
2013	17	15	21	19
2014	136	122	143	125
2015	682	660	929	895
2016	466	454	460	442
2017	698	675	689	652
2018	1,588	1,534	1,612	1,524
2019	909	834	912	807
2020	509	449	501	425
2021	599	575	664	635
2022	393	389	419	411
2023	78	78	61	62
2024	345	349	282	282
2025	184	185	—	—
Total	$ 6,663	$ 6,374	$ 6,776	$ 6,356

The estimated fair value of CMBS rated Aaa using rating agency ratings was $4.2 billion, or 66.2% of total CMBS, and designated NAIC 1 was $6.0 billion, or 94.0% of total CMBS, at June 30, 2025. The estimated fair value of CMBS rated Aaa using rating agency ratings was $4.3 billion, or 67.7% of total CMBS, and designated NAIC 1 was $6.0 billion, or 94.2% of total CMBS, at December 31, 2024.

ABS

Our ABS holdings are diversified by both collateral type and issuer. Our ABS holdings by collateral type and ratings profile were as follows at:

	June 30, 2025			December 31, 2024		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
	(Dollars in millions)					
Collateral type:						
Collateralized obligations	$ 2,980	48.2 %	$ —	$ 3,258	51.6 %	$ 14
Automobile loans	769	12.4	6	670	10.6	2
Student loans	391	6.3	(8)	383	6.1	(12)
Consumer loans	346	5.6	(3)	354	5.6	(8)
Credit card loans	320	5.2	—	326	5.2	(2)
Other loans	1,380	22.3	(24)	1,321	20.9	(36)
Total	$ 6,186	100.0 %	$ (29)	$ 6,312	100.0 %	$ (42)
Ratings profile:						
Rated Aaa	$ 3,874	62.6 %		$ 3,764	59.6 %	
Designated NAIC 1	$ 5,795	93.7 %		$ 5,776	91.5 %	

Allowance for Credit Losses for Fixed Maturity Securities

See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information about the evaluation of fixed maturity securities for an allowance for credit losses or write-offs due to uncollectibility.

Securities Lending

We participate in a securities lending program whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, in an amount generally equal to 102% of the estimated fair value of the securities loaned, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. The estimated fair value of the securities loaned is monitored on a daily basis with additional collateral obtained as necessary throughout the duration of the loan. Securities loaned under such transactions may be sold or re-pledged by the transferee. We are liable to return to our counterparties the cash collateral under our control. Security collateral received from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected in the financial statements. These transactions are treated as financing arrangements and the associated cash collateral liability is recorded at the amount of the cash received.

See "— Liquidity and Capital Resources — The Company — Primary Uses of Liquidity and Capital — Securities Lending" and Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information regarding our securities lending program.

Mortgage Loans

Our mortgage loans are principally collateralized by commercial, agricultural and residential properties. Information regarding mortgage loans by portfolio segment is summarized as follows at:

	June 30, 2025				December 31, 2024			
	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost
	(Dollars in millions)							
Commercial	$ 12,916	55.7 %	$ 146	1.1 %	$ 13,330	56.8 %	$ 106	0.8 %
Agricultural	4,509	19.4	22	0.5%.	4,591	19.6	30	0.7 %
Residential	5,777	24.9	41	0.7 %	5,543	23.6	42	0.8 %
Total	$ 23,202	100.0 %	$ 209	0.9 %	$ 23,464	100.0 %	$ 178	0.8 %

Our mortgage loan portfolio is diversified by both geographic region and property type to reduce the risk of concentration. The percentage of our commercial and agricultural mortgage loan portfolios collateralized by properties located in the U.S. was 98% at both June 30, 2025 and December 31, 2024. The remainder was collateralized by properties located outside of the U.S. At June 30, 2025, the carrying value as a percentage of total commercial and agricultural mortgage loans for the top three states in the U.S. was 17% for California, 11% for Texas and 8% for New York. Additionally, we manage risk when originating commercial and agricultural mortgage loans by generally lending up to 75% of the estimated fair value of the underlying real estate collateral.

Our residential mortgage loan portfolio is managed in a similar manner to reduce risk of concentration. All residential mortgage loans were collateralized by properties located in the U.S. at both June 30, 2025 and December 31, 2024. At June 30, 2025, the carrying value as a percentage of total residential mortgage loans for the top three states in the U.S. was 37% for California, 10% for Florida and 6% for New York.

Commercial Mortgage Loans by Geographic Region and Property Type. Commercial mortgage loans are the largest component of the mortgage loan invested asset class. The diversification across geographic regions and property types of commercial mortgage loans was as follows at:

	June 30, 2025		December 31, 2024	
	Amount	% of Total	Amount	% of Total
	(Dollars in millions)			
Geographic region:				
South Atlantic	$ 2,682	20.8 %	$ 2,769	20.8 %
Pacific	2,532	19.6	2,644	19.8
Middle Atlantic	2,077	16.1	2,075	15.6
West South Central	1,593	12.3	1,555	11.7
Mountain	1,104	8.5	1,114	8.4
East North Central	822	6.4	834	6.2
New England	575	4.5	726	5.4
East South Central	362	2.8	363	2.7
West North Central	355	2.7	358	2.7
International	333	2.6	391	2.9
Multi-region and Other	481	3.7	501	3.8
Total recorded investment	12,916	100.0 %	13,330	100.0 %
Less: allowance for credit losses	146		106	
Carrying value, net of allowance for credit losses	$ 12,770		$ 13,224	
Property type:				
Apartment	$ 4,956	38.4 %	$ 5,249	39.4 %
Office	2,955	22.9	3,019	22.7
Industrial	2,408	18.6	2,498	18.7
Retail	1,710	13.2	1,681	12.6
Hotel	887	6.9	883	6.6
Total recorded investment	12,916	100.0 %	13,330	100.0 %
Less: allowance for credit losses	146		106	
Carrying value, net of allowance for credit losses	$ 12,770		$ 13,224	

Mortgage Loan Credit Quality — Monitoring Process. Our mortgage loan investments are monitored on an ongoing basis, including a review of loans that are current, past due, restructured and under foreclosure. Quarterly, we conduct a formal review of the portfolio with our investment managers. See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans by credit quality indicator, past due status, nonaccrual status and modified mortgage loans.

Our commercial mortgage loans are reviewed on an ongoing basis. These reviews may include an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, loan-to-value ratios, debt-service coverage ratios and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt-service coverage ratios. The monitoring process for agricultural mortgage loans is generally similar, with a focus on higher risk loans, such as loans with higher loan-to-value ratios, including reviews on a geographic and sector basis. Our residential mortgage loans are reviewed on an ongoing basis. See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information on our evaluation of residential mortgage loans and related measurement of allowance for credit losses.

Loan-to-value ratios and debt-service coverage ratios are common measures in the assessment of the quality of commercial mortgage loans. Loan-to-value ratios are a common measure in the assessment of the quality of agricultural mortgage loans. Loan-to-value ratios compare the amount of the loan to the estimated fair value of the underlying collateral. A loan-to-value ratio greater than 100% indicates that the loan amount is greater than the collateral value. A loan-to-value ratio of less than 100% indicates an excess of collateral value over the loan amount. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt-service coverage ratio compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the debt-service coverage ratio, the higher the risk of experiencing a credit loss. For our commercial mortgage loans, our average loan-to-value ratio was 68% and 69% at June 30, 2025 and December 31, 2024, respectively, and our average debt-service coverage ratio was 2.2x and 2.3x at June 30, 2025 and December 31, 2024, respectively. The debt-service coverage ratio, as well as the values utilized in calculating the ratio, is updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of our ongoing review of our commercial mortgage loan portfolio. For our agricultural mortgage loans, our average loan-to-value ratio was 46% and 48% at June 30, 2025 and December 31, 2024, respectively. The values utilized in calculating the agricultural mortgage loan loan-to-value ratio are developed in connection with the ongoing review of the agricultural loan portfolio and are routinely updated.

Mortgage Loan Allowance for Credit Losses. See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how the allowance for credit losses is established and monitored, as well as activity in and balances of the allowance for credit losses for the six months ended June 30, 2025 and 2024.

Limited Partnerships and Limited Liability Companies

The carrying values of our limited partnerships and LLCs were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
Other limited partnerships	$ 4,127	$ 4,100
Real estate limited partnerships and LLCs (1)	671	727
Total	$ 4,798	$ 4,827

(1) The estimated fair value of real estate limited partnerships and LLCs was $746 million and $836 million at June 30, 2025 and December 31, 2024, respectively.

Cash distributions on these investments are generated from investment gains, operating income from the underlying investments of the funds and liquidation of the underlying investments of the funds. We estimate that the underlying investment of the private equity funds will typically be liquidated over the next 10 to 20 years.

Other Invested Assets

The carrying value of our other invested assets by type was as follows at:

	June 30, 2025		December 31, 2024	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Freestanding derivatives with positive estimated fair values	$ 7,803	87.4 %	$ 4,135	78.8 %
Company-owned life insurance	795	8.9	772	14.7
Federal Home Loan Bank stock	217	2.4	222	4.2
Leveraged leases, net of non-recourse debt	60	0.7	60	1.1
Tax credit and renewable energy partnerships	44	0.5	48	0.9
Other	13	0.1	13	0.3
Total	$ 8,932	100.0 %	$ 5,250	100.0 %

Derivatives

Derivative Risks

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market risks. We use a variety of strategies to manage these risks, including the use of derivatives. See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for:

- information about the gross notional amount, estimated fair value, and primary underlying risk exposure of our derivatives by type of hedge designation, excluding embedded derivatives held at June 30, 2025 and December 31, 2024; and
- the effects of derivatives in cash flow, fair value, or non-qualifying hedge relationships on the statements of operations for the six months ended June 30, 2025 and 2024.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies" included in our 2024 Annual Report for more information about our hedging strategies. In addition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Annual Actuarial Review" and "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2024 Annual Report.

Fair Value Hierarchy

See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements for derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy, as well as a rollforward of the fair value measurements for derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs as discussed below.

The valuation of Level 3 derivatives involves the use of significant unobservable inputs and generally requires a higher degree of management judgment or estimation than the valuations of Level 1 and Level 2 derivatives. Although Level 3 inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such instruments and are considered appropriate given the circumstances. The use of different inputs or methodologies could have a material effect on the estimated fair value of Level 3 derivatives and could materially affect net income.

Derivatives categorized as Level 3 at June 30, 2025 include: credit default swaps priced using unobservable credit spreads, or that are priced through independent broker quotations; and foreign currency swaps with certain unobservable inputs.

Credit Risk

See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how we manage credit risk related to derivatives and for the estimated fair value of our net derivative assets and net derivative liabilities after the application of master netting agreements and collateral. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2024 Annual Report.

Our policy is not to offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement. This policy applies to the recognition of derivatives on the balance sheet and does not affect our legal right of offset.

Credit Derivatives

The gross notional amount and estimated fair value of credit default swaps were as follows at:

	June 30, 2025		December 31, 2024	
	Gross Notional Amount	Estimated Fair Value	Gross Notional Amount	Estimated Fair Value
	(In millions)			
Written	$ 1,230	$ 28	$ 780	$ 19

The maximum amount at risk related to our written credit default swaps is equal to the corresponding gross notional amount. In a replication transaction, we pair an asset on our balance sheet with a written credit default swap to synthetically replicate a corporate bond, a core asset holding of life insurance companies. Replications are entered into in accordance with the guidelines approved by state insurance regulators and the NAIC and are an important tool in managing the overall corporate credit risk within the Company. In order to match our long-dated insurance liabilities, we seek to buy long-dated corporate bonds. In some instances, these may not be readily available in the market, or they may be issued by corporations to which we already have significant corporate credit exposure. For example, by purchasing Treasury bonds (or other high-quality assets) and associating them with written credit default swaps on the desired corporate credit name, we can replicate the desired bond exposures and meet our ALM needs. This can expose the Company to changes in credit spreads as the written credit default swap tenor is shorter than the maturity of Treasury bonds.

Embedded Derivatives

See Note 9 of the Notes to the Interim Condensed Consolidated Financial Statements for (i) information about embedded derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy and (ii) a rollforward of the fair value measurements for net embedded derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Derivatives” included in our 2024 Annual Report for additional information on the estimates and assumptions that affect embedded derivatives.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations or to provide for future annuity and life insurance benefit payments. Amounts for actuarial liabilities are computed and reported in the financial statements in conformity with GAAP. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Policyholder Liabilities” included in our 2024 Annual Report for more details on policyholder liabilities.

Future Policy Benefits

We establish liabilities for future amounts payable under insurance policies. See Note 3 of the Notes to the Interim Condensed Consolidated Financial Statements.

Policyholder Account Balances

Policyholder account balance liabilities are established for products with an explicit account value and generally equal to the balance accrued to the contract holder, which includes accrued interest credited, but excludes the impact of any applicable charge that may be incurred upon surrender. See Note 3 of the Notes to the Interim Condensed Consolidated Financial Statements.

Market Risk Benefits

We issue certain variable annuity products with guaranteed minimum benefits (“GMxB”) that provide the policyholder a minimum return based on their initial deposit (i.e., the Benefit Base) less withdrawals. In some cases, the Benefit Base may be increased by additional deposits, bonus amounts, accruals or optional market value step-ups. Variable annuity guaranteed benefits are classified as MRBs and measured at fair value. Certain index-linked annuity products may also have GMxBs classified as MRBs. See Note 4 of the Notes to the Interim Condensed Consolidated Financial Statements and “Quantitative and Qualitative Disclosures About Market Risk.”

Select information that management considers relevant to understanding our variable annuity risk management strategy has been included below.

Net Amount at Risk

The net amount at risk ("NAR") for the guaranteed minimum income benefits ("GMIB") is the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents our potential economic exposure to such guarantees in the event all contract holders were to annuitize on the balance sheet date, even though the guaranteed amount under the contract may not be annuitized until after the waiting period of the contract.

The NAR for the guaranteed minimum withdrawal benefits ("GMWB") is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet date. Only a small portion of the Benefit Base is available for withdrawal on an annual basis.

The NAR for the guaranteed minimum accumulation benefits ("GMAB") is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet. The NAR for the GMAB is not available until the GMAB maturity date.

The NAR for the guaranteed minimum death benefits ("GMDB") is the amount of death benefit in excess of the account value (if any) as of the balance sheet date. It represents the amount of the claim we would incur if death claims were made on all contracts on the balance sheet date and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

Our variable annuity account value and NAR by type of GMxB were as follows at:

	June 30, 2025				December 31, 2024			
	Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)	Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)
	(Dollars in millions)							
GMIB	$ 29,952	$ 3,352	$ 3,644	28.7 %	$ 30,280	$ 3,660	$ 4,085	33.5 %
GMIB Max with EDB (3)	6,871	6,485	857	45.0 %	6,981	6,501	875	48.8 %
GMIB Max without EDB (3)	3,878	81	236	30.4 %	3,941	111	247	33.6 %
GMWB	19,242	163	197	6.6 %	19,263	237	276	10.1 %
GMAB	219	—	—	— %	359	1	1	2.9 %
GMDB only (other than EDB) (3)	17,113	939	—	—	17,076	964	—	N/A
EDB only (3)	3,132	1,267	—	—	3,084	1,343	—	N/A
Total	$ 80,407	$ 12,287	$ 4,934		$ 80,984	$ 12,817	$ 5,484	

(1) The "Death Benefit NAR" and "Living Benefit NAR" are not additive at the contract level.

(2) In-the-money is defined as any contract with a living benefit NAR in excess of zero.

(3) Enhanced Death Benefit ("EDB").

Reserves

Under GAAP, variable annuity guarantees are classified as MRBs, measured at estimated fair value, and are reported in market risk benefit assets and liabilities on the consolidated balance sheets, with changes reported in change in market risk benefits on the consolidated statements of operations, except for changes related to nonperformance risk, which are reported in other comprehensive income on the consolidated statements of comprehensive income (loss). Additionally, the index protection and accumulation features of Shield Annuities are accounted for as embedded derivatives, measured at estimated fair value, and are reported in policyholder account balances on the consolidated balance sheets, with changes reported in net derivative gains (losses) on the consolidated statements of operations. The Shield embedded derivative liabilities were valued at $10.5 billion at June 30, 2025.

Our variable annuity MRBs by type of GMxB were as follows at:

	June 30, 2025	December 31, 2024
	(In millions)	
GMIB	$ 7,282	$ 7,560
GMWB	6	7
GMDB	741	740
Total	$ 8,029	$ 8,307

The estimated fair value of these guarantees can change significantly due to changes in interest rates, equity indices, market volatility and variations in actuarial assumptions, including policyholder behavior, mortality and risk margins related to non-capital markets inputs, as well as changes in nonperformance risk. See “Risk Factors — Risks Related to Our Business — Differences between actual experience and actuarial assumptions may adversely affect our financial results, capitalization and financial condition” and “Risk Factors — Risks Related to Our Business — Guarantees within certain of our annuity products may decrease our earnings, decrease our capitalization, increase the volatility of our results, result in higher risk management costs and expose us to increased market risk” included in our 2024 Annual Report.

Liquidity and Capital Resources

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility or disruptions in global capital markets, particular markets or financial asset classes can impact us adversely, in part because we have a large investment portfolio and our insurance liabilities and derivatives are sensitive to changing market factors. Changing conditions in the global capital markets and the economy may affect our financing costs and market interest rates for our debt or equity securities. For further information regarding market factors that could affect our ability to meet liquidity and capital needs, see “— Industry Trends and Uncertainties — Financial and Economic Environment,” as well as “Risk Factors — Economic Environment and Capital Markets-Related Risks” and “Risk Factors — Risks Related to Our Investment Portfolio” included in our 2024 Annual Report.

Liquidity and Capital Management

Based upon our capitalization, expectations regarding maintaining our business mix, ratings and funding sources available to us, we believe we have sufficient liquidity to meet business requirements in current market conditions and certain stress scenarios. BHF’s Board of Directors and senior management are directly involved in the governance of the capital management process, including proposed changes to the annual capital plan and capital targets. We continuously monitor and adjust our liquidity and capital plans in light of market conditions, as well as changing needs and opportunities.

We maintain a substantial short-term liquidity position, which was $4.6 billion and $5.2 billion at June 30, 2025 and December 31, 2024, respectively. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, derivatives and assets held on deposit or in trust.

An integral part of our liquidity management includes managing our level of liquid assets, which was $48.9 billion and $48.1 billion at June 30, 2025 and December 31, 2024, respectively. Liquid assets are comprised of cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, funding agreements, derivatives and assets held on deposit or in trust.

The Company

Liquidity

Liquidity refers to our ability to generate adequate cash flows from our normal operations to meet the cash requirements of our operating, investing and financing activities. We determine our liquidity needs based on a rolling 12-month forecast by portfolio of invested assets, which we monitor daily. We adjust the general account asset and derivatives mix and general account asset maturities based on this rolling 12-month forecast. To support this forecast, we conduct cash flow and stress testing, which reflects the impact of various scenarios, including (i) the potential increase in our requirement to pledge additional collateral or return collateral to our counterparties, (ii) a reduction in new business sales, and (iii) the risk of early contract holder and policyholder withdrawals, as well as lapses and surrenders of existing policies and contracts. We include provisions limiting withdrawal rights in many of our products, which deter the customer from making withdrawals prior to the maturity date of the product. If significant cash is required beyond our anticipated liquidity needs, we have various alternatives available depending on market conditions and the amount and timing of the liquidity need. These available alternative sources of liquidity include cash flows from operations, sales of liquid assets and funding sources, including secured funding agreements, unsecured credit facilities and secured committed facilities.

Under certain adverse market and economic conditions, our access to liquidity may deteriorate, or the cost to access liquidity may increase. See “Risk Factors — Economic Environment and Capital Markets-Related Risks — Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs and our access to capital” in our 2024 Annual Report.

Capital

We manage our capital position to maintain our financial strength and credit ratings. Our capital position is supported by our ability to generate cash flows within our insurance subsidiaries, our ability to effectively manage the risks of our businesses and our expected ability to borrow funds and raise additional capital to meet operating and growth needs under a variety of market and economic conditions.

We monitor our debt-to-capital ratio using an average of our key leverage ratios as calculated by A.M. Best, Fitch, Moody’s and S&P, and we aim to maintain a ratio commensurate with our financial strength and credit ratings. As such, we may opportunistically look to pursue additional financing over time, which may include borrowings under credit facilities, the issuance of debt, equity or hybrid securities, the incurrence of term loans, or the refinancing or extinguishment of existing indebtedness. There can be no assurance that we will be able to complete any such financing transactions on terms and conditions favorable to us or at all.

In support of our target combined risk-based capital (“RBC”) ratio of 400% to 450% in normal market conditions, we expect to continue to maintain a capital and risk management strategy that targets total assets supporting our variable annuity and Shield Annuity contracts at or above the average of the worst two percent of a set of capital markets scenarios over the life of the contracts level in normal market conditions. With our risk management focus on the core drivers of our combined RBC ratio, we believe we can better manage our RBC in stressed market scenarios.

In November 2023, we authorized a $750 million share repurchase program under which repurchases may be made through open market purchases, including pursuant to Rule 10b5-1 plans or pursuant to accelerated stock repurchase plans, or through privately negotiated transactions, from time to time at management’s discretion in accordance with applicable legal requirements. Common stock repurchases are dependent upon several factors, including our capital position, liquidity, financial strength and credit ratings, general market conditions, the market price of our common stock compared to management’s assessment of the stock’s underlying value and applicable regulatory approvals, as well as other legal and accounting factors.

We currently have no plans to declare and pay dividends on our common stock. Any future declaration and payment of dividends or other distributions or returns of capital will be at the discretion of BHF’s Board of Directors and will depend on and be subject to our financial condition, results of operations, cash needs, regulatory and other constraints, capital requirements (including capital requirements of our insurance subsidiaries), contractual restrictions and any other factors that BHF’s Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will pay any dividends or make other distributions or returns of capital on our common stock, or as to the amount of any such dividends, distributions or returns of capital.

Rating Agencies

Rating agencies may continue to review and adjust our ratings. For example, in July 2025, S&P revised the long-term issuer credit ratings for BHF and Brighthouse Holdings, LLC ("BH Holdings") to BBB from BBB+. In addition, S&P revised the financial strength ratings for certain of its subsidiaries to A from A+, among other revisions. See "Risk Factors — Risks Related to Our Business — A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and materially adversely affect our financial condition and results of operations" included in our 2024 Annual Report for a description of the potential impact of a ratings downgrade.

Sources and Uses of Liquidity and Capital

Our primary sources and uses of liquidity and capital were as follows at:

	Six Months Ended June 30,	
	2025	**2024**
	(In millions)	
Sources:		
Operating activities, net	$ 145	$ —
Investing activities, net	675	—
Changes in policyholder account balances, net	—	2,623
Changes in payables for collateral under securities loaned and other transactions, net	103	236
Total sources	923	2,859
Uses:		
Operating activities, net	—	196
Investing activities, net	—	1,707
Changes in policyholder account balances, net	146	—
Long-term debt repaid	1	1
Dividends on preferred stock	51	51
Treasury stock acquired in connection with share repurchases	102	126
Financing element on certain derivative instruments and other derivative related transactions, net	114	175
Other, net	14	13
Total uses	428	2,269
Net increase (decrease) in cash and cash equivalents	$ 495	$ 590

Cash Flows from Operating Activities

The principal cash inflows from our insurance activities come from insurance premiums, annuity considerations and net investment income. The principal cash outflows are the result of various annuity and life insurance products, 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 withdrawal.

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. We typically can have a net cash outflow from investing activities because cash inflows from insurance operations are reinvested in accordance with our ALM discipline 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 and market disruption.

Cash Flows from Financing Activities

The principal cash inflows from our financing activities come from issuances of debt and equity securities, deposits of funds associated with policyholder account balances and lending of securities. The principal cash outflows come from repayments of debt, common stock repurchases, preferred stock dividends, withdrawals associated with policyholder account balances 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.

Primary Sources of Liquidity and Capital

In addition to the summary description of liquidity and capital sources discussed in "— Sources and Uses of Liquidity and Capital," the following additional information is provided regarding our primary sources of liquidity and capital:

Funding Sources

Liquidity is provided by a variety of funding sources, including secured and unsecured funding agreements, unsecured credit facilities and secured committed facilities. Capital is provided by a variety of funding sources, including issuances of debt and equity securities, as well as borrowings under our credit facilities. We maintain a shelf registration statement with the SEC that permits the issuance of public debt, equity and hybrid securities. As a "Well-Known Seasoned Issuer" under SEC rules, our shelf registration statement provides for automatic effectiveness upon filing and has no stated issuance capacity. The diversity of our funding sources enhances our funding flexibility, limits dependence on any one market or source of funds and generally lowers the cost of funds. Our primary funding sources include:

Preferred Stock

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements and Note 12 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for information on preferred stock issuances.

Funding Agreements

Brighthouse Life Insurance Company issues funding agreements and uses the proceeds from such issuances for spread lending purposes in connection with our institutional spread margin business or to provide additional liquidity. The institutional spread margin business is comprised of funding agreements issued in connection with the programs described in more detail below. Activity related to these programs is reported in the Corporate & Other segment. See Note 3 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for additional information on funding agreements.

Funding Agreement-Backed Repurchase Agreement Program

In January 2024, Brighthouse Life Insurance Company established a secured funding agreement-backed repurchase agreement program (the "FABR Program"), pursuant to which Brighthouse Life Insurance Company may enter into repurchase agreements with bank counterparties and the proceeds of the repurchase agreements are then used by a special purpose entity to purchase funding agreements from Brighthouse Life Insurance Company.

Funding Agreement-Backed Commercial Paper Program

In July 2021, Brighthouse Life Insurance Company established a funding agreement-backed commercial paper program (the "FABCP Program") for spread lending purposes, pursuant to which a special purpose limited liability company (the "SPLLC") may issue commercial paper and deposit the proceeds with Brighthouse Life Insurance Company under a funding agreement issued by Brighthouse Life Insurance Company to the SPLLC. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABCP Program is $5.0 billion.

Funding Agreement-Backed Notes Program

In April 2021, Brighthouse Life Insurance Company established a funding agreement-backed notes program (the "FABN Program"), pursuant to which Brighthouse Life Insurance Company may issue funding agreements to a special purpose statutory trust for spread lending purposes. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABN Program is $7.0 billion.

Federal Home Loan Bank Funding Agreements

Brighthouse Life Insurance Company is a member of the Federal Home Loan Bank ("FHLB") of Atlanta, where it maintains a secured funding agreement program, under which funding agreements may be issued.

Farmer Mac Funding Agreements

Brighthouse Life Insurance Company has a secured funding agreement program with the Federal Agricultural Mortgage Corporation and its affiliate Farmer Mac Mortgage Securities Corporation ("Farmer Mac") with a term ending on December 1, 2026, pursuant to which the parties may enter into funding agreements in an aggregate amount of up to $750 million.

Information regarding funding agreements issued for spread lending purposes is as follows:

	Aggregate Principal Amount Outstanding		Issuances		Repayments	
			Six Months Ended June 30,			
	June 30, 2025	December 31, 2024	2025	2024	2025	2024
	(In millions)					
FABR Program	$ 500	$ 500	$ —	$ 500	$ —	$ —
FABCP Program	3,000	2,962	3,985	7,659	3,947	8,045
FABN Program	2,000	2,550	—	1,150	550	700
FHLB Funding Agreements	4,200	4,300	625	675	725	825
Farmer Mac Funding Agreements	450	650	—	50	200	100
Total	$ 10,150	$ 10,962	$ 4,610	$ 10,034	$ 5,422	$ 9,670

Debt Issuances

See Note 11 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for information on debt issuances.

Credit and Committed Facilities

See Notes 11 and 12 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for information regarding our credit and committed facilities.

We have no reason to believe that our lending counterparties would be unable to fulfill their respective contractual obligations under these facilities. As commitments under our credit and committed facilities may expire unused, these amounts do not necessarily reflect our actual future cash funding requirements.

Our Revolving Credit Facility contains financial covenants, including requirements to maintain a specified minimum adjusted consolidated net worth, to maintain a ratio of total indebtedness to total capitalization not in excess of a specified percentage and that place limitations on the dollar amount of indebtedness that may be incurred by our subsidiaries, which could restrict our operations and use of funds. At June 30, 2025, we were in compliance with these financial covenants.

Primary Uses of Liquidity and Capital

In addition to the summarized description of liquidity and capital uses discussed in "— Sources and Uses of Liquidity and Capital," the following additional information is provided regarding our primary uses of liquidity and capital:

Common Stock Repurchases

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to authorizations to repurchase BHF common stock, amounts of common stock repurchased pursuant to such authorizations and the amount remaining under such authorizations at June 30, 2025.

Preferred Stock Dividends

See Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to dividends declared and paid on our preferred stock.

“Dividend Stopper” Provisions in BHF’s Preferred Stock and Junior Subordinated Debentures

Terms applicable to our junior subordinated debentures may restrict our ability to pay interest on those debentures in certain circumstances. Suspension of payments of interest on our junior subordinated debentures, whether required under the relevant indenture or optional, could cause “dividend stopper” provisions applicable under those and other instruments to restrict our ability to pay dividends, if any, on our common stock and repurchase our common stock in various situations, including situations where we may be experiencing financial stress, and may restrict our ability to pay dividends or interest on our preferred stock and junior subordinated debentures as well. Similarly, the terms of our outstanding preferred stock contain restrictions on our ability to repurchase our common stock or pay dividends thereon if we have not fulfilled our dividend obligations under such preferred stock or other preferred securities. In addition, the terms of the agreements governing any preferred stock, debt or other financial instruments that we may issue in the future, may limit or prohibit the payment of dividends on our common stock or preferred stock, or the payment of interest on our junior subordinated debentures.

Debt Repayments, Repurchases, Redemptions and Exchanges

See Note 11 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for information on debt repayments and repurchases, as well as debt maturities and the terms of our outstanding long-term debt.

We may from time to time seek to retire or purchase our outstanding indebtedness through cash purchases or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions, as well as applicable regulatory, legal and accounting factors. Whether or not we repurchase any debt and the size and timing of any such repurchases will be determined at our discretion.

Insurance Liabilities

Liabilities arising from our insurance activities primarily relate to benefit payments under various annuity and life insurance products, as well as payments for policy surrenders, withdrawals and loans. See “— Primary Sources of Liquidity and Capital — Funding Sources — Funding Agreements” for additional information regarding our institutional spread margin business.

Pledged Collateral

We enter into derivatives to manage various risks relating to our ongoing business operations. We pledge collateral to, and have collateral pledged to us by, counterparties in connection with our derivatives. At June 30, 2025, we pledged less than $1 million of cash collateral to counterparties. At December 31, 2024, we did not pledge any cash collateral to counterparties. At June 30, 2025 and December 31, 2024, we were obligated to return cash collateral pledged to us by counterparties of $907 million and $812 million, respectively. The timing of the return of the derivatives collateral is uncertain. We also pledge collateral from time to time in connection with certain funding agreements.

We receive non-cash collateral from counterparties for derivatives, which can be sold or re-pledged subject to certain constraints, and which is not recorded on our consolidated balance sheets. The amount of this non-cash collateral at estimated fair value was $1.8 billion and $2.3 billion at June 30, 2025 and December 31, 2024, respectively.

See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding pledged collateral.

Securities Lending

We have a securities lending program that aims to enhance the total return on our investment portfolio, whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, from the borrower, which must be returned to the borrower when the loaned securities are returned to us. Generally, our securities lending contracts expire within twelve months of issuance. We were liable for cash collateral under our control of $3.3 billion and $3.2 billion at June 30, 2025 and December 31, 2024, respectively.

We receive non-cash collateral for securities lending from counterparties, which cannot be sold or re-pledged, and which is not recorded on our consolidated balance sheets. There was no non-cash collateral at both June 30, 2025 and December 31, 2024.

See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for further discussion of our securities lending program.

Contingencies, Commitments and Guarantees

We establish liabilities for litigation, regulatory and other loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. See Note 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding contingencies.

We enter into commitments for the purpose of enhancing the total return on our investment portfolio consisting of commitments to fund partnership investments, bank credit facilities and private corporate bond investments, as well as commitments to lend funds under mortgage loan commitments. We anticipate these commitments could be invested any time over the next five years. See Notes 7 and 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding commitments.

In the normal course of our business, we have provided certain indemnities, guarantees and commitments to third parties such that we may be required to make payments now or in the future. See Note 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding guarantees.

The Parent Company

Liquidity and Capital

In evaluating liquidity, it is important to distinguish the cash flow needs of the parent company from the cash flow needs of the combined group of companies. BHF is largely dependent on cash flows from its insurance subsidiaries to meet its obligations. Constraints on BHF's liquidity may occur as a result of operational demands or as a result of compliance with regulatory requirements.

Short-term Liquidity and Liquid Assets

At June 30, 2025 and December 31, 2024, BHF and certain of its non-insurance subsidiaries had short-term liquidity of $803 million and $912 million, respectively. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust.

At June 30, 2025 and December 31, 2024, BHF and certain of its non-insurance subsidiaries had liquid assets of $941 million and $1.1 billion, respectively, of which $901 million and $1.1 billion, respectively, was held by BHF. Liquid assets are comprised of cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust. On February 11, 2025, Brighthouse Life Insurance Company received a $100 million capital contribution from BH Holdings.

Statutory Capital and Dividends

The NAIC and state insurance departments have established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. 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 as a means to rank insurers generally. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital ("TAC") does not meet or exceed the amounts required to attain certain RBC levels. As of the date of the most recent annual statutory financial statements filed with insurance regulators, the TAC of each of our insurance subsidiaries subject to these requirements was in excess of the amounts required to attain each of those RBC levels.

The amount of dividends that our insurance subsidiaries can ultimately pay to BHF through their various parent entities provides an additional margin for risk protection and investment in our businesses. Such dividends are constrained by the amount of surplus our insurance subsidiaries hold to maintain their ratings, which is generally higher than minimum RBC requirements. We proactively take actions to maintain capital consistent with these ratings objectives, which may include adjusting dividend amounts and deploying financial resources from internal or external sources of capital. Certain of these activities may require regulatory approval. Furthermore, the payment of dividends and other distributions by our insurance subsidiaries is governed by the insurance laws and regulations of the states where they are domiciled. Any payment of dividends by Brighthouse Life Insurance Company in 2025 would be subject to Delaware Department of Insurance approval. See Note 12 of the Notes to the Consolidated Financial Statements included in our 2024 Annual Report for additional information regarding the applicable dividend restrictions and certain of our subsidiaries' ordinary dividend capacity, as well as the circumstances under which regulatory approval would be required.

Primary Sources and Uses of Liquidity and Capital

The principal sources of funds available to BHF include distributions from BH Holdings, dividends and returns of capital from its insurance subsidiaries and BRCD, capital markets issuances, as well as its own cash and cash equivalents and short-term investments. These sources of funds may also be supplemented by alternate sources of liquidity either directly or indirectly through our insurance subsidiaries. For example, we have established internal liquidity facilities to provide liquidity within and across our regulated and non-regulated entities to support our businesses.

The primary uses of liquidity of BHF include debt-service obligations (including interest expense and debt repayments), preferred stock dividends, capital contributions to subsidiaries, common stock repurchases and payment of general operating expenses. Based on our analysis and comparison of our current and future cash inflows from the dividends we receive from subsidiaries that are permitted to be paid without prior insurance regulatory approval, our investment portfolio and other cash flows and anticipated access to the capital markets, we believe there will be sufficient liquidity and capital to enable BHF to make payments on debt, pay preferred stock dividends, contribute capital to its subsidiaries, repurchase its common stock, pay all general operating expenses and meet its cash needs.

In addition to the liquidity and capital sources discussed in "— The Company — Primary Sources of Liquidity and Capital" and "— The Company — Primary Uses of Liquidity and Capital," the following additional information is provided regarding BHF's primary sources and uses of liquidity and capital:

Distributions from and Capital Contributions to BH Holdings

During both the six months ended June 30, 2025 and 2024, BHF did not receive any cash distributions from BH Holdings and did not make any cash capital contributions to BH Holdings.

Short-term Intercompany Loans

BHF, as borrower, has a short-term intercompany loan agreement with certain of its non-insurance subsidiaries, as lenders, for the purposes of facilitating the management of the available cash of the borrower and the lenders on a short-term and consolidated basis. Such intercompany loan agreement allows management to optimize the efficient use of and maximize the yield on cash between BHF and its subsidiary lenders. Each loan entered into under this intercompany loan agreement has a term not more than 364 days and bears interest on the unpaid principal amount at a variable rate, payable monthly. During the six months ended June 30, 2025 and 2024, BHF borrowed $398 million and $290 million, respectively, from certain of its non-insurance subsidiaries and repaid $386 million and $85 million of such borrowings during the six months ended June 30, 2025 and 2024, respectively. At June 30, 2025 and December 31, 2024, BHF had total obligations outstanding of $594 million and $582 million, respectively, under such agreements.

Intercompany Liquidity Facilities

BHF has established intercompany liquidity facilities with certain of its insurance and non-insurance subsidiaries to provide short-term liquidity within and across the combined group of companies. Under these facilities, which are comprised of a series of revolving loan agreements among BHF and its participating subsidiaries, each company may lend to or borrow from each other, subject to certain maximum limits for a term of up to 364 days, depending on the agreement. During both the six months ended June 30, 2025 and 2024, there were no borrowings or repayments by BHF under these facilities and, at both June 30, 2025 and December 31, 2024, BHF had no obligations outstanding under such facilities.

Note Regarding Forward-Looking Statements

This report and other oral or written statements that we make from time to time may contain information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve substantial risks and uncertainties. We have tried, wherever possible, to identify such statements using words such as "anticipate," "estimate," "expect," "project," "may," "will," "could," "intend," "goal," "target," "guidance," "forecast," "preliminary," "objective," "continue," "aim," "plan," "believe" and other words and terms of similar meaning, or that are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include, without limitation, statements relating to future actions, prospective services or products, financial projections, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, as well as trends in operating and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse Financial. These statements are based on current expectations and the current economic environment and involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others:

- differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models;
- higher risk management costs and exposure to increased market risk due to guarantees within certain of our products;
- the effectiveness of our risk management strategy and the impacts of such strategy on volatility in our profitability measures and the negative effects on our statutory capital;
- material differences between actual outcomes and the sensitivities calculated under certain scenarios that we may utilize in connection with our risk management strategies;
- the impact of interest rates on our future ULSG policyholder obligations and net income volatility;
- the potential material adverse effect of changes in accounting standards, practices or policies applicable to us, including changes in the accounting for long-duration contracts;
- loss of business and other negative impacts resulting from a downgrade or a potential downgrade in our financial strength or credit ratings;
- the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder;
- heightened competition, including with respect to service, product features, product mix, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition;
- our ability to market and distribute our products through distribution channels and maintain relationships with key distribution partners;
- any failure of third parties to provide services we need, any failure of the practices and procedures of such third parties and any inability to obtain information or assistance we need from third parties;
- the ability of our subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders and repurchase our common stock;
- the risks associated with climate change;
- the adverse impact of public health crises, extreme mortality events or similar occurrences on our business and the economy in general;
- the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital;

- the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geopolitical events, tariffs imposed or threatened by the U.S. or foreign governments, military actions or catastrophic events, on our profitability measures as well as our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income;
- the financial risks that our investment portfolio is subject to, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control;
- the impact of changes in regulation and in supervisory and enforcement policies or interpretations thereof on our insurance business or other operations;
- the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers or increase our tax liability;
- the effectiveness of our policies, procedures and processes in managing risk;
- the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems;
- whether all or any portion of the tax consequences of our separation from MetLife, Inc. (together with its subsidiaries and affiliates, "MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; and
- other factors described in this report and from time to time in documents that we file with the SEC.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in our 2024 Annual Report, particularly in the sections entitled "Risk Factors" and "Quantitative and Qualitative Disclosures About Market Risk," as well as in our other subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

Corporate Information

We routinely use our Investor Relations website to provide presentations, press releases, our insurance subsidiaries' statutory filings, and other information that may be deemed important or material to investors. Accordingly, we encourage investors and others interested in the Company to review the information that we share at http://investor.brighthousefinancial.com. In addition, our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we make filings with the SEC. Information contained on or connected to any website referenced in this report or any of our other filings with the SEC is not incorporated by reference in this report or in any other report or document we file with the SEC, and any website references are intended to be inactive textual references only unless expressly noted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to market risk through our insurance operations and general account investment activities. For purposes of this discussion, "market risk" is defined as changes in estimated fair value resulting from changes in interest rates, equity market prices, credit spreads and foreign currency exchange rates. We regularly analyze our market risk exposure. As a result of that analysis, we have determined that the estimated fair values of certain assets and liabilities are significantly exposed to changes in interest rates, and to a lesser extent, to changes in equity market prices and foreign currency exchange rates. We may have additional financial impacts other than changes in estimated fair value, which are beyond the scope of this discussion. A description of our market risk exposures may be found under "Quantitative and Qualitative Disclosures About Market Risk" in our 2024 Annual Report.

There have been no material changes to our market risk exposures from the market risk exposures previously disclosed in our 2024 Annual Report.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of June 30, 2025.

MetLife provides certain services to the Company on a transitional basis through services agreements. The Company continues to change business processes, implement systems and establish new third-party arrangements. We consider these in aggregate to be material changes in our internal control over financial reporting.

Other than as noted above, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

See Note 13 of the Notes to the Interim Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

We discuss in this report, in our 2024 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 — Note Regarding Forward-Looking Statements" included herein. There have been no material changes to our risk factors from the risk factors previously disclosed in our 2024 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Purchases of BHF common stock made by or on behalf of BHF or its affiliates during the three months ended June 30, 2025 are set forth below:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
				(In millions)
April 1 — April 30, 2025	410,200	$ 51.65	410,200	$ 463
May 1 — May 31, 2025	356,400	$ 59.14	356,400	$ 442
June 1 — June 30, 2025	15,200	$ 59.34	15,200	$ 441
Total	781,800		781,800	

(1) On November 16, 2023, we authorized the repurchase of up to $750 million of our common stock, which does not have an expiration date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Primary Uses of Liquidity and Capital — Common Stock Repurchases" and Note 10 of the Notes to the Interim Condensed Consolidated Financial Statements for more information on common stock repurchases.

Item 5. Other Information

Director and Officer Rule 10b5-1 Plans

During the three months ended June 30, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. Exhibits

*(**Note Regarding Reliance on Statements in Our Contracts:** In reviewing the agreements included as exhibits herein, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about Brighthouse Financial, Inc. and its subsidiaries or affiliates or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about Brighthouse Financial, Inc. and its subsidiaries and affiliates may be found elsewhere herein and in Brighthouse Financial, Inc.'s other public filings, which are available without charge through the U.S. Securities and Exchange Commission website at www.sec.gov.)*

Exhibit No.	Description
10.1	Amended and Restated Brighthouse Financial, Inc. 2017 Stock and Incentive Compensation Plan (Effective March 27, 2025), is incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on June 16, 2025.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	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*	The cover page of Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

** Furnished herewith.

SIGNATURE

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

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Edward A. Spehar

Name: Edward A. Spehar
Title: Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Date: August 8, 2025

Exhibit 31.1

CERTIFICATIONS

I, Eric T. Steigerwalt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2025

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Edward A. Spehar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2025

/s/ Edward A. Spehar

Edward A. Spehar

Executive Vice President and Chief Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Eric T. Steigerwalt, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: August 8, 2025

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt
President and Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Edward A. Spehar, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: August 8, 2025

/s/ Edward A. Spehar

Edward A. Spehar

Executive Vice President and Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.