

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 4, 2021**



Brighthouse
FINANCIAL®

Brighthouse Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

001-37905
(Commission File Number)

81-3846992
(IRS Employer Identification No.)

11225 North Community House Road, Charlotte, North Carolina
(Address of principal executive offices)

28277
(Zip Code)

Registrant's telephone number, including area code: **(980) 365-7100**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
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
6.250% Junior Subordinated Debentures due 2058	BHFAL	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2021, Brighthouse Financial, Inc. (“Brighthouse Financial” or the “Company”) issued (i) a news release announcing its results for the quarter ended September 30, 2021, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference, and (ii) a Financial Supplement for the quarter ended September 30, 2021, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in Items 2.02, 7.01 and Exhibits 99.1 and 99.2 listed in Item 9.01 of this Current Report on Form 8-K shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

In connection with its earnings call for the quarter ended September 30, 2021, Brighthouse Financial has prepared a presentation for use with investors and other members of the investment community. This presentation is available on the Brighthouse Financial investor relations website at <http://investor.brighthousefinancial.com>.

Brighthouse Financial routinely uses its investor relations website to provide presentations, press releases and other information that may be deemed material to investors. Accordingly, the Company encourages investors and others interested in the Company to review the information that it shares at <http://investor.brighthousefinancial.com>.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1**	News release of Brighthouse Financial, Inc., dated November 4, 2021, announcing its results for the quarter ended September 30, 2021
99.2**	Financial Supplement for the quarter ended September 30, 2021
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

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Exhibit 99.1

FOR IMMEDIATE RELEASE

Brighthouse Financial Announces Third Quarter 2021 Results

- *Estimated combined risk-based capital ("RBC") ratio between 520% and 540%; holding company liquid assets of \$1.5 billion*
- *\$600 million Brighthouse Reinsurance Company of Delaware ("BRCD") extraordinary dividend paid to Brighthouse Life Insurance Company ("BLIC") in the third quarter of 2021*
- *The company repurchased \$403 million of its common stock year-to-date through November 2, 2021*
- *Annuity sales increased 1% over the third quarter of 2020*
- *Life sales increased 108% over the third quarter of 2020*
- *Third quarter 2021 net income available to shareholders of \$361 million, or \$4.34 per diluted share*
- *Third quarter 2021 adjusted earnings, less notable items*, of \$514 million, or \$6.17 per diluted share*

CHARLOTTE, NC, November 4, 2021 — Brighthouse Financial, Inc. ("Brighthouse Financial" or the "company") (Nasdaq: BHF) announced today its financial results for the third quarter ended September 30, 2021.

Third Quarter 2021 Results

The company reported net income available to shareholders of \$361 million in the third quarter of 2021, or \$4.34 per diluted share, compared with a net loss available to shareholders of \$3,012 million in the third quarter of 2020. The company ended the third quarter of 2021 with common stockholders' equity ("book value") of \$14.7 billion, or \$181.23 per common share, and book value, excluding accumulated other comprehensive income ("AOCI") of \$10.4 billion, or \$128.24 per common share.

In the third quarter of 2021, the company completed its annual actuarial review where it reviews long-term assumptions, including policyholder behavior, operational and model refinements, as well as capital markets. As a result of this review, the net unfavorable impact to net income was \$116 million, compared with a net unfavorable impact of \$2,210 million as a result of the 2020 annual actuarial review conducted in the third quarter of last year.

For the third quarter of 2021, the company reported adjusted earnings* of \$450 million, or \$5.41 per diluted share, compared with adjusted loss of \$689 million, or \$7.43 per diluted share, in the third quarter of 2020.

* Information regarding the non-GAAP and other financial measures included in this news release and a reconciliation of such non-GAAP financial measures to the most directly comparable GAAP measures are provided in the Non-GAAP and Other Financial Disclosures discussion below, as well as in the tables that accompany this news release and/or the Third Quarter 2021 Brighthouse Financial, Inc. Financial Supplement and/or the Third Quarter 2021 Brighthouse Financial, Inc. Earnings Call Presentation (which are available on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>). Additional information regarding notable items can be found on the last page of this news release.

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Adjusted earnings for the quarter reflected \$64 million after tax of unfavorable notable items, or \$0.77 per diluted share, including:

- \$44 million net unfavorable impact related to the annual actuarial review, including a valuation system conversion associated with the company's transition to its future state platform, and
- \$20 million unfavorable impact for establishment costs related to planned technology and other expenses associated with the company's separation from its former parent company.

Corporate expenses in the third quarter of 2021 were \$222 million, up from \$218 million in the second quarter of 2021, both on a pre-tax basis.

Annuity sales increased 1% quarter-over-quarter, driven by record sales of variable and Shield Level annuities, which increased a combined 54%, primarily offset by lower sales of fixed rate annuities. Sequentially, annuity sales increased 3%, driven by record sales of variable and Shield Level annuities. Life sales increased 108% quarter-over-quarter and 4% sequentially, driven by sales of SmartCare.

During the third quarter of 2021, the company repurchased \$149 million of its common stock, with an additional \$61 million of its common stock repurchased, on a trade date basis, through November 2, 2021. Since the announcement of its first stock repurchase authorization in August 2018, the company has repurchased \$1,424 million of its common stock, on a trade date basis, through November 2, 2021.

"Brighthouse Financial delivered strong results in the third quarter of 2021 as we continued to execute on our strategy," said Eric Steigerwalt, president and CEO, Brighthouse Financial. "We grew sales, prudently managed our expenses, unlocked additional capital and repurchased more of our common stock."

"I am particularly pleased with our sales results," Steigerwalt continued. "We reported another quarter of record sales for both our flagship Shield Level annuities and variable annuities with FlexChoice Access, and our life insurance sales were ahead of our expectations."

Key Metrics (Unaudited, dollars in millions except share and per share amounts)

	As of or For the Three Months Ended			
	September 30, 2021		September 30, 2020	
	Total	Per share	Total	Per share
Net income (loss) available to shareholders (1)	\$361	\$4.34	\$(3,012)	\$(32.49)
Adjusted earnings (1)	\$450	\$5.41	\$(689)	\$(7.43)
Adjusted earnings, less notable items (1)	\$514	\$6.17	\$388	\$4.19
Weighted average common shares outstanding - diluted (1)	83,244,987	N/A	92,693,188	N/A
Book value	\$14,671	\$181.23	\$17,464	\$191.58
Book value, excluding AOCI	\$10,381	\$128.24	\$12,083	\$132.55
Ending common shares outstanding	80,952,682	N/A	91,158,927	N/A

(1) Per share amounts are on a diluted basis and may not recalculate due to rounding. For loss periods, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect. See Non-GAAP and Other Financial Disclosures discussion in this news release.

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Results by Segment and Corporate & Other (Unaudited, in millions)

ADJUSTED EARNINGS	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Annuities	\$385	\$338	\$387
Life	\$110	\$68	\$76
Run-off (1)	\$38	\$122	\$(1,139)
Corporate & Other (1)	\$(83)	\$(93)	\$(13)

(1) The company uses the term "adjusted loss" throughout this news release to refer to negative adjusted earnings values.

Sales (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Annuities (1)	\$2,362	\$2,299	\$2,335
Life	\$27	\$26	\$13

(1) Annuities sales include sales of a fixed index annuity product sold by Massachusetts Mutual Life Insurance Company, representing 90% of gross sales of that product. Sales of this product were \$198 million for the third quarter of 2021, \$173 million for the second quarter of 2021, and \$234 million for the third quarter of 2020.

Annuities

Adjusted earnings in the Annuities segment were \$385 million in the current quarter, compared with adjusted earnings of \$387 million in the third quarter of 2020 and adjusted earnings of \$338 million in the second quarter of 2021.

The current quarter included a \$42 million favorable notable item and the third quarter of 2020 included a \$102 million favorable notable item, both related to the annual actuarial review completed in the respective quarters. There were no notable items in the second quarter of 2021.

On a quarter-over-quarter basis, adjusted earnings, less notable items, reflect higher net investment income and higher fees, partially offset by higher expenses, higher reserves, and higher deferred acquisition costs ("DAC") amortization. On a sequential basis, adjusted earnings, less notable items, reflect higher net investment income and higher fees, partially offset by higher reserves.

Annuity sales increased 1% quarter-over-quarter, driven by record sales of variable and Shield Level annuities, which increased a combined 54%, primarily offset by lower sales of fixed rate annuities. Annuity sales increased 3% sequentially, driven by record sales of variable and Shield Level annuities.

Life

Adjusted earnings in the Life segment were \$110 million in the current quarter, compared with adjusted earnings of \$76 million in the third quarter of 2020 and adjusted earnings of \$68 million in the second quarter of 2021.

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The current quarter included a \$3 million favorable notable item and the third quarter of 2020 included an \$11 million unfavorable notable item, both related to the annual actuarial review completed in the respective quarters. There were no notable items in the second quarter of 2021.

On a quarter-over-quarter basis, adjusted earnings, less notable items, reflect higher net investment income, partially offset by a lower underwriting margin. On a sequential basis, adjusted earnings, less notable items, reflect a higher underwriting margin and higher net investment income.

As mentioned above, life sales increased 108% quarter-over-quarter and 4% sequentially, driven by sales of SmartCare.

Run-off

Adjusted earnings in the Run-off segment were \$38 million in the current quarter, compared with an adjusted loss of \$1,139 million in the third quarter of 2020 and adjusted earnings of \$122 million in the second quarter of 2021.

The current quarter included a \$89 million unfavorable notable item and the third quarter of 2020 included a \$1,172 million unfavorable notable item, both related to the annual actuarial review completed in the respective quarters. There were no notable items in the second quarter of 2021.

On a quarter-over-quarter basis, adjusted earnings, less notable items, reflect higher net investment income, partially offset by a lower underwriting margin. On a sequential basis, adjusted earnings, less notable items, reflect higher net investment income and a higher underwriting margin.

Corporate & Other

Corporate & Other had an adjusted loss of \$83 million in the current quarter, compared with an adjusted loss of \$13 million in the third quarter of 2020 and an adjusted loss of \$93 million in the second quarter of 2021.

The current quarter included an unfavorable notable item related to establishment costs of \$20 million. The third quarter of 2020 included \$4 million of net favorable notable items and the second quarter of 2021 included an unfavorable \$23 million notable item.

On a quarter-over-quarter basis, the adjusted loss, less notable items, reflects a lower tax benefit. On a sequential basis, the adjusted loss, less notable items, reflects lower expenses and higher net investment income, partially offset by a lower tax benefit.

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Net Investment Income and Adjusted Net Investment Income (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Net investment income	\$1,281	\$1,212	\$996
Adjusted net investment income	\$1,287	\$1,217	\$1,001

Net Investment Income

Net investment income was \$1,281 million and adjusted net investment income* was \$1,287 million in the current quarter. Adjusted net investment income increased \$286 million on a quarter-over-quarter basis and increased \$70 million on a sequential basis, both primarily driven by higher alternative investment income as well as asset growth.

The net investment income yield was 5.16% during the quarter.

Statutory Capital and Liquidity (Unaudited, in billions)

	As of		
	September 30, 2021 (1)	June 30, 2021	September 30, 2020
Statutory combined total adjusted capital	\$9.7	\$9.4	\$8.4

(1) Reflects preliminary statutory results as of September 30, 2021.

Capitalization

At September 30, 2021:

- Estimated combined RBC ratio between 520% and 540%
- Holding company liquid assets were approximately \$1.5 billion
- Combined statutory total adjusted capital on a preliminary basis increased to approximately \$9.7 billion, primarily driven by the \$600 million BRCD extraordinary dividend paid to BLIC in the third quarter of 2021, partially offset by negative market performance in the quarter

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Earnings Conference Call

Brighthouse Financial will hold a conference call and audio webcast to discuss its financial results for the third quarter of 2021 at 8:00 a.m. Eastern Time on Friday, November 5, 2021. In connection with this call, the company has prepared a presentation for use with investors and other members of the investment community. This presentation is available on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

To listen to the audio webcast via the internet and to access the related presentation, please visit the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>. To join the conference call via telephone, please register in advance at <https://www.directeventreg.com/registration/event/9747978>. Following registration, telephone participants will be provided a dial-in number, passcode and unique registrant ID needed to access the conference call.

A replay of the conference call will be made available until Friday, November 26, 2021, on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

About Brighthouse Financial, Inc.

Brighthouse Financial, Inc. (Brighthouse Financial) (Nasdaq: BHF) is on a mission to help people achieve financial security. As one of the largest providers of annuities and life insurance in the U.S.,⁽¹⁾ we specialize in products designed to help people protect what they've earned and ensure it lasts. Learn more at brighthousefinancial.com.

(1) Ranked by 2020 admitted assets. Best's Review[®]: Top 200 U.S. Life/Health Insurers. A.M. Best, 2021.

CONTACT

FOR INVESTORS

Dana Amante
(980) 949-3073
damante@brighthousefinancial.com

FOR MEDIA

Deon Roberts
(980) 949-3071
deon.roberts@brighthousefinancial.com

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Note Regarding Forward-Looking Statements

This news release 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 variable annuity exposure risk management strategy and the impact of such strategy on volatility in our profitability measures and negative effects on our statutory capital; material differences from actual outcomes compared to the sensitivities calculated under certain scenarios and sensitivities that we may utilize in connection with our variable annuity risk management strategies; the impact of interest rates on our future ULSS policyholder obligations and net income volatility; the impact of the ongoing worldwide COVID-19 pandemic; 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, 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; 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 adverse impact on liabilities for policyholder claims as a result of extreme mortality events; 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 geo-political or catastrophic events, on our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income; the impact of events that adversely affect issuers, guarantors or collateral relating to our investments or our derivatives counterparties, on impairments, valuation allowances, reserves, net investment income and changes in unrealized gain or loss positions; the impact of changes in regulation and in supervisory and enforcement policies 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; the effectiveness of our policies and procedures 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. ("MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; the uncertainty of the outcome of any disputes with MetLife over tax-related or other matters and agreements or disagreements regarding MetLife's or our obligations under our other agreements; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the "SEC").

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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 Annual Report on Form 10-K for the year ended December 31, 2020, 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.

Non-GAAP and Other Financial Disclosures

Our definitions of the non-GAAP and other financial measures may differ from those used by other companies.

Non-GAAP Financial Disclosures

We present certain measures of our performance that are not calculated in accordance with accounting principles generally accepted in the United States of America, also known as "GAAP." We believe that these non-GAAP financial measures highlight our results of operations and the underlying profitability drivers of our business, as well as enhance the understanding of our performance by the investor community.

The following non-GAAP financial measures, previously referred to as operating measures, should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:

adjusted earnings
adjusted earnings, less notable items
adjusted revenues
adjusted expenses
adjusted earnings per common share
adjusted earnings per common share, less notable items
adjusted return on common equity
adjusted return on common equity, less notable items
adjusted net investment income

Most directly comparable GAAP financial measures:

net income (loss) available to shareholders (1)
net income (loss) available to shareholders (1)
revenues
expenses
earnings per common share, diluted (1)
earnings per common share, diluted (1)
return on common equity (2)
return on common equity (2)
net investment income

(1) Brighthouse uses net income (loss) available to shareholders to refer to net income (loss) available to Brighthouse Financial, Inc.'s common shareholders, and earnings per common share, diluted to refer to net income (loss) available to shareholders per common share.

(2) Brighthouse uses return on common equity to refer to return on Brighthouse Financial, Inc.'s common stockholders' equity.

Reconciliations to the most directly comparable historical GAAP measures are included for those measures which are presented herein. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are not accessible on a forward-looking basis because we believe it is not possible without unreasonable efforts to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a material impact on net income (loss) available to shareholders.

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Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

Adjusted earnings is a financial measure used by management to evaluate performance, allocate resources and facilitate comparisons to industry results. This financial measure, which may be positive or negative, focuses on our primary businesses principally by excluding the impact of market volatility, which could distort trends.

Adjusted earnings reflects adjusted revenues less (i) adjusted expenses, (ii) provision for income tax expense (benefit), (iii) net income (loss) attributable to noncontrolling interests and (iv) preferred stock dividends. Provided below are the adjustments to GAAP revenues and GAAP expenses used to calculate adjusted revenues and adjusted expenses, respectively.

The following are significant items excluded from total revenues in calculating the adjusted revenues component of adjusted earnings:

- Net investment gains (losses);
- Net derivative gains (losses) ("NDGL") except 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"); and
- Certain variable annuity GMIB fees ("GMIB Fees").

The following are significant items excluded from total expenses in calculating the adjusted expenses component of adjusted earnings:

- Amounts associated with benefits related to GMIBs ("GMIB Costs");
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments"); and
- Amortization of DAC and value of business acquired ("VOBA") related to (i) net investment gains (losses), (ii) net derivative gains (losses), (iii) GMIB Fees and GMIB Costs and (iv) Market Value Adjustments.

The tax impact of the adjustments discussed above is calculated net of the statutory tax rate, which could differ from our effective tax rate.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance.

Adjusted Earnings per Common Share and Adjusted Return on Common Equity

Adjusted earnings per common share and adjusted return on common equity are measures used by management to evaluate the execution of our business strategy and align such strategy with our shareholders' interests.

Adjusted earnings per common share is defined as adjusted earnings for the period divided by the weighted average number of fully diluted shares of common stock outstanding for the period. The weighted average common shares outstanding used to calculate adjusted earnings per share will differ from such shares used to calculate diluted net income

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(loss) available to shareholders per common share when the inclusion of dilutive shares has an anti-dilutive effect for one calculation but not for the other.

Adjusted return on common equity is defined as total annual adjusted earnings on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI.

Adjusted Net Investment Income

We present adjusted net investment income to measure our performance for management purposes, and we believe it enhances the understanding of our investment portfolio results. Adjusted net investment income represents net investment income, including Investment Hedge Adjustments.

Other Financial Disclosures

Corporate Expenses

Corporate expenses includes functional department expenses, public company expenses, certain investment expenses, retirement funding and incentive compensation; and excludes establishment costs.

Notable items

Certain of the non-GAAP measures described above may be presented further adjusted to exclude notable items. Notable items reflect the impact on our results of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items and non-GAAP measures, less notable items is intended to help investors better understand our results and to evaluate and forecast those results.

Book Value per Common Share and Book Value per Common Share, excluding AOCI

Brighthouse uses the term "book value" to refer to "Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI." Book value per common share is defined as ending Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI, divided by ending common shares outstanding. Book value per common share, excluding AOCI, is defined as ending Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI, divided by ending common shares outstanding.

CTE95

CTE95 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst five percent of a set of capital market scenarios over the life of the contracts.

CTE98

CTE98 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst two percent of a set of capital market scenarios over the life of the contracts.

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Holding Company Liquid Assets

Holding company liquid assets include liquid assets in Brighthouse Financial, Inc., Brighthouse Holdings, LLC, and Brighthouse Services, LLC. 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.

Total Adjusted Capital

Total adjusted capital primarily consists of statutory capital and surplus, as well as the statutory asset valuation reserve. When referred to as "combined," represents that of our insurance subsidiaries as a whole.

Sales

Life insurance sales consist of 100 percent of annualized new premium for term life, first-year paid premium for whole life, universal life, and variable universal life, and total paid premium for indexed universal life. We exclude company-sponsored internal exchanges, corporate-owned life insurance, bank-owned life insurance, and private placement variable universal life.

Annuity sales consist of 100 percent of direct statutory premiums, except for fixed index annuity sales distributed through MassMutual that consist of 90 percent of gross sales. Annuity sales exclude certain internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Net Investment Income Yield

Similar to adjusted net investment income, we present net investment income yields as a performance measure we believe enhances the understanding of our investment portfolio results. Net investment income yields are calculated on adjusted net investment income as a percent 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 investment fees and expenses as a percent 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.

Normalized Statutory Earnings (Loss)

Normalized statutory earnings (loss) is used by management to measure our insurance companies' ability to pay future distributions and is reflective of whether our hedging program functions as intended. Normalized statutory earnings (loss) is calculated as statutory pre-tax net gain from operations adjusted for the favorable or unfavorable impacts of (i) net realized capital gains (losses), (ii) the change in total asset requirement at CTE95, net of the change in our variable annuity reserves, and (iii) unrealized gains (losses) associated with our variable annuities risk management strategy. Normalized statutory earnings (loss) may be further adjusted for certain unanticipated items that impacted our results in order to help management and investors better understand, evaluate and forecast those results.

PUBLIC RELATIONS

Brighthouse Financial, Inc.
11225 N. Community House Rd.
Charlotte, NC 28277



Risk-Based Capital Ratio

The risk-based capital ratio is a method of measuring an insurance company's capital, taking into consideration its relative size and risk profile, in order to ensure compliance with minimum regulatory capital requirements set by the National Association of Insurance Commissioners. When referred to as "combined," represents that of our insurance subsidiaries as a whole. The reporting of our combined risk-based capital ratio is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.

PUBLIC RELATIONS

Brighthouse Financial, Inc.
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Charlotte, NC 28277



Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Revenues			
Premiums	\$193	\$162	\$184
Universal life and investment-type product policy fees	881	919	882
Net investment income	1,281	1,212	996
Other revenues	117	101	99
Revenues before NIGL and NDGL	2,472	2,394	2,161
Net investment gains (losses)	(16)	(34)	5
Net derivative gains (losses)	56	(684)	(1,857)
Total revenues	\$2,512	\$1,676	\$309
Expenses			
Interest credited to policyholder account balances	\$413	\$287	\$281
Policyholder benefits and claims	1,112	752	3,047
Amortization of DAC and VOBA	(82)	8	244
Interest expense on debt	41	40	47
Other expenses	538	568	533
Total expenses	2,022	1,655	4,152
Income (loss) before provision for income tax	490	21	(3,843)
Provision for income tax expense (benefit)	105	(10)	(850)
Net income (loss)	385	31	(2,993)
Less: Net income (loss) attributable to noncontrolling interests	2	—	2
Net income (loss) attributable to Brighthouse Financial, Inc.	383	31	(2,995)
Less: Preferred stock dividends	22	21	17
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$361	\$10	\$(3,012)

PUBLIC RELATIONS

Brighthouse Financial, Inc.
11225 N. Community House Rd.
Charlotte, NC 28277



Condensed Balance Sheets (Unaudited, in millions)

	As of		
	September 30, 2021	June 30, 2021	September 30, 2020
ASSETS			
Investments:			
Fixed maturity securities available-for-sale	\$87,074	\$84,785	\$79,338
Equity securities	90	91	117
Mortgage loans	18,267	16,732	15,746
Policy loans	1,264	1,255	1,289
Limited partnerships and limited liability companies	3,959	3,546	2,562
Short-term investments	1,892	1,293	4,239
Other invested assets	2,774	2,863	5,038
Total investments	115,320	110,565	108,329
Cash and cash equivalents	4,108	4,882	6,189
Accrued investment income	764	827	781
Reinsurance recoverables	15,339	15,290	15,052
Premiums and other receivables	959	837	1,035
DAC and VOBA	5,356	5,122	4,664
Other assets	484	494	447
Separate account assets	112,361	115,839	103,184
Total assets	\$254,691	\$253,856	\$239,681
LIABILITIES AND EQUITY			
Liabilities			
Future policy benefits	\$43,795	\$43,427	\$44,537
Policyholder account balances	63,748	60,300	52,798
Other policy-related balances	3,406	3,356	3,088
Payables for collateral under securities loaned and other transactions	5,639	5,143	6,989
Long-term debt	3,436	3,436	3,979
Current income tax payable	148	150	72
Deferred income tax liability	1,120	1,109	1,816
Other liabilities	4,942	4,916	4,887
Separate account liabilities	112,361	115,839	103,184
Total liabilities	238,595	237,676	221,350
Equity			
Preferred stock, at par value	—	—	—
Common stock, at par value	1	1	1
Additional paid-in capital	13,830	13,842	13,314
Retained earnings (deficit)	(705)	(1,088)	511
Treasury stock	(1,385)	(1,236)	(941)
Accumulated other comprehensive income (loss)	4,290	4,596	5,381
Total Brighthouse Financial, Inc.'s stockholders' equity	16,031	16,115	18,266
Noncontrolling interests	65	65	65
Total equity	16,096	16,180	18,331
Total liabilities and equity	\$254,691	\$253,856	\$239,681

PUBLIC RELATIONS

Brighthouse Financial, Inc.
11225 N. Community House Rd.
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Reconciliation of Net Income (Loss) Available to Shareholders to Adjusted Earnings and Adjusted Earnings, Less Notable Items, and Reconciliation of Net Income (Loss) Available to Shareholders per Common Share to Adjusted Earnings per Common Share and Adjusted Earnings, Less Notable Items per Common Share (Unaudited, in millions except per share data)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
ADJUSTED EARNINGS, LESS NOTABLE ITEMS			
Net income (loss) available to shareholders	\$361	\$10	\$(3,012)
Less: Net investment gains (losses)	(16)	(34)	5
Less: Net derivative gains (losses), excluding investment hedge adjustments	50	(689)	(1,862)
Less: GMIB Fees and GMIB Costs	(83)	75	(957)
Less: Amortization of DAC and VOBA	(64)	128	(86)
Less: Market value adjustments and other	2	(19)	(41)
Less: Provision for income tax (expense) benefit on reconciling adjustments	22	114	618
Adjusted earnings	450	435	(689)
Less: Notable items	(64)	(23)	(1,077)
Adjusted earnings, less notable items	\$514	\$458	\$388
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)			
Net income (loss) available to shareholders per common share	\$4.34	\$0.11	\$(32.49)
Less: Net investment gains (losses)	(0.19)	(0.40)	0.05
Less: Net derivative gains (losses), excluding investment hedge adjustments	0.60	(8.01)	(20.09)
Less: GMIB Fees and GMIB Costs	(1.00)	0.87	(10.32)
Less: Amortization of DAC and VOBA	(0.77)	1.49	(0.93)
Less: Market value adjustments and other	0.02	(0.22)	(0.44)
Less: Provision for income tax (expense) benefit on reconciling adjustments	0.26	1.32	6.67
Adjusted earnings per common share	5.41	5.05	(7.43)
Less: Notable items	(0.77)	(0.27)	(11.62)
Adjusted earnings, less notable items per common share	\$6.17	\$5.32	\$4.19

(1) Per share calculations are on a diluted basis and may not recalculate or foot due to rounding. For loss periods, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect. See Non-GAAP and Other Financial Disclosures discussion in this news release.

PUBLIC RELATIONS

Brighthouse Financial, Inc.
11225 N. Community House Rd.
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Reconciliation of Net Investment Income to Adjusted Net Investment Income (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Net investment income	\$1,281	\$1,212	\$996
Less: Investment hedge adjustments	(6)	(5)	(5)
Adjusted net investment income	\$1,287	\$1,217	\$1,001

Notable Items (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS			
Actuarial items and other insurance adjustments	\$44	\$—	\$1,062
Establishment costs	20	23	15
Total notable items (1)	\$64	\$23	\$1,077
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER			
Annuities	\$(42)	\$—	\$(102)
Life	(3)	—	11
Run-off	89	—	1,172
Corporate & Other	20	23	(4)
Total notable items (1)	\$64	\$23	\$1,077

(1) Notable items reflect the negative (positive) after-tax impact to adjusted earnings of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items is intended to help investors better understand our results and to evaluate and forecast those results.

Brighthouse Financial, Inc. Financial Supplement

Third Quarter 2021



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Note: See the Appendix for non-GAAP financial information, definitions and reconciliations. Financial information, unless otherwise noted, is rounded to millions. Some financial information, therefore, may not sum to the corresponding total.

As used in this financial supplement, "Brighthouse Financial," "Brighthouse," the "Company," "we," "our" and "us" refer to Brighthouse Financial, Inc.





Financial Results



Key Metrics (Unaudited, dollars in millions except per share amounts)

	As of or For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Financial Results and Metrics (1)					
Net income (loss) available to shareholders	\$361	\$10	\$(610)	\$(1,045)	\$(3,012)
Adjusted earnings	\$450	\$435	\$385	\$189	\$(689)
Adjusted earnings, less notable items (2)	\$514	\$458	\$428	\$272	\$388
Total corporate expenses (3)	\$222	\$218	\$203	\$236	\$204
Combined total adjusted capital (4)	\$9,700	\$9,432	\$9,421	\$8,617	\$8,432
Combined risk-based capital ratio (4), (5)	520%-540%	480%-500%	500%-520%	487%	525%-545%
Stockholders' Equity					
Brighthouse Financial, Inc.'s stockholders' equity	\$16,031	\$16,115	\$15,017	\$18,023	\$18,266
Less: Preferred stock, net	1,360	1,360	1,360	1,360	802
Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI	\$14,671	\$14,755	\$13,657	\$16,663	\$17,464
Less: AOCI	4,290	4,596	3,389	5,716	5,381
Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI	\$10,381	\$10,159	\$10,268	\$10,947	\$12,083
Return on Common Equity (1)					
Return on common equity	(8.3)%	(28.2)%	(37.9)%	(6.1)%	(6.3)%
Return on common equity, excluding AOCI	(11.9)%	(39.7)%	(50.7)%	(8.1)%	(8.0)%
Adjusted return on common equity	13.5%	2.7%	(0.8)%	(2.0)%	(1.3)%
Earnings Per Common Share, Diluted (1), (6)					
Net income (loss) available to shareholders per common share	\$4.34	\$0.11	\$(6.96)	\$(11.69)	\$(32.49)
Adjusted earnings per common share	\$5.41	\$5.05	\$4.36	\$2.10	\$(7.43)
Adjusted earnings, less notable items per common share	\$6.17	\$5.32	\$4.86	\$3.03	\$4.19
Weighted average common shares outstanding	83,244,987	86,065,150	88,124,035	89,890,162	92,693,188
Book Value Per Common Share					
Book value per common share (1)	\$181.23	\$175.19	\$157.26	\$188.90	\$191.58
Book value per common share, excluding AOCI (1)	\$128.24	\$120.62	\$118.24	\$124.10	\$132.55
Ending common shares outstanding	80,952,682	84,223,669	86,841,260	88,211,618	91,158,927

(1) See definitions for Non-GAAP and Other Financial Disclosures in the Appendix beginning on page A-2.

(2) See additional information regarding notable items on page 18.

(3) Includes functional department expenses, public company expenses, certain investment expenses, retirement funding and incentive compensation; and excludes establishment costs.

(4) Reflects preliminary statutory results as of or for the three months ended September 30, 2021. See additional information on page 22.

(5) The RBC ratio is reported as a preliminary range on the quarters.

(6) For loss periods, dilutive shares were not included in the calculation of net income (loss) available to shareholders per common share or adjusted earnings per common share as inclusion of such shares would have an anti-dilutive effect.

GAAP Statements of Operations (Unaudited, in millions)

	For the Three Months Ended				For the Nine Months Ended		
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2020	
Revenues							
Premiums	\$193	\$162	\$184	\$191	\$184	\$539	\$575
Universal life and investment-type product policy fees	881	919	930	868	882	2,730	2,595
Net investment income	1,281	1,212	1,187	1,037	996	3,680	2,564
Other revenues	117	101	127	119	99	345	294
Revenues before NIGL and NDGL	2,472	2,394	2,428	2,215	2,161	7,294	6,028
Net investment gains (losses)	(16)	(34)	14	326	5	(36)	(48)
Net derivative gains (losses)	56	(684)	(1,504)	(2,410)	(1,857)	(2,132)	2,392
Total revenues	\$2,512	\$1,676	\$938	\$131	\$309	\$5,126	\$8,372
Expenses							
Interest credited to policyholder account balances	\$413	\$287	\$297	\$276	\$281	\$997	\$816
Policyholder benefits and claims	1,112	752	756	638	3,047	2,620	5,073
Amortization of DAC and VOBA	(82)	8	91	(156)	244	17	922
Interest expense on debt	41	40	41	45	47	122	139
Other expenses	538	568	521	634	533	1,627	1,535
Total expenses	2,022	1,655	1,706	1,437	4,152	5,383	8,485
Income (loss) before provision for income tax	490	21	(768)	(1,306)	(3,843)	(257)	(113)
Provision for income tax expense (benefit)	105	(10)	(185)	(275)	(850)	(90)	(88)
Net income (loss)	385	31	(583)	(1,031)	(2,993)	(167)	(25)
Less: Net income (loss) attributable to noncontrolling interests	2	—	2	1	2	4	4
Net income (loss) attributable to Brighthouse Financial, Inc.	383	31	(585)	(1,032)	(2,995)	(171)	(29)
Less: Preferred stock dividends	22	21	25	13	17	68	31
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$361	\$10	\$(610)	\$(1,045)	\$(3,012)	\$(239)	\$(60)

GAAP Balance Sheets (Unaudited, in millions)

ASSETS	As of				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Investments:					
Fixed maturity securities available-for-sale	\$87,074	\$84,785	\$78,971	\$82,495	\$79,338
Equity securities	90	91	106	138	117
Mortgage loans	18,267	16,732	15,690	15,808	15,746
Policy loans	1,264	1,255	1,245	1,291	1,289
Limited partnerships and limited liability companies	3,959	3,546	3,219	2,810	2,562
Short-term investments	1,892	1,293	1,673	3,242	4,239
Other invested assets	2,774	2,863	2,267	3,747	5,038
Total investments	115,320	110,565	103,171	109,531	108,329
Cash and cash equivalents	4,108	4,882	4,025	4,108	6,189
Accrued investment income	764	827	734	676	781
Reinsurance recoverables	15,339	15,290	15,257	15,338	15,052
Premiums and other receivables	959	837	872	820	1,035
DAC and VOBA	5,356	5,122	5,148	4,911	4,664
Other assets	484	494	506	516	447
Separate account assets	112,361	115,839	112,224	111,969	103,184
Total assets	\$254,691	\$253,856	\$241,937	\$247,869	\$239,681
LIABILITIES AND EQUITY					
Liabilities					
Future policy benefits	\$43,795	\$43,427	\$42,426	\$44,448	\$44,537
Policyholder account balances	63,748	60,300	55,152	54,508	52,798
Other policy-related balances	3,406	3,356	3,355	3,411	3,088
Payables for collateral under securities loaned and other transactions	5,639	5,143	4,281	5,252	6,989
Long-term debt	3,436	3,436	3,435	3,436	3,979
Current income tax payable	148	150	152	126	72
Deferred income tax liability	1,120	1,109	812	1,620	1,816
Other liabilities	4,942	4,916	5,018	5,011	4,887
Separate account liabilities	112,361	115,839	112,224	111,969	103,184
Total liabilities	238,595	237,676	226,855	229,781	221,350
Equity					
Preferred stock, at par value	—	—	—	—	—
Common stock, at par value	1	1	1	1	1
Additional paid-in capital	13,830	13,842	13,858	13,878	13,314
Retained earnings (deficit)	(705)	(1,088)	(1,119)	(534)	511
Treasury stock	(1,385)	(1,236)	(1,112)	(1,038)	(941)
Accumulated other comprehensive income (loss)	4,290	4,596	3,389	5,716	5,381
Total Brighthouse Financial, Inc.'s stockholders' equity	16,031	16,115	15,017	18,023	18,266
Noncontrolling interests	65	65	65	65	65
Total equity	16,096	16,180	15,082	18,088	18,331
Total liabilities and equity	\$254,691	\$253,856	\$241,937	\$247,869	\$239,681



Earnings and Select Metrics from Business Segments and Corporate & Other

Statements of Adjusted Earnings by Segment and Corporate & Other (Unaudited, in millions)

For the Three Months Ended September 30, 2021

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$49	\$122	\$3	\$19	\$193
Universal life and investment-type product policy fees	631	32	156	—	819
Net investment income	567	183	505	32	1,287
Other revenues	104	8	6	—	118
Total adjusted revenues	\$1,351	\$345	\$670	\$51	\$2,417
Adjusted expenses					
Interest credited to policyholder account balances	\$302	\$25	\$77	\$8	\$412
Policyholder benefits and claims	267	179	506	19	971
Amortization of DAC and VOBA	(114)	(34)	—	2	(146)
Interest expense on debt	—	—	—	41	41
Other operating costs	415	34	45	44	538
Total adjusted expenses	870	204	628	114	1,816
Adjusted earnings before provision for income tax	481	141	42	(63)	601
Provision for income tax expense (benefit)	96	31	4	(4)	127
Adjusted earnings after provision for income tax	385	110	38	(59)	474
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	24	24
Adjusted earnings	\$385	\$110	\$38	\$(83)	\$450

For the Three Months Ended September 30, 2020

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$34	\$129	\$—	\$21	\$184
Universal life and investment-type product policy fees	569	83	163	—	815
Net investment income	469	131	383	18	1,001
Other revenues	85	7	7	—	99
Total adjusted revenues	\$1,157	\$350	\$553	\$39	\$2,099
Adjusted expenses					
Interest credited to policyholder account balances	\$169	\$27	\$82	\$1	\$279
Policyholder benefits and claims	9	132	1,870	10	2,021
Amortization of DAC and VOBA	127	50	—	(19)	158
Interest expense on debt	—	—	—	47	47
Other operating costs	373	47	44	32	496
Total adjusted expenses	678	256	1,996	71	3,001
Adjusted earnings before provision for income tax	479	94	(1,443)	(32)	(902)
Provision for income tax expense (benefit)	92	18	(304)	(38)	(232)
Adjusted earnings after provision for income tax	387	76	(1,139)	6	(670)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	19	19
Adjusted earnings	\$387	\$76	\$(1,139)	\$(13)	\$(689)

Statements of Adjusted Earnings by Segment and Corporate & Other (Cont.) (Unaudited, in millions)

For the Nine Months Ended September 30, 2021

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$103	\$374	\$3	\$59	\$539
Universal life and investment-type product policy fees	1,852	221	470	—	2,543
Net investment income	1,650	517	1,466	63	3,696
Other revenues	301	26	21	—	348
Total adjusted revenues	\$3,906	\$1,138	\$1,960	\$122	\$7,126
Adjusted expenses					
Interest credited to policyholder account balances	\$669	\$80	\$234	\$11	\$994
Policyholder benefits and claims	558	633	1,324	52	2,567
Amortization of DAC and VOBA	136	21	—	8	165
Interest expense on debt	—	—	—	122	122
Other operating costs	1,231	126	135	135	1,627
Total adjusted expenses	2,594	860	1,693	328	5,475
Adjusted earnings before provision for income tax	1,312	278	267	(206)	1,651
Provision for income tax expense (benefit)	253	58	31	(33)	309
Adjusted earnings after provision for income tax	1,059	220	236	(173)	1,342
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	72	72
Adjusted earnings	\$1,059	\$220	\$236	\$(245)	\$1,270

For the Nine Months Ended September 30, 2020

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$109	\$402	\$—	\$64	\$575
Universal life and investment-type product policy fees	1,662	253	484	—	2,399
Net investment income	1,334	316	873	54	2,577
Other revenues	255	18	21	—	294
Total adjusted revenues	\$3,360	\$989	\$1,378	\$118	\$5,845
Adjusted expenses					
Interest credited to policyholder account balances	\$486	\$79	\$247	\$2	\$814
Policyholder benefits and claims	377	517	2,673	41	3,608
Amortization of DAC and VOBA	322	104	—	(12)	414
Interest expense on debt	—	—	—	139	139
Other operating costs	1,102	122	137	137	1,498
Total adjusted expenses	2,287	822	3,057	307	6,473
Adjusted earnings before provision for income tax	1,073	167	(1,679)	(189)	(628)
Provision for income tax expense (benefit)	199	32	(355)	(72)	(196)
Adjusted earnings after provision for income tax	874	135	(1,324)	(117)	(432)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	35	35
Adjusted earnings	\$874	\$135	\$(1,324)	\$(152)	\$(467)

Annuities — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Adjusted revenues							
Premiums	\$49	\$18	\$36	\$38	\$34	\$103	\$109
Universal life and investment-type product policy fees	631	618	603	588	569	1,852	1,662
Net investment income	567	533	550	486	469	1,650	1,334
Other revenues	104	88	109	91	85	301	255
Total adjusted revenues	\$1,351	\$1,257	\$1,298	\$1,203	\$1,157	\$3,906	\$3,360
Adjusted expenses							
Interest credited to policyholder account balances	\$302	\$182	\$185	\$165	\$169	\$669	\$486
Policyholder benefits and claims	267	118	173	153	9	558	377
Amortization of DAC and VOBA	(114)	123	127	118	127	136	322
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	415	417	399	407	373	1,231	1,102
Total adjusted expenses	870	840	884	843	678	2,594	2,287
Adjusted earnings before provision for income tax	481	417	414	360	479	1,312	1,073
Provision for income tax expense (benefit)	96	79	78	67	92	253	199
Adjusted earnings	\$385	\$338	\$336	\$293	\$387	\$1,059	\$874

Annuities — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
VARIABLE AND SHIELD LEVEL ANNUITIES ACCOUNT VALUE (1)					
Account value, beginning of period	\$130,017	\$125,527	\$124,227	\$115,111	\$110,993
Deposits	2,201	2,173	1,972	1,838	1,428
Withdrawals, surrenders and contract benefits	(2,776)	(2,874)	(2,748)	(2,593)	(1,958)
Net flows (2)	(575)	(701)	(776)	(755)	(530)
Investment performance (3)	(426)	6,026	2,869	10,663	5,404
Policy charges and other	(754)	(835)	(793)	(792)	(756)
Account value, end of period	\$128,262	\$130,017	\$125,527	\$124,227	\$115,111
FIXED ANNUITIES ACCOUNT VALUE (4)					
Account value, beginning of period	\$15,456	\$15,404	\$15,358	\$14,443	\$13,660
Deposits	222	197	231	1,159	946
Withdrawals, surrenders and contract benefits	(234)	(231)	(279)	(332)	(242)
Net flows (2)	(12)	(34)	(48)	827	704
Interest credited	99	98	107	89	98
Other	(7)	(12)	(13)	(1)	(19)
Account value, end of period	\$15,536	\$15,456	\$15,404	\$15,358	\$14,443
INCOME ANNUITIES (1)					
Income annuity insurance liabilities	\$4,642	\$4,665	\$4,624	\$4,817	\$4,798

(1) Includes general account and separate account.

(2) Deposits and withdrawals include policy exchanges.

(3) Includes imputed interest on indexed annuities and the interest credited on the general account investment option of variable products.

(4) Includes fixed index annuities.

Annuities — Select Operating Metrics (Cont.) (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
VARIABLE AND SHIELD LEVEL ANNUITY SALES							
Shield Level Annuities (1)	\$1,634	\$1,593	\$1,423	\$1,359	\$934	\$4,650	\$2,979
GMWB/GMAB	396	393	366	332	350	1,155	949
GMDB only	97	100	95	81	87	292	256
GMI B	17	18	23	23	19	58	60
Total variable and Shield Level annuity sales	\$2,144	\$2,104	\$1,907	\$1,795	\$1,390	\$6,155	\$4,244
FIXED AND INCOME ANNUITY SALES							
Fixed index annuities (2)	\$198	\$173	\$182	\$253	\$234	\$553	\$751
Fixed deferred annuities	19	22	42	902	709	83	1,139
Single premium immediate annuities	—	—	1	—	1	1	6
Other fixed and income annuities	1	—	—	1	1	1	2
Total fixed and income annuity sales	\$218	\$195	\$225	\$1,156	\$945	\$638	\$1,898

(1) Shield Level Annuities refers to our suite of structured annuities consisting of products marketed under various names.

(2) Represents 100% of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements.

Life — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended				For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2020
Adjusted revenues						
Premiums	\$122	\$125	\$127	\$131	\$129	\$374
Universal life and investment-type product policy fees	32	83	106	62	83	221
Net investment income	183	168	166	144	131	517
Other revenues	8	7	11	8	7	26
Total adjusted revenues	\$345	\$383	\$410	\$345	\$350	\$1,138
Adjusted expenses						
Interest credited to policyholder account balances	\$25	\$24	\$31	\$27	\$27	\$80
Policyholder benefits and claims	179	216	238	246	132	633
Amortization of DAC and VOBA	(34)	10	45	3	50	21
Interest expense on debt	—	—	—	—	—	—
Other operating costs	34	48	44	54	47	126
Total adjusted expenses	204	298	358	330	256	860
Adjusted earnings before provision for income tax	141	85	52	15	94	278
Provision for income tax expense (benefit)	31	17	10	2	18	58
Adjusted earnings	\$110	\$68	\$42	\$13	\$76	\$220

Life — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
LIFE ACCOUNT VALUE: GENERAL ACCOUNT					
Universal and variable universal life account value, beginning of period	\$2,667	\$2,670	\$2,674	\$2,670	\$2,674
Premiums and deposits (1)	75	78	74	69	65
Surrenders and contract benefits	(40)	(39)	(46)	(43)	(38)
Net flows	35	39	28	26	27
Net transfers from (to) separate account	28	9	8	25	16
Interest credited	26	25	28	26	26
Policy charges and other	(76)	(76)	(68)	(73)	(73)
Universal and variable universal life account value, end of period	\$2,680	\$2,667	\$2,670	\$2,674	\$2,670
LIFE ACCOUNT VALUE: SEPARATE ACCOUNT					
Variable universal life account value, beginning of period	\$6,721	\$6,373	\$6,230	\$5,582	\$5,261
Premiums and deposits	46	47	49	50	50
Surrenders and contract benefits	(52)	(64)	(81)	(54)	(49)
Net flows	(6)	(17)	(32)	(4)	1
Investment performance	(31)	423	237	733	390
Net transfers from (to) general account	(28)	(9)	(8)	(25)	(16)
Policy charges and other	(58)	(49)	(54)	(56)	(54)
Variable universal life account value, end of period	\$6,598	\$6,721	\$6,373	\$6,230	\$5,582

(1) Includes premiums and sales directed to the general account investment option of variable products.

Life — Select Operating Metrics (Cont.) (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
LIFE SALES							
Total life sales	\$27	\$26	\$23	\$15	\$13	\$76	\$41
					As of		
LIFE INSURANCE IN-FORCE							
Whole Life							
Life Insurance in-force, before reinsurance			\$19,028	\$19,223	\$19,390	\$19,585	\$19,762
Life Insurance in-force, net of reinsurance			\$3,239	\$3,265	\$3,332	\$3,313	\$3,371
Term Life							
Life Insurance in-force, before reinsurance			\$379,193	\$382,200	\$385,396	\$388,298	\$391,583
Life Insurance in-force, net of reinsurance			\$298,363	\$299,414	\$300,658	\$301,731	\$303,232
Universal and Variable Universal Life							
Life Insurance in-force, before reinsurance			\$49,575	\$50,147	\$50,397	\$50,922	\$52,377
Life Insurance in-force, net of reinsurance			\$37,314	\$37,611	\$37,641	\$38,490	\$39,258

Run-off — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Adjusted revenues							
Premiums	\$3	\$—	\$—	\$2	\$—	\$3	\$—
Universal life and investment-type product policy fees	156	155	159	155	163	470	484
Net investment income	505	499	462	396	383	1,466	873
Other revenues	6	8	7	7	7	21	21
Total adjusted revenues	\$670	\$662	\$628	\$560	\$553	\$1,960	\$1,378
Adjusted expenses							
Interest credited to policyholder account balances	\$77	\$77	\$80	\$82	\$82	\$234	\$247
Policyholder benefits and claims	506	399	419	405	1,870	1,324	2,673
Amortization of DAC and VOBA	—	—	—	—	—	—	—
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	45	46	44	49	44	135	137
Total adjusted expenses	628	522	543	536	1,996	1,693	3,057
Adjusted earnings before provision for income tax	42	140	85	24	(1,443)	267	(1,679)
Provision for income tax expense (benefit)	4	18	9	(1)	(304)	31	(355)
Adjusted earnings	\$38	\$122	\$76	\$25	\$(1,139)	\$236	\$(1,324)

Run-off — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
UNIVERSAL LIFE WITH SECONDARY GUARANTEES ACCOUNT VALUE					
Account value, beginning of period	\$5,683	\$5,740	\$5,823	\$5,865	\$5,930
Premiums and deposits (1)	167	174	175	181	176
Surrenders and contract benefits	(20)	(27)	(49)	(23)	(40)
Net flows	147	147	126	158	136
Interest credited	48	50	49	51	51
Policy charges and other	(249)	(254)	(258)	(251)	(252)
Account value, end of period	\$5,629	\$5,683	\$5,740	\$5,823	\$5,865
	As of				
LIFE INSURANCE IN-FORCE					
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Universal Life with Secondary Guarantees					
Life Insurance in-force, before reinsurance	\$75,020	\$75,487	\$76,050	\$76,745	\$76,342
Life Insurance in-force, net of reinsurance	\$37,000	\$37,133	\$36,690	\$37,044	\$36,842

(1) Includes premiums and sales directed to the general account investment option of variable products.

Corporate & Other — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Adjusted revenues							
Premiums	\$19	\$19	\$21	\$20	\$21	\$59	\$64
Universal life and investment-type product policy fees	—	—	—	—	—	—	—
Net investment income	32	17	14	16	18	63	54
Other revenues	—	—	—	2	—	—	—
Total adjusted revenues	\$51	\$36	\$35	\$38	\$39	\$122	\$118
Adjusted expenses							
Interest credited to policyholder account balances	\$8	\$3	\$—	\$1	\$1	\$11	\$2
Policyholder benefits and claims	19	15	18	16	10	52	41
Amortization of DAC and VOBA	2	3	3	3	(19)	8	(12)
Interest expense on debt	41	40	41	45	47	122	139
Other operating costs	44	57	34	116	32	135	137
Total adjusted expenses	114	118	96	181	71	328	307
Adjusted earnings before provision for income tax	(63)	(82)	(61)	(143)	(32)	(206)	(189)
Provision for income tax expense (benefit)	(4)	(10)	(19)	(15)	(38)	(33)	(72)
Adjusted earnings after provision for income tax	(59)	(72)	(42)	(128)	6	(173)	(117)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	24	21	27	14	19	72	35
Adjusted earnings	\$(83)	\$(93)	\$(69)	\$(142)	\$(13)	\$(245)	\$(152)



Other Information



Notable Items (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS					
Actuarial items and other insurance adjustments	\$44	\$—	\$29	\$17	\$1,062
Establishment costs	20	23	14	32	15
Debt repayment costs	—	—	—	34	—
Total notable items (1)	\$64	\$23	\$43	\$83	\$1,077
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER					
Annuities	\$(42)	\$—	\$—	\$—	\$(102)
Life	(3)	—	—	17	11
Run-off	89	—	29	—	1,172
Corporate & Other	20	23	14	66	(4)
Total notable items (1)	\$64	\$23	\$43	\$83	\$1,077

(1) Notable items reflect the negative (positive) after-tax impact to adjusted earnings of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items is intended to help investors better understand our results and to evaluate and forecast those results.

Variable Annuity Separate Account Returns and Allocations (Unaudited)

VARIABLE ANNUITY SEPARATE ACCOUNT RETURNS	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total Quarterly VA separate account gross returns	(0.42)%	5.91%	2.93%	11.48%	6.04%
TOTAL VARIABLE ANNUITY SEPARATE ACCOUNT ALLOCATIONS					
Percent allocated to equity funds	28.54%	28.62%	29.28%	27.88%	26.85%
Percent allocated to bond funds/other funds	8.67%	8.40%	8.44%	8.43%	8.82%
Percent allocated to target volatility funds	20.98%	21.14%	20.15%	21.69%	22.38%
Percent allocated to balanced funds	41.81%	41.84%	42.13%	42.00%	41.95%

Summary of Investments (Unaudited, dollars in millions)

	September 30, 2021		December 31, 2020	
	Amount	% of Total	Amount	% of Total
Fixed maturity securities:				
U.S. corporate securities	\$38,683	32.39%	\$37,906	33.36%
Foreign corporate securities	11,694	9.79%	11,511	10.13%
U.S. government and agency securities	9,480	7.94%	8,638	7.60%
Residential mortgage-backed securities	9,517	7.97%	8,294	7.30%
Commercial mortgage-backed securities	7,095	5.94%	6,790	5.98%
State and political subdivision securities	4,846	4.06%	4,640	4.08%
Asset-backed securities	3,907	3.27%	2,884	2.54%
Foreign government securities	1,852	1.55%	1,832	1.60%
Total fixed maturity securities	87,074	72.91%	82,495	72.59%
Equity securities	90	0.08%	138	0.12%
Mortgage loans:				
Commercial mortgage loans	11,156	9.34%	9,714	8.55%
Agricultural mortgage loans	3,997	3.35%	3,538	3.11%
Residential mortgage loans	3,214	2.69%	2,650	2.33%
Allowance for credit losses	(100)	(0.08)%	(94)	(0.08)%
Total mortgage loans, net	18,267	15.30%	15,808	13.91%
Policy loans	1,264	1.06%	1,291	1.14%
Limited partnerships and limited liability companies	3,959	3.31%	2,810	2.47%
Cash, cash equivalents and short-term investments	6,000	5.02%	7,350	6.47%
Other invested assets:				
Derivatives:				
Interest rate	745	0.62%	2,094	1.84%
Equity market	1,485	1.24%	1,227	1.08%
Foreign currency exchange rate	327	0.28%	220	0.19%
Credit	39	0.03%	41	0.04%
Total derivatives	2,596	2.17%	3,582	3.15%
FHLB common stock	59	0.05%	39	0.04%
Other	119	0.10%	126	0.11%
Total other invested assets	2,774	2.32%	3,747	3.30%
Total investments and cash and cash equivalents	\$119,428	100.00%	\$113,639	100.00%

For the Three Months Ended

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Net investment income yield (1), (2)	5.16%	5.08%	5.12%	4.56%	4.42%

(1) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes realized gains and losses and reflects the GAAP adjustments described beginning on page A-2 of the Appendix hereto. 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 investment fees and expenses as a percent 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.

Statutory Statement of Operations Information (Unaudited, in millions except Normalized Statutory Earnings (Loss))

	For the Three Months Ended					For the Nine Months Ended	
	PRELIMINARY September 30, 2021 (2)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	PRELIMINARY September 30, 2021 (2)	September 30, 2020
COMBINED REVENUES AND EXPENSES (1)							
Total revenues (Line 9)	\$3,900	\$3,540	\$3,551	\$3,503	\$2,904	\$10,991	\$10,065
Total benefits and expenses before dividends to policyholders (Line 28)	\$4,100	\$3,758	\$1,824	\$1,445	\$1,351	\$9,682	\$12,995
COMBINED NET INCOME (LOSS) (1)							
Gain (loss) from operations net of taxes and dividends to policyholders (Line 33)	\$(200)	\$(206)	\$1,737	\$2,187	\$1,519	\$1,331	\$(2,969)
Net realized capital gains (losses), net of taxes and certain transfers to interest maintenance reserve (Line 34)	—	(372)	(812)	(453)	(1,253)	(1,184)	(29)
Net income (loss) (Line 35)	\$(200)	\$(578)	\$925	\$1,734	\$266	\$147	\$(2,998)

	For the Nine Months Ended	
	PRELIMINARY September 30, 2021 (2)	September 30, 2020
NORMALIZED STATUTORY EARNINGS (LOSS) (3), (4)		
Statutory net gain (loss) from operations, pre-tax	\$1.5	\$(2.8)
Add: net realized capital gains (losses)	(1.4)	(0.1)
Add: change in total asset requirement at CTE95, net of the change in VA reserves	(0.4)	0.2
Add: unrealized gains (losses) on VA hedging program	0.2	2.7
Add: impact of actuarial items and other insurance adjustments	(0.2)	(0.6)
Add: other adjustments, net	0.1	0.2
Normalized statutory earnings (loss)	\$(0.2)	\$(0.4)

(1) Combined statutory results are for Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY and New England Life Insurance Company.

(2) Reflects preliminary statutory results for the three months and nine months ended September 30, 2021.

(3) See definitions for Non-GAAP and Other Financial Disclosures in the Appendix beginning on page A-2.

(4) Normalized statutory earnings (loss), presented in billions, is for Brighthouse Life Insurance Company and New England Life Insurance Company.

Statutory Balance Sheet and Surplus Information (Unaudited, in millions)

COMBINED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS (1)	As of				
	PRELIMINARY September 30, 2021 (2)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Total assets (Line 28)	\$206,100	\$205,018	\$197,181	\$197,847	\$192,215
Total liabilities (Line 28)	\$197,800	\$196,967	\$189,012	\$190,287	\$184,709
Total capital and surplus (Line 38)	\$8,300	\$8,051	\$8,169	\$7,560	\$7,506
COMBINED TAC AND RBC RATIO (1), (3)					
Combined total adjusted capital	\$9,700	\$9,432	\$9,421	\$8,617	\$8,432
Combined risk-based capital ratio (4)	520%-540%	480%-500%	500%-520%	487%	525%-545%
COMBINED ORDINARY DIVIDEND CAPACITY (1)					
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Dividends paid to Holding Company	\$—	\$250	\$—	\$511	\$—
Remaining ordinary dividend capacity (5)	\$588	\$588	\$838	\$816	\$1,327

(1) Combined statutory results are for Brighthouse Life Insurance Company and New England Life Insurance Company.

(2) Reflects preliminary statutory results as of September 30, 2021.

(3) See definitions for Non-GAAP and Other Financial Disclosures in the Appendix beginning on page A-2.

(4) The RBC ratio is reported as a preliminary range on the quarters.

(5) Reflects remaining dividend amounts that may be paid at one or more points in time during the respective calendar year without prior regulatory approval.



Appendix



Note Regarding Forward-Looking Statements

This financial supplement 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 variable annuity exposure risk management strategy and the impact of such strategy on volatility in our profitability measures and negative effects on our statutory capital; material differences from actual outcomes compared to the sensitivities calculated under certain scenarios and sensitivities that we may utilize in connection with our variable annuity risk management strategies; the impact of interest rates on our future ULSP policyholder obligations and net income volatility; the impact of the ongoing worldwide COVID-19 pandemic; 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, 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; 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 adverse impact on liabilities for policyholder claims as a result of extreme mortality events; 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 geo-political or catastrophic events, on our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income; the impact of events that adversely affect issuers, guarantors or collateral relating to our investments or our derivatives counterparties, on impairments, valuation allowances, reserves, net investment income and changes in unrealized gain or loss positions; the impact of changes in regulation and in supervisory and enforcement policies 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; the effectiveness of our policies and procedures 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. (“MetLife”) are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; the uncertainty of the outcome of any disputes with MetLife over tax-related or other matters and agreements or disagreements regarding MetLife’s or our obligations under our other agreements; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (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 Annual Report on Form 10-K for the year ended December 31, 2020, 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.

Non-GAAP and Other Financial Disclosures

Our definitions of the non-GAAP and other financial measures may differ from those used by other companies.

Non-GAAP Financial Disclosures

We present certain measures of our performance that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures highlight our results of operations and the underlying profitability drivers of our business, as well as enhance the understanding of our performance by the investor community.

The following non-GAAP financial measures, previously referred to as operating measures, should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

<u>Non-GAAP financial measures:</u>	<u>Most directly comparable GAAP financial measures:</u>
(i) adjusted earnings	(i) net income (loss) available to shareholders
(ii) adjusted earnings, less notable items	(i) (1) net income (loss) available to shareholders
(iii) adjusted revenues	(iii) revenues
(iv) adjusted expenses	(iv) expenses
(v) adjusted earnings per common share	(v) earnings per common share, diluted (1)
(vi) adjusted earnings per common share, less notable items	(vi) earnings per common share, diluted (1)
(vii) adjusted return on common equity	(vii) return on common equity (2)
(viii) adjusted return on common equity, less notable items	(viii) return on common equity (2)
(ix) adjusted net investment income	(ix) net investment income

(1) Brighthouse uses net income (loss) available to shareholders to refer to net income (loss) available to Brighthouse Financial, Inc.'s common shareholders, and earnings per common share, diluted to refer to net income (loss) available to shareholders per common share.

(2) Brighthouse uses return on common equity to refer to return on Brighthouse Financial, Inc.'s common stockholders' equity.

Reconciliations to the most directly comparable historical GAAP measures are included for those measures which are presented herein. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are not accessible on a forward-looking basis because we believe it is not possible without unreasonable efforts to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a material impact on net income (loss) available to shareholders.

Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

Adjusted earnings is a financial measure used by management to evaluate performance, allocate resources and facilitate comparisons to industry results. This financial measure, which may be positive or negative, focuses on our primary businesses principally by excluding the impact of market volatility, which could distort trends.

Adjusted earnings reflects adjusted revenues less (i) adjusted expenses, (ii) provision for income tax expense (benefit), (iii) net income (loss) attributable to noncontrolling interests and (iv) preferred stock dividends. Provided below are the adjustments to GAAP revenues and GAAP expenses used to calculate adjusted revenues and adjusted expenses, respectively.

Non-GAAP and Other Financial Disclosures (Cont.)

The following are significant items excluded from total revenues in calculating the adjusted revenues component of adjusted earnings:

- Net investment gains (losses);
- Net derivative gains (losses) except 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”); and
- Certain variable annuity GMIB fees (“GMIB Fees”).

The following are significant items excluded from total expenses in calculating the adjusted expenses component of adjusted earnings:

- Amounts associated with benefits related to GMIBs (“GMIB Costs”);
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and market value adjustments associated with surrenders or terminations of contracts (“Market Value Adjustments”); and
- Amortization of DAC and VOBA related to (i) net investment gains (losses), (ii) net derivative gains (losses), (iii) GMIB Fees and GMIB Costs and (iv) Market Value Adjustments.

The tax impact of the adjustments discussed above is calculated net of the statutory tax rate, which could differ from our effective tax rate.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance.

Adjusted Earnings per Common Share and Adjusted Return on Common Equity

Adjusted earnings per common share and adjusted return on common equity are measures used by management to evaluate the execution of our business strategy and align such strategy with our shareholders' interests.

Adjusted earnings per common share is defined as adjusted earnings for the period divided by the weighted average number of fully diluted shares of common stock outstanding for the period. The weighted average common shares outstanding used to calculate adjusted earnings per share will differ from such shares used to calculate diluted net income (loss) available to shareholders per common share when the inclusion of dilutive shares has an anti-dilutive effect for one calculation but not for the other.

Adjusted return on common equity is defined as total annual adjusted earnings on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI.

Adjusted Net Investment Income

We present adjusted net investment income to measure our performance for management purposes, and we believe it enhances the understanding of our investment portfolio results. Adjusted net investment income represents net investment income, including Investment Hedge Adjustments.

Non-GAAP and Other Financial Disclosures (Cont.)

Other Financial Disclosures

Corporate Expenses

Corporate expenses includes functional department expenses, public company expenses, certain investment expenses, retirement funding and incentive compensation; and excludes establishment costs.

Notable items

Certain of the non-GAAP measures described above may be presented further adjusted to exclude notable items. Notable items reflect the impact on our results of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items and non-GAAP measures, less notable items is intended to help investors better understand our results and to evaluate and forecast those results.

Book Value per Common Share and Book Value per Common Share, excluding AOCI

Brighthouse uses the term "book value" to refer to "Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI." Book value per common share is defined as ending Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI, divided by ending common shares outstanding. Book value per common share, excluding AOCI, is defined as ending Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI, divided by ending common shares outstanding.

CTE95

CTE95 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst five percent of a set of capital market scenarios over the life of the contracts.

CTE98

CTE98 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst two percent of a set of capital market scenarios over the life of the contracts.

Holding Company Liquid Assets

Holding company liquid assets include liquid assets in Brighthouse Financial, Inc., Brighthouse Holdings, LLC, and Brighthouse Services, LLC. 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.

Total Adjusted Capital

Total adjusted capital primarily consists of statutory capital and surplus, as well as the statutory asset valuation reserve. When referred to as "combined," represents that of our insurance subsidiaries as a whole.

Non-GAAP and Other Financial Disclosures (Cont.)

Other Financial Disclosures (cont.)

Sales

Life insurance sales consist of 100 percent of annualized new premium for term life, first-year paid premium for whole life, universal life, and variable universal life, and total paid premium for indexed universal life. We exclude company-sponsored internal exchanges, corporate-owned life insurance, bank-owned life insurance, and private placement variable universal life.

Annuity sales consist of 100 percent of direct statutory premiums, except for fixed index annuity sales distributed through MassMutual that consist of 90 percent of gross sales. Annuity sales exclude certain internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Net Investment Income Yield

Similar to adjusted net investment income, we present net investment income yields as a performance measure we believe enhances the understanding of our investment portfolio results. Net investment income yields are calculated on adjusted net investment income as a percent 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 investment fees and expenses as a percent 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.

Normalized Statutory Earnings (Loss)

Normalized statutory earnings (loss) is used by management to measure our insurance companies' ability to pay future distributions and is reflective of whether our hedging program functions as intended. Normalized statutory earnings (loss) is calculated as statutory pre-tax net gain from operations adjusted for the favorable or unfavorable impacts of (i) net realized capital gains (losses), (ii) the change in total asset requirement at CTE95, net of the change in our variable annuity reserves, and (iii) unrealized gains (losses) associated with our variable annuities risk management strategy. Normalized statutory earnings (loss) may be further adjusted for certain unanticipated items that impacted our results in order to help management and investors better understand, evaluate and forecast those results.

Risk-Based Capital Ratio

The risk-based capital ratio is a method of measuring an insurance company's capital, taking into consideration its relative size and risk profile, in order to ensure compliance with minimum regulatory capital requirements set by the National Association of Insurance Commissioners. When referred to as "combined," represents that of our insurance subsidiaries as a whole. The reporting of our combined risk-based capital ratio is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.

Acronyms

AOCI	Accumulated other comprehensive income (loss)
CTE	Conditional tail expectations
DAC	Deferred policy acquisition costs
FHLB	Federal Home Loan Bank
GAAP	Accounting principles generally accepted in the United States of America
GMAB	Guaranteed minimum accumulation benefits
GMDB	Guaranteed minimum death benefits
GMIB	Guaranteed minimum income benefits
GMWB	Guaranteed minimum withdrawal benefits
LIMRA	Life Insurance Marketing and Research Association
NDGL	Net derivative gains (losses)
NIGL	Net investment gains (losses)
RBC	Risk-based capital
TAC	Total adjusted capital
ULSG	Universal life insurance with secondary guarantees
VA	Variable annuity
VOBA	Value of business acquired

Reconciliation of Net Income (Loss) Available to Shareholders to Adjusted Earnings and Adjusted Earnings, Less Notable Items, and Reconciliation of Net Income (Loss) Available to Shareholders per Common Share to Adjusted Earnings per Common Share and Adjusted Earnings, Less Notable Items per Common Share (Unaudited, in millions except per share data)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
ADJUSTED EARNINGS, LESS NOTABLE ITEMS					
Net income (loss) available to shareholders	\$361	\$10	\$(610)	\$(1,045)	\$(3,012)
Less: Net investment gains (losses)	(16)	(34)	14	326	5
Less: Net derivative gains (losses), excluding investment hedge adjustments	50	(689)	(1,509)	(2,415)	(1,862)
Less: GMIB Fees and GMIB Costs	(83)	75	122	236	(957)
Less: Amortization of DAC and VOBA	(64)	128	84	280	(86)
Less: Market value adjustments and other	2	(19)	31	11	(41)
Less: Provision for income tax (expense) benefit on reconciling adjustments	22	114	263	328	618
Adjusted earnings	450	435	385	189	(689)
Less: Notable items	(64)	(23)	(43)	(83)	(1,077)
Adjusted earnings, less notable items	\$514	\$458	\$428	\$272	\$388
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1), (2)					
Net income (loss) available to shareholders per common share	\$4.34	\$0.11	\$(6.96)	\$(11.69)	\$(32.49)
Less: Net investment gains (losses)	(0.19)	(0.40)	0.16	3.65	0.05
Less: Net derivative gains (losses), excluding investment hedge adjustments	0.60	(8.01)	(17.23)	(27.03)	(20.09)
Less: GMIB Fees and GMIB Costs	(1.00)	0.87	1.39	2.64	(10.32)
Less: Amortization of DAC and VOBA	(0.77)	1.49	0.96	3.13	(0.93)
Less: Market value adjustments and other	0.02	(0.22)	0.35	0.12	(0.44)
Less: Provision for income tax (expense) benefit on reconciling adjustments	0.26	1.32	3.00	3.67	6.67
Less: Impact of inclusion of dilutive shares	—	—	0.03	0.02	—
Adjusted earnings per common share	5.41	5.05	4.36	2.10	(7.43)
Less: Notable items	(0.77)	(0.27)	(0.49)	(0.92)	(11.62)
Adjusted earnings, less notable items per common share	\$6.17	\$5.32	\$4.86	\$3.03	\$4.19

(1) See definitions for Non-GAAP and Other Financial Disclosures in this Appendix.

(2) Per share calculations are on a diluted basis and may not recalculate or foot due to rounding. For loss periods, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect.

Reconciliation of Return on Common Equity to Adjusted Return on Common Equity (Unaudited, dollars in millions)

	Four Quarters Cumulative Trailing Basis				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
ADJUSTED EARNINGS					
Net income (loss) available to shareholders	\$(1,284)	\$(4,657)	\$(6,665)	\$(1,105)	\$(1,137)
Less: Net investment gains (losses)	290	311	311	278	(15)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(4,563)	(6,475)	(8,443)	(36)	482
Less: GMIB Fees and GMIB Costs	350	(524)	(724)	(1,012)	(1,214)
Less: Amortization of DAC and VOBA	428	406	527	(228)	(415)
Less: Market value adjustments and other	25	(18)	25	(49)	(43)
Less: Provision for income tax (expense) benefit on reconciling adjustments	727	1,323	1,743	220	253
Adjusted earnings	\$1,459	\$320	\$(104)	\$(278)	\$(185)
	Five Quarters Average Stockholders' Equity Basis				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
BRIGHTHOUSE FINANCIAL, INC.'S COMMON STOCKHOLDERS' EQUITY, EXCLUDING AOCI					
Brighthouse Financial, Inc.'s stockholders' equity	\$16,690	\$17,666	\$18,518	\$18,749	\$18,683
Less: Preferred stock, net	1,248	1,137	947	758	568
Brighthouse Financial, Inc.'s common stockholders' equity	15,442	16,529	17,571	17,991	18,115
Less: AOCI	4,674	4,809	4,420	4,390	3,960
Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI	\$10,768	\$11,720	\$13,151	\$13,601	\$14,155
	Five Quarters Average Common Stockholders' Equity Basis				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
ADJUSTED RETURN ON COMMON EQUITY					
Return on common equity	(8.3)%	(28.2)%	(37.9)%	(6.1)%	(6.3)%
Return on AOCI	(27.5)%	(96.8)%	(150.8)%	(25.2)%	(28.7)%
Return on common equity, excluding AOCI	(11.9)%	(39.7)%	(50.7)%	(8.1)%	(8.0)%
Less: Return on net investment gains (losses)	2.7%	2.7%	2.4%	2.1%	(0.1)%
Less: Return on net derivative gains (losses), excluding investment hedge adjustments	(42.4)%	(55.2)%	(64.2)%	(0.3)%	3.4%
Less: Return on GMIB Fees and GMIB Costs	3.3%	(4.5)%	(5.5)%	(7.4)%	(8.6)%
Less: Return on amortization of DAC and VOBA	4.0%	3.5%	4.0%	(1.7)%	(2.9)%
Less: Return on market value adjustments and other	0.2%	(0.2)%	0.1%	(0.4)%	(0.3)%
Less: Return on provision for income tax (expense) benefit on reconciling adjustments	6.8%	11.3%	13.3%	1.6%	1.8%
Adjusted return on common equity	13.5%	2.7%	(0.8)%	(2.0)%	(1.3)%

Reconciliation of Total Revenues to Adjusted Revenues and Reconciliation of Total Expenses to Adjusted Expenses (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Total revenues	\$2,512	\$1,676	\$938	\$131	\$309	\$5,126	\$8,372
Less: Net investment gains (losses)	(16)	(34)	14	326	5	(36)	(48)
Less: Net derivative gains (losses)	56	(684)	(1,504)	(2,410)	(1,857)	(2,132)	2,392
Less: GMIB Fees	62	63	62	63	68	187	196
Less: Investment hedge adjustments	(6)	(5)	(5)	(5)	(5)	(16)	(13)
Less: Other	(1)	(2)	—	11	(1)	(3)	—
Total adjusted revenues	\$2,417	\$2,338	\$2,371	\$2,146	\$2,099	\$7,126	\$5,845
Total expenses	\$2,022	\$1,655	\$1,706	\$1,437	\$4,152	\$5,383	\$8,485
Less: Amortization of DAC and VOBA	64	(128)	(84)	(280)	86	(148)	508
Less: GMIB Costs	145	(12)	(60)	(173)	1,025	73	1,444
Less: Other	(3)	17	(31)	—	40	(17)	60
Total adjusted expenses	\$1,816	\$1,778	\$1,881	\$1,890	\$3,001	\$5,475	\$6,473

Investment Reconciliation Details (Unaudited, dollars in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
NET INVESTMENT GAINS (LOSSES)							
Investment portfolio gains (losses)	\$(12)	\$(28)	\$16	\$329	\$2	\$(24)	\$(9)
Investment portfolio writedowns	(4)	(6)	(2)	(3)	3	(12)	(39)
Net investment gains (losses)	\$(16)	\$(34)	\$14	\$326	\$5	\$(36)	\$(48)

	For the Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
NET INVESTMENT INCOME YIELD					
Investment income yield (1)	5.29%	5.21%	5.25%	4.70%	4.56%
Investment fees and expenses (2)	(0.13)%	(0.13)%	(0.13)%	(0.14)%	(0.14)%
Net investment income yield	5.16%	5.08%	5.12%	4.56%	4.42%

(1) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes realized gains and losses and reflects the GAAP adjustments described beginning on page A-2 of this Appendix. 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 investment fees and expenses as a percent 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.