

PUBLIC RELATIONS

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



FOR IMMEDIATE RELEASE

Brighthouse Financial Announces Third Quarter 2020 Results

- *Third quarter 2020 net loss available to shareholders of \$3,012 million, or \$32.49 per diluted share, driven primarily by the impact from the company's annual actuarial review and net derivative mark-to-market losses*
- *Third quarter 2020 adjusted earnings, less notable items*, of \$388 million, or \$4.19 per diluted share*
- *Annuity sales increased 29 percent and life sales increased 63 percent compared with the third quarter of 2019*
- *Estimated combined risk-based capital ("RBC") ratio between 525 and 545 percent*
- *The company resumed repurchases of its common stock on August 24, 2020, and repurchased \$432 million of common stock year-to-date through November 4*

CHARLOTTE, NC, November 5, 2020 — Brighthouse Financial, Inc. ("Brighthouse Financial" or the "company") (Nasdaq: BHF) announced today its financial results for the third quarter ended September 30, 2020.

Third Quarter 2020 Results

The company reported a net loss available to shareholders of \$3,012 million in the third quarter of 2020, or \$32.49 per diluted share, compared with net income available to shareholders of \$676 million in the third quarter of 2019. The company ended the third quarter of 2020 with common stockholders' equity ("book value") of \$17.5 billion, or \$191.58 per common share, and book value, excluding accumulated other comprehensive income ("AOCI") of \$12.1 billion, or \$132.55 per common share.

In the third quarter of 2020, the company completed its annual actuarial review where it reviews long-term assumptions, including capital market returns and interest rates. In addition to other updates, the company lowered its U.S. GAAP long-term mean reversion interest rate assumption from 3.75 percent to 3.0 percent. The impact to net income from the annual actuarial review was \$2,210 million after tax. In addition, during the quarter, as a result of significantly higher equity markets, the value of our hedges, which the company uses to protect its balance sheet against adverse market conditions, decreased, as expected. Most of the corresponding liabilities are not reflected at fair value under U.S. GAAP accounting and are, therefore, less sensitive to market movements.

For the third quarter of 2020, the company reported an adjusted loss* of \$689 million, or \$7.43 per diluted share, compared with an adjusted loss of \$169 million, or \$1.52 per diluted share, in the third quarter of 2019, driven primarily by the impact from the annual actuarial review.

* 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 2020 Brighthouse Financial, Inc. Financial Supplement and/or the Third Quarter 2020 Brighthouse Financial, Inc. Earnings Call Presentation (which are available on the Brighthouse Financial Investor Relations web page at <http://investor.brighthousefinancial.com>). Additional information regarding notable items can be found on the last page of this news release.

PUBLIC RELATIONS

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



The adjusted loss for the quarter reflected \$1,077 million after tax of unfavorable notable items, or \$11.62 per diluted share, including:

- \$1,062 million unfavorable impact primarily related to the annual actuarial review, and
- \$15 million 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 2020 were \$204 million, down from \$210 million in the second quarter of 2020, both on a pre-tax basis.

Annuity sales increased 29 percent quarter-over-quarter and 27 percent sequentially. Life sales increased 63 percent quarter-over-quarter and 8 percent sequentially.

As previously announced, the company resumed repurchases of its common stock on August 24, 2020. During the third quarter of 2020, the company repurchased \$54 million of its common stock, and year-to-date through November 4, 2020, the company repurchased \$432 million of its common stock, representing approximately 16 percent of shares outstanding relative to year-end 2019. Since the announcement of the company's first stock repurchase authorization in August 2018, the company has repurchased a total of \$980 million of its common stock through November 4, 2020.

"I am pleased with the sales results we delivered in the third quarter of 2020," said Eric Steigerwalt, president and CEO, Brighthouse Financial. "As we have said, we entered the current climate from a position of strength and we continue to believe that we are well-positioned to weather this uncertain environment. We remain confident in our strategy and are focused on delivering for our partners, customers and shareholders."

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

	As of or For the Three Months Ended			
	September 30, 2020		September 30, 2019	
	Total	Per share	Total	Per share
Net income (loss) available to shareholders (1)	\$ (3,012)	\$ (32.49)	\$ 676	\$ 6.06
Adjusted earnings (1)	\$ (689)	\$ (7.43)	\$ (169)	\$ (1.52)
Adjusted earnings, less notable items (1)	\$ 388	\$ 4.19	\$ 260	\$ 2.33
Weighted average common shares outstanding - diluted (1)	92,693,188	N/A	111,527,480	N/A
Book value	\$ 17,464	\$ 191.58	\$ 17,283	\$ 158.18
Book value, excluding AOCI	\$ 12,083	\$ 132.55	\$ 13,716	\$ 125.53
Ending common shares outstanding	91,158,927	N/A	109,264,305	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.

PUBLIC RELATIONS

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



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

ADJUSTED EARNINGS	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Annuities	\$387	\$171	\$203
Life	\$76	\$48	\$73
Run-off (1)	\$(1,139)	\$(115)	\$(426)
Corporate & Other (1)	\$(13)	\$(93)	\$(19)

(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, 2020	June 30, 2020	September 30, 2019
Annuities (1)	\$2,335	\$1,838	\$1,808
Life	\$13	\$12	\$8

(1) Annuities sales include sales of a fixed indexed annuity product sold by Massachusetts Mutual Life Insurance Company, representing 90% of gross sales of that product. Sales of this product were \$234 million for the third quarter of 2020, \$309 million for the second quarter of 2020, and \$296 million for the third quarter of 2019.

Annuities

Adjusted earnings in the Annuities segment were \$387 million in the current quarter, compared with adjusted earnings of \$203 million in the third quarter of 2019 and adjusted earnings of \$171 million in the second quarter of 2020.

The current quarter included a \$102 million favorable notable item and the third quarter of 2019 included a \$30 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 2020.

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

As mentioned above, annuity sales increased 29 percent quarter-over-quarter and 27 percent sequentially.

Life

Adjusted earnings in the Life segment were \$76 million in the current quarter, compared with adjusted earnings of \$73 million in the third quarter of 2019 and adjusted earnings of \$48 million in the second quarter of 2020.

PUBLIC RELATIONS

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



The current quarter included an \$11 million unfavorable notable item and the third quarter of 2019 included a \$19 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 2020.

On a quarter-over-quarter basis, adjusted earnings reflect higher net investment income and lower DAC amortization. On a sequential basis, adjusted earnings reflect higher net investment income, partially offset by higher DAC amortization.

As mentioned above, life sales increased 63 percent quarter-over-quarter and 8 percent sequentially.

Run-off

The Run-off segment had an adjusted loss of \$1,139 million in the current quarter, compared with an adjusted loss of \$426 million in the third quarter of 2019 and an adjusted loss of \$115 million in the second quarter of 2020.

The current quarter included a \$1,172 million unfavorable notable item and the third quarter of 2019 included a \$431 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 2020.

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

Corporate & Other

Corporate & Other had an adjusted loss of \$13 million in the current quarter, compared with an adjusted loss of \$19 million in the third quarter of 2019 and an adjusted loss of \$93 million in the second quarter of 2020.

The current quarter included \$4 million of net favorable notable items, as described above. The third quarter of 2019 included \$13 million of net favorable notable items and the second quarter of 2020 included a \$28 million unfavorable notable item.

On a quarter-over-quarter and sequential basis, the adjusted loss, less notable items, reflects lower expenses and lower taxes, partially offset by higher total preferred stock dividends.

PUBLIC RELATIONS

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



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

	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Net investment income	\$996	\$652	\$928
Adjusted net investment income	\$1,001	\$656	\$928

Net Investment Income

Net investment income was \$996 million and adjusted net investment income* was \$1,001 million for the third quarter of 2020. On a quarter-over-quarter basis, adjusted net investment income increased \$73 million and increased \$345 million on a sequential basis. The quarter-over-quarter and sequential results were driven by higher alternative investment income.

The net investment income yield was 4.42 percent during the quarter.

Statutory Capital and Liquidity (Unaudited, in billions)

	As of		
	September 30, 2020 (1)	June 30, 2020	September 30, 2019
Statutory combined total adjusted capital	\$8.4	\$7.7	\$8.4

(1) Reflects preliminary statutory results as of September 30, 2020.

Capitalization

At September 30, 2020:

- Holding company liquid assets were approximately \$1.3 billion
- Statutory combined total adjusted capital on a preliminary basis increased to approximately \$8.4 billion, driven by the recovery in capital markets in the quarter and the favorable statutory impact of the annual actuarial review
- Estimated combined RBC ratio between 525 and 545 percent

PUBLIC RELATIONS

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



Earnings Conference Call

Brighthouse Financial will hold a conference call and audio webcast to discuss its financial results for the third quarter of 2020 at 8:00 a.m. Eastern Time on Friday, November 6, 2020. 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 web page 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 web page at <http://investor.brighthousefinancial.com>. To join the conference call via telephone, please dial (844) 358-9117 (+1 (209) 905-5952 from outside the U.S.) and use conference ID 3108067.

A replay of the conference call will be made available until Friday, November 27, 2020, on the Brighthouse Financial Investor Relations web page 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 2019 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. A.M. Best, 2020.

CONTACT

FOR INVESTORS

David Rosenbaum
(980) 949-3326
david.rosenbaum@brighthousefinancial.com

FOR MEDIA

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

PUBLIC RELATIONS

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



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: the impact of the ongoing COVID-19 pandemic; 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; the reserves we are required to hold against our variable annuities as a result of actuarial guidelines; the potential material adverse effect of changes in accounting standards, practices and/or policies applicable to us, including changes in the accounting for long-duration contracts; our degree of leverage due to indebtedness; 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 changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; the adverse impact to liabilities for policyholder claims as a result of extreme mortality events; 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; 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 insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders and repurchase our common stock; the effectiveness of our policies and procedures in managing risk; our ability to market and distribute our products through distribution channels; 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; the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers; 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, 2019, 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.

PUBLIC RELATIONS

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



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.

Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

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

Adjusted earnings reflects adjusted revenues less adjusted expenses, both net of income tax, and excludes net income (loss) attributable to noncontrolling interests and preferred stock dividends. Provided below are the adjustments to GAAP revenues and GAAP expenses used to calculate adjusted revenues and adjusted expenses, respectively.

PUBLIC RELATIONS

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



The following are significant items excluded from total revenues, net of income tax, 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, net of income tax, 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 mentioned 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.

PUBLIC RELATIONS

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



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.

Holding Company Liquid Assets

Holding company liquid assets include liquid assets in Brighthouse Financial, Inc., Brighthouse Holdings, LLC, and Brighthouse Services, LLC. Liquid assets include cash and cash equivalents, short-term investments and publicly traded securities excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with derivatives and collateral financing arrangements.

PUBLIC RELATIONS

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



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 indexed 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 both the reserve-based and capital methodology-based CTE95 calculation, 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.

PUBLIC RELATIONS

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



Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Revenues			
Premiums	\$184	\$193	\$214
Universal life and investment-type product policy fees	882	827	867
Net investment income	996	652	928
Other revenues	99	93	94
Revenues before NIGL and NDGL	2,161	1,765	2,103
Net investment gains (losses)	5	(34)	27
Net derivative gains (losses)	(1,857)	(2,653)	1,057
Total revenues	\$309	\$(922)	\$3,187
Expenses			
Interest credited to policyholder account balances	\$281	\$276	\$272
Policyholder benefits and claims	3,047	839	1,319
Amortization of DAC and VOBA	244	(92)	181
Interest expense on debt	47	45	49
Other expenses	533	532	562
Total expenses	4,152	1,600	2,383
Income (loss) before provision for income tax	(3,843)	(2,522)	804
Provision for income tax expense (benefit)	(850)	(531)	119
Net income (loss)	(2,993)	(1,991)	685
Less: Net income (loss) attributable to noncontrolling interests	2	—	2
Net income (loss) attributable to Brighthouse Financial, Inc.	(2,995)	(1,991)	683
Less: Preferred stock dividends	17	7	7
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$(3,012)	\$(1,998)	\$676

PUBLIC RELATIONS

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



Condensed Balance Sheets (Unaudited, in millions)

	As of		
	September 30, 2020	June 30, 2020	September 30, 2019
ASSETS			
Investments:			
Fixed maturity securities available-for-sale	\$79,338	\$76,796	\$70,723
Equity securities	117	129	148
Mortgage loans	15,746	15,791	15,359
Policy loans	1,289	1,201	1,332
Limited partnerships and limited liability companies	2,562	2,354	2,353
Short-term investments	4,239	4,537	1,985
Other invested assets	5,038	6,364	4,734
Total investments	108,329	107,172	96,634
Cash and cash equivalents	6,189	7,325	4,289
Accrued investment income	781	664	732
Reinsurance recoverables	15,052	14,359	13,412
Premiums and other receivables	1,035	859	973
DAC and VOBA	4,664	4,856	5,317
Current income tax recoverable	—	1	14
Other assets	447	532	577
Separate account assets	103,184	99,599	103,928
Total assets	\$239,681	\$235,367	\$225,876
LIABILITIES AND EQUITY			
Liabilities			
Future policy benefits	\$44,537	\$41,841	\$39,846
Policyholder account balances	52,798	50,338	44,919
Other policy-related balances	3,088	3,152	3,079
Payables for collateral under securities loaned and other transactions	6,989	7,876	5,291
Long-term debt	3,979	3,979	4,365
Current income tax payable	72	—	—
Deferred income tax liability	1,816	2,567	1,749
Other liabilities	4,887	5,041	4,939
Separate account liabilities	103,184	99,599	103,928
Total liabilities	221,350	214,393	208,116
Equity			
Preferred stock, at par value	—	—	—
Common stock, at par value	1	1	1
Additional paid-in capital	13,314	13,307	12,897
Retained earnings (deficit)	511	3,523	1,662
Treasury stock	(941)	(887)	(432)
Accumulated other comprehensive income (loss)	5,381	4,965	3,567
Total Brighthouse Financial, Inc.'s stockholders' equity	18,266	20,909	17,695
Noncontrolling interests	65	65	65
Total equity	18,331	20,974	17,760
Total liabilities and equity	\$239,681	\$235,367	\$225,876

PUBLIC RELATIONS

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



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, 2020	June 30, 2020	September 30, 2019
ADJUSTED EARNINGS, LESS NOTABLE ITEMS			
Net income (loss) available to shareholders	\$(3,012)	\$(1,998)	\$676
Less: Net investment gains (losses)	5	(34)	27
Less: Net derivative gains (losses), excluding investment hedge adjustments	(1,862)	(2,657)	1,057
Less: GMIB Fees and GMIB Costs	(957)	(125)	(4)
Less: Amortization of DAC and VOBA	(86)	249	2
Less: Market value adjustments and other	(41)	24	(14)
Less: Provision for income tax (expense) benefit on reconciling adjustments	618	534	(223)
Adjusted earnings	(689)	11	(169)
Less: Notable items	(1,077)	(28)	(429)
Adjusted earnings, less notable items	\$388	\$39	\$260
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)			
Net income (loss) available to shareholders per common share	\$(32.49)	\$(21.10)	\$6.06
Less: Net investment gains (losses)	0.05	(0.36)	0.24
Less: Net derivative gains (losses), excluding investment hedge adjustments	(20.09)	(28.06)	9.48
Less: GMIB Fees and GMIB Costs	(10.32)	(1.32)	(0.04)
Less: Amortization of DAC and VOBA	(0.93)	2.63	0.02
Less: Market value adjustments and other	(0.44)	0.25	(0.13)
Less: Provision for income tax (expense) benefit on reconciling adjustments	6.67	5.64	(2.00)
Adjusted earnings per common share	(7.43)	0.11	(1.52)
Less: Notable items	(11.62)	(0.30)	(3.85)
Adjusted earnings, less notable items per common share	\$4.19	\$0.41	\$2.33

(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.
Charlotte, NC 28277



Reconciliation of Net Investment Income to Adjusted Net Investment Income (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Net investment income	\$996	\$652	\$928
Less: Investment hedge adjustments	(5)	(4)	–
Adjusted net investment income	\$1,001	\$656	\$928

Notable Items (Unaudited, in millions)

	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS			
Actuarial items and other insurance adjustments	\$1,062	\$–	\$442
Establishment costs	15	28	10
Separation-related transactions	–	–	(23)
Total notable items (1)	\$1,077	\$28	\$429

NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER

Annuities	\$(102)	\$–	\$30
Life	11	–	(19)
Run-off	1,172	–	431
Corporate & Other	(4)	28	(13)
Total notable items (1)	\$1,077	\$28	\$429

(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.