

# Brighthouse Financial, Inc. Financial Supplement

Third Quarter 2018



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Note: See 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., the entity that subsequent to the separation holds, through its subsidiaries, the assets (including the equity interests of certain former MetLife, Inc. subsidiaries) and liabilities associated with MetLife, Inc.’s former Brighthouse Financial segment.



# Financial Results

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

Financial Results and Metrics	As of or For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net income (loss) available to shareholders (1)	\$ (271)	\$ (239)	\$ (67)	\$ 668	\$ (943)
Adjusted earnings (1) (2)	\$ 270	\$ 153	\$ 283	\$ 992	\$ (676)
Total corporate expenses (3)	\$ 242	\$ 288	\$ 230	\$ 287	\$ 241
<b>Stockholders' Equity</b>					
Ending Brighthouse Financial, Inc.' s stockholders' equity	\$ 12,884	\$ 13,435	\$ 13,608	\$ 14,515	\$ 13,766
Ending AOCI (4)	552	815	801	1,676	1,308
Ending Brighthouse Financial, Inc.' s stockholders' equity, excluding AOCI (4)	\$ 12,332	\$ 12,620	\$ 12,807	\$ 12,839	\$ 12,458
<b>Return on Equity</b>					
Return on equity	0.7%	(4.0)%	(0.7)%	(2.5)%	(17.9)%
Return on equity, excluding AOCI (2)	0.7%	(4.5)%	(0.7)%	(2.8)%	(20.1)%
Adjusted return on equity (2)	13.5%	5.8%	7.0%	6.9%	(1.0)%
<b>Per Diluted Common Share</b>					
Net income (loss) available to shareholders per common share (5)	\$ (2.26)	\$ (2.01)	\$ (0.56)	\$ 5.58	\$ (7.87)
Adjusted earnings per common share (2)	\$ 2.23	\$ 1.27	\$ 2.36	\$ 8.28	\$ (5.64)
Weighted average common shares outstanding	120,641,572	120,200,149	119,773,106	119,773,106	119,773,106
Book value per common share (2)	\$ 108.45	\$ 112.17	\$ 113.61	\$ 121.19	\$ 114.93
Book value per common share, excluding AOCI (2)	\$ 103.80	\$ 105.37	\$ 106.93	\$ 107.19	\$ 104.01
Ending common shares outstanding	118,800,611	119,773,106	119,773,106	119,773,106	119,773,106

(1) The Company recorded a non-cash tax expense of \$1.1 billion in the third quarter of 2017 related to a tax obligation triggered prior to the separation, recognized by the Company's former parent. This tax expense had no impact on the book value of Brighthouse.

(2) See definitions for non-GAAP and other financial disclosures in the appendix beginning on Page A-2.

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

(4) Ending AOCI and Ending Brighthouse Financial, Inc.'s stockholders' equity, excluding AOCI, have been recast as of December 31, 2017 to conform to amounts presented in Brighthouse Financial, Inc.'s annual report on Form 10-K for the year ended December 31, 2017. The change was made as a result of the adoption of accounting guidance related to the accounting for deferred taxes that was issued subsequent to the filing of the Q4 2017 Financial Supplement.

(5) Dilutive shares were not included in the calculation of net income (loss) available to shareholders per common share as inclusion of such shares would have an anti-dilutive effect.


## Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Revenues</b>							
Premiums	\$225	\$223	\$229	\$233	\$236	\$677	\$630
Universal life and investment-type product policy fees	972	962	1,002	963	1,025	2,936	2,935
Net investment income	853	806	817	769	761	2,476	2,309
Other revenues	105	98	105	322	93	308	329
Revenues before NIGL and NDGL	2,155	2,089	2,153	2,287	2,115	6,397	6,203
Net investment gains (losses)	(42)	(75)	(4)	6	21	(121)	(34)
Net derivative gains (losses)	(691)	(312)	(334)	(413)	(164)	(1,337)	(1,207)
<b>Total revenues</b>	<b>\$1,422</b>	<b>\$1,702</b>	<b>\$1,815</b>	<b>\$1,880</b>	<b>\$1,972</b>	<b>\$4,939</b>	<b>\$4,962</b>
<b>Expenses</b>							
Interest credited to policyholder account balances	\$273	\$269	\$267	\$273	\$279	\$809	\$838
Policyholder benefits and claims	822	813	738	904	1,083	2,373	2,732
Amortization of DAC and VOBA	30	246	305	231	123	581	(4)
Interest expense on debt	40	36	37	37	34	113	116
Other expenses	625	655	581	657	577	1,861	1,673
<b>Total expenses</b>	<b>1,790</b>	<b>2,019</b>	<b>1,928</b>	<b>2,102</b>	<b>2,096</b>	<b>5,737</b>	<b>5,355</b>
Income (loss) before provision for income tax	(368)	(317)	(113)	(222)	(124)	(798)	(393)
Provision for income tax expense (benefit)	(99)	(79)	(48)	(890)	819	(226)	653
<b>Net income (loss)</b>	<b>(269)</b>	<b>(238)</b>	<b>(65)</b>	<b>668</b>	<b>(943)</b>	<b>(572)</b>	<b>(1,046)</b>
Less: Net income (loss) attributable to noncontrolling interests	2	1	2	—	—	5	—
<b>Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders</b>	<b>\$(271)</b>	<b>\$(239)</b>	<b>\$(67)</b>	<b>\$668</b>	<b>\$(943)</b>	<b>\$(577)</b>	<b>\$(1,046)</b>

## Balance Sheets (Unaudited, in millions)

ASSETS	As of				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Investments:					
Fixed maturity securities available-for-sale	\$62,279	\$62,343	\$63,178	\$64,991	\$63,565
Equity securities (1)	150	153	160	161	195
Mortgage loans, net	13,033	12,337	11,308	10,742	10,431
Policy loans	1,443	1,458	1,517	1,523	1,522
Real estate joint ventures	444	449	441	433	407
Other limited partnership interests	1,765	1,706	1,700	1,669	1,654
Short-term investments	116	177	293	312	1,149
Other invested assets (1)	2,099	2,305	2,452	2,507	2,736
<b>Total investments</b>	<b>81,329</b>	<b>80,928</b>	<b>81,049</b>	<b>82,338</b>	<b>81,659</b>
Cash and cash equivalents	2,144	2,135	1,888	1,857	1,698
Accrued investment income	675	607	640	601	641
Reinsurance recoverables	12,683	12,745	12,746	12,763	12,727
Premiums and other receivables	868	848	781	762	864
DAC and VOBA	6,050	5,968	6,083	6,286	6,414
Current income tax recoverable	878	814	832	740	1,772
Other assets	583	580	593	588	647
Separate account assets	111,736	111,587	114,385	118,257	116,857
<b>Total assets</b>	<b>\$216,946</b>	<b>\$216,212</b>	<b>\$218,997</b>	<b>\$224,192</b>	<b>\$223,279</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Future policy benefits	\$35,748	\$35,816	\$36,223	\$36,616	\$36,035
Policyholder account balances	39,446	38,407	37,940	37,783	37,298
Other policy-related balances	2,907	2,941	2,991	2,985	2,964
Payables for collateral under securities loaned and other transactions	4,043	4,265	4,244	4,169	4,569
Long-term debt	3,966	3,607	3,609	3,612	3,615
Deferred income tax liability	576	684	752	927	2,116
Other liabilities	5,575	5,405	5,180	5,263	5,994
Separate account liabilities	111,736	111,587	114,385	118,257	116,857
<b>Total liabilities</b>	<b>203,997</b>	<b>202,712</b>	<b>205,324</b>	<b>209,612</b>	<b>209,448</b>
<b>Equity</b>					
Common stock	1	1	1	1	1
Additional paid-in capital	12,469	12,444	12,432	12,432	12,418
Retained earnings (deficit)	(96)	175	374	406	39
Treasury stock	(42)	—	—	—	—
Accumulated other comprehensive income (loss)	552	815	801	1,676	1,308
<b>Total Brighthouse Financial, Inc.'s stockholders' equity</b>	<b>12,884</b>	<b>13,435</b>	<b>13,608</b>	<b>14,515</b>	<b>13,766</b>
Noncontrolling interests	65	65	65	65	65
<b>Total equity</b>	<b>12,949</b>	<b>13,500</b>	<b>13,673</b>	<b>14,580</b>	<b>13,831</b>
<b>Total liabilities and equity</b>	<b>\$216,946</b>	<b>\$216,212</b>	<b>\$218,997</b>	<b>\$224,192</b>	<b>\$223,279</b>

(1) The Company reclassified \$71 million as of December 31, 2017 and \$70 million as of September 30, 2017 of FHLB common stock from equity securities to other invested assets, principally at estimated fair value, to conform to current presentation.



# **Earnings and Select Metrics from Business Segments and Corporate & Other**







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

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Adjusted revenues</b>							
Premiums	\$48	\$48	\$45	\$33	\$44	\$141	\$142
Universal life and investment-type product policy fees	625	632	640	645	629	1,897	1,900
Net investment income	399	376	363	329	310	1,138	948
Other revenues	88	90	99	93	87	277	280
<b>Total adjusted revenues</b>	<b>\$1,160</b>	<b>\$1,146</b>	<b>\$1,147</b>	<b>\$1,100</b>	<b>\$1,070</b>	<b>\$3,453</b>	<b>\$3,270</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$152	\$148	\$146	\$148	\$153	\$446	\$457
Policyholder benefits and claims	72	181	180	153	258	433	581
Amortization of DAC and VOBA	40	124	143	102	(228)	307	(22)
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	409	427	406	422	399	1,242	1,143
<b>Total adjusted expenses</b>	<b>673</b>	<b>880</b>	<b>875</b>	<b>825</b>	<b>582</b>	<b>2,428</b>	<b>2,159</b>
Adjusted earnings before provision for income tax	487	266	272	275	488	1,025	1,111
Provision for income tax expense (benefit)	86	45	46	67	133	177	302
<b>Adjusted earnings</b>	<b>\$401</b>	<b>\$221</b>	<b>\$226</b>	<b>\$208</b>	<b>\$355</b>	<b>\$848</b>	<b>\$809</b>

## Annuities — Select Operating Metrics (Unaudited, in millions)

VARIABLE & SHIELD ANNUITIES ACCOUNT VALUE (1)	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Account value, beginning of period	\$116,283	\$117,178	\$120,333	\$118,574	\$116,830
Deposits	1,243	1,129	1,074	1,128	981
Withdrawals, surrenders and contract benefits	(2,754)	(2,877)	(2,853)	(2,799)	(2,402)
Net flows	(1,511)	(1,748)	(1,779)	(1,671)	(1,421)
Investment performance (2)	2,953	1,568	(695)	4,129	3,873
Policy charges and other	(740)	(715)	(681)	(699)	(708)
<b>Account value, end of period</b>	<b>\$116,985</b>	<b>\$116,283</b>	<b>\$117,178</b>	<b>\$120,333</b>	<b>\$118,574</b>
<b>FIXED ANNUITIES ACCOUNT VALUE</b>					
Account value, beginning of period	\$13,112	\$13,036	\$13,062	\$13,123	\$13,230
Deposits	330	305	205	232	113
Withdrawals, surrenders and contract benefits	(296)	(308)	(320)	(374)	(331)
Net flows	34	(3)	(115)	(142)	(218)
Interest credited	105	105	105	106	111
Other	(26)	(26)	(16)	(25)	—
<b>Account value, end of period</b>	<b>\$13,225</b>	<b>\$13,112</b>	<b>\$13,036</b>	<b>\$13,062</b>	<b>\$13,123</b>
<b>INCOME ANNUITIES (1)</b>					
<b>Income annuity insurance liabilities</b>	<b>\$4,561</b>	<b>\$4,547</b>	<b>\$4,541</b>	<b>\$4,544</b>	<b>\$4,544</b>

(1) Includes general account and separate account.

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

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

VARIABLE & INDEXED ANNUITY SALES	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
Shield Annuities (1)	\$867	\$723	\$729	\$794	\$653	\$2,319	\$1,681
GMWB/GMAB	218	237	183	173	190	638	639
GMDB only	84	96	92	94	92	272	314
GMIB	22	33	32	36	25	87	119
<b>Total variable &amp; indexed annuity sales</b>	<b>\$1,191</b>	<b>\$1,089</b>	<b>\$1,036</b>	<b>\$1,097</b>	<b>\$960</b>	<b>\$3,316</b>	<b>\$2,753</b>
<b>FIXED ANNUITY SALES</b>							
Fixed indexed annuities (2)	\$302	\$272	\$173	\$203	\$69	\$747	\$69
Fixed deferred annuities	28	36	34	32	37	98	133
Single premium immediate annuities	16	13	9	6	7	38	27
Other fixed annuities	4	2	4	3	1	10	18
<b>Total fixed annuity sales</b>	<b>\$350</b>	<b>\$323</b>	<b>\$220</b>	<b>\$244</b>	<b>\$114</b>	<b>\$893</b>	<b>\$247</b>

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

(2) Represents 90% of gross sales assumed via reinsurance agreement.

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

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Adjusted revenues</b>							
Premiums	\$152	\$151	\$158	\$172	\$164	\$461	\$406
Universal life and investment-type product policy fees	77	76	103	81	134	256	292
Net investment income	115	111	108	79	87	334	263
Other revenues	2	1	—	1	2	3	21
<b>Total adjusted revenues</b>	<b>\$346</b>	<b>\$339</b>	<b>\$369</b>	<b>\$333</b>	<b>\$387</b>	<b>\$1,054</b>	<b>\$982</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$29	\$28	\$31	\$48	\$40	\$88	\$108
Policyholder benefits and claims	169	168	165	187	161	502	477
Amortization of DAC and VOBA	8	23	29	33	138	60	190
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	62	74	63	58	56	199	207
<b>Total adjusted expenses</b>	<b>268</b>	<b>293</b>	<b>288</b>	<b>326</b>	<b>395</b>	<b>849</b>	<b>982</b>
Adjusted earnings before provision for income tax	78	46	81	7	(8)	205	—
Provision for income tax expense (benefit)	17	9	15	2	(14)	41	(11)
<b>Adjusted earnings</b>	<b>\$61</b>	<b>\$37</b>	<b>\$66</b>	<b>\$5</b>	<b>\$6</b>	<b>\$164</b>	<b>\$11</b>

## Life — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>LIFE ACCOUNT VALUE: GENERAL ACCOUNT</b>					
Variable universal and universal life account value, beginning of period	\$2,758	\$2,763	\$2,775	\$2,800	\$2,818
Premiums and deposits (1)	58	62	66	66	64
Surrenders and contract benefits	(29)	(44)	(43)	(49)	(49)
Net flows	29	18	23	17	15
Net transfers from (to) separate account	12	17	14	7	14
Interest credited	28	29	26	30	29
Policy charges and other	(74)	(69)	(75)	(79)	(76)
<b>Variable universal and universal life account value, end of period</b>	<b>\$2,753</b>	<b>\$2,758</b>	<b>\$2,763</b>	<b>\$2,775</b>	<b>\$2,800</b>
<b>LIFE ACCOUNT VALUE: SEPARATE ACCOUNT</b>					
Variable universal life account value, beginning of period	\$5,222	\$5,174	\$5,250	\$5,107	\$4,977
Premiums and deposits	57	59	62	60	65
Surrenders and contract benefits	(67)	(67)	(68)	(69)	(58)
Net flows	(10)	(8)	(6)	(9)	7
Investment performance	207	133	(2)	215	196
Net transfers from (to) general account	(12)	(17)	(14)	(7)	(14)
Policy charges and other	(56)	(60)	(54)	(56)	(59)
<b>Variable universal life account value, end of period</b>	<b>\$5,351</b>	<b>\$5,222</b>	<b>\$5,174</b>	<b>\$5,250</b>	<b>\$5,107</b>

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

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

LIFE SALES	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
Whole life	\$1	\$1	\$—	\$—	\$1	\$2	\$15
Term life	1	1	1	1	2	3	11
Variable universal life	—	—	—	—	—	—	3
Universal life without secondary guarantees	—	—	1	2	2	1	4
<b>Total life sales</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$3</b>	<b>\$5</b>	<b>\$6</b>	<b>\$33</b>

LIFE INSURANCE IN-FORCE	As of				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Whole Life</b>					
Life Insurance in-force, before reinsurance	\$22,127	\$22,467	\$22,890	\$23,204	\$23,532
Life Insurance in-force, net of reinsurance	\$3,690	\$3,713	\$3,764	\$3,820	\$3,747
<b>Term Life</b>					
Life Insurance in-force, before reinsurance	\$438,564	\$443,532	\$448,431	\$453,804	\$459,001
Life Insurance in-force, net of reinsurance	\$332,204	\$335,524	\$338,841	\$342,487	\$329,833
<b>Universal and Variable Universal Life</b>					
Life Insurance in-force, before reinsurance	\$58,108	\$58,837	\$59,625	\$60,514	\$61,408
Life Insurance in-force, net of reinsurance	\$41,279	\$41,146	\$41,601	\$42,009	\$40,183

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

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Adjusted revenues</b>							
Premiums	\$—	\$—	\$—	\$—	\$—	\$—	\$1
Universal life and investment-type product policy fees	208	189	199	169	196	596	544
Net investment income	322	314	343	339	348	979	1,060
Other revenues	6	7	6	8	3	19	26
<b>Total adjusted revenues</b>	<b>\$536</b>	<b>\$510</b>	<b>\$548</b>	<b>\$516</b>	<b>\$547</b>	<b>\$1,594</b>	<b>\$1,631</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$92	\$92	\$90	\$76	\$86	\$274	\$271
Policyholder benefits and claims	532	365	347	493	287	1,244	874
Amortization of DAC and VOBA	—	—	—	1	—	—	6
Interest expense on debt	—	—	—	—	—	—	23
Other operating costs	46	61	48	71	55	155	185
<b>Total adjusted expenses</b>	<b>670</b>	<b>518</b>	<b>485</b>	<b>641</b>	<b>428</b>	<b>1,673</b>	<b>1,359</b>
Adjusted earnings before provision for income tax	(134)	(8)	63	(125)	119	(79)	272
Provision for income tax expense (benefit)	(29)	(2)	13	(45)	36	(18)	88
<b>Adjusted earnings</b>	<b>\$(105)</b>	<b>\$(6)</b>	<b>\$50</b>	<b>\$(80)</b>	<b>\$83</b>	<b>\$(61)</b>	<b>\$184</b>



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

	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>UNIVERSAL LIFE WITH SECONDARY GUARANTEES ACCOUNT VALUE</b>					
Account value, beginning of period	\$6,204	\$6,235	\$6,285	\$6,292	\$6,282
Premiums and deposits (1)	189	202	197	199	200
Surrenders and contract benefits	(26)	(44)	(69)	(27)	(17)
Net flows	163	158	128	172	183
Interest credited	60	58	59	59	61
Policy charges and other	(242)	(247)	(237)	(238)	(234)
<b>Account value, end of period</b>	<b>\$6,185</b>	<b>\$6,204</b>	<b>\$6,235</b>	<b>\$6,285</b>	<b>\$6,292</b>
<b>LIFE INSURANCE IN-FORCE</b>					
<b>Universal Life with Secondary Guarantees</b>					
Life Insurance in-force, before reinsurance	\$80,963	\$81,479	\$82,126	\$82,747	\$83,325
Life Insurance in-force, net of reinsurance	\$37,029	\$36,619	\$36,870	\$37,133	\$35,243

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

## Corporate &amp; Other – Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Adjusted revenues</b>							
Premiums	\$25	\$24	\$26	\$28	\$28	\$75	\$81
Universal life and investment-type product policy fees	(3)	(4)	(3)	(3)	(4)	(10)	(10)
Net investment income	16	11	11	33	35	38	159
Other revenues	9	–	–	222	–	9	–
<b>Total adjusted revenues</b>	<b>\$47</b>	<b>\$31</b>	<b>\$34</b>	<b>\$280</b>	<b>\$59</b>	<b>\$112</b>	<b>\$230</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$–	\$–	\$–	\$–	\$–	\$–	\$–
Policyholder benefits and claims	15	19	14	14	21	48	48
Amortization of DAC and VOBA	5	3	5	5	4	13	15
Interest expense on debt	39	37	37	38	36	113	94
Other operating costs	105	96	64	105	93	265	134
<b>Total adjusted expenses</b>	<b>164</b>	<b>155</b>	<b>120</b>	<b>162</b>	<b>154</b>	<b>439</b>	<b>291</b>
Adjusted earnings before provision for income tax	(117)	(124)	(86)	118	(95)	(327)	(61)
Provision for income tax expense (benefit)	(32)	(26)	(29)	(741)	1,025	(87)	1,015
Adjusted earnings after provision for income tax	(85)	(98)	(57)	859	(1,120)	(240)	(1,076)
Less: Net income (loss) attributable to noncontrolling interests	2	1	2	–	–	5	–
<b>Adjusted earnings</b>	<b>\$(87)</b>	<b>\$(99)</b>	<b>\$(59)</b>	<b>\$859</b>	<b>\$(1,120)</b>	<b>\$(245)</b>	<b>\$(1,076)</b>



# **Other Information**

### DAC and VOBA and Net Derivative Gains (Losses) (Unaudited, in millions)

DAC AND VOBA ROLLFORWARD	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Balance, beginning of period	\$5,968	\$6,083	\$6,286	\$6,414	\$6,464
Capitalization	83	76	76	73	72
Amortization:					
Related to net investment gains (losses) and net derivative gains (losses) (1)	22	(96)	(128)	(90)	(209)
Notable items, included in adjusted expenses	96	—	—	—	229
Other amortization, included in adjusted expenses	(148)	(150)	(177)	(140)	(143)
<b>Total amortization</b>	<b>(30)</b>	<b>(246)</b>	<b>(305)</b>	<b>(230)</b>	<b>(123)</b>
Unrealized investment gains (losses)	29	55	26	29	1
Other	—	—	—	—	—
<b>Balance, end of period</b>	<b>\$6,050</b>	<b>\$5,968</b>	<b>\$6,083</b>	<b>\$6,286</b>	<b>\$6,414</b>

DAC AND VOBA BY SEGMENT AND CORPORATE & OTHER	As of				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Annuities	\$4,874	\$4,783	\$4,873	\$5,046	\$5,142
Life	1,056	1,061	1,082	1,106	1,134
Run-off	5	5	5	6	6
Corporate & Other	115	119	123	128	132
<b>Total DAC and VOBA</b>	<b>\$6,050</b>	<b>\$5,968</b>	<b>\$6,083</b>	<b>\$6,286</b>	<b>\$6,414</b>

NET DERIVATIVE GAINS (LOSSES)	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net derivative gains (losses):					
Variable annuity embedded derivatives	\$(40)	\$196	\$503	\$190	\$579
Variable annuity hedges	(591)	(510)	(371)	(548)	(730)
ULSG hedges	(130)	(63)	(448)	(43)	(9)
Other hedges and embedded derivatives	68	62	(26)	(23)	(22)
<b>Subtotal</b>	<b>(693)</b>	<b>(315)</b>	<b>(342)</b>	<b>(424)</b>	<b>(182)</b>
Investment hedge adjustments	2	3	8	11	18
<b>Total net derivative gains (losses)</b>	<b>\$(691)</b>	<b>\$(312)</b>	<b>\$(334)</b>	<b>\$(413)</b>	<b>\$(164)</b>

(1) Includes amounts related to GMIB fees and GMIB costs that are also included as an adjustment from net income (loss) to adjusted earnings.

## Notable Items (Unaudited, in millions)

	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS</b>					
Actuarial items and other insurance adjustments	\$(25)	\$—	\$(32)	\$91	\$(134)
Establishment costs	69	44	37	47	31
Separation related transactions	—	—	—	14	1,073
Tax reform adjustment (1)	—	—	—	(947)	—
<b>Total notable items (2)</b>	<b>\$44</b>	<b>\$44</b>	<b>\$5</b>	<b>\$(795)</b>	<b>\$970</b>
<b>NOTABLE ITEMS BY SEGMENT AND CORPORATE &amp; OTHER</b>					
Annuities	\$(154)	\$—	\$—	\$—	\$(142)
Life	(11)	—	(16)	—	17
Run-off	140	—	(16)	91	(9)
Corporate & Other	69	44	37	(886)	1,104
<b>Total notable items (2)</b>	<b>\$44</b>	<b>\$44</b>	<b>\$5</b>	<b>\$(795)</b>	<b>\$970</b>

(1) The notable item for the three months ended December 31, 2017 includes a reduction of \$222 million in a tax-related obligation to our former parent, MetLife, Inc.

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

## Variable Annuity Separate Account Returns and Allocations (Unaudited)

VARIABLE ANNUITY SEPARATE ACCOUNT RETURNS	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Total Quarterly VA separate account gross returns	3.02%	1.76%	(0.51)%	4.04%	3.83%
<b>TOTAL VARIABLE ANNUITY SEPARATE ACCOUNT ALLOCATIONS</b>					
Percent allocated to equity funds	26.06%	25.61%	25.24%	25.28%	25.10%
Percent allocated to bond funds/other funds	8.02%	8.14%	8.26%	8.16%	8.33%
Percent allocated to target volatility funds	22.62%	22.74%	22.69%	22.71%	22.48%
Percent allocated to balanced funds	43.30%	43.51%	43.81%	43.85%	44.09%

## Summary of Investments (Unaudited, dollars in millions)

	September 30, 2018		December 31, 2017	
	Amount	% of Total	Amount	% of Total
<b>Fixed maturity securities:</b>				
U.S. corporate securities	\$23,935	28.67%	\$22,957	27.27%
U.S. government and agency securities	10,950	13.12%	16,292	19.35%
Residential mortgage-backed securities	8,374	10.03%	7,977	9.47%
Foreign corporate securities	7,248	8.68%	7,023	8.34%
State and political subdivision securities	4,069	4.88%	4,181	4.97%
Commercial mortgage-backed securities	4,290	5.14%	3,423	4.07%
Asset-backed securities	2,009	2.41%	1,829	2.17%
Foreign government securities	1,404	1.68%	1,309	1.55%
<b>Total fixed maturity securities</b>	<b>62,279</b>	<b>74.61%</b>	<b>64,991</b>	<b>77.19%</b>
<b>Equity securities (1)</b>	<b>150</b>	<b>0.18%</b>	<b>161</b>	<b>0.19%</b>
<b>Mortgage loans:</b>				
Commercial mortgage loans	8,405	10.07%	7,260	8.62%
Agricultural mortgage loans	2,767	3.31%	2,276	2.70%
Residential mortgage loans	1,824	2.19%	1,138	1.35%
Valuation allowances	(56)	(0.07)%	(47)	(0.06)%
Commercial mortgage loans held by CSEs	93	0.11%	115	0.14%
<b>Total mortgage loans, net</b>	<b>13,033</b>	<b>15.61%</b>	<b>10,742</b>	<b>12.75%</b>
<b>Policy loans</b>	<b>1,443</b>	<b>1.73%</b>	<b>1,523</b>	<b>1.81%</b>
<b>Real estate joint ventures</b>	<b>444</b>	<b>0.53%</b>	<b>433</b>	<b>0.51%</b>
<b>Other limited partnership interests</b>	<b>1,765</b>	<b>2.11%</b>	<b>1,669</b>	<b>1.98%</b>
<b>Cash, cash equivalents and short-term investments</b>	<b>2,260</b>	<b>2.71%</b>	<b>2,169</b>	<b>2.58%</b>
<b>Other invested assets:</b>				
Derivatives:				
Interest rate	629	0.75%	1,112	1.32%
Equity market	1,007	1.21%	937	1.11%
Foreign currency exchange rate	185	0.22%	165	0.20%
Credit	35	0.04%	40	0.05%
Total derivatives	1,856	2.22%	2,254	2.68%
FHLB common stock (1)	64	0.08%	71	0.09%
Other	179	0.22%	182	0.22%
<b>Total other invested assets (1)</b>	<b>2,099</b>	<b>2.52%</b>	<b>2,507</b>	<b>2.99%</b>
<b>Total investments and cash and cash equivalents</b>	<b>\$83,473</b>	<b>100.00%</b>	<b>\$84,195</b>	<b>100.00%</b>

### For the Three Months Ended

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net investment income yield (2)	4.50%	4.37%	4.50%	4.30%	4.32%

(1) The Company reclassified \$71 million as of December 31, 2017 of FHLB common stock from equity securities to other invested assets, principally at estimated fair value, to conform to current presentation.

(2) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes realized gains and losses and reflects the GAAP adjustments described beginning on page A-1 of the Appendix hereto. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets, collateral received from derivative counterparties and the effects of consolidating under GAAP certain VIEs that are treated as CSEs.

### Select Actual and Preliminary Statutory Financial Results (1) (Unaudited, in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018 (2)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018 (2)	September 30, 2017
<b>REVENUES AND EXPENSES</b>							
Total revenues (Line 9)	\$2,900	\$2,910	\$2,846	\$2,834	\$2,647	\$8,656	\$14,730
Total benefits and expenses before dividends to policyholders (Line 28)	\$2,400	\$2,764	\$2,211	\$2,012	\$1,763	\$7,375	\$13,510
	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018 (2)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018 (2)	September 30, 2017
<b>NET INCOME (LOSS)</b>							
Gain (loss) from operations net of taxes (Line 33)	\$600	\$175	\$704	\$822	\$686	\$1,479	\$521
Net realized capital gains (losses), net of federal income tax and transfers to interest maintenance reserve (Line 34)	(400)	(313)	(1,019)	(578)	(403)	(1,732)	(1,100)
<b>Net income (loss) (Line 35)</b>	<b>\$200</b>	<b>\$(138)</b>	<b>\$(315)</b>	<b>\$244</b>	<b>\$283</b>	<b>\$(253)</b>	<b>\$(579)</b>
	As of						
	September 30, 2018 (2)	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017		
<b>COMBINED TOTAL ADJUSTED CAPITAL</b>							
Combined total adjusted capital	\$6,000	\$6,042	\$6,469	\$6,625	\$6,648		

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

(2) Reflects preliminary statutory results for the three months and nine months ended September 30, 2018.





# Appendix

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,” “forecast,” “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, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operating and financial results, as well as statements regarding the expected benefits of the separation from MetLife (the “Separation”) and the recapitalization actions.

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 counterparty risk due to guarantees within certain of our products; the effectiveness of our exposure management strategy and the impact of such strategy on net income volatility and negative effects on our statutory capital; the additional reserves we will be required to hold against our variable annuities as a result of actuarial guidelines; a sustained period of low equity market prices and interest rates that are lower than those we assumed when we issued our variable annuity products; our degree of leverage due to indebtedness incurred in connection with the Separation; the effect adverse capital and credit market conditions may have on our ability to meet liquidity needs and our access to capital; the impact of changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the effectiveness of our risk management policies and procedures; the availability of reinsurance and the ability of our 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; changes in accounting standards, practices and/or policies applicable to us; the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders; our ability to market and distribute our products through distribution channels; the impact of the Separation on our business and profitability due to MetLife’s strong brand and reputation, the increased costs related to replacing arrangements with MetLife with those of third parties and incremental costs as a public company; any failure of third parties to provide services we need, any failure of the practices and procedures of these third parties and any inability to obtain information or assistance we need from third parties, including MetLife; whether the operational, strategic and other benefits of the Separation can be achieved, and our ability to implement our business strategy; whether all or any portion of the Separation tax consequences are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; the uncertainty of the outcome of any disputes with MetLife over tax-related or other matters and agreements including the potential of outcomes adverse to us that could cause us to owe MetLife material tax reimbursements or payments or disagreements regarding MetLife’s or our obligations under our other agreements; the impact on our business structure, profitability, cost of capital and flexibility due to restrictions we have agreed to that preserve the tax-free treatment of certain parts of the Separation; the potential material negative tax impact of the Tax Cuts and Jobs Act and other potential future tax legislation that could decrease the value of our tax attributes, lead to increased risk-based capital requirements and cause other cash expenses, such as reserves, to increase materially and make some of our products less attractive to consumers; whether the distribution of shares of Brighthouse Financial, Inc. common stock to MetLife’s stockholders in connection with the Separation (the “Distribution”) will qualify for non-recognition treatment for U.S. federal income tax purposes and potential indemnification to MetLife if the Distribution does not so qualify; our ability to attract and retain key personnel; 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, 2017 and our subsequent Quarterly Reports on Form 10-Q, particularly in the sections entitled “Risk Factors” and “Quantitative and Qualitative Disclosures About Market Risk,” as well as in our subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

## Non-GAAP and Other Financial Disclosures

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

### Non-GAAP Financial Disclosures

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

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

#### 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 equity
- (viii) adjusted return on 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 equity
- (viii) return on equity
- (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 net income (loss) available to shareholders per common share to refer to earnings per common share, diluted.

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

### **Adjusted Earnings, Adjusted Revenues and Adjusted Expenses**

Adjusted earnings, which may be positive or negative, is used by management to evaluate performance, allocate resources and facilitate comparisons to industry results. This financial measure focuses on our primary businesses principally by excluding (i) the impact of market volatility, which could distort trends, and (ii) businesses that have been or will be sold or exited by us, referred to as divested businesses.

Adjusted earnings reflects adjusted revenues less adjusted expenses, both net of income tax, and excludes net income (loss) attributable to noncontrolling interests. 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, net of income tax, in calculating the adjusted revenues component of adjusted earnings:

- Net investment gains (losses);
- Net derivative gains (losses), except earned income on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”); and
- Amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees (“GMIB Fees”)<sup>(1)</sup>.

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

- Amounts associated with benefits and hedging costs related to GMIBs (“GMIB Costs”)<sup>(1)</sup>;
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and market value adjustments associated with surrenders or terminations of contracts (“Market Value Adjustments”); and
- Amortization of DAC and VOBA related to (i) net investment gains (losses), (ii) net derivative gains (losses), (iii) GMIB Fees and GMIB Costs and (iv) Market Value Adjustments<sup>(1)</sup>.

The tax impact of the adjustments mentioned is calculated net of the U.S. 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.

<sup>(1)</sup> Collectively, amounts related to GMIB, excluding amounts recorded in NDGL, may be referred to as “GMIB adjustments.”

## Non-GAAP and Other Financial Disclosures (Cont.)

### Adjusted Earnings per Common Share and Adjusted Return on Equity

Adjusted earnings per common share and adjusted return on 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.

Adjusted return on 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 stockholders' equity, excluding AOCI.

### Adjusted Net Investment Income

We present adjusted net investment income to measure our performance for management purposes, and we believe it enhances the understanding of our investment portfolio results. Adjusted net investment income represents net investment income including investment hedge adjustments and excluding the incremental net investment income from CSEs.

### Other Financial Disclosures

#### Corporate Expenses

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

#### Notable items

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

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

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

### CTE95

CTE95 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst 5 percent of 1,000 capital market scenarios over the life of the contracts.

**CTE98**

CTE98 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst 2 percent of 1,000 capital market scenarios over the life of the contracts.

**Holding Company Liquid Assets**

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

**Sales**

Statistical sales information for life sales is calculated using the LIMRA definition of sales for core direct sales, excluding company-sponsored internal exchanges, corporate-owned life insurance, bank-owned life insurance, and private placement variable universal life insurance. Annuity sales consist of 100 percent of direct statutory premiums, except for fixed indexed annuity sales distributed through MassMutual that consist of 90 percent of gross sales. Annuity sales exclude company sponsored internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

**Net Investment Income Yield**

Similar to adjusted net investment income, we present net investment income yields as a performance measure we believe enhances the understanding of our investment portfolio results. Net investment income yields are calculated on adjusted net investment income as a percent of average quarterly asset carrying values. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets, collateral received from derivative counterparties and the effects of consolidating under GAAP certain VIEs that are treated as CSEs.

**Adjusted Statutory Earnings**

Adjusted statutory earnings is a measure of our insurance companies' ability to pay future distributions and are reflective of whether our hedging program functions as intended. Adjusted statutory earnings is calculated as statutory pre-tax income less the change in the variable annuities reserve methodology (Actuarial Guideline 43) while including the change in both the reserve and capital methodology based CTE95 calculation, as well as unrealized gains (losses) associated with the variable annuities risk management strategy.

## Acronyms

<b>AOCI</b>	Accumulated other comprehensive income (loss)
<b>CSE</b>	Consolidated securitization entity
<b>CTE</b>	Conditional tail expectations
<b>DAC</b>	Deferred policy acquisition costs
<b>FHLB</b>	Federal Home Loan Bank
<b>GAAP</b>	Accounting principles generally accepted in the United States of America
<b>GMAB</b>	Guaranteed minimum accumulation benefits
<b>GMDB</b>	Guaranteed minimum death benefits
<b>GMIB</b>	Guaranteed minimum income benefits
<b>GMWB</b>	Guaranteed minimum withdrawal benefits
<b>LIMRA</b>	Life Insurance Marketing and Research Association
<b>NCI</b>	Noncontrolling interests
<b>NDGL</b>	Net derivative gains (losses)
<b>NIGL</b>	Net investment gains (losses)
<b>ULSG</b>	Universal life insurance with secondary guarantees
<b>VA</b>	Variable annuity
<b>VIE</b>	Variable interest entity
<b>VOBA</b>	Value of business acquired

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

	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>Net income (loss) available to shareholders</b>	<b>\$(271)</b>	<b>\$(239)</b>	<b>\$(67)</b>	<b>\$668</b>	<b>\$(943)</b>
Adjustments from net income (loss) available to shareholders to adjusted earnings:					
Less: Net investment gains (losses)	(42)	(75)	(4)	6	21
Less: Net derivative gains (losses)	(693)	(316)	(342)	(424)	(182)
Less: GMI B adjustments (1)	26	(38)	6	(35)	(416)
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	24	(77)	(130)	(37)	(78)
Less: Market value adjustments	7	8	31	(3)	(1)
Less: Other (1)	(4)	1	(4)	(4)	28
Less: Provision for income tax (expense) benefit on reconciling adjustments	141	105	93	173	361
<b>Adjusted earnings</b>	<b>\$270</b>	<b>\$153</b>	<b>\$283</b>	<b>\$992</b>	<b>\$(676)</b>
<b>Net income (loss) available to shareholders per common share</b>	<b>\$(2.26)</b>	<b>\$(2.01)</b>	<b>\$(0.56)</b>	<b>\$5.58</b>	<b>\$(7.87)</b>
Less: Net investment gains (losses)	(0.35)	(0.64)	(0.03)	0.05	0.18
Less: Net derivative gains (losses)	(5.79)	(2.64)	(2.86)	(3.54)	(1.52)
Less: GMI B adjustments (1)	0.22	(0.32)	0.05	(0.29)	(3.47)
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	0.20	(0.64)	(1.09)	(0.31)	(0.65)
Less: Market value adjustments	0.06	0.07	0.26	(0.02)	(0.01)
Less: Other (1)	(0.03)	0.01	(0.03)	(0.03)	0.23
Less: Provision for income tax (expense) benefit on reconciling adjustments	1.18	0.88	0.78	1.44	3.01
Less: Impact of inclusion of dilutive shares	0.02	—	—	—	—
<b>Adjusted earnings per common share</b>	<b>\$2.23</b>	<b>\$1.27</b>	<b>\$2.36</b>	<b>\$8.28</b>	<b>(5.64)</b>

(1) Certain amounts in the prior periods have been reclassified to conform to the current period presentation.



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

	Four Quarters Cumulative Trailing Basis				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>ADJUSTED EARNINGS</b>					
Net income (loss) available to shareholders	\$91	\$(581)	\$(96)	\$(378)	\$(2,811)
Adjustments from net income (loss) available to shareholders to adjusted earnings:					
Less: Net investment gains (losses)	(115)	(52)	23	(28)	(97)
Less: Net derivative gains (losses)	(1,775)	(1,264)	(1,053)	(1,752)	(4,095)
Less: GMIB adjustments (1)	(41)	(483)	(533)	(655)	(737)
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	(220)	(322)	(121)	249	611
Less: Market value adjustments	43	35	16	(21)	16
Less: Other (1)	(11)	21	(5)	(5)	(33)
Less: Provision for income tax (expense) benefit on reconciling adjustments	512	732	654	914	1,658
<b>Adjusted earnings</b>	<b>\$1,698</b>	<b>\$752</b>	<b>\$923</b>	<b>\$920</b>	<b>\$(134)</b>
<b>BRIGHTHOUSE FINANCIAL, INC.' S STOCKHOLDERS' EQUITY, EXCLUDING AOCI</b>					
Brighthouse Financial, Inc.' s stockholders' equity	\$13,642	\$14,348	\$14,684	\$14,935	\$15,666
Accumulated other comprehensive income (loss) (AOCI)	1,030	1,299	1,437	1,530	1,682
<b>Brighthouse Financial, Inc.' s stockholders' equity, excluding AOCI</b>	<b>\$12,612</b>	<b>\$13,049</b>	<b>\$13,247</b>	<b>\$13,405</b>	<b>\$13,983</b>
<b>ADJUSTED RETURN ON EQUITY</b>					
Return on equity	0.7%	(4.0)%	(0.7)%	(2.5)%	(17.9)%
Return on AOCI	8.8%	(44.7)%	(6.7)%	(24.7)%	(167.1)%
Return on equity, excluding AOCI	0.7%	(4.5)%	(0.7)%	(2.8)%	(20.1)%
Return on adjustments from net income (loss) available to shareholders to adjusted earnings:					
Less: Return on net investment gains (losses)	(0.9)%	(0.4)%	0.2%	(0.2)%	(0.7)%
Less: Return on net derivative gains (losses)	(14.1)%	(9.8)%	(8.0)%	(13.0)%	(29.3)%
Less: Return on GMIB adjustments (1)	(0.3)%	(3.7)%	(4.0)%	(4.9)%	(5.3)%
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	(1.7)%	(2.5)%	(0.9)%	1.8%	4.4%
Less: Return on market value adjustments	0.3%	0.3%	0.1%	(0.2)%	0.1%
Less: Return on other (1)	(0.1)%	0.2%	—%	—%	(0.2)%
Less: Return on provision for income tax (expense) benefit on reconciling adjustments	4.0%	5.6%	4.9%	6.8%	11.9%
<b>Adjusted return on equity</b>	<b>13.5%</b>	<b>5.8%</b>	<b>7.0%</b>	<b>6.9%</b>	<b>(1.0)%</b>

(1) Certain amounts in the prior periods have been reclassified to conform to the current period presentation.

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

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>Total revenues</b>	<b>\$1,422</b>	<b>\$1,702</b>	<b>\$1,815</b>	<b>\$1,880</b>	<b>\$1,972</b>	<b>\$4,939</b>	<b>\$4,962</b>
Less: Net investment gains (losses)	(42)	(75)	(4)	6	21	(121)	(34)
Less: Net derivative gains (losses)	(691)	(312)	(334)	(413)	(164)	(1,337)	(1,207)
Less: Other GMIB adjustments:							
GMIB fees	68	69	67	71	70	204	209
Investment hedge adjustments	(2)	(3)	(8)	(11)	(18)	(13)	(121)
Other	—	(3)	(4)	(2)	—	(7)	2
<b>Total adjusted revenues</b>	<b>\$2,089</b>	<b>\$2,026</b>	<b>\$2,098</b>	<b>\$2,229</b>	<b>\$2,063</b>	<b>\$6,213</b>	<b>\$6,113</b>
<b>Total expenses</b>	<b>\$1,790</b>	<b>\$2,019</b>	<b>\$1,928</b>	<b>\$2,102</b>	<b>\$2,096</b>	<b>\$5,737</b>	<b>\$5,355</b>
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	(24)	77	130	37	78	183	(286)
Less: Other adjustments to expenses:							
GMIB costs and amortization of DAC and VOBA related to GMIB fees and GMIB costs	42	107	61	106	486	210	829
Other	(3)	(11)	(31)	5	(1)	(45)	17
Less: Divested business	—	—	—	—	(26)	—	4
<b>Total adjusted expenses</b>	<b>\$1,775</b>	<b>\$1,846</b>	<b>\$1,768</b>	<b>\$1,954</b>	<b>\$1,559</b>	<b>\$5,389</b>	<b>\$4,791</b>

## Investment Reconciliation Details (Unaudited, dollars in millions)

	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	September 30, 2018	September 30, 2017
<b>NET INVESTMENT GAINS (LOSSES)</b>							
Investment portfolio gains (losses)	\$(35)	\$(68)	\$2	\$13	\$23	\$(101)	\$(24)
Investment portfolio writedowns	(4)	(2)	(3)	(6)	(1)	(9)	(8)
<b>Total net investment portfolio gains (losses)</b>	<b>(39)</b>	<b>(70)</b>	<b>(1)</b>	<b>7</b>	<b>22</b>	<b>(110)</b>	<b>(32)</b>
Net investment gains (losses) related to CSEs	(3)	(5)	(3)	(1)	(1)	(11)	(2)
Other	—	—	—	—	—	—	—
<b>Net investment gains (losses)</b>	<b>\$(42)</b>	<b>\$(75)</b>	<b>\$(4)</b>	<b>\$6</b>	<b>\$21</b>	<b>\$(121)</b>	<b>\$(34)</b>

	For the Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
<b>NET INVESTMENT INCOME YIELD</b>					
Investment income yield (1)	4.67%	4.53%	4.65%	4.46%	4.47%
Investment fees and expenses	(0.17)%	(0.16)%	(0.15)%	(0.16)%	(0.15)%
<b>Net investment income yield (1)</b>	<b>4.50%</b>	<b>4.37%</b>	<b>4.50%</b>	<b>4.30%</b>	<b>4.32%</b>

(1) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes realized gains and losses and reflects the GAAP adjustments described beginning on page A-1 of the Appendix hereto. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets, collateral received from derivative counterparties and the effects of consolidating under GAAP certain VIEs that are treated as CSEs.



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