

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): August 5, 2019



(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>
<b>Common Stock, par value \$0.01 per share</b>	<b>BHF</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Depository Shares, each representing a 1/1,000th interest in a share of</b>		
<b>6.600% Non-Cumulative Preferred Stock, Series A</b>	<b>BHFAP</b>	<b>The Nasdaq Stock Market LLC</b>
<b>6.250% Junior Subordinated Debentures due 2058</b>	<b>BHFAL</b>	<b>The Nasdaq Stock Market LLC</b>

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 August 5, 2019, Brighthouse Financial, Inc. (“Brighthouse Financial” or the “Company”) issued (i) a news release announcing its results for the quarter ended June 30, 2019, 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 June 30, 2019, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

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

**Item 7.01. Regulation FD Disclosure.**

In connection with its earnings call for the quarter ended June 30, 2019, 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>
<a href="#">99.1</a>	<a href="#">News release of Brighthouse Financial, Inc., dated August 5, 2019, announcing its results for the quarter ended June 30, 2019</a>
<a href="#">99.2</a>	<a href="#">Financial Supplement for the quarter ended June 30, 2019</a>

**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/ Lynn A. Dumais

Name: Lynn A. Dumais

Title: Chief Accounting Officer

Date: August 5, 2019

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Exhibit 99.1

## FOR IMMEDIATE RELEASE

### Brighthouse Financial Announces Second Quarter 2019 Results

- *Second quarter 2019 net income available to shareholders of \$377 million, or \$3.27 on a per diluted share basis, driven primarily by net derivative mark-to-market gains*
- *Adjusted earnings, less notable items\*, of \$296 million, or \$2.56 on a per diluted share basis*
- *Annuity sales grew 34 percent over the second quarter of 2018*
- *Variable annuity assets of approximately \$1.5 billion in excess of CTE98\**
- *Company repurchased \$136 million of its common stock during the quarter*

**CHARLOTTE, NC, August 5, 2019** — Brighthouse Financial, Inc. ("Brighthouse Financial" or the "company") (Nasdaq: BHF) announced today its financial results for the second quarter ended June 30, 2019.

#### Second Quarter 2019 Results

The company reported net income available to shareholders of \$377 million in the second quarter of 2019, or \$3.27 on a per diluted share basis, compared to a net loss available to shareholders of \$239 million in the second quarter of 2018. The company ended the second quarter of 2019 with common stockholders' equity ("book value") of \$15.9 billion, or \$140.83 on a per common share basis, and book value, excluding accumulated other comprehensive income ("AOCI") of \$13.2 billion, or \$116.85 on a per common share basis.

For the second quarter of 2019, the company reported adjusted earnings\* of \$254 million, or \$2.19 on a per diluted share basis.

The adjusted earnings for the quarter reflected \$42 million after-tax of unfavorable notable items, or \$0.36 on a per diluted share basis, including:

- \$30 million after-tax in establishment costs related to planned technology and branding expenses associated with the company's separation from its former parent company; and
- \$12 million after-tax impact related to reinsurance.

Corporate expenses in the second quarter of 2019 were \$242 million pre-tax, up from \$225 million pre-tax in the first quarter of 2019.

\* 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 is 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 Second Quarter 2019 Brighthouse Financial, Inc. Financial Supplement and/or the Second Quarter 2019 Brighthouse Financial, Inc. Earnings Call Presentation (which are available on the Brighthouse Financial Investor Relations web page at <http://investor.brighthousefinancial.com>). Additional information regarding notable items can be found on the last page of this news release.

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Annuity sales increased 34 percent quarter-over-quarter and 11 percent sequentially.

During the second quarter of 2019, the company repurchased approximately \$136 million of its common stock, with an additional \$43 million of its common stock repurchased in July 2019. Since the announcement of the company's first repurchase authorization in August 2018, the company has repurchased a total of \$336 million of its common stock through July 2019.

"We continued to execute our strategy during the second quarter of 2019 and are very pleased with our results. We delivered strong annuity sales, completed the repositioning of our investment portfolio and continued to repurchase our common stock," said Eric Steigerwalt, president and CEO, Brighthouse Financial. "As we approach the second anniversary of becoming an independent, publicly-traded company, we remain focused on growing life and annuity sales, reducing expenses, effectively managing our capital and driving long-term shareholder value."

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

	As of or For the Three Months Ended			
	June 30, 2019		June 30, 2018	
	Total	Per share	Total	Per share
Net income (loss) available to shareholders (1)	\$377	\$3.27	\$(239)	\$(2.01)
Adjusted earnings (1)	\$254	\$2.19	\$153	\$1.27
Weighted average common shares outstanding - diluted	115,536,654	N/A	120,200,149	N/A
Book value	\$15,864	\$140.83	\$13,435	\$112.17
Book value, excluding AOCI	\$13,162	\$116.85	\$12,620	\$105.37
Ending common shares outstanding	112,644,952	N/A	119,773,106	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.

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

	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
Adjusted earnings			
Annuities	\$265	\$295	\$221
Life	\$58	\$25	\$37
Run-off (1)	\$2	\$(36)	\$(6)
Corporate & Other (1)	\$(71)	\$(52)	\$(99)

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

### Sales (Unaudited, in millions)

	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
Annuities (1)	\$1,890	\$1,707	\$1,412
Life	\$1	\$1	\$2

(1) Annuities sales include sales of a fixed indexed annuity product sold by Massachusetts Mutual Life Insurance Company, representing 90% of gross sales of that product. Sales of this product were \$291 million for the second quarter of 2019, \$281 million for the first quarter of 2019, and \$272 million for the second quarter of 2018.

### Annuities

Adjusted earnings in the Annuities segment were \$265 million in the current quarter, compared to adjusted earnings of \$221 million in the second quarter of 2018 and adjusted earnings of \$295 million in the first quarter of 2019.

There were no notable items in the current quarter or the comparison quarters.

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

As mentioned above, annuity sales increased 34 percent quarter-over-quarter and 11 percent sequentially.

### Life

Adjusted earnings in the Life segment were \$58 million in the current quarter, compared to adjusted earnings of \$37 million in the second quarter of 2018 and adjusted earnings of \$25 million in the first quarter of 2019.

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There were no notable items in the current quarter or the comparison quarters.

On a quarter-over-quarter basis, adjusted earnings reflect lower expenses partially offset by lower fees. On a sequential basis, adjusted earnings reflect higher net investment income and lower claims driven by higher reinsurance recoveries, partially offset by higher DAC amortization.

### *Run-off*

The Run-off segment had adjusted earnings of \$2 million in the current quarter, compared to an adjusted loss of \$6 million in the second quarter of 2018 and an adjusted loss of \$36 million in the first quarter of 2019.

The current quarter included a \$12 million unfavorable reinsurance notable item. There were no notable items in the second quarter of 2018 or the first quarter of 2019.

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

### *Corporate & Other*

Corporate & Other had an adjusted loss of \$71 million in the current quarter, compared to an adjusted loss of \$99 million in the second quarter of 2018 and an adjusted loss of \$52 million in the first quarter of 2019.

The current quarter includes a \$30 million unfavorable notable item related to establishment costs, as described above. The second quarter of 2018 included a \$44 million unfavorable notable item and the first quarter of 2019 included a \$27 million unfavorable notable item, both also related to establishment costs.

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

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

	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
Net investment income	\$942	\$811	\$806
Adjusted net investment income*	\$942	\$811	\$812

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### *Net Investment Income*

Net investment income and adjusted net investment income for the second quarter of 2019 were each \$942 million. On a quarter-over-quarter and sequential basis, adjusted net investment income increased \$130 million and \$131 million, respectively. The quarter-over-quarter results were primarily driven by asset growth, higher alternative investment income and prepayments, and repositioning of the investment portfolio. On a sequential basis, the results were primarily driven by higher alternative investment income and prepayments, as well as asset growth.

The net investment income yield was 4.67 percent during the quarter.

### **Statutory Capital and Liquidity (Unaudited, in billions)**

	As of		
	June 30, 2019 (1)	March 31, 2019	June 30, 2018
Statutory combined total adjusted capital	\$6.9	\$6.3	\$6.0

(1) Reflects preliminary statutory results as of June 30, 2019.

### *Capitalization*

Holding company liquid assets were approximately \$0.9 billion at June 30, 2019.

Statutory combined total adjusted capital on a preliminary basis increased to approximately \$6.9 billion at June 30, 2019, driven primarily by net derivative mark-to-market gains.

Variable annuity assets were approximately \$1.5 billion above the CTE98 level at June 30, 2019.



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### Earnings Conference Call

Brighthouse Financial will hold a conference call and audio webcast to discuss its financial results for the second quarter of 2019 at 8:00 a.m. Eastern Time on Tuesday, August 6, 2019.

To listen to the audio webcast via the internet and to access the related presentation, please visit the Brighthouse Financial Investor Relations web page at <http://investor.brighthousefinancial.com>. To join the conference call via telephone, please dial (844) 358-9117 (+1 (209) 905-5952 from outside the U.S.) and use conference ID 7656195.

A replay of the conference call will be made available until Friday, August 23, 2019 on the Brighthouse Financial Investor Relations web page at <http://investor.brighthousefinancial.com>.



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**Note Regarding Forward-Looking Statements**

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

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 and counterparty risk due to guarantees within certain of our products; the effectiveness of our variable annuity exposure management strategy and the impact of such strategy on net income volatility and negative effects on our statutory capital; the reserves we are 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; the potential material adverse effect of changes in accounting standards, practices and/or policies applicable to us, including changes in the accounting for long-duration contracts; our degree of leverage due to indebtedness; the 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; 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; 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 all or any portion of the tax consequences of the Separation 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 potential future tax legislation that could decrease the value of our tax attributes and cause other cash expenses, such as reserves, to increase materially and make some of our products less attractive to consumers; whether the Separation will qualify for non-recognition treatment for federal income tax purposes and potential indemnification

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to MetLife if the Separation does not so qualify; 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; whether the operational, strategic and other benefits of the Separation can be achieved, and our ability to implement our business strategy; 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, 2018 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 other subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

### Non-GAAP and Other Financial Disclosures

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

#### Non-GAAP Financial Disclosures

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

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

#### Non-GAAP financial measures:

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

#### Most directly comparable GAAP financial measures:

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

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

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

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

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

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

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

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

- Net investment gains (losses);
- Net derivative gains (losses) ("NDGL"), except earned income on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment ("Investment Hedge Adjustments"); and
- Certain variable annuity GMIB fees ("GMIB Fees") and amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses).

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

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

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

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### *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.

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

### *Adjusted Net Investment Income*

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

### Other Financial Disclosures

#### *Corporate Expenses*

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

#### *Notable items*

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

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

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

#### *CTE95*

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

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### CTE98

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

### *Holding Company Liquid Assets*

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

### *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 and collateral received from derivative counterparties.

### *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. Adjusted statutory earnings may be further adjusted for certain unanticipated items that impacted our results in order to help management and investors better understand, evaluate and forecast those results.

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### 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., we specialize in products designed to help people protect what they've earned and ensure it lasts. Learn more at [brighthousefinancial.com](http://brighthousefinancial.com).

## CONTACT

### FOR INVESTORS

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

	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
<b>Revenues</b>			
Premiums	\$232	\$227	\$223
Universal life and investment-type product policy fees	888	875	962
Net investment income	942	811	806
Other revenues	96	92	98
Revenues before NIGL and NDGL	2,158	2,005	2,089
Net investment gains (losses)	63	(11)	(75)
Net derivative gains (losses)	149	(1,303)	(312)
<b>Total revenues</b>	<b>\$2,370</b>	<b>\$691</b>	<b>\$1,702</b>
<b>Expenses</b>			
Interest credited to policyholder account balances	\$265	\$258	\$269
Policyholder benefits and claims	845	772	813
Amortization of DAC and VOBA	170	22	246
Interest expense on debt	48	47	36
Other expenses	573	545	655
<b>Total expenses</b>	<b>1,901</b>	<b>1,644</b>	<b>2,019</b>
Income (loss) before provision for income tax	469	(953)	(317)
Provision for income tax expense (benefit)	85	(218)	(79)
<b>Net income (loss)</b>	<b>384</b>	<b>(735)</b>	<b>(238)</b>
Less: Net income (loss) attributable to noncontrolling interests	—	2	1
<b>Net income (loss) attributable to Brighthouse Financial, Inc.</b>	<b>384</b>	<b>(737)</b>	<b>(239)</b>
Less: Preferred stock dividends	7	—	—
<b>Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders</b>	<b>\$377</b>	<b>\$(737)</b>	<b>\$(239)</b>



## PUBLIC RELATIONS

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



### Condensed Balance Sheets (Unaudited, in millions)

	As of		
	June 30, 2019	March 31, 2019	June 30, 2018
<b>ASSETS</b>			
Investments:			
Fixed maturity securities available-for-sale	\$67,211	\$64,847	\$62,343
Equity securities	153	150	153
Mortgage loans, net	15,078	14,504	12,337
Policy loans	1,342	1,385	1,458
Real estate limited partnerships and limited liability companies	462	453	449
Other limited partnership interests	1,834	1,800	1,706
Short-term investments	793	799	177
Other invested assets	3,064	2,302	2,305
Total investments	89,937	86,240	80,928
Cash and cash equivalents	3,981	3,864	2,135
Accrued investment income	747	791	607
Reinsurance recoverables	13,366	13,098	12,745
Premiums and other receivables	865	928	848
DAC and VOBA	5,492	5,680	5,968
Current income tax recoverable	—	—	814
Other assets	610	618	580
Separate account assets	106,214	105,211	111,587
<b>Total assets</b>	<b>\$221,212</b>	<b>\$216,430</b>	<b>\$216,212</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Future policy benefits	\$38,280	\$37,157	\$35,816
Policyholder account balances	42,941	41,177	38,407
Other policy-related balances	3,041	3,005	2,941
Payables for collateral under securities loaned and other transactions	4,094	3,990	4,265
Long-term debt	4,365	4,364	3,607
Current income tax payable	14	19	—
Deferred income tax liability	1,364	1,005	684
Other liabilities	4,558	5,438	5,405
Separate account liabilities	106,214	105,211	111,587
<b>Total liabilities</b>	<b>204,871</b>	<b>201,366</b>	<b>202,712</b>
<b>Equity</b>			
Preferred Stock, at par value	—	—	—
Common stock, at par value	1	1	1
Additional paid-in capital	12,893	12,889	12,444
Retained earnings (deficit)	986	609	175
Treasury stock	(306)	(170)	—
Accumulated other comprehensive income (loss)	2,702	1,670	815
<b>Total Brighthouse Financial, Inc.'s stockholders' equity</b>	<b>16,276</b>	<b>14,999</b>	<b>13,435</b>
Noncontrolling interests	65	65	65
<b>Total equity</b>	<b>16,341</b>	<b>15,064</b>	<b>13,500</b>

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Total liabilities and equity	\$221,212	\$216,430	\$216,212
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## 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		
	June 30, 2019	March 31, 2019	June 30, 2018
<b>ADJUSTED EARNINGS, LESS NOTABLE ITEMS</b>			
Net income (loss) available to shareholders	\$377	\$(737)	\$(239)
Adjustments from net income (loss) available to shareholders to adjusted earnings:			
Less: Net investment gains (losses)	63	(11)	(75)
Less: Net derivative gains (losses), excluding investment hedge adjustments	149	(1,303)	(316)
Less: GMIB Fees and GMIB Costs	(22)	35	(19)
Less: Amortization of DAC and VOBA	(17)	75	(96)
Less: Market value adjustments	(16)	(23)	8
Less: Other	—	—	1
Less: Provision for income tax (expense) benefit on reconciling adjustments	(34)	258	105
Adjusted earnings	254	232	153
Less: Notable items	(42)	(27)	(44)
<b>Adjusted earnings, less notable items</b>	<b>\$296</b>	<b>\$259</b>	<b>\$197</b>
<b>ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)</b>			
Net income (loss) available to shareholders per common share	\$3.27	\$(6.31)	\$(2.01)
Less: Net investment gains (losses)	0.55	(0.09)	(0.64)
Less: Net derivative gains (losses), excluding investment hedge adjustments	1.29	(11.16)	(2.64)
Less: GMIB Fees and GMIB Costs	(0.19)	0.30	(0.16)
Less: Amortization of DAC and VOBA	(0.15)	0.64	(0.80)
Less: Market value adjustments	(0.14)	(0.20)	0.07
Less: Other	—	—	0.01
Less: Provision for income tax (expense) benefit on reconciling adjustments	(0.29)	2.21	0.88
Less: Impact of inclusion of dilutive shares	—	0.01	—
Adjusted earnings per common share	2.19	1.98	1.27
Less: Notable items	(0.36)	(0.23)	(0.37)
<b>Adjusted earnings, less notable items per common share</b>	<b>\$2.56</b>	<b>\$2.21</b>	<b>\$1.64</b>

(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.

## 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		
	June 30, 2019	March 31, 2019	June 30, 2018
Net investment income	\$942	\$811	\$806
Less: Investment hedge adjustments	—	—	(3)
Less: Other incremental net investment income	—	—	(3)
<b>Adjusted net investment income</b>	<b>\$942</b>	<b>\$811</b>	<b>\$812</b>

### Notable Items (Unaudited, in millions)

	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
<b>NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS</b>			
Actuarial items and other insurance adjustments	\$12	\$—	\$—
Establishment costs	30	27	44
<b>Total notable items (1)</b>	<b>\$42</b>	<b>\$27</b>	<b>\$44</b>
<b>NOTABLE ITEMS BY SEGMENT AND CORPORATE &amp; OTHER</b>			
Annuities	\$—	\$—	\$—
Life	—	—	—
Run-off	12	—	—
Corporate & Other	30	27	44
<b>Total notable items (1)</b>	<b>\$42</b>	<b>\$27</b>	<b>\$44</b>

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

# Brighthouse Financial, Inc. Financial Supplement

Second Quarter 2019





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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.

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# Financial Results

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

Financial Results and Metrics	As of or For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net income (loss) available to shareholders (1)	\$377	\$(737)	\$1,442	\$(271)	\$(239)
Adjusted earnings (1)	\$254	\$232	\$186	\$270	\$153
Total corporate expenses (2)	\$242	\$225	\$233	\$242	\$288
<b>Stockholders' Equity</b>					
Brighthouse Financial, Inc.'s stockholders' equity	\$16,276	\$14,999	\$14,418	\$12,884	\$13,435
Less: Preferred stock, net	412	412	—	—	—
Brighthouse Financial, Inc.'s common stockholders' equity, including AOCI	\$15,864	\$14,587	\$14,418	\$12,884	\$13,435
Less: AOCI	2,702	1,670	716	552	815
Brighthouse Financial, Inc.'s common stockholders' equity, excluding AOCI	\$13,162	\$12,917	\$13,702	\$12,332	\$12,620
<b>Return on Common Equity</b>					
Return on common equity (1)	5.7%	1.4%	6.3%	0.7%	(4.0)%
Return on common equity, excluding AOCI (1)	6.3%	1.5%	6.7%	0.7%	(4.5)%
Adjusted return on common equity (1)	7.3%	6.5%	6.9%	13.5%	5.8%
<b>Earnings Per Common Share, Diluted</b>					
Net income (loss) available to shareholders per common share (1), (3)	\$3.27	\$(6.31)	\$12.14	\$(2.26)	\$(2.01)
Adjusted earnings per common share (1)	\$2.19	\$1.98	\$1.56	\$2.23	\$1.27
Weighted average common shares outstanding	115,536,654	117,229,854	118,685,082	120,641,572	120,200,149
<b>Book Value Per Common Share</b>					
Book value per common share (1), (4)	\$140.83	\$125.55	\$122.67	\$108.45	\$112.17
Book value per common share, excluding AOCI (1)	\$116.85	\$111.18	\$116.58	\$103.80	\$105.37
Ending common shares outstanding	112,644,952	116,182,687	117,532,336	118,800,611	119,773,106

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

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

(3) For loss periods, 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.

(4) Certain amounts prior to June 30, 2019 have been reclassified to conform to current period presentation.



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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>Revenues</b>							
Premiums	\$232	\$227	\$223	\$225	\$223	\$459	\$452
Universal life and investment-type product policy fees	888	875	899	972	962	1,763	1,964
Net investment income	942	811	862	853	806	1,753	1,623
Other revenues	96	92	89	105	98	188	203
Revenues before NIGL and NDGL	2,158	2,005	2,073	2,155	2,089	4,163	4,242
Net investment gains (losses)	63	(11)	(86)	(42)	(75)	52	(79)
Net derivative gains (losses)	149	(1,303)	2,039	(691)	(312)	(1,154)	(646)
<b>Total revenues</b>	<b>\$2,370</b>	<b>\$691</b>	<b>\$4,026</b>	<b>\$1,422</b>	<b>\$1,702</b>	<b>\$3,061</b>	<b>\$3,517</b>
<b>Expenses</b>							
Interest credited to policyholder account balances	\$265	\$258	\$270	\$273	\$269	\$523	\$536
Policyholder benefits and claims	845	772	899	822	813	1,617	1,551
Amortization of DAC and VOBA	170	22	469	30	246	192	551
Interest expense on debt	48	47	45	40	36	95	73
Other expenses	573	545	556	625	655	1,118	1,236
<b>Total expenses</b>	<b>1,901</b>	<b>1,644</b>	<b>2,239</b>	<b>1,790</b>	<b>2,019</b>	<b>3,545</b>	<b>3,947</b>
Income (loss) before provision for income tax	469	(953)	1,787	(368)	(317)	(484)	(430)
Provision for income tax expense (benefit)	85	(218)	345	(99)	(79)	(133)	(127)
<b>Net income (loss)</b>	<b>384</b>	<b>(735)</b>	<b>1,442</b>	<b>(269)</b>	<b>(238)</b>	<b>(351)</b>	<b>(303)</b>
Less: Net income (loss) attributable to noncontrolling interests	—	2	—	2	1	2	3
<b>Net income (loss) attributable to Brighthouse Financial, Inc.</b>	<b>384</b>	<b>(737)</b>	<b>1,442</b>	<b>(271)</b>	<b>(239)</b>	<b>(353)</b>	<b>(306)</b>
Less: Preferred stock dividends	7	—	—	—	—	7	—
<b>Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders</b>	<b>\$377</b>	<b>\$(737)</b>	<b>\$1,442</b>	<b>\$(271)</b>	<b>\$(239)</b>	<b>\$(360)</b>	<b>\$(306)</b>

## Balance Sheets (Unaudited, in millions)

ASSETS	As of				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Investments:					
Fixed maturity securities available-for-sale	\$67,211	\$64,847	\$62,608	\$62,279	\$62,343
Equity securities	153	150	140	150	153
Mortgage loans, net	15,078	14,504	13,694	13,033	12,337
Policy loans	1,342	1,385	1,421	1,443	1,458
Real estate limited partnerships and limited liability companies	462	453	451	444	449
Other limited partnership interests	1,834	1,800	1,840	1,765	1,706
Short-term investments	793	799	—	116	177
Other invested assets	3,064	2,302	3,027	2,099	2,305
Total investments	89,937	86,240	83,181	81,329	80,928
Cash and cash equivalents	3,981	3,864	4,145	2,144	2,135
Accrued investment income	747	791	724	675	607
Reinsurance recoverables	13,366	13,098	12,929	12,683	12,745
Premiums and other receivables	865	928	768	868	848
DAC and VOBA	5,492	5,680	5,717	6,050	5,968
Current income tax recoverable	—	—	1	878	814
Other assets	610	618	573	583	580
Separate account assets	106,214	105,211	98,256	111,736	111,587
<b>Total assets</b>	<b>\$221,212</b>	<b>\$216,430</b>	<b>\$206,294</b>	<b>\$216,946</b>	<b>\$216,212</b>
<b>LIABILITIES AND EQUITY</b>					
Liabilities					
Future policy benefits	\$38,280	\$37,157	\$36,209	\$35,748	\$35,816
Policyholder account balances	42,941	41,177	40,054	39,446	38,407
Other policy-related balances	3,041	3,005	3,000	2,907	2,941
Payables for collateral under securities loaned and other transactions	4,094	3,990	5,057	4,043	4,265
Long-term debt	4,365	4,364	3,963	3,966	3,607
Current income tax payable	14	19	15	—	—
Deferred income tax liability	1,364	1,005	972	576	684
Other liabilities	4,558	5,438	4,285	5,575	5,405
Separate account liabilities	106,214	105,211	98,256	111,736	111,587
<b>Total liabilities</b>	<b>204,871</b>	<b>201,366</b>	<b>191,811</b>	<b>203,997</b>	<b>202,712</b>
Equity					
Preferred Stock, at par value	—	—	—	—	—
Common stock, at par value	1	1	1	1	1
Additional paid-in capital	12,893	12,889	12,473	12,469	12,444
Retained earnings (deficit)	986	609	1,346	(96)	175
Treasury stock	(306)	(170)	(118)	(42)	—
Accumulated other comprehensive income (loss)	2,702	1,670	716	552	815
<b>Total Brighthouse Financial, Inc.'s stockholders' equity</b>	<b>16,276</b>	<b>14,999</b>	<b>14,418</b>	<b>12,884</b>	<b>13,435</b>
Noncontrolling interests	65	65	65	65	65
<b>Total equity</b>	<b>16,341</b>	<b>15,064</b>	<b>14,483</b>	<b>12,949</b>	<b>13,500</b>
<b>Total liabilities and equity</b>	<b>\$221,212</b>	<b>\$216,430</b>	<b>\$206,294</b>	<b>\$216,946</b>	<b>\$216,212</b>



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

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

	For the Six Months Ended June 30, 2019				
	Annuities	Life	Run-off	Corporate & Other	Total
<b>Adjusted revenues</b>					
Premiums	\$118	\$295	\$1	\$45	\$459
Universal life and investment-type product policy fees	1,145	117	375	(5)	1,632
Net investment income	891	213	615	34	1,753
Other revenues	157	8	12	11	188
<b>Total adjusted revenues</b>	<b>\$2,311</b>	<b>\$633</b>	<b>\$1,003</b>	<b>\$85</b>	<b>\$4,032</b>
<b>Adjusted expenses</b>					
Interest credited to policyholder account balances	\$284	\$49	\$190	\$—	\$523
Policyholder benefits and claims	323	350	760	27	1,460
Amortization of DAC and VOBA	210	32	—	8	250
Interest expense on debt	—	—	—	95	95
Other operating costs	810	99	97	112	1,118
<b>Total adjusted expenses</b>	<b>1,627</b>	<b>530</b>	<b>1,047</b>	<b>242</b>	<b>3,446</b>
Adjusted earnings before provision for income tax	684	103	(44)	(157)	586
Provision for income tax expense (benefit)	124	20	(10)	(43)	91
Adjusted earnings after provision for income tax	560	83	(34)	(114)	495
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	9	9
<b>Adjusted earnings</b>	<b>\$560</b>	<b>\$83</b>	<b>\$(34)</b>	<b>\$(123)</b>	<b>\$486</b>
	For the Six Months Ended June 30, 2018				
	Annuities	Life	Run-off	Corporate & Other	Total
<b>Adjusted revenues</b>					
Premiums	\$93	\$309	\$—	\$50	\$452
Universal life and investment-type product policy fees	1,272	179	388	(7)	1,832
Net investment income	739	219	657	22	1,637
Other revenues	189	1	13	—	203
<b>Total adjusted revenues</b>	<b>\$2,293</b>	<b>\$708</b>	<b>\$1,058</b>	<b>\$65</b>	<b>\$4,124</b>
<b>Adjusted expenses</b>					
Interest credited to policyholder account balances	\$294	\$59	\$182	\$—	\$535
Policyholder benefits and claims	361	333	712	33	1,439
Amortization of DAC and VOBA	267	52	—	8	327
Interest expense on debt	—	—	—	74	74
Other operating costs	833	137	109	160	1,239
<b>Total adjusted expenses</b>	<b>1,755</b>	<b>581</b>	<b>1,003</b>	<b>275</b>	<b>3,614</b>
Adjusted earnings before provision for income tax	538	127	55	(210)	510
Provision for income tax expense (benefit)	91	24	11	(55)	71
Adjusted earnings after provision for income tax	447	103	44	(155)	439
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	—	—	—	3	3
<b>Adjusted earnings</b>	<b>\$447</b>	<b>\$103</b>	<b>\$44</b>	<b>\$(158)</b>	<b>\$436</b>

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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>Adjusted revenues</b>							
Premiums	\$60	\$58	\$44	\$48	\$48	\$118	\$93
Universal life and investment-type product policy fees	584	561	594	625	632	1,145	1,272
Net investment income	470	421	398	399	376	891	739
Other revenues	80	77	78	88	90	157	189
<b>Total adjusted revenues</b>	<b>\$1,194</b>	<b>\$1,117</b>	<b>\$1,114</b>	<b>\$1,160</b>	<b>\$1,146</b>	<b>\$2,311</b>	<b>\$2,293</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$147	\$137	\$147	\$152	\$148	\$284	\$294
Policyholder benefits and claims	180	143	174	72	181	323	361
Amortization of DAC and VOBA	128	82	198	40	124	210	267
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	416	394	387	409	427	810	833
<b>Total adjusted expenses</b>	<b>871</b>	<b>756</b>	<b>906</b>	<b>673</b>	<b>880</b>	<b>1,627</b>	<b>1,755</b>
Adjusted earnings before provision for income tax	323	361	208	487	266	684	538
Provision for income tax expense (benefit)	58	66	33	86	45	124	91
<b>Adjusted earnings</b>	<b>\$265</b>	<b>\$295</b>	<b>\$175</b>	<b>\$401</b>	<b>\$221</b>	<b>\$560</b>	<b>\$447</b>

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

	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>VARIABLE &amp; SHIELD ANNUITIES ACCOUNT VALUE (1)</b>					
Account value, beginning of period	\$112,247	\$105,089	\$116,985	\$116,283	\$117,178
Deposits	1,511	1,327	1,295	1,243	1,129
Withdrawals, surrenders and contract benefits	(2,716)	(2,479)	(2,789)	(2,754)	(2,877)
Net flows (2)	(1,205)	(1,152)	(1,494)	(1,511)	(1,748)
Investment performance (3)	3,687	8,971	(9,711)	2,953	1,568
Policy charges and other	(688)	(661)	(691)	(740)	(715)
<b>Account value, end of period</b>	<b>\$114,041</b>	<b>\$112,247</b>	<b>\$105,089</b>	<b>\$116,985</b>	<b>\$116,283</b>
<b>FIXED ANNUITIES ACCOUNT VALUE (4)</b>					
Account value, beginning of period	\$12,734	\$12,770	\$13,225	\$13,112	\$13,036
Deposits	410	416	439	330	305
Withdrawals, surrenders and contract benefits	(312)	(521)	(963)	(296)	(308)
Net flows (2)	98	(105)	(524)	34	(3)
Interest credited	87	90	94	105	105
Other	(19)	(21)	(25)	(26)	(26)
<b>Account value, end of period</b>	<b>\$12,900</b>	<b>\$12,734</b>	<b>\$12,770</b>	<b>\$13,225</b>	<b>\$13,112</b>
<b>INCOME ANNUITIES (1)</b>					
<b>Income annuity insurance liabilities</b>	<b>\$4,515</b>	<b>\$4,541</b>	<b>\$4,517</b>	<b>\$4,561</b>	<b>\$4,547</b>

(1) Includes general account and separate account.

(2) Deposits and withdrawals include policy exchanges.

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

(4) Includes fixed indexed annuities.

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

VARIABLE & INDEXED ANNUITY SALES	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
Shield Annuities (1)	\$1,140	\$985	\$924	\$867	\$723	\$2,125	\$1,452
GMWB/GMAB	227	198	220	218	237	425	420
GMDB only	80	78	81	84	96	158	188
GMIB	26	23	20	22	33	49	65
<b>Total variable &amp; indexed annuity sales</b>	<b>\$1,473</b>	<b>\$1,284</b>	<b>\$1,245</b>	<b>\$1,191</b>	<b>\$1,089</b>	<b>\$2,757</b>	<b>\$2,125</b>
<b>FIXED ANNUITY SALES</b>							
Fixed indexed annuities (2)	\$291	\$281	\$368	\$302	\$272	\$572	\$445
Fixed deferred annuities	114	133	73	28	36	247	70
Single premium immediate annuities	8	6	8	16	13	14	22
Other fixed annuities	4	3	4	4	2	7	6
<b>Total fixed annuity sales</b>	<b>\$417</b>	<b>\$423</b>	<b>\$453</b>	<b>\$350</b>	<b>\$323</b>	<b>\$840</b>	<b>\$543</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 agreements.



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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>Adjusted revenues</b>							
Premiums	\$150	\$145	\$155	\$152	\$151	\$295	\$309
Universal life and investment-type product policy fees	59	58	61	77	76	117	179
Net investment income	116	97	115	115	111	213	219
Other revenues	5	3	4	2	1	8	1
<b>Total adjusted revenues</b>	<b>\$330</b>	<b>\$303</b>	<b>\$335</b>	<b>\$346</b>	<b>\$339</b>	<b>\$633</b>	<b>\$708</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$24	\$25	\$25	\$29	\$28	\$49	\$59
Policyholder benefits and claims	169	181	153	169	168	350	333
Amortization of DAC and VOBA	21	11	35	8	23	32	52
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	44	55	42	62	74	99	137
<b>Total adjusted expenses</b>	<b>258</b>	<b>272</b>	<b>255</b>	<b>268</b>	<b>293</b>	<b>530</b>	<b>581</b>
Adjusted earnings before provision for income tax	72	31	80	78	46	103	127
Provision for income tax expense (benefit)	14	6	16	17	9	20	24
<b>Adjusted earnings</b>	<b>\$58</b>	<b>\$25</b>	<b>\$64</b>	<b>\$61</b>	<b>\$37</b>	<b>\$83</b>	<b>\$103</b>

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

	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>LIFE ACCOUNT VALUE: GENERAL ACCOUNT</b>					
Variable universal and universal life account value, beginning of period	\$2,727	\$2,747	\$2,753	\$2,758	\$2,763
Premiums and deposits (1)	58	65	64	58	62
Surrenders and contract benefits	(49)	(52)	(31)	(29)	(44)
Net flows	9	13	33	29	18
Net transfers from (to) separate account	18	13	8	12	17
Interest credited	26	25	27	28	29
Policy charges and other	(73)	(71)	(74)	(74)	(69)
<b>Variable universal and universal life account value, end of period</b>	<b>\$2,707</b>	<b>\$2,727</b>	<b>\$2,747</b>	<b>\$2,753</b>	<b>\$2,758</b>
<b>LIFE ACCOUNT VALUE: SEPARATE ACCOUNT</b>					
Variable universal life account value, beginning of period	\$5,138	\$4,679	\$5,351	\$5,222	\$5,174
Premiums and deposits	55	59	59	57	59
Surrenders and contract benefits	(63)	(69)	(63)	(67)	(67)
Net flows	(8)	(10)	(4)	(10)	(8)
Investment performance	212	539	(603)	207	133
Net transfers from (to) general account	(18)	(15)	(8)	(12)	(17)
Policy charges and other	(55)	(55)	(57)	(56)	(60)
<b>Variable universal life account value, end of period</b>	<b>\$5,269</b>	<b>\$5,138</b>	<b>\$4,679</b>	<b>\$5,351</b>	<b>\$5,222</b>

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



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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>Adjusted revenues</b>							
Premiums	\$—	\$1	\$1	\$—	\$—	\$1	\$—
Universal life and investment-type product policy fees	182	193	180	208	189	375	388
Net investment income	339	276	331	322	314	615	657
Other revenues	6	6	6	6	7	12	13
<b>Total adjusted revenues</b>	<b>\$527</b>	<b>\$476</b>	<b>\$518</b>	<b>\$536</b>	<b>\$510</b>	<b>\$1,003</b>	<b>\$1,058</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$94	\$96	\$98	\$92	\$92	\$190	\$182
Policyholder benefits and claims	380	380	351	532	365	760	712
Amortization of DAC and VOBA	—	—	—	—	—	—	—
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	51	46	47	46	61	97	109
<b>Total adjusted expenses</b>	<b>525</b>	<b>522</b>	<b>496</b>	<b>670</b>	<b>518</b>	<b>1,047</b>	<b>1,003</b>
Adjusted earnings before provision for income tax	2	(46)	22	(134)	(8)	(44)	55
Provision for income tax expense (benefit)	—	(10)	4	(29)	(2)	(10)	11
<b>Adjusted earnings</b>	<b>\$2</b>	<b>\$(36)</b>	<b>\$18</b>	<b>\$(105)</b>	<b>\$(6)</b>	<b>\$(34)</b>	<b>\$44</b>

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

UNIVERSAL LIFE WITH SECONDARY GUARANTEES ACCOUNT VALUE	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Account value, beginning of period	\$6,110	\$6,154	\$6,185	\$6,204	\$6,235
Premiums and deposits (1)	191	187	190	189	202
Surrenders and contract benefits	(27)	(39)	(38)	(26)	(44)
Net flows	164	148	152	163	158
Interest credited	58	57	60	60	58
Policy charges and other	(248)	(249)	(243)	(242)	(247)
Account value, end of period	\$6,084	\$6,110	\$6,154	\$6,185	\$6,204

  

LIFE INSURANCE IN-FORCE	As of				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Universal Life with Secondary Guarantees					
Life Insurance in-force, before reinsurance	\$79,243	\$79,817	\$80,356	\$80,963	\$81,479
Life Insurance in-force, net of reinsurance	\$36,945	\$37,233	\$37,601	\$37,029	\$36,619

(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)

Adjusted revenues	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
Premiums	\$22	\$23	\$23	\$25	\$24	\$45	\$50
Universal life and investment-type product policy fees	(2)	(3)	(3)	(3)	(4)	(5)	(7)
Net investment income	17	17	19	16	11	34	22
Other revenues	5	6	1	9	—	11	—
<b>Total adjusted revenues</b>	<b>\$42</b>	<b>\$43</b>	<b>\$40</b>	<b>\$47</b>	<b>\$31</b>	<b>\$85</b>	<b>\$65</b>
<b>Adjusted expenses</b>							
Interest credited to policyholder account balances	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Policyholder benefits and claims	13	14	16	15	19	27	33
Amortization of DAC and VOBA	4	4	3	5	3	8	8
Interest expense on debt	48	47	45	39	37	95	74
Other operating costs	62	50	80	105	96	112	160
<b>Total adjusted expenses</b>	<b>127</b>	<b>115</b>	<b>144</b>	<b>164</b>	<b>155</b>	<b>242</b>	<b>275</b>
Adjusted earnings before provision for income tax	(85)	(72)	(104)	(117)	(124)	(157)	(210)
Provision for income tax expense (benefit)	(21)	(22)	(33)	(32)	(26)	(43)	(55)
Adjusted earnings after provision for income tax	(64)	(50)	(71)	(85)	(98)	(114)	(155)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	7	2	—	2	1	9	3
<b>Adjusted earnings</b>	<b>\$(71)</b>	<b>\$(52)</b>	<b>\$(71)</b>	<b>\$(87)</b>	<b>\$(99)</b>	<b>\$(123)</b>	<b>\$(158)</b>



# Other Information

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

DAC AND VOBA ROLLFORWARD	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Balance, beginning of period	\$5,680	\$5,717	\$6,050	\$5,968	\$6,083
Capitalization	96	86	87	83	76
Amortization:					
Included in adjusted earnings, excluding notable items	(153)	(97)	(236)	(148)	(150)
Related to notable items, included in adjusted expenses	—	—	—	96	—
Related to items not included in adjusted expenses	(17)	75	(233)	22	(96)
<b>Total amortization</b>	<b>(170)</b>	<b>(22)</b>	<b>(469)</b>	<b>(30)</b>	<b>(246)</b>
Unrealized investment gains (losses)	(114)	(101)	49	29	55
Other	—	—	—	—	—
<b>Balance, end of period</b>	<b>\$5,492</b>	<b>\$5,680</b>	<b>\$5,717</b>	<b>\$6,050</b>	<b>\$5,968</b>

  

DAC AND VOBA BY SEGMENT AND CORPORATE & OTHER	As of				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Annuities	\$4,382	\$4,534	\$4,550	\$4,874	\$4,783
Life	1,001	1,034	1,051	1,056	1,061
Run-off	5	5	5	5	5
Corporate & Other	104	107	111	115	119
<b>Total DAC and VOBA</b>	<b>\$5,492</b>	<b>\$5,680</b>	<b>\$5,717</b>	<b>\$6,050</b>	<b>\$5,968</b>

  

NET DERIVATIVE GAINS (LOSSES)	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net derivative gains (losses):					
Variable annuity embedded derivatives	\$(439)	\$(194)	\$(146)	\$(40)	\$196
Variable annuity hedges	245	(1,245)	1,844	(591)	(510)
ULSG hedges	312	122	217	(130)	(63)
Other hedges and embedded derivatives	31	14	123	68	62
<b>Subtotal</b>	<b>149</b>	<b>(1,303)</b>	<b>2,038</b>	<b>(693)</b>	<b>(315)</b>
Investment hedge adjustments	—	—	1	2	3
<b>Total net derivative gains (losses)</b>	<b>\$149</b>	<b>\$(1,303)</b>	<b>\$2,039</b>	<b>\$(691)</b>	<b>\$(312)</b>



### Notable Items (Unaudited, in millions)

	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS</b>					
Actuarial items and other insurance adjustments	\$12	\$—	\$(26)	\$(25)	\$—
Establishment costs	30	27	39	69	44
<b>Total notable items (1)</b>	<b>\$42</b>	<b>\$27</b>	<b>\$13</b>	<b>\$44</b>	<b>\$44</b>
<b>NOTABLE ITEMS BY SEGMENT AND CORPORATE &amp; OTHER</b>					
Annuities	\$—	\$—	\$(12)	\$(154)	\$—
Life	—	—	—	(11)	—
Run-off	12	—	(14)	140	—
Corporate & Other	30	27	39	69	44
<b>Total notable items (1)</b>	<b>\$42</b>	<b>\$27</b>	<b>\$13</b>	<b>\$44</b>	<b>\$44</b>

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

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

	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>VARIABLE ANNUITY SEPARATE ACCOUNT RETURNS</b>					
Total Quarterly VA separate account gross returns	3.84%	10.02%	(9.23)%	3.02%	1.76%
<b>TOTAL VARIABLE ANNUITY SEPARATE ACCOUNT ALLOCATIONS</b>					
Percent allocated to equity funds	25.04%	25.72%	24.83%	26.06%	25.61%
Percent allocated to bond funds/other funds	8.23%	8.30%	8.79%	8.02%	8.14%
Percent allocated to target volatility funds	24.11%	22.97%	23.05%	22.62%	22.74%
Percent allocated to balanced funds	42.62%	43.01%	43.33%	43.30%	43.51%

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

	June 30, 2019		December 31, 2018	
	Amount	% of Total	Amount	% of Total
<b>Fixed maturity securities:</b>				
U.S. corporate securities	\$28,282	30.11%	\$24,473	28.02%
U.S. government and agency securities	7,269	7.74%	9,095	10.41%
Residential mortgage-backed securities	9,411	10.02%	8,547	9.79%
Foreign corporate securities	9,585	10.21%	8,026	9.19%
Commercial mortgage-backed securities	5,312	5.66%	5,248	6.01%
State and political subdivision securities	3,846	4.10%	3,597	4.12%
Asset-backed securities	1,847	1.97%	2,126	2.44%
Foreign government securities	1,659	1.77%	1,496	1.71%
<b>Total fixed maturity securities</b>	<b>67,211</b>	<b>71.58%</b>	<b>62,608</b>	<b>71.69%</b>
<b>Equity securities</b>	<b>153</b>	<b>0.16%</b>	<b>140</b>	<b>0.16%</b>
<b>Mortgage loans:</b>				
Commercial mortgage loans	9,267	9.87%	8,529	9.77%
Agricultural mortgage loans	3,248	3.45%	2,946	3.37%
Residential mortgage loans	2,627	2.80%	2,276	2.61%
Valuation allowances	(64)	(0.07)%	(57)	(0.07)%
<b>Total mortgage loans, net</b>	<b>15,078</b>	<b>16.05%</b>	<b>13,694</b>	<b>15.68%</b>
<b>Policy loans</b>	<b>1,342</b>	<b>1.43%</b>	<b>1,421</b>	<b>1.63%</b>
<b>Real estate limited partnerships and limited liability companies</b>	<b>462</b>	<b>0.49%</b>	<b>451</b>	<b>0.52%</b>
<b>Other limited partnership interests</b>	<b>1,834</b>	<b>1.95%</b>	<b>1,840</b>	<b>2.11%</b>
<b>Cash, cash equivalents and short-term investments</b>	<b>4,774</b>	<b>5.08%</b>	<b>4,145</b>	<b>4.75%</b>
<b>Other invested assets:</b>				
Derivatives:				
Interest rate	1,646	1.75%	717	0.82%
Equity market	830	0.88%	1,732	1.98%
Foreign currency exchange rate	347	0.37%	313	0.36%
Credit	33	0.04%	16	0.02%
<b>Total derivatives</b>	<b>2,856</b>	<b>3.04%</b>	<b>2,778</b>	<b>3.18%</b>
FHLB common stock	50	0.05%	64	0.07%
Other	158	0.17%	185	0.21%
<b>Total other invested assets</b>	<b>3,064</b>	<b>3.26%</b>	<b>3,027</b>	<b>3.46%</b>
<b>Total investments and cash and cash equivalents</b>	<b>\$93,918</b>	<b>100.00%</b>	<b>\$87,326</b>	<b>100.00%</b>

### For the Three Months Ended

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net investment income yield (1)	4.67%	4.10%	4.48%	4.50%	4.37%

(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 and collateral received from derivative counterparties.

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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019 (2)	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019 (2)	June 30, 2018
<b>REVENUES AND EXPENSES (1)</b>							
Total revenues (Line 9)	\$3,400	\$2,393	\$4,333	\$2,921	\$2,910	\$5,793	\$5,756
Total benefits and expenses before dividends to policyholders (Line 28)	\$2,800	\$2,429	\$4,830	\$2,383	\$2,764	\$5,229	\$4,975
	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019 (2)	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019 (2)	June 30, 2018
<b>NET INCOME (LOSS) (1)</b>							
Gain (loss) from operations net of taxes and dividends to policyholders (Line 33)	\$600	\$(43)	\$(493)	\$582	\$175	\$557	\$879
Net realized capital gains (losses), net of taxes and certain transfers to interest maintenance reserve (Line 34)	(700)	(147)	(203)	(388)	(313)	(847)	(1,332)
<b>Net income (loss) (Line 35)</b>	<b>\$(100)</b>	<b>\$(190)</b>	<b>\$(696)</b>	<b>\$194</b>	<b>\$(138)</b>	<b>\$(290)</b>	<b>\$(453)</b>
	As of						
	June 30, 2019 (2)	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018		
<b>COMBINED TOTAL ADJUSTED CAPITAL</b>							
Combined total adjusted capital	\$6,900	\$6,314	\$7,354	\$6,004	\$6,042		

(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 six months ended June 30, 2019.





# Appendix

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## 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, 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 (the “Separation”) from MetLife, Inc. (“MetLife”).

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 and counterparty risk due to guarantees within certain of our products; the effectiveness of our variable annuity exposure management strategy and the impact of such strategy on net income volatility and negative effects on our statutory capital; the reserves we are 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; the potential material adverse effect of changes in accounting standards, practices and/or policies applicable to us, including changes in the accounting for long-duration contracts; our degree of leverage due to indebtedness; the 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; 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; 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 all or any portion of the tax consequences of the Separation 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 potential future tax legislation that could decrease the value of our tax attributes and cause other cash expenses, such as reserves, to increase materially and make some of our products less attractive to consumers; whether the Separation will qualify for non-recognition treatment for federal income tax purposes and potential indemnification to MetLife if the Separation does not so qualify; 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; whether the operational, strategic and other benefits of the Separation can be achieved, and our ability to implement our business strategy; 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, 2018 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 other subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

## Non-GAAP and Other Financial Disclosures

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

### Non-GAAP Financial Disclosures

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

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

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

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

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

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

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

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

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

### 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
- Certain variable annuity GMIB fees (“GMIB Fees”) and amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses).

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

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

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

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

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

Adjusted earnings per common share is defined as adjusted earnings for the period divided by the weighted average number of fully diluted shares of common stock outstanding for the period.

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

### Adjusted Net Investment Income

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



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

### Other Financial Disclosures

#### Corporate Expenses

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

#### Notable items

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

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

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

#### CTE95

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

#### CTE98

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

#### Holding Company Liquid Assets

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

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

### Net Investment Income Yield

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

### 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. Adjusted statutory earnings may be further adjusted for certain unanticipated items that impacted our results in order to help management and investors better understand, evaluate and forecast those results.



## Acronyms

<b>AOCI</b>	Accumulated other comprehensive income (loss)
<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>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>VOBA</b>	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				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>ADJUSTED EARNINGS, LESS NOTABLE ITEMS</b>					
<b>Net income (loss) available to shareholders</b>	<b>\$377</b>	<b>\$(737)</b>	<b>\$1,442</b>	<b>\$(271)</b>	<b>\$(239)</b>
Adjustments from net income (loss) available to shareholders to adjusted earnings:					
Less: Net investment gains (losses)	63	(11)	(86)	(42)	(75)
Less: Net derivative gains (losses), excluding investment hedge adjustments	149	(1,303)	2,038	(693)	(316)
Less: GMIB Fees and GMIB Costs	(22)	35	(137)	28	(19)
Less: Amortization of DAC and VOBA	(17)	75	(233)	22	(96)
Less: Market value adjustments	(16)	(23)	(1)	7	8
Less: Other	—	—	—	(4)	1
Less: Provision for income tax (expense) benefit on reconciling adjustments	(34)	258	(325)	141	105
<b>Adjusted earnings</b>	<b>254</b>	<b>232</b>	<b>186</b>	<b>270</b>	<b>153</b>
Less: Notable items	(42)	(27)	(13)	(44)	(44)
<b>Adjusted earnings, less notable items</b>	<b>\$296</b>	<b>\$259</b>	<b>\$199</b>	<b>\$314</b>	<b>\$197</b>
<b>ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)</b>					
<b>Net income (loss) available to shareholders per common share</b>	<b>\$3.27</b>	<b>\$(6.31)</b>	<b>\$12.14</b>	<b>\$(2.26)</b>	<b>\$(2.01)</b>
Less: Net investment gains (losses)	0.55	(0.09)	(0.73)	(0.35)	(0.64)
Less: Net derivative gains (losses), excluding investment hedge adjustments	1.29	(11.16)	17.17	(5.79)	(2.64)
Less: GMIB Fees and GMIB Costs	(0.19)	0.30	(1.15)	0.24	(0.16)
Less: Amortization of DAC and VOBA	(0.15)	0.64	(1.96)	0.18	(0.80)
Less: Market value adjustments	(0.14)	(0.20)	(0.01)	0.06	0.07
Less: Other	—	—	—	(0.03)	0.01
Less: Provision for income tax (expense) benefit on reconciling adjustments	(0.29)	2.21	(2.74)	1.18	0.88
Less: Impact of inclusion of dilutive shares	—	0.01	—	0.02	—
<b>Adjusted earnings per common share</b>	<b>2.19</b>	<b>1.98</b>	<b>1.56</b>	<b>2.23</b>	<b>1.27</b>
Less: Notable items	(0.36)	(0.23)	(0.11)	(0.36)	(0.37)
<b>Adjusted earnings, less notable items per common share</b>	<b>\$2.56</b>	<b>\$2.21</b>	<b>\$1.68</b>	<b>\$2.60</b>	<b>\$1.64</b>

(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.



**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 Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>Total revenues</b>	<b>\$2,370</b>	<b>\$691</b>	<b>\$4,026</b>	<b>\$1,422</b>	<b>\$1,702</b>	<b>\$3,061</b>	<b>\$3,517</b>
Less: Net investment gains (losses)	63	(11)	(86)	(42)	(75)	52	(79)
Less: Net derivative gains (losses)	149	(1,303)	2,039	(691)	(312)	(1,154)	(646)
Less: GMIB Fees	65	66	67	68	69	131	136
Less: Investment hedge adjustments	—	—	(1)	(2)	(3)	—	(11)
Less: Other	—	—	—	—	(3)	—	(7)
<b>Total adjusted revenues</b>	<b>\$2,093</b>	<b>\$1,939</b>	<b>\$2,007</b>	<b>\$2,089</b>	<b>\$2,026</b>	<b>\$4,032</b>	<b>\$4,124</b>
<b>Total expenses</b>	<b>\$1,901</b>	<b>\$1,644</b>	<b>\$2,239</b>	<b>\$1,790</b>	<b>\$2,019</b>	<b>\$3,545</b>	<b>\$3,947</b>
Less: Amortization of DAC and VOBA	17	(75)	233	(22)	96	(58)	224
Less: GMIB Costs	87	31	204	40	88	118	151
Less: Other	16	23	1	(3)	(11)	39	(42)
<b>Total adjusted expenses</b>	<b>\$1,781</b>	<b>\$1,665</b>	<b>\$1,801</b>	<b>\$1,775</b>	<b>\$1,846</b>	<b>\$3,446</b>	<b>\$3,614</b>

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

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	June 30, 2019	June 30, 2018
<b>NET INVESTMENT GAINS (LOSSES)</b>							
Investment portfolio gains (losses)	\$68	\$(8)	\$(55)	\$(35)	\$(68)	\$60	\$(66)
Investment portfolio writedowns	(5)	(3)	(2)	(4)	(2)	(8)	(5)
<b>Total net investment portfolio gains (losses)</b>	<b>63</b>	<b>(11)</b>	<b>(57)</b>	<b>(39)</b>	<b>(70)</b>	<b>52</b>	<b>(71)</b>
Other incremental net investment income	—	—	(29)	(3)	(5)	—	(8)
<b>Net investment gains (losses)</b>	<b>\$63</b>	<b>\$(11)</b>	<b>\$(86)</b>	<b>\$(42)</b>	<b>\$(75)</b>	<b>\$52</b>	<b>\$(79)</b>

	For the Three Months Ended				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>NET INVESTMENT INCOME YIELD</b>					
Investment income yield (1)	4.79%	4.24%	4.62%	4.67%	4.53%
Investment fees and expenses	(0.12)%	(0.14)%	(0.14)%	(0.17)%	(0.16)%
<b>Net investment income yield (1)</b>	<b>4.67%</b>	<b>4.10%</b>	<b>4.48%</b>	<b>4.50%</b>	<b>4.37%</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 this Appendix. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.



**Bighthouse**

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