

PUBLIC RELATIONS

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



FOR IMMEDIATE RELEASE

Brighthouse Financial Announces Fourth Quarter and Full Year 2022 Results

- *Estimated combined risk-based capital ("RBC") ratio of approximately 440%; holding company liquid assets of \$1.0 billion*
- *The company repurchased \$488 million of its common stock in full year 2022, reducing shares outstanding relative to year-end 2021 by 12%; repurchased an additional \$27 million year-to-date through February 7, 2023*
- *Record annuity sales for full year 2022 of \$11.5 billion, driven by strong sales of fixed deferred annuities*
- *Total life sales of \$80 million for full year 2022*
- *Fourth quarter 2022 net loss available to shareholders of \$967 million, or \$14.01 per diluted share*
- *Fourth quarter 2022 adjusted earnings, less notable items*, of \$245 million, or \$3.51 per diluted share*

CHARLOTTE, NC, February 9, 2023 – Brighthouse Financial, Inc. ("Brighthouse Financial" or the "company") (Nasdaq: BHF) announced today its financial results for the fourth quarter and full year ended December 31, 2022.

Fourth Quarter and Full Year 2022 Results

The company reported a net loss available to shareholders of \$967 million in the fourth quarter of 2022, or \$14.01 per diluted share, compared with net income available to shareholders of \$42 million in the fourth quarter of 2021. During the quarter, as a result of market performance, the value of our hedges decreased, as expected. Due to being accounted for as insurance liabilities as required under U.S. GAAP accounting, certain corresponding liabilities are less sensitive to market movements and, therefore, did not fully offset the decrease in the value of our hedges.

The company ended the fourth quarter of 2022 with common stockholders' equity ("book value") of \$3.8 billion, or \$55.11 per common share, and book value, excluding accumulated other comprehensive income ("AOCI") of \$9.7 billion, or \$142.04 per common share.

For the fourth quarter of 2022, the company reported adjusted earnings* of \$242 million, or \$3.46 per diluted share, compared with adjusted earnings of \$323 million, or \$4.02 per diluted share, in the fourth quarter of 2021.

* Information regarding the non-GAAP and other financial measures included in this news release and a reconciliation of such non-GAAP financial measures to the most directly comparable GAAP measures are provided in the Non-GAAP and Other Financial Disclosures discussion below, as well as in the tables that accompany this news release and/or the Fourth Quarter 2022 Brighthouse Financial, Inc. Financial Supplement and/or the Fourth Quarter and Full Year 2022 Brighthouse Financial, Inc. Earnings Call Presentation (which are available on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>). Additional information regarding notable items can be found on the last page of this news release.

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Adjusted earnings for the quarter reflected \$3 million of net unfavorable notable items, or \$0.04 per diluted share, including:

- \$39 million unfavorable impact related to actuarial items, including a reinsurance recapture and refinements of certain actuarial assumptions, and
- \$15 million unfavorable impact for establishment costs related to planned technology and other expenses associated with the company's separation from its former parent company, offset by
- \$51 million favorable impact related to the resolution of prior year tax matters.

Corporate expenses in the fourth quarter of 2022 were \$243 million, up from \$217 million in the third quarter of 2022, both on a pre-tax basis.

The company reported record annuity sales in 2022, which increased 36% quarter-over-quarter and 26% year-over-year, driven by strong sales of fixed deferred annuities. Annuity sales decreased 14% sequentially, primarily driven by lower sales of fixed deferred and Shield Level annuities. Life sales decreased 37% quarter-over-quarter and 28% year-over-year, as a result of the prevailing macroeconomic headwinds. Life sales increased 16% sequentially.

On a full year basis, the company reported a net loss available to shareholders of \$99 million in 2022, or \$1.36 per diluted share, compared with a net loss available to shareholders of \$197 million in 2021, or \$2.36 per diluted share. Full year 2022 adjusted earnings, less notable items*, were \$804 million, or \$10.93 per diluted share, compared with full year 2021 adjusted earnings, less notable items, of \$1,816 million, or \$21.50 per diluted share. The adjusted earnings results were mainly due to lower alternative investment returns year-over-year.

During the fourth quarter of 2022, the company repurchased \$93 million of its common stock, and for the full year 2022 it repurchased \$488 million of its common stock and reduced shares outstanding relative to year-end 2021 by 12%. Year-to-date through February 7, 2023, the company has repurchased an additional \$27 million of its common stock, on a trade date basis.

"I am proud of the strong results that Brighthouse Financial delivered in the fourth quarter of 2022, including maintaining a robust capital and liquidity position, achieving 36% quarter-over-quarter growth in annuity sales and continuing to return capital to our shareholders through our common stock repurchase program," said Eric Steigerwalt, president and CEO, Brighthouse Financial.

"Additionally, 2022 was another strong year for Brighthouse Financial as we continued to execute our focused strategy, despite the challenging economic environment," Steigerwalt continued. "Among our many achievements, we delivered record annuity sales of \$11.5 billion for the full year, further demonstrating the strength and complementary nature of our product suite. I am also extremely pleased that we completed the implementation of our future state operations and technology platform, which marks the end of establishment costs and allows us to further increase our focus on growth, the evolution of our business mix and supporting our distribution franchise. As we look ahead to 2023 and beyond, we believe that we remain well positioned to continue executing our strategy and delivering long-term value for our shareholders."

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

	As of or For the Three Months Ended				For the Year Ended			
	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021	
	Total	Per share	Total	Per share	Total	Per share	Total	Per share
Net income (loss) available to shareholders (1)	\$(967)	\$(14.01)	\$42	\$0.51	\$(99)	\$(1.36)	\$(197)	\$(2.36)
Adjusted earnings (1)	\$242	\$3.46	\$323	\$4.02	\$657	\$8.93	\$1,593	\$18.86
Adjusted earnings, less notable items (1)	\$245	\$3.51	\$416	\$5.18	\$804	\$10.93	\$1,816	\$21.50
Weighted average common shares outstanding - diluted (1)	69,765,118	N/A	80,244,577	N/A	73,581,168	N/A	84,466,157	N/A
Book value	\$3,763	\$55.11	\$14,443	\$185.48				
Book value, excluding AOCI	\$9,698	\$142.04	\$10,271	\$131.90				
Ending common shares outstanding	68,278,068	N/A	77,870,072	N/A				

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

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

ADJUSTED EARNINGS	For the Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Annuities	\$286	\$125	\$390
Life (1)	\$(20)	\$(7)	\$67
Run-off (1)	\$(120)	\$(21)	\$(45)
Corporate & Other (1)	\$96	\$-	\$(89)

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

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Sales (Unaudited, in millions)

	For the Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Annuities (1)	\$3,211	\$3,721	\$2,359
Life	\$22	\$19	\$35

(1) Annuities sales include sales of a fixed index annuity product, which represents 100% of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements. Sales of this product were \$161 million for the fourth quarter of 2022, \$213 million for the third quarter of 2022 and \$292 million for the fourth quarter of 2021.

Annuities

Adjusted earnings in the Annuities segment were \$286 million in the current quarter, compared with adjusted earnings of \$390 million in the fourth quarter of 2021 and adjusted earnings of \$125 million in the third quarter of 2022.

There were no notable items in the current quarter. The fourth quarter of 2021 included a \$29 million favorable notable item related to a valuation system conversion associated with the company's transition to its future state platform. The third quarter of 2022 included a \$45 million unfavorable notable item related to the annual actuarial review.

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

As mentioned above, annuity sales increased 36% quarter-over-quarter and 26% year-over-year, driven by strong sales of fixed deferred annuities. Annuity sales decreased 14% sequentially, primarily driven by lower sales of fixed deferred and Shield Level annuities.

Life

The Life segment had an adjusted loss of \$20 million in the current quarter, compared with adjusted earnings of \$67 million in the fourth quarter of 2021 and an adjusted loss of \$7 million in the third quarter of 2022.

The current quarter included a \$15 million unfavorable notable item and the fourth quarter of 2021 included a \$9 million favorable notable item, both related to refinements of certain actuarial assumptions. The third quarter of 2022 included a \$5 million unfavorable item related to the annual actuarial review.

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

As mentioned above, life sales decreased 37% quarter-over-quarter and 28% year-over-year, as a result of the prevailing macroeconomic headwinds. Life sales increased 16% sequentially.

Run-off

The Run-off segment had an adjusted loss of \$120 million in the current quarter, compared with an adjusted loss of \$45 million in the fourth quarter of 2021 and an adjusted loss of \$21 million in the third quarter of 2022.

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The current quarter included a \$24 million unfavorable notable item and the fourth quarter of 2021 included \$51 million of unfavorable notable items, both related to reinsurance recaptures. The third quarter of 2022 included a \$128 million favorable notable item related to the annual actuarial review.

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

Corporate & Other

Corporate & Other had adjusted earnings of \$96 million in the current quarter, compared with an adjusted loss of \$89 million in the fourth quarter of 2021 and breakeven adjusted earnings in the third quarter of 2022.

The current quarter included \$36 million of net favorable notable items related to the resolution of prior year tax matters, partially offset by establishment costs. The fourth quarter of 2021 included \$80 million of unfavorable notable items related to debt repayment costs associated with the repurchase by the company of a portion of its outstanding senior notes, as well as establishment costs. The third quarter of 2022 included \$22 million of net favorable notable items related to an actuarial item, partially offset by establishment costs.

On a quarter-over-quarter basis, the adjusted earnings, less notable items, reflect lower expenses and higher net investment income. On a sequential basis, the adjusted earnings, less notable items, reflect a higher tax benefit and lower expenses.

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

	For the Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Net investment income	\$1,049	\$877	\$1,201
Adjusted net investment income	\$1,082	\$900	\$1,206

Net Investment Income

Net investment income was \$1,049 million and adjusted net investment income* was \$1,082 million in the current quarter. On a quarter-over-quarter basis, adjusted net investment income decreased \$124 million and on a sequential basis increased \$182 million. The quarter-over-quarter results were primarily driven by lower alternative investment income, partially offset by asset growth. The sequential increase was driven by higher alternative investment income and asset growth.

The net investment income yield was 3.79% during the quarter.

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Statutory Capital and Liquidity (Unaudited, in billions)

	As of		
	December 31, 2022 (1)	September 30, 2022	December 31, 2021
Statutory combined total adjusted capital	\$8.1	\$8.0	\$9.4

(1) Reflects preliminary statutory results as of December 31, 2022.

Capitalization

As of December 31, 2022:

- Statutory combined total adjusted capital⁽¹⁾ ("TAC") increased sequentially to approximately \$8.1 billion, primarily driven by strong variable annuity ("VA") results related to positive market performance, partially offset by the impact from the VA valuation system conversion and annual VA assumption review in the fourth quarter
- Estimated combined RBC ratio⁽¹⁾ of approximately 440%, which reflects the above-mentioned sequential change in TAC along with additional capital requirements associated with growth in new business
- Holding company liquid assets were approximately \$1.0 billion

(1) Reflects preliminary statutory results as of December 31, 2022.

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Earnings Conference Call

Brighthouse Financial will hold a conference call and audio webcast to discuss its financial results for the fourth quarter and full year 2022 at 8:00 a.m. Eastern Time on Friday, February 10, 2023. In connection with this call, the company has prepared a presentation for use with investors and other members of the investment community. This presentation is available on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

To listen to the audio webcast via the internet and to access the related presentation, please visit the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>. To join the conference call via telephone as a participant, please register in advance at <https://register.vevent.com/register/BlD988d5ea0c0e4065b3cddb72a77d4f11>.

A replay of the conference call will be made available until Friday, March 3, 2023, on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

About Brighthouse Financial, Inc.

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

(1) Ranked by 2021 admitted assets. Best's Review®: Top 200 U.S. Life/Health Insurers. AM Best, 2022.

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Note Regarding Forward-Looking Statements

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

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse Financial. These statements are based on current expectations and the current economic environment and involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others: differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models; higher risk management costs and exposure to increased market risk due to guarantees within certain of our products; the effectiveness of our variable annuity exposure risk management strategy and the impact of such strategy on volatility in our profitability measures and negative effects on our statutory capital; material differences from actual outcomes compared to the sensitivities calculated under certain scenarios and sensitivities that we may utilize in connection with our variable annuity risk management strategies; the impact of interest rates on our future ULSG policyholder obligations and net income volatility; the impact of the ongoing COVID-19 pandemic; the potential material adverse effect of changes in accounting standards, practices or policies applicable to us, including changes in the accounting for long-duration contracts; loss of business and other negative impacts resulting from a downgrade or a potential downgrade in our financial strength or credit ratings; the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition; our ability to market and distribute our products through distribution channels; any failure of third parties to provide services we need, any failure of the practices and procedures of such third parties and any inability to obtain information or assistance we need from third parties; the ability of our subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders and repurchase our common stock; the risks associated with climate change; the adverse impact on liabilities for policyholder claims as a result of extreme mortality events; the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital; the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geo-political events, military actions or catastrophic events, on our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income; the impact of events that adversely affect issuers, guarantors or collateral relating to our investments or our derivatives counterparties, on impairments, valuation allowances, reserves, net investment income and changes in unrealized gain or loss positions; the impact of changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers; the effectiveness of our policies and procedures in managing risk; the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems; whether all or any portion of the tax consequences of our separation from MetLife, Inc. ("MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; the uncertainty of the outcome of any disputes with MetLife over tax-related or other matters and agreements or

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disagreements regarding MetLife's or our obligations under our other agreements; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the "SEC").

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in our Annual Report on Form 10-K for the year ended December 31, 2021, particularly in the sections entitled "Risk Factors" and "Quantitative and Qualitative Disclosures About Market Risk," as well as in our other subsequent filings with the SEC. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

Non-GAAP and Other Financial Disclosures

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

Non-GAAP Financial Disclosures

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

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

Non-GAAP financial measures:

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

Most directly comparable GAAP financial measures:

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

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

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

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

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Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

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

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

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

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

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

- Amounts associated with benefits related to GMIBs ("GMIB Costs");
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets ("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) and (iii) GMIB Fees and GMIB Costs.

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

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

Adjusted Earnings per Common Share and Adjusted Return on Common Equity

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

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

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

Adjusted Net Investment Income

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

Other Financial Disclosures

Corporate Expenses

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

Notable items

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

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

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

CTE98

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

Holding Company Liquid Assets

Holding company liquid assets include liquid assets in Brighthouse Financial, Inc., Brighthouse Holdings, LLC, and Brighthouse Services, LLC. Liquid assets are comprised of cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust.

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Total Adjusted Capital

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

Sales

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

Annuity sales consist of 100 percent of direct statutory premiums, except for fixed index annuity sales, which represents 100 percent of gross sales on directly written business and the proportion of assumed gross sales under reinsurance agreements. Annuity sales exclude certain internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Net Investment Income Yield

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

Normalized Statutory Earnings (Loss)

Normalized statutory earnings (loss) is used by management to measure our insurance companies' ability to pay future distributions and is reflective of whether our hedging program functions as intended. Normalized statutory earnings (loss) is calculated as statutory pre-tax net gain (loss) from operations adjusted for the favorable or unfavorable impacts of (i) net realized capital gains (losses), (ii) the change in total asset requirement at CTE98, net of the change in our variable annuity reserves, and (iii) unrealized gains (losses) associated with our variable annuities and other equity risk management strategies. Normalized statutory earnings (loss) may be further adjusted for certain unanticipated items that impacted our results in order to help management and investors better understand, evaluate and forecast those results.

Risk-Based Capital Ratio

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

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Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Revenues			
Premiums	\$167	\$162	\$168
Universal life and investment-type product policy fees	733	783	906
Net investment income	1,049	877	1,201
Other revenues	100	121	101
Revenues before NIGL and NDGL	2,049	1,943	2,376
Net investment gains (losses)	(69)	(45)	(23)
Net derivative gains (losses)	(1,526)	(416)	(337)
Total revenues	\$454	\$1,482	\$2,016
Expenses			
Policyholder benefits and claims	\$905	\$1,246	\$823
Interest credited to policyholder account balances	400	430	315
Amortization of DAC and VOBA	(16)	179	127
Interest expense on debt	39	38	41
Other expenses	450	457	661
Total expenses	1,778	2,350	1,967
Income (loss) before provision for income tax	(1,324)	(868)	49
Provision for income tax expense (benefit)	(384)	(193)	(15)
Net income (loss)	(940)	(675)	64
Less: Net income (loss) attributable to noncontrolling interests	1	2	1
Net income (loss) attributable to Brighthouse Financial, Inc.	(941)	(677)	63
Less: Preferred stock dividends	26	25	21
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	\$(967)	\$(702)	\$42

PUBLIC RELATIONS

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



Condensed Balance Sheets (Unaudited, in millions)

	As of		
	December 31, 2022	September 30, 2022	December 31, 2021
ASSETS			
Investments:			
Fixed maturity securities available-for-sale	\$75,577	\$75,271	\$87,582
Equity securities	89	100	101
Mortgage loans	22,936	22,089	19,850
Policy loans	1,282	1,274	1,264
Limited partnerships and limited liability companies	4,775	4,607	4,271
Short-term investments	1,081	1,130	1,841
Other invested assets	2,852	4,033	3,316
Total investments	108,592	108,504	118,225
Cash and cash equivalents	4,115	4,793	4,474
Accrued investment income	885	909	724
Reinsurance recoverables	18,514	17,116	15,340
Premiums and other receivables	752	761	754
DAC and VOBA	5,659	5,639	5,377
Current income tax recoverable	38	18	—
Deferred income tax asset	1,754	1,619	—
Other assets	442	446	482
Separate account assets	84,965	81,836	114,464
Total assets	\$225,716	\$221,641	\$259,840
LIABILITIES AND EQUITY			
Liabilities			
Future policy benefits	\$42,216	\$41,786	\$43,807
Policyholder account balances	74,836	71,323	66,851
Other policy-related balances	3,400	3,364	3,457
Payables for collateral under securities loaned and other transactions	4,560	6,532	6,269
Long-term debt	3,156	3,156	3,157
Current income tax payable	—	—	62
Deferred income tax liability	—	—	1,062
Other liabilities	7,056	7,765	4,504
Separate account liabilities	84,965	81,836	114,464
Total liabilities	220,189	215,762	243,633
Equity			
Preferred stock, at par value	—	—	—
Common stock, at par value	1	1	1
Additional paid-in capital	14,075	14,095	14,154
Retained earnings (deficit)	(637)	304	(642)
Treasury stock	(2,042)	(1,949)	(1,543)
Accumulated other comprehensive income (loss)	(5,935)	(6,637)	4,172
Total Brighthouse Financial, Inc.'s stockholders' equity	5,462	5,814	16,142
Noncontrolling interests	65	65	65
Total equity	5,527	5,879	16,207
Total liabilities and equity	\$225,716	\$221,641	\$259,840

PUBLIC RELATIONS

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

	For the Three Months Ended			For the Year Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
ADJUSTED EARNINGS, LESS NOTABLE ITEMS					
Net income (loss) available to shareholders	\$(967)	\$(702)	\$42	\$(99)	\$(197)
Less: Net investment gains (losses)	(69)	(45)	(23)	(248)	(59)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(1,559)	(439)	(342)	233	(2,490)
Less: GMIB Fees and GMIB Costs	(57)	(336)	89	(538)	203
Less: Amortization of DAC and VOBA	158	(212)	(74)	(489)	74
Less: Market value adjustments and other	(3)	21	(5)	86	9
Less: Provision for income tax (expense) benefit on reconciling adjustments	321	212	74	200	473
Adjusted earnings	242	97	323	657	1,593
Less: Notable items	(3)	100	(93)	(147)	(223)
Adjusted earnings, less notable items	\$245	\$(3)	\$416	\$804	\$1,816
ADJUSTED EARNINGS, LESS NOTABLE ITEMS PER COMMON SHARE (1)					
Net income (loss) available to shareholders per common share	\$(14.01)	\$(9.82)	\$0.51	\$(1.36)	\$(2.36)
Less: Net investment gains (losses)	(1.00)	(0.63)	(0.29)	(3.40)	(0.70)
Less: Net derivative gains (losses), excluding investment hedge adjustments	(22.58)	(6.14)	(4.26)	3.19	(29.72)
Less: GMIB Fees and GMIB Costs	(0.83)	(4.70)	1.11	(7.37)	2.42
Less: Amortization of DAC and VOBA	2.29	(2.96)	(0.92)	(6.70)	0.88
Less: Market value adjustments and other	(0.04)	0.29	(0.06)	1.18	0.11
Less: Provision for income tax (expense) benefit on reconciling adjustments	4.65	2.96	0.92	2.74	5.65
Less: Impact of inclusion of dilutive shares	0.04	0.01	—	—	0.15
Adjusted earnings per common share	3.46	1.35	4.02	8.93	18.86
Less: Notable items	(0.04)	1.39	(1.16)	(2.00)	(2.64)
Adjusted earnings, less notable items per common share	\$3.51	\$(0.04)	\$5.18	\$10.93	\$21.50

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

PUBLIC RELATIONS

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

	For the Three Months Ended			For the Year Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net investment income	\$1,049	\$877	\$1,201	\$4,138	\$4,881
Less: Investment hedge adjustments	(33)	(23)	(5)	(71)	(21)
Adjusted net investment income	\$1,082	\$900	\$1,206	\$4,209	\$4,902

Notable Items (Unaudited, in millions)

	For the Three Months Ended			For the Year Ended	
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS					
Actuarial items and other insurance adjustments	\$39	\$(117)	\$13	\$145	\$86
Establishment costs	15	17	21	53	78
Debt repayment costs	—	—	59	—	59
Prior year tax matters	(51)	—	—	(51)	—
Total notable items (1)	\$3	\$(100)	\$93	\$147	\$223
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER					
Annuities	\$—	\$45	\$(29)	\$59	\$(71)
Life	15	5	(9)	31	(12)
Run-off	24	(128)	51	94	169
Corporate & Other	(36)	(22)	80	(37)	137
Total notable items (1)	\$3	\$(100)	\$93	\$147	\$223

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