

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): May 8, 2023



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
Depository 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
Depository 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
Depository 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
Depository Shares, each representing a 1/1,000th interest in a share of 4.625% Non-Cumulative Preferred Stock, Series D	BHFAM	The Nasdaq Stock Market LLC
6.250% Junior Subordinated Debentures due 2058	BHFAL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant 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 May 8, 2023, Brighthouse Financial, Inc. (“Brighthouse Financial” or the “Company”) issued (i) a news release announcing its results for the quarter and year ended March 31, 2023, 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 March 31, 2023, 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 and year ended March 31, 2023, 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>
<u>99.1**</u>	<u>News release of Brighthouse Financial, Inc., dated May 8, 2023, announcing its results for the quarter ended March 31, 2023</u>
<u>99.2**</u>	<u>Financial Supplement for the quarter ended March 31, 2023</u>
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Kristine H. Toscano
Name: Kristine H. Toscano
Title: Chief Accounting Officer

Date: May 8, 2023

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Exhibit 99.1

FOR IMMEDIATE RELEASE

Brighthouse Financial Announces First Quarter 2023 Results

- *Estimated combined risk-based capital ("RBC") ratio between 460% and 480%; holding company liquid assets of \$1.1 billion*
- *The company repurchased approximately \$89 million of its common stock year-to-date through May 5, 2023*
- *Annuity sales increased 35% over the first quarter of 2022*
- *Life sales increased 15% over the first quarter of 2022*
- *First quarter 2023 net loss available to shareholders of \$525 million, or \$7.72 per diluted share*
- *First quarter 2023 adjusted earnings* of \$195 million, or \$2.86 per diluted share*

CHARLOTTE, NC, May 8, 2023 — Brighthouse Financial, Inc. ("Brighthouse Financial" or the "company") (Nasdaq: BHF) announced today its financial results for the first quarter ended March 31, 2023.

First Quarter 2023 Results

The company reported a net loss available to shareholders of \$525 million in the first quarter of 2023, or \$7.72 per diluted share, compared with net income available to shareholders of \$1,558 million in the first quarter of 2022. During the quarter, as a result of market performance, the value of our hedges decreased, as expected. Under GAAP accounting, all VA liabilities classified as market risk benefits are accounted for on a fair value basis. We anticipate volatility in net income (loss) given the differences between these GAAP liabilities and our hedge target, which remains unchanged following the adoption of LDTI.

The company ended the first quarter of 2023 with common stockholders' equity ("book value") of \$4.1 billion, or \$60.16 per common share, and book value, excluding accumulated other comprehensive income ("AOCI") of \$9.3 billion, or \$138.62 per common share.

For the first quarter of 2023, the company reported adjusted earnings* of \$195 million, or \$2.86 per diluted share, compared with adjusted earnings of \$380 million, or \$4.91 per diluted share, in the first quarter of 2022. There were no notable items in the current quarter.

* 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 First Quarter 2023 Brighthouse Financial, Inc. Financial Supplement and/or the First Quarter 2023 Brighthouse Financial, Inc. Earnings Call Presentation (which are available on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>). GAAP results reflect the company's adoption, on January 1, 2023, of the provisions of FASB ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI"), and any GAAP historical data contained herein has been updated retrospectively. Additional information regarding notable items can be found on the last page of this news release.

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Corporate expenses in the first quarter of 2023 were \$210 million, down from \$243 million in the fourth quarter of 2022, both on a pre-tax basis.

Annuity sales increased 35% quarter-over-quarter, driven by strong sales of Shield Level and fixed deferred annuities, and decreased 13% sequentially, primarily driven by lower fixed deferred annuity sales, partially offset by higher Shield Level annuity sales. Life sales increased 15% quarter-over-quarter and 5% sequentially.

During the first quarter of 2023, the company repurchased \$62 million of its common stock, with an additional approximately \$27 million of its common stock repurchased, on a trade date basis, through May 5, 2023.

"Our focused strategy drove strong results in the first quarter of 2023," said Eric Steigerwalt, president and CEO, Brighthouse Financial. "Among our accomplishments, we achieved 35% quarter-over-quarter growth in annuity sales and 15% quarter-over-quarter growth in life sales, maintained our robust balance sheet and strong liquidity position, prudently managed our expenses and repurchased more of our common stock. As we continue to execute our strategy, our focus remains on creating sustainable, long-term shareholder value."

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

	As of or For the Three Months Ended			
	March 31, 2023		March 31, 2022	
	Total	Per share	Total	Per share
Net income (loss) available to shareholders (1)	\$(525)	\$(7.72)	\$1,558	\$20.11
Adjusted earnings (1)	\$195	\$2.86	\$380	\$4.91
Adjusted earnings, less notable items (1)	\$195	\$2.86	\$411	\$5.30
Weighted average common shares outstanding - diluted (1)	68,158,780	N/A	77,476,465	N/A
Book value	\$4,055	\$60.16	\$5,524	\$72.88
Book value, excluding AOCI	\$9,343	\$138.62	\$8,065	\$106.40
Ending common shares outstanding	67,401,618	N/A	75,799,704	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		
	March 31, 2023	December 31, 2022	March 31, 2022
Annuities	\$314	\$194	\$354
Life	\$1	\$17	\$66
Run-off (1)	\$(106)	\$236	\$24
Corporate & Other (1)	\$(14)	\$98	\$(64)

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

Sales (Unaudited, in millions)

Sales (1)	For the Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Annuities (1)	\$2,799	\$3,211	\$2,070
Life	\$23	\$22	\$20

(1) Annuities sales include sales of a fixed index annuity product, which represents 100% of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements. Sales of this product were \$122 million for the first quarter of 2023, \$161 million for the fourth quarter of 2022 and \$196 million for the first quarter of 2022.

Annuities

Adjusted earnings in the Annuities segment were \$314 million in the current quarter, compared with adjusted earnings of \$354 million in the first quarter of 2022 and adjusted earnings of \$194 million in the fourth quarter of 2022.

There were no notable items in the current quarter or the first quarter of 2022. The fourth quarter of 2022 included a \$44 million unfavorable notable item.

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

As mentioned above, annuity sales increased 35% quarter-over-quarter, driven by strong sales of Shield Level and fixed deferred annuities, and decreased 13% sequentially, primarily driven by lower fixed deferred annuity sales, partially offset by higher Shield Level annuity sales.

Life

Adjusted earnings in the Life segment were \$1 million in the current quarter, compared with adjusted earnings of \$66 million in the first quarter of 2022 and adjusted earnings of \$17 million in the fourth quarter of 2022.

There were no notable items in the current quarter or the fourth quarter of 2022. The first quarter of 2022 included a \$19 million unfavorable notable item.

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

As mentioned above, life sales increased 15% quarter-over-quarter and 5% sequentially.

Run-off

The Run-off segment had an adjusted loss of \$106 million in the current quarter, compared with adjusted earnings of \$24 million in the first quarter of 2022 and adjusted earnings of \$236 million in the fourth quarter of 2022.

There were no notable items in the current quarter or the first quarter of 2022. The fourth quarter of 2022 included a \$271 million favorable notable item.

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

Corporate & Other

Corporate & Other had an adjusted loss of \$14 million in the current quarter, compared with an adjusted loss of \$64 million in the first quarter of 2022 and adjusted earnings of \$98 million in the fourth quarter of 2022.

There were no notable items in the current quarter. The first quarter of 2022 included a \$12 million unfavorable notable item, and the fourth quarter of 2022 included a \$36 million favorable notable item.

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

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

	For the Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Net investment income	\$1,059	\$1,049	\$1,151
Adjusted net investment income	\$1,097	\$1,082	\$1,157

Net Investment Income

Net investment income was \$1,059 million and adjusted net investment income* was \$1,097 million in the current quarter. On a quarter-over-quarter basis, adjusted net investment income decreased \$60 million and on a sequential basis increased \$15 million. The quarter-over-quarter results were primarily driven by lower alternative investment income, partially offset by asset growth. Sequential results were primarily driven by asset growth and higher alternative investment income.

The net investment income yield was 3.81% during the quarter.

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Statutory Capital and Liquidity (Unaudited, in billions)

	As of		
	March 31, 2023 (1)	December 31, 2022	March 31, 2022
Statutory combined total adjusted capital	\$8.2	\$8.1	\$8.5

(1) Reflects preliminary statutory results as of March 31, 2023.

Capitalization

As of March 31, 2023:

- Statutory combined total adjusted capital⁽¹⁾ ("TAC") increased to approximately \$8.2 billion, driven by strong variable annuities results
- Estimated combined RBC ratio⁽¹⁾ was between 460% and 480%, driven by normalized statutory earnings, along with lower capital requirements associated with new business
- Holding company liquid assets were approximately \$1.1 billion

(1) Reflects preliminary statutory results as of March 31, 2023.

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Earnings Conference Call

Brighthouse Financial will hold a conference call and audio webcast to discuss its financial results for the first quarter of 2023 at 9:30 a.m. Eastern Time on Tuesday, May 9, 2023. 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 as a participant, please register in advance at <https://register.vevent.com/register/B1c35ef2e582054b36b29a28d30283112a>.

A replay of the conference call will be made available until Friday, May 26, 2023, 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 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. AM Best, 2022.

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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 between actual outcomes and the sensitivities calculated under certain scenarios 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 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 risks associated with climate change; the adverse impact of public health crises, extreme mortality events or similar occurrences on our business and the economy in general; the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital; the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geopolitical events, military actions or catastrophic events, on our profitability measures as well as our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income; the financial risks that our investment portfolio is subject to, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control; the impact of changes in regulation and in supervisory and enforcement policies or interpretations thereof on our insurance business or other operations; the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers or increase our tax liability; the effectiveness of our policies, procedures and processes in managing risk; the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems; whether all or any portion of the tax consequences of our separation from MetLife, Inc. ("MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; 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, 2022, 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 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 enhance the understanding of our performance by the investor community by highlighting the results of operations and the underlying profitability drivers of our business.

The following non-GAAP financial 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 is a financial measure used by management to evaluate performance and facilitate comparisons to industry results. This financial measure, which may be positive or negative, focuses on our primary businesses by excluding the impact of market volatility, which could distort trends.

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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); and
- 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").

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

- Change in market risk benefits; and
- Change in fair value of the crediting rate on experience-rated contracts ("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 GAAP net investment income plus Investment Hedge Adjustments.

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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 unfavorable (favorable) after-tax 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.

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.

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.

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Annuity sales consist of 100 percent of direct statutory premiums, except for fixed index annuity sales, which represents 100 percent of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements. 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 percentage of average quarterly asset carrying values. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties. Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

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 (loss) from operations adjusted for the favorable or unfavorable impacts of (i) net realized capital gains (losses), (ii) the change in total asset requirement at CTE98, net of the change in our variable annuity reserves, and (iii) unrealized gains (losses) associated with our variable annuities and Shield hedging programs and other equity risk management strategies. Normalized statutory earnings (loss) may be further adjusted for certain unanticipated items that impact 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		
	March 31, 2023	December 31, 2022	March 31, 2022
Revenues			
Premiums	\$197	\$167	\$166
Universal life and investment-type product policy fees	606	549	680
Net investment income	1,059	1,049	1,151
Other revenues	93	100	138
Revenues before NIGL and NDGL	1,955	1,865	2,135
Net investment gains (losses)	(96)	(69)	(68)
Net derivative gains (losses)	(575)	(1,923)	(54)
Total revenues	\$1,284	\$(127)	\$2,013
Expenses			
Policyholder benefits and claims	\$687	\$267	\$675
Interest credited to policyholder account balances	422	401	248
Amortization of DAC and VOBA	156	155	157
Change in market risk benefits	194	(1,479)	(1,579)
Interest expense on debt	38	39	38
Other expenses	440	450	471
Total expenses	1,937	(167)	10
Income (loss) before provision for income tax	(653)	40	2,003
Provision for income tax expense (benefit)	(156)	(97)	416
Net income (loss)	(497)	137	1,587
Less: Net income (loss) attributable to noncontrolling interests	2	1	2
Net income (loss) attributable to Brighthouse Financial, Inc.	(499)	136	1,585
Less: Preferred stock dividends	26	26	27
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$(525)	\$110	\$1,558

PUBLIC RELATIONS

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



Condensed Balance Sheets (Unaudited, in millions)

	As of		
	March 31, 2023	December 31, 2022	March 31, 2022
ASSETS			
Investments:			
Fixed maturity securities available-for-sale	\$77,685	\$75,577	\$82,496
Equity securities	91	89	80
Mortgage loans	22,823	22,936	21,357
Policy loans	1,273	1,282	1,270
Limited partnerships and limited liability companies	4,803	4,775	4,587
Short-term investments	1,386	1,081	1,062
Other invested assets	3,229	2,852	2,568
Total investments	111,290	108,592	113,420
Cash and cash equivalents	3,685	4,115	4,101
Accrued investment income	985	885	754
Reinsurance recoverables	18,451	18,019	16,047
Premiums and other receivables	516	529	645
DAC and VOBA	5,027	5,084	5,239
Current income tax recoverable	30	38	—
Deferred income tax asset	1,673	1,736	1,271
Market risk benefit assets	510	483	384
Other assets	395	401	440
Separate account assets	87,440	84,965	104,441
Total assets	\$230,002	\$224,847	\$246,742
LIABILITIES AND EQUITY			
Liabilities			
Future policy benefits	\$32,286	\$31,497	\$36,373
Policyholder account balances	76,120	73,527	66,711
Market risk benefit liabilities	10,729	10,389	13,637
Other policy-related balances	3,816	4,098	4,098
Payables for collateral under securities loaned and other transactions	4,401	4,560	6,209
Long-term debt	3,157	3,156	3,157
Current income tax payable	—	—	61
Other liabilities	6,234	7,057	4,767
Separate account liabilities	87,440	84,965	104,441
Total liabilities	224,183	219,249	239,454
Equity			
Preferred stock, at par value	—	—	—
Common stock, at par value	1	1	1
Additional paid-in capital	14,054	14,075	14,133
Retained earnings (deficit)	(894)	(395)	(2,689)
Treasury stock	(2,119)	(2,042)	(1,681)
Accumulated other comprehensive income (loss)	(5,288)	(6,106)	(2,541)
Total Brighthouse Financial, Inc.'s stockholders' equity	5,754	5,533	7,223
Noncontrolling interests	65	65	65
Total equity	5,819	5,598	7,288
Total liabilities and equity	\$230,002	\$224,847	\$246,742

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		
	March 31, 2023	December 31, 2022	March 31, 2022
ADJUSTED EARNINGS, LESS NOTABLE ITEMS			
Net income (loss) available to shareholders	\$(525)	\$110	\$1,558
Less: Net investment gains (losses)	(96)	(69)	(68)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(613)	(1,956)	(60)
Less: Change in market risk benefits	(194)	1,479	1,579
Less: Market value adjustments and other	(8)	(3)	38
Less: Provision for income tax (expense) benefit on reconciling adjustments	191	114	(311)
Adjusted earnings	195	545	380
Less: Notable items	—	263	(31)
Adjusted earnings, less notable items	\$195	\$282	\$411
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)			
Net income (loss) available to shareholders per common share	\$(7.72)	\$1.59	\$20.11
Less: Net investment gains (losses)	(1.41)	(0.99)	(0.88)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(9.03)	(28.04)	(0.77)
Less: Change in market risk benefits	(2.86)	21.20	20.38
Less: Market value adjustments and other	(0.12)	(0.04)	0.49
Less: Provision for income tax (expense) benefit on reconciling adjustments	2.81	1.63	(4.01)
Less: Impact of inclusion of dilutive shares	0.02	—	—
Adjusted earnings per common share	2.86	7.81	4.91
Less: Notable items	—	3.77	(0.40)
Adjusted earnings, less notable items per common share	\$2.86	\$4.04	\$5.30

(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		
	March 31, 2023	December 31, 2022	March 31, 2022
Net investment income	\$1,059	\$1,049	\$1,151
Less: Investment hedge adjustments	(38)	(33)	(6)
Adjusted net investment income	\$1,097	\$1,082	\$1,157

Notable Items (Unaudited, in millions)

	For the Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS			
Actuarial items and other insurance adjustments	\$—	\$(227)	\$19
Establishment costs	—	15	12
Debt repayment costs	—	—	—
Prior year tax matters	—	(51)	—
Total notable items (1)	\$—	\$(263)	\$31
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER			
Annuities	\$—	\$44	\$—
Life	—	—	19
Run-off	—	(271)	—
Corporate & Other	—	(36)	12
Total notable items (1)	\$—	\$(263)	\$31

(1) See Non-GAAP and Other Financial Disclosures discussion in this news release.

Brighthouse Financial, Inc.

Financial Supplement

First Quarter 2023



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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				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Financial Results and Metrics (1)					
Net income (loss) available to shareholders	\$(525)	\$110	\$388	\$1,719	\$1,558
Adjusted earnings (2)	\$195	\$545	\$115	\$144	\$380
Adjusted earnings, less notable items (2)	\$195	\$282	\$74	\$353	\$411
Total corporate expenses (3)	\$210	\$243	\$217	\$201	\$208
Combined total adjusted capital (4)	\$8,200	\$8,052	\$8,003	\$8,188	\$8,495
Combined risk-based capital ratio (4), (5)	460%-480%	441%	450%-470%	470%-490%	450%-470%
Stockholders' Equity					
Brighthouse Financial, Inc.'s stockholders' equity	\$5,754	\$5,533	\$4,600	\$7,180	\$7,223
Less: Preferred stock, net	1,699	1,699	1,699	1,699	1,699
Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI	\$4,055	\$3,834	\$2,901	\$5,481	\$5,524
Less: AOCI	(5,288)	(6,106)	(7,015)	(4,176)	(2,541)
Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI	\$9,343	\$9,940	\$9,916	\$9,657	\$8,065
Return on Common Equity (1), (6)					
Return on common equity	38.8%	77.3%	93.7%	108.6%	98.8%
Return on common equity, excluding AOCI	18.0%	42.7%	56.6%	79.4%	82.5%
Adjusted return on common equity, excluding AOCI	10.6%	13.4%	9.9%	12.7%	20.1%
Earnings Per Common Share, Diluted (1), (7)					
Net income (loss) available to shareholders per common share	\$(7.72)	\$1.59	\$5.39	\$22.91	\$20.11
Adjusted earnings per common share	\$2.86	\$7.81	\$1.61	\$1.91	\$4.91
Adjusted earnings, less notable items per common share	\$2.86	\$4.04	\$1.03	\$4.71	\$5.30
Weighted average common shares outstanding	68,158,780	69,765,118	71,959,380	74,971,658	77,476,465
Book Value Per Common Share					
Book value per common share (1)	\$60.16	\$56.15	\$41.41	\$75.01	\$72.88
Book value per common share, excluding AOCI (1)	\$138.62	\$145.58	\$141.53	\$132.16	\$106.40
Ending common shares outstanding	67,401,618	68,278,068	70,060,560	73,072,766	75,799,704

(1) Certain definitions have been updated due to the adoption of LDTI. 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 17.

(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 March 31, 2023. See additional information on page 21.

(5) The RBC ratio is reported as a preliminary range for all periods, except those ended December 31.

(6) Simplified averaging was applied to all periods presented for 2022.

(7) 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 Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Revenues							
Premiums	\$197	\$167	\$162	\$167	\$166	\$197	\$166
Universal life and investment-type product policy fees	606	549	597	609	680	606	680
Net investment income	1,059	1,049	877	1,061	1,151	1,059	1,151
Other revenues	93	100	122	118	138	93	138
Revenues before NIGL and NDGL	1,955	1,865	1,758	1,955	2,135	1,955	2,135
Net investment gains (losses)	(96)	(69)	(45)	(66)	(68)	(96)	(68)
Net derivative gains (losses)	(575)	(1,923)	(592)	1,977	(54)	(575)	(54)
Total revenues	\$1,284	\$(127)	\$1,121	\$3,866	\$2,013	\$1,284	\$2,013
Expenses							
Policyholder benefits and claims	\$687	\$267	\$534	\$717	\$675	\$687	\$675
Interest credited to policyholder account balances	422	401	405	284	248	422	248
Amortization of DAC and VOBA	156	155	159	158	157	156	157
Change in market risk benefits	194	(1,479)	(984)	(62)	(1,579)	194	(1,579)
Interest expense on debt	38	39	38	38	38	38	38
Other expenses	440	450	457	554	471	440	471
Total expenses	1,937	(167)	609	1,689	10	1,937	10
Income (loss) before provision for income tax	(653)	40	512	2,177	2,003	(653)	2,003
Provision for income tax expense (benefit)	(156)	(97)	97	432	416	(156)	416
Net income (loss)	(497)	137	415	1,745	1,587	(497)	1,587
Less: Net income (loss) attributable to noncontrolling interests	2	1	2	—	2	2	2
Net income (loss) attributable to Brighthouse Financial, Inc.	(499)	136	413	1,745	1,585	(499)	1,585
Less: Preferred stock dividends	26	26	25	26	27	26	27
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$(525)	\$110	\$388	\$1,719	\$1,558	\$(525)	\$1,558



GAAP Balance Sheets (Unaudited, in millions)

ASSETS	As of				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Investments:					
Fixed maturity securities available-for-sale	\$77,685	\$75,577	\$75,271	\$78,606	\$82,496
Equity securities	91	89	100	96	80
Mortgage loans	22,823	22,936	22,089	21,508	21,357
Policy loans	1,273	1,282	1,274	1,277	1,270
Limited partnerships and limited liability companies	4,803	4,775	4,607	4,683	4,587
Short-term investments	1,386	1,081	1,130	920	1,062
Other invested assets	3,229	2,852	4,033	3,345	2,568
Total investments	111,290	108,592	108,504	110,435	113,420
Cash and cash equivalents	3,685	4,115	4,793	5,071	4,101
Accrued investment income	985	885	909	852	754
Reinsurance recoverables	18,451	18,019	16,694	15,698	16,047
Premiums and other receivables	516	529	544	765	645
DAC and VOBA	5,027	5,084	5,142	5,196	5,239
Current income tax recoverable	30	38	18	18	—
Deferred income tax asset	1,673	1,736	1,942	1,272	1,271
Market risk benefit assets	510	483	400	375	384
Other assets	395	401	414	425	440
Separate account assets	87,440	84,965	81,836	88,843	104,441
Total assets	\$230,002	\$224,847	\$221,196	\$228,950	\$246,742
LIABILITIES AND EQUITY					
Liabilities					
Future policy benefits	\$32,286	\$31,497	\$32,016	\$33,492	\$36,373
Policyholder account balances	76,120	73,527	69,749	66,717	66,711
Market risk benefit liabilities	10,729	10,389	11,425	12,304	13,637
Other policy-related balances	3,816	4,098	4,051	3,944	4,098
Payables for collateral under securities loaned and other transactions	4,401	4,560	6,532	6,675	6,209
Long-term debt	3,157	3,156	3,156	3,157	3,157
Current income tax payable	—	—	—	—	61
Other liabilities	6,234	7,057	7,766	6,573	4,767
Separate account liabilities	87,440	84,965	81,836	88,843	104,441
Total liabilities	224,183	219,249	216,531	221,705	239,454
Equity					
Preferred stock, at par value	—	—	—	—	—
Common stock, at par value	1	1	1	1	1
Additional paid-in capital	14,054	14,075	14,095	14,113	14,133
Retained earnings (deficit)	(894)	(395)	(532)	(945)	(2,689)
Treasury stock	(2,119)	(2,042)	(1,949)	(1,813)	(1,681)
Accumulated other comprehensive income (loss)	(5,288)	(6,106)	(7,015)	(4,176)	(2,541)
Total Brighthouse Financial, Inc.'s stockholders' equity	5,754	5,533	4,600	7,180	7,223
Noncontrolling interests	65	65	65	65	65
Total equity	5,819	5,598	4,665	7,245	7,288
Total liabilities and equity	\$230,002	\$224,847	\$221,196	\$228,950	\$246,742

Earnings and Select Metrics from Segments and Corporate & Other

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

For the Three Months Ended March 31, 2023

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$66	\$131	\$—	\$—	\$197
Universal life and investment-type product policy fees	415	72	119	—	606
Net investment income	594	100	254	149	1,097
Other revenues	95	1	7	(10)	93
Total adjusted revenues	\$1,170	\$304	\$380	\$139	\$1,993
Adjusted expenses					
Policyholder benefits and claims	\$73	\$206	\$408	\$—	\$687
Interest credited to policyholder account balances	241	21	66	86	414
Amortization of DAC and VOBA	129	27	—	—	156
Interest expense on debt	—	—	—	38	38
Other operating costs	340	50	40	10	440
Total adjusted expenses	783	304	514	134	1,735
Adjusted earnings before provision for income tax	387	—	(134)	5	258
Provision for income tax expense (benefit)	73	(1)	(28)	(9)	35
Adjusted earnings after provision for income tax	314	1	(106)	14	223
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2
Less: Preferred stock dividends	—	—	—	26	26
Adjusted earnings	\$314	\$1	\$(106)	\$(14)	\$195

For the Three Months Ended March 31, 2022

	Annuities	Life	Run-off	Corporate & Other	Total
Adjusted revenues					
Premiums	\$25	\$141	\$—	\$—	\$166
Universal life and investment-type product policy fees	498	56	126	—	680
Net investment income	555	160	401	41	1,157
Other revenues	124	6	8	—	138
Total adjusted revenues	\$1,202	\$363	\$535	\$41	\$2,141
Adjusted expenses					
Policyholder benefits and claims	\$75	\$217	\$382	\$1	\$675
Interest credited to policyholder account balances	190	4	78	14	286
Amortization of DAC and VOBA	127	30	—	—	157
Interest expense on debt	—	—	—	38	38
Other operating costs	372	29	44	26	471
Total adjusted expenses	764	280	504	79	1,627
Adjusted earnings before provision for income tax	438	83	31	(38)	514
Provision for income tax expense (benefit)	84	17	7	(3)	105
Adjusted earnings after provision for income tax	354	66	24	(35)	409
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2
Less: Preferred stock dividends	—	—	—	27	27
Adjusted earnings	\$354	\$66	\$24	\$(64)	\$380

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

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Adjusted revenues							
Premiums	\$66	\$39	\$30	\$29	\$25	\$66	\$25
Universal life and investment-type product policy fees	415	367	401	442	498	415	498
Net investment income	594	613	547	546	555	594	555
Other revenues	95	85	113	112	124	95	124
Total adjusted revenues	\$1,170	\$1,104	\$1,091	\$1,129	\$1,202	\$1,170	\$1,202
Adjusted expenses							
Policyholder benefits and claims	\$73	\$144	\$86	\$75	\$75	\$73	\$75
Interest credited to policyholder account balances	241	232	283	192	190	241	190
Amortization of DAC and VOBA	129	129	130	129	127	129	127
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	340	360	346	339	372	340	372
Total adjusted expenses	783	865	845	735	764	783	764
Adjusted earnings before provision for income tax	387	239	246	394	438	387	438
Provision for income tax expense (benefit)	73	45	44	74	84	73	84
Adjusted earnings	\$314	\$194	\$202	\$320	\$354	\$314	\$354



Annuities — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
VARIABLE AND SHIELD LEVEL ANNUITIES ACCOUNT VALUE (1)					
Account value, beginning of period	\$110,851	\$105,392	\$112,139	\$128,397	\$136,881
Premiums and deposits (2)	1,798	1,595	1,702	2,035	1,876
Withdrawals, surrenders and contract benefits	(2,878)	(2,717)	(2,504)	(2,500)	(2,758)
Net flows (3)	(1,080)	(1,122)	(802)	(465)	(882)
Investment performance (4)	5,838	7,121	(5,363)	(15,219)	(7,026)
Policy charges and other	(519)	(540)	(582)	(574)	(576)
Account value, end of period	\$115,090	\$110,851	\$105,392	\$112,139	\$128,397
FIXED ANNUITIES ACCOUNT VALUE (5)					
Account value, beginning of period	\$18,752	\$17,938	\$16,028	\$15,671	\$15,603
Premiums and deposits (2)	1,035	1,656	2,055	503	241
Withdrawals, surrenders and contract benefits	(657)	(587)	(283)	(237)	(266)
Net flows (3)	378	1,069	1,772	266	(25)
Interest credited	123	(228)	109	96	89
Other	(13)	(27)	29	(5)	4
Account value, end of period	\$19,240	\$18,752	\$17,938	\$16,028	\$15,671
INCOME ANNUITIES (1)					
Income annuity insurance liabilities	\$4,266	\$4,569	\$4,576	\$4,587	\$4,613

(1) Includes general account and separate account.

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

(3) Deposits and withdrawals include policy exchanges.

(4) Includes the interest credited on the general account option of variable products.

(5) Includes fixed index annuities.

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

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
VARIABLE AND SHIELD LEVEL ANNUITY SALES							
Shield Level Annuities (1)	\$1,554	\$1,389	\$1,436	\$1,629	\$1,394	\$1,554	\$1,394
GMWB	125	101	149	268	334	125	334
GMDB only	67	55	69	75	87	67	87
GMIB	7	9	10	13	17	7	17
Total variable and Shield Level annuity sales	\$1,753	\$1,554	\$1,664	\$1,985	\$1,832	\$1,753	\$1,832
FIXED AND INCOME ANNUITY SALES							
Fixed index annuities (2)	\$122	\$161	\$213	\$206	\$196	\$122	\$196
Fixed deferred annuities	909	1,493	1,841	293	41	909	41
Single premium immediate annuities	9	3	2	2	1	9	1
Other fixed and income annuities	6	—	1	—	—	6	—
Total fixed and income annuity sales	\$1,046	\$1,657	\$2,057	\$501	\$238	\$1,046	\$238

(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 Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Adjusted revenues							
Premiums	\$131	\$128	\$130	\$138	\$141	\$131	\$141
Universal life and investment-type product policy fees	72	66	61	36	56	72	56
Net investment income	100	90	77	115	160	100	160
Other revenues	1	7	2	—	6	1	6
Total adjusted revenues	\$304	\$291	\$270	\$289	\$363	\$304	\$363
Adjusted expenses							
Policyholder benefits and claims	\$206	\$168	\$223	\$192	\$217	\$206	\$217
Interest credited to policyholder account balances	21	22	23	26	4	21	4
Amortization of DAC and VOBA	27	26	29	29	30	27	30
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	50	56	39	6	29	50	29
Total adjusted expenses	304	272	314	253	280	304	280
Adjusted earnings before provision for income tax	—	19	(44)	36	83	—	83
Provision for income tax expense (benefit)	(1)	2	(10)	7	17	(1)	17
Adjusted earnings	\$1	\$17	\$(34)	\$29	\$66	\$1	\$66

Life — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
LIFE ACCOUNT VALUE: GENERAL ACCOUNT					
Universal and variable universal life account value, beginning of period	\$2,658	\$2,663	\$2,678	\$2,671	\$2,694
Premiums and deposits (1)	55	54	54	54	56
Withdrawals, surrenders and contract benefits	(95)	(33)	(44)	(34)	(42)
Net flows	(40)	21	10	20	14
Net transfers from (to) separate account	11	7	9	17	15
Interest credited	21	24	24	24	5
Policy charges and other	(56)	(57)	(58)	(54)	(57)
Universal and variable universal life account value, end of period	\$2,594	\$2,658	\$2,663	\$2,678	\$2,671
LIFE ACCOUNT VALUE: SEPARATE ACCOUNT					
Variable universal life account value, beginning of period	\$5,215	\$4,912	\$5,251	\$6,262	\$6,861
Premiums and deposits	42	44	44	43	45
Withdrawals, surrenders and contract benefits	(55)	(43)	(64)	(52)	(68)
Net flows	(13)	1	(20)	(9)	(23)
Investment performance	341	364	(263)	(929)	(513)
Net transfers from (to) general account	(12)	(10)	(9)	(16)	(15)
Policy charges and other	(48)	(52)	(47)	(57)	(48)
Variable universal life account value, end of period	\$5,483	\$5,215	\$4,912	\$5,251	\$6,262

(1) Includes premiums and deposits 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 Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
LIFE SALES							
Total life sales	\$23	\$22	\$19	\$19	\$20	\$23	\$20
	As of						
LIFE INSURANCE IN-FORCE	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022		
Whole Life							
Life Insurance in-force, before reinsurance	\$18,063	\$18,264	\$18,422	\$18,490	\$18,645		
Life Insurance in-force, net of reinsurance	\$3,035	\$3,069	\$3,156	\$3,113	\$3,153		
Term Life							
Life Insurance in-force, before reinsurance	\$358,592	\$360,611	\$364,251	\$368,082	\$372,019		
Life Insurance in-force, net of reinsurance	\$287,628	\$288,522	\$290,746	\$292,839	\$295,051		
Universal and Variable Universal Life							
Life Insurance in-force, before reinsurance	\$45,474	\$46,000	\$46,336	\$46,876	\$48,063		
Life Insurance in-force, net of reinsurance	\$34,008	\$34,463	\$34,597	\$34,981	\$36,118		



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

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Adjusted revenues							
Premiums	\$—	\$—	\$2	\$—	\$—	\$—	\$—
Universal life and investment-type product policy fees	119	116	135	131	126	119	126
Net investment income	254	247	168	350	401	254	401
Other revenues	7	8	7	6	8	7	8
Total adjusted revenues	\$380	\$371	\$312	\$487	\$535	\$380	\$535
Adjusted expenses							
Policyholder benefits and claims	\$408	\$(44)	\$225	\$450	\$382	\$408	\$382
Interest credited to policyholder account balances	66	72	69	71	78	66	78
Amortization of DAC and VOBA	—	—	—	—	—	—	—
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	40	45	38	166	44	40	44
Total adjusted expenses	514	73	332	687	504	514	504
Adjusted earnings before provision for income tax	(134)	298	(20)	(200)	31	(134)	31
Provision for income tax expense (benefit)	(28)	62	(4)	(43)	7	(28)	7
Adjusted earnings	\$(106)	\$236	\$(16)	\$(157)	\$24	\$(106)	\$24



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

	For the Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
UNIVERSAL LIFE WITH SECONDARY GUARANTEES ACCOUNT VALUE					
Account value, beginning of period	\$5,307	\$5,380	\$5,454	\$5,512	\$5,569
Premiums and deposits (1)	171	167	173	180	177
Withdrawals, surrenders and contract benefits	(44)	(32)	(32)	(21)	(32)
Net flows	127	135	141	159	145
Interest credited	44	46	46	45	62
Policy charges and other	(260)	(254)	(261)	(262)	(264)
Account value, end of period	\$5,218	\$5,307	\$5,380	\$5,454	\$5,512
	As of				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
LIFE INSURANCE IN-FORCE					
Universal Life with Secondary Guarantees					
Life Insurance in-force, before reinsurance	\$71,652	\$72,276	\$72,847	\$73,393	\$73,813
Life Insurance in-force, net of reinsurance	\$34,655	\$35,980	\$36,308	\$36,611	\$36,887

(1) Includes premiums and deposits 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 Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Adjusted revenues							
Premiums	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Universal life and investment-type product policy fees	—	—	—	—	—	—	—
Net investment income	149	132	108	59	41	149	41
Other revenues	(10)	—	—	—	—	(10)	—
Total adjusted revenues	\$139	\$132	\$108	\$59	\$41	\$139	\$41
Adjusted expenses							
Policyholder benefits and claims	\$—	\$(1)	\$—	\$—	\$1	\$—	\$1
Interest credited to policyholder account balances	86	72	50	27	14	86	14
Amortization of DAC and VOBA	—	—	—	—	—	—	—
Interest expense on debt	38	39	38	38	38	38	38
Other operating costs	10	(11)	34	43	26	10	26
Total adjusted expenses	134	99	122	108	79	134	79
Adjusted earnings before provision for income tax	5	33	(14)	(49)	(38)	5	(38)
Provision for income tax expense (benefit)	(9)	(92)	(4)	(27)	(3)	(9)	(3)
Adjusted earnings after provision for income tax	14	125	(10)	(22)	(35)	14	(35)
Less: Net income (loss) attributable to noncontrolling interests	2	1	2	—	2	2	2
Less: Preferred stock dividends	26	26	25	26	27	26	27
Adjusted earnings	\$(14)	\$98	\$(37)	\$(48)	\$(64)	\$(14)	\$(64)

Other Information



Change in Market Risk Benefits and Net Derivative Gains (Losses) (Unaudited, in millions)

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
CHANGE IN MARKET RISK BENEFITS							
Market risk benefits mark-to-market	\$(304)	\$1,290	\$786	\$(122)	\$1,428	\$(304)	\$1,428
Market risk benefits fees, net of claims	112	195	211	189	178	112	178
Ceded reinsurance	(2)	(6)	(13)	(5)	(27)	(2)	(27)
Total change in market risk benefits	\$(194)	\$1,479	\$984	\$62	\$1,579	\$(194)	\$1,579
NET DERIVATIVE GAINS (LOSSES)							
Net derivative gains (losses):							
Variable annuity hedges	\$365	\$(274)	\$(772)	\$(188)	\$(317)	\$365	\$(317)
Shield embedded derivatives	(1,073)	(1,323)	549	2,752	701	(1,073)	701
ULSG hedges	141	(192)	(483)	(659)	(540)	141	(540)
Other hedges and embedded derivatives	(46)	(167)	91	63	96	(46)	96
Subtotal	(613)	(1,956)	(615)	1,968	(60)	(613)	(60)
Investment hedge adjustments	38	33	23	9	6	38	6
Total net derivative gains (losses)	\$(575)	\$(1,923)	\$(592)	\$1,977	\$(54)	\$(575)	\$(54)



Notable Items (Unaudited, in millions)

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS							
Actuarial items and other insurance adjustments	\$—	\$(227)	\$(57)	\$200	\$19	\$—	\$19
Establishment costs	—	15	16	9	12	—	12
Prior year tax matters	—	(51)	—	—	—	—	—
Total notable items (1)	\$—	\$(263)	\$(41)	\$209	\$31	\$—	\$31
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER							
Annuities	\$—	\$44	\$55	\$—	\$—	\$—	\$—
Life	—	—	16	—	19	—	19
Run-off	—	(271)	(128)	200	—	—	—
Corporate & Other	—	(36)	16	9	12	—	12
Total notable items (1)	\$—	\$(263)	\$(41)	\$209	\$31	\$—	\$31

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

Variable Annuity Separate Account Returns and Allocations (Unaudited)

	For the Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
VARIABLE ANNUITY SEPARATE ACCOUNT RETURNS					
Total Quarterly VA separate account gross returns	5.80%	6.82%	(5.41)%	(12.58)%	(6.36)%
TOTAL VARIABLE ANNUITY SEPARATE ACCOUNT ALLOCATIONS					
Percent allocated to equity funds	29.05%	27.40%	27.97%	27.60%	29.43%
Percent allocated to bond funds/other funds	9.10%	8.82%	9.48%	9.29%	8.72%
Percent allocated to target volatility funds	20.08%	20.28%	20.56%	21.01%	19.66%
Percent allocated to balanced funds	41.77%	43.50%	41.99%	42.10%	42.19%



Summary of Investments (Unaudited, dollars in millions)

	March 31, 2023		December 31, 2022	
	Amount	% of Total	Amount	% of Total
Fixed maturity securities:				
U.S. corporate securities	\$33,612	29.23%	\$32,607	28.93%
Foreign corporate securities	10,883	9.47%	10,576	9.38%
U.S. government and agency securities	8,287	7.21%	8,016	7.11%
Residential mortgage-backed securities	7,590	6.60%	7,528	6.68%
Commercial mortgage-backed securities	6,674	5.80%	6,611	5.87%
Asset-backed securities	5,596	4.87%	5,359	4.75%
State and political subdivision securities	3,949	3.43%	3,799	3.37%
Foreign government securities	1,094	0.95%	1,081	0.96%
Total fixed maturity securities	77,685	67.56%	75,577	67.05%
Equity securities	91	0.08%	89	0.08%
Mortgage loans:				
Commercial mortgage loans	13,529	11.77%	13,574	12.04%
Residential mortgage loans	5,042	4.39%	5,116	4.54%
Agricultural mortgage loans	4,388	3.82%	4,365	3.87%
Allowance for credit losses	(136)	(0.12)%	(119)	(0.10)%
Total mortgage loans, net	22,823	19.86%	22,936	20.35%
Policy loans	1,273	1.11%	1,282	1.14%
Limited partnerships and limited liability companies	4,803	4.18%	4,775	4.24%
Cash, cash equivalents and short-term investments	5,071	4.41%	5,196	4.61%
Other invested assets:				
Derivatives:				
Interest rate	407	0.35%	304	0.27%
Equity market	1,519	1.32%	1,217	1.08%
Foreign currency exchange rate	693	0.60%	745	0.66%
Credit	23	0.02%	18	0.02%
Total derivatives	2,642	2.29%	2,284	2.03%
ICOLI	253	0.22%	250	0.22%
FHLB common stock	220	0.19%	201	0.18%
Other	114	0.10%	117	0.10%
Total other invested assets	3,229	2.80%	2,852	2.53%
Total investments and cash and cash equivalents	\$114,975	100.00%	\$112,707	100.00%

For the Three Months Ended

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net investment income yield (1)	3.81%	3.79%	3.20%	3.92%	4.36%

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

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

COMBINED REVENUES AND EXPENSES (1)	For the Three Months Ended					For the Three Months Ended	
	PRELIMINARY March 31, 2023 (2)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	PRELIMINARY March 31, 2023 (2)	March 31, 2022
Total revenues (Line 9)	\$2,400	\$2,120	\$5,089	\$7,081	\$4,165	\$2,400	\$4,165
Total benefits and expenses before dividends to policyholders (Line 28)	\$2,700	\$1,542	\$4,165	\$6,920	\$4,619	\$2,700	\$4,619
COMBINED NET INCOME (LOSS) (1)							
Gain (loss) from operations net of taxes and dividends to policyholders (Line 33)	\$(300)	\$673	\$869	\$154	\$(424)	\$(300)	\$(424)
Net realized capital gains (losses), net of taxes and certain transfers to interest maintenance reserve (Line 34)	(800)	(394)	(76)	460	42	(800)	42
Net income (loss) (Line 35)	\$(1,100)	\$279	\$793	\$614	\$(382)	\$(1,100)	\$(382)
NORMALIZED STATUTORY EARNINGS (LOSS) (3), (4)							
						(In billions)	
Statutory net gain (loss) from operations, pre-tax						\$—	\$(0.5)
Add: net realized capital gains (losses)						(1.0)	0.1
Add: change in total asset requirement at CTE98, net of the change in VA reserves						0.1	0.5
Add: unrealized gains (losses) on VA & Shield hedging program and other equity risk management strategies						1.1	(0.3)
Normalized statutory earnings (loss)						\$0.2	\$(0.2)

(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 ended March 31, 2023.

(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 March 31, 2023 (2)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total assets (Line 28)	\$191,800	\$188,585	\$187,747	\$192,672	\$203,117
Total liabilities (Line 28)	\$185,100	\$182,044	\$181,264	\$186,053	\$196,196
Total capital and surplus (Line 38)	\$6,700	\$6,541	\$6,483	\$6,619	\$6,921
COMBINED TAC AND RBC RATIO (1), (3)					
Combined total adjusted capital	\$8,200	\$8,052	\$8,003	\$8,188	\$8,495
Combined risk-based capital ratio (4)	460%-480%	441%	450%-470%	470%-490%	450%-470%
COMBINED ORDINARY DIVIDEND CAPACITY (1)					
Dividends paid to Holding Company	\$—	\$38	\$—	\$—	\$—
Remaining ordinary dividend capacity (5)	\$611	\$1,474	\$1,512	\$1,512	\$1,512

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

(2) Reflects preliminary statutory results as of March 31, 2023.

(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 for all periods, except those ended December 31.

(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 between actual outcomes and the sensitivities calculated under certain scenarios that we may utilize in connection with our variable annuity risk management strategies; the impact of interest rates on our future ULSG policyholder obligations and net income volatility; the potential material adverse effect of changes in accounting standards, practices or policies applicable to us, including changes in the accounting for long-duration contracts; loss of business and other negative impacts resulting from a downgrade or a potential downgrade in our financial strength or credit ratings; the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; heightened competition, including with respect to service, product features, 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 risks associated with climate change; the adverse impact of public health crises, extreme mortality events or similar occurrences on our business and the economy in general; the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital; the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geopolitical events, military actions or catastrophic events, on our profitability measures as well as our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income; the financial risks that our investment portfolio is subject to, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control; the impact of changes in regulation and in supervisory and enforcement policies or interpretations thereof on our insurance business or other operations; the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers or increase our tax liability; the effectiveness of our policies, procedures and processes in managing risk; the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems; whether all or any portion of the tax consequences of our separation from MetLife, Inc. are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; 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, 2022, 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 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 enhance the understanding of our performance by the investor community by highlighting the results of operations and the underlying profitability drivers of our business.

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

Non-GAAP financial measures:

- (i) adjusted earnings
- (ii) adjusted earnings, less notable items
- (iii) adjusted revenues
- (iv) adjusted expenses
- (v) adjusted earnings per common share
- (vi) adjusted earnings per common share, less notable items
- (vii) adjusted return on common equity
- (viii) adjusted return on common equity, less notable items
- (ix) adjusted net investment income

Most directly comparable GAAP financial measures:

- (i) net income (loss) available to shareholders (1)
- (ii) net income (loss) available to shareholders (1)
- (iii) revenues
- (iv) expenses
- (v) earnings per common share, diluted (1)
- (vi) earnings per common share, diluted (1)
- (vii) return on common equity (2)
- (viii) return on common equity (2)
- (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 and facilitate comparisons to industry results. This financial measure, which may be positive or negative, focuses on our primary businesses 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); and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”).

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

- Change in market risk benefits; and
- Change in fair value of the crediting rate on experience-rated contracts (“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 GAAP net investment income plus 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 unfavorable (favorable) after-tax 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.

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, which represents 100 percent of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements. 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 percentage of average quarterly asset carrying values. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties. Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

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 (loss) from operations adjusted for the favorable or unfavorable impacts of (i) net realized capital gains (losses), (ii) the change in total asset requirement at CTE98, net of the change in our variable annuity reserves, and (iii) unrealized gains (losses) associated with our variable annuities and Shield hedging programs and other equity risk management strategies. Normalized statutory earnings (loss) may be further adjusted for certain unanticipated items that impact 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
GMDB	Guaranteed minimum death benefits
GMIB	Guaranteed minimum income benefits
GMWB	Guaranteed minimum withdrawal benefits
ICOLI	Insurance company-owned life insurance
LDTI	Targeted Improvements to the Accounting for Long-Duration Contracts
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					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
ADJUSTED EARNINGS, LESS NOTABLE ITEMS (1)							
Net income (loss) available to shareholders	\$(525)	\$110	\$388	\$1,719	\$1,558	\$(525)	\$1,558
Less: Net investment gains (losses)	(96)	(69)	(45)	(66)	(68)	(96)	(68)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(613)	(1,956)	(615)	1,968	(60)	(613)	(60)
Less: Change in market risk benefits	(194)	1,479	984	62	1,579	(194)	1,579
Less: Market value adjustments and other	(8)	(3)	20	32	38	(8)	38
Less: Provision for income tax (expense) benefit on reconciling adjustments	191	114	(71)	(421)	(311)	191	(311)
Adjusted earnings	195	545	115	144	380	195	380
Less: Notable items	—	263	41	(209)	(31)	—	(31)
Adjusted earnings, less notable items	\$195	\$282	\$74	\$353	\$411	\$195	\$411
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1), (2)							
Net income (loss) available to shareholders per common share	\$(7.72)	\$1.59	\$5.39	\$22.91	\$20.11	\$(7.72)	\$20.11
Less: Net investment gains (losses)	(1.41)	(0.99)	(0.63)	(0.88)	(0.88)	(1.41)	(0.88)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(9.03)	(28.04)	(8.55)	26.25	(0.77)	(9.03)	(0.77)
Less: Change in market risk benefits	(2.86)	21.20	13.67	0.83	20.38	(2.86)	20.38
Less: Market value adjustments and other	(0.12)	(0.04)	0.28	0.43	0.49	(0.12)	0.49
Less: Provision for income tax (expense) benefit on reconciling adjustments	2.81	1.63	(0.99)	(5.62)	(4.01)	2.81	(4.01)
Less: Impact of inclusion of dilutive shares	0.02	—	—	—	—	0.02	—
Adjusted earnings per common share	2.86	7.81	1.61	1.91	4.91	2.86	4.91
Less: Notable items	—	3.77	0.57	(2.79)	(0.40)	—	(0.40)
Adjusted earnings, less notable items per common share	\$2.86	\$4.04	\$1.03	\$4.71	\$5.30	\$2.86	\$5.30

(1) Certain definitions have been updated due to the adoption of LDIT. 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, Excluding AOCI (Unaudited, dollars in millions)

	Four Quarters Cumulative Trailing Basis				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
ADJUSTED EARNINGS (1)					
Net income (loss) available to shareholders	\$1,692	\$3,775	\$4,887	\$6,554	\$6,232
Less: Net investment gains (losses)	(276)	(248)	(239)	(268)	(272)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(1,216)	(663)	1,724	3,816	(240)
Less: Change in market risk benefits	2,331	4,104	3,500	3,282	6,316
Less: Market value adjustments and other	41	87	120	140	152
Less: Provision for income tax (expense) benefit on reconciling adjustments	(187)	(689)	(1,071)	(1,464)	(1,244)
Adjusted earnings	\$999	\$1,184	\$853	\$1,048	\$1,520
	Five Quarters Average Stockholders' Equity Basis				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
BRIGHTHOUSE FINANCIAL, INC.'S COMMON STOCKHOLDERS' EQUITY, EXCLUDING AOCI (1)					
Brighthouse Financial, Inc.'s stockholders' equity	\$6,058	\$6,584	\$6,847	\$7,596	\$7,804
Less: Preferred stock, net	1,699	1,699	1,631	1,563	1,496
Brighthouse Financial, Inc.'s common stockholders' equity	4,359	4,885	5,216	6,033	6,308
Less: AOCI	(5,025)	(3,958)	(3,421)	(2,223)	(1,247)
Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI	\$9,384	\$8,843	\$8,637	\$8,256	\$7,555
	Five Quarters Average Common Stockholders' Equity Basis				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
ADJUSTED RETURN ON COMMON EQUITY, EXCLUDING AOCI (1)					
Return on common equity	38.8%	77.3%	93.7%	108.6%	98.8%
Return on AOCI	(33.7)%	(95.4)%	(142.9)%	(294.8)%	(499.8)%
Return on common equity, excluding AOCI	18.0%	42.7%	56.6%	79.4%	82.5%
Less: Return on net investment gains (losses)	(2.9)%	(2.8)%	(2.8)%	(3.2)%	(3.6)%
Less: Return on net derivative gains (losses), excluding investment hedge adjustments	(13.0)%	(7.5)%	20.0%	46.2%	(3.2)%
Less: Return on change in market risk benefits	24.8%	46.4%	40.5%	39.7%	83.6%
Less: Return on market value adjustments and other	0.5%	1.0%	1.4%	1.7%	2.0%
Less: Return on provision for income tax (expense) benefit on reconciling adjustments	(2.0)%	(7.8)%	(12.4)%	(17.7)%	(16.4)%
Adjusted return on common equity, excluding AOCI	10.6%	13.4%	9.9%	12.7%	20.1%

(1) Simplified averaging was applied to all periods presented for 2022.

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 Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
Total revenues	\$1,284	\$(127)	\$1,121	\$3,866	\$2,013	\$1,284	\$2,013
Less: Net investment gains (losses)	(96)	(69)	(45)	(66)	(68)	(96)	(68)
Less: Net derivative gains (losses)	(575)	(1,923)	(592)	1,977	(54)	(575)	(54)
Less: Investment hedge adjustments	(38)	(33)	(23)	(9)	(6)	(38)	(6)
Total adjusted revenues	\$1,993	\$1,898	\$1,781	\$1,964	\$2,141	\$1,993	\$2,141
Total expenses	\$1,937	\$(167)	\$609	\$1,689	\$10	\$1,937	\$10
Less: Change in market risk benefits	194	(1,479)	(984)	(62)	(1,579)	194	(1,579)
Less: Market value adjustments	8	3	(20)	(32)	(38)	8	(38)
Total adjusted expenses	\$1,735	\$1,309	\$1,613	\$1,783	\$1,627	\$1,735	\$1,627



Investment Reconciliation Details (Unaudited, dollars in millions)

	For the Three Months Ended					For the Three Months Ended	
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	March 31, 2023	March 31, 2022
NET INVESTMENT GAINS (LOSSES)							
Investment portfolio gains (losses)	\$(72)	\$(47)	\$(47)	\$(66)	\$(61)	\$(72)	\$(61)
Investment portfolio credit loss (provision) release and (writedowns)	(24)	(22)	2	—	(7)	(24)	(7)
Net investment gains (losses)	\$(96)	\$(69)	\$(45)	\$(66)	\$(68)	\$(96)	\$(68)

	For the Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
NET INVESTMENT INCOME YIELD (1)					
Investment income yield	3.96%	3.94%	3.35%	4.06%	4.50%
Investment fees and expenses	(0.15)%	(0.15)%	(0.15)%	(0.14)%	(0.14)%
Net investment income yield	3.81%	3.79%	3.20%	3.92%	4.36%

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