

August 6, 2018

Brighthouse Financial, Inc.

Second Quarter 2018 Earnings Call Presentation



Note regarding forward-looking statements

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

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse. These statements are based on current expectations and the current economic environment and involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others: differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models; higher risk management costs and exposure to increased counterparty risk due to guarantees within certain of our products; the effectiveness of our exposure management strategy and the impact of such strategy on net income volatility and negative effects on our statutory capital; the additional reserves we will be required to hold against our variable annuities as a result of actuarial guidelines; a sustained period of low equity market prices and interest rates that are lower than those we assumed when we issued our variable annuity products; our degree of leverage due to indebtedness incurred in connection with the Separation; the effect adverse capital and credit market conditions may have on our ability to meet liquidity needs and our access to capital; the impact of changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the effectiveness of our risk management policies and procedures; the availability of reinsurance and the ability of our counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition; changes in accounting standards, practices and/or policies applicable to us; the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders; our ability to market and distribute our products through distribution channels; the impact of the Separation on our business and profitability due to MetLife’s strong brand and reputation, the increased costs related to replacing arrangements with MetLife with those of third parties and incremental costs as a public company; any failure of third parties to provide services we need, any failure of the practices and procedures of these third parties and any inability to obtain information or assistance we need from third parties, including MetLife; whether the operational, strategic and other benefits of the Separation can be achieved, and our ability to implement our business strategy; whether all or any portion of the Separation tax consequences are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; the uncertainty of the outcome of any disputes with MetLife over tax-related or other matters and agreements including the potential of outcomes adverse to us that could cause us to owe MetLife material tax reimbursements or payments or disagreements regarding MetLife’s or our obligations under our other agreements; the impact on our business structure, profitability, cost of capital and flexibility due to restrictions we have agreed to that preserve the tax-free treatment of certain parts of the Separation; the potential material negative tax impact of the Tax Cuts and Jobs Act and other potential future tax legislation that could decrease the value of our tax attributes, lead to increased risk-based capital requirements and cause other cash expenses, such as reserves, to increase materially and make some of our products less attractive to consumers; whether the distribution will qualify for non-recognition treatment for U.S. federal income tax purposes and potential indemnification to MetLife if the distribution does not so qualify; our ability to attract and retain key personnel; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the “SEC”).

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, particularly in the sections entitled “Risk Factors” and “Quantitative and Qualitative Disclosures About Market Risk,” as well as in other documents we file from time to time 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 financial information

This presentation also contains measures that are not calculated based on accounting principles generally accepted in the United States of America, also known as GAAP. Additional discussion of our use of non-GAAP financial information is included in the Appendix to these slides.

Financial highlights

- Announced \$200 million stock repurchase program
- Reaffirmed 2018 guidance: adjusted earnings per diluted share¹ of \$8.50 to \$9.00 and adjusted return on equity¹ of approximately 8 percent for 2018 (both less notable items)
- \$2.7 billion of variable annuity (VA) assets above CTE95; flat sequentially and in line with expectations²
- Adjusted earnings, less notable items¹, of \$197 million impacted sequentially by higher corporate expenses and unfavorable results in the Run-off segment²
- Exited 12 transition service agreements in the quarter; corporate expenses in line with expectations for the quarter and the first twelve months since separation²
- Annuity sales up 42% compared to 2Q 2017²

¹ See Appendix for non-GAAP financial information, definitions, and reconciliations. See slide 5 for notable items; ² For the second quarter of 2018.

Regulatory reform update

NAIC VA Capital Reform

- Currently expect framework to be approved on August 7, 2018
- Following approval of framework: Various NAIC committees to clarify implementation guidance
- Expected to be effective January 1, 2020

Potential outcomes

- CTE98 + >\$0.5B assets as of 2Q 2018 (current framework)
- Expect to incorporate NAIC VA Capital Reform and Tax Reform frameworks in CTE95 and CTE98 calculations in 3Q 2018
- Expect to fund impact with existing assets above CTE98

Net income (loss) available to shareholders and adjusted earnings

For the Three Months Ended

	June 30, 2018		March 31, 2018		June 30, 2017	
	\$ millions	per share	\$ millions	per share	\$ millions	per share
Net income (loss), available to shareholders	(\$239)	(\$2.01)	(\$67)	(\$0.56)	\$246	N/A
Adjusted earnings	\$153	\$1.27	\$283	\$2.36	\$324	N/A

Notable items

(\$ in millions, post-tax; except per share)

Actuarial items and other adjustments	—	—	(\$32)	(\$0.27)	—	—
Establishment costs	\$44	\$0.37	\$37	\$0.31	—	—
Separation related transactions	—	—	—	—	(\$42)	—
Adjusted earnings, less notable items	\$197	\$1.64	\$288	\$2.40	\$282	N/A

2Q 2018 adjusted earnings per share drivers

For the Three Months Ended
June 30, 2018

2Q 2018 adjusted EPS, less notable items

\$1.64

Adjusted earnings drivers (estimated impacts)

Higher corporate expenses vs. expected run-rate in first twelve months post separation

(\$0.17)

Lower alternative investment income vs. 2017 quarterly average

(\$0.14)

Higher sequential claims severity in Universal Life with Secondary Guarantees

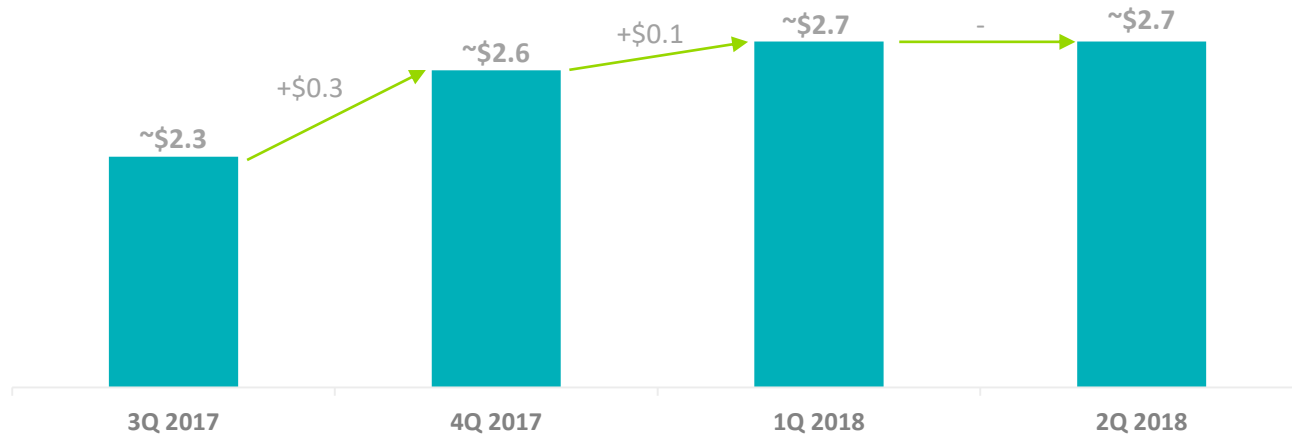
(\$0.07)

Statutory hedge effectiveness

Assets above CTE95 flat sequentially; More than \$0.5B of assets above CTE98

(\$ in billions)

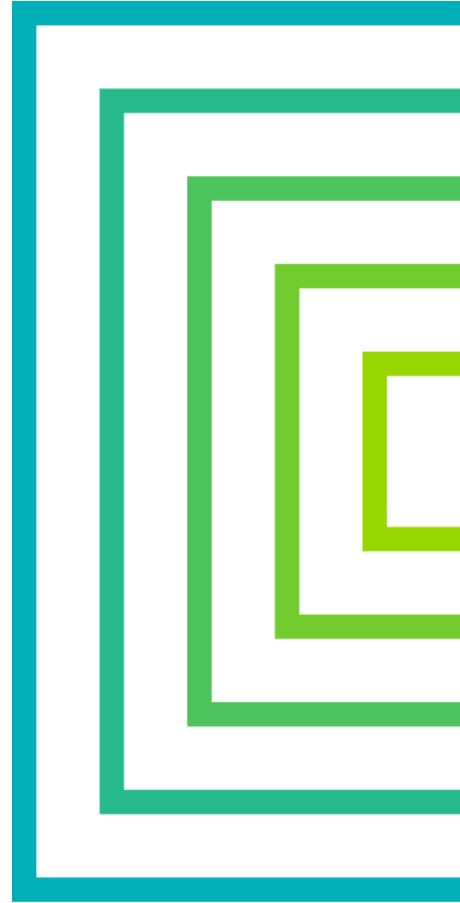
■ Assets above CTE95



Increase (decrease) to:

	3Q 2017	4Q 2017	1Q 2018	2Q 2018
Total VA assets	(\$0.2)	(\$0.3)	\$0.1	(\$0.1)
Hedge target (CTE95)	(\$0.2)	(\$0.6)	-	(\$0.1)
Change in Assets above CTE95	-	\$0.3	\$0.1	-

Appendix



Non-GAAP and Other Financial Disclosures

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

Non-GAAP Financial Disclosures

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

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

Non-GAAP financial measures:

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

Most directly comparable GAAP financial measures:

- (i) net income (loss) available to shareholders (1)
- (ii) net income (loss) available to shareholders (1)
- (iii) Revenues
- (iv) Expenses
- (v) earnings per common share, diluted (1)
- (vi) earnings per common share, diluted (1)
- (vii) return on equity
- (viii) return on equity
- (ix) net investment income

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

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

Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

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

Non-GAAP and Other Financial Disclosures (Cont.)

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

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

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

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")⁽¹⁾;
- 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⁽¹⁾.

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

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

⁽¹⁾ Collectively, amounts related to GMIB, excluding amounts recorded in NDGL, may be referred to as "GMIB adjustments."

Adjusted Earnings per Common Share and Adjusted Return on Equity

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

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

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

Adjusted Net Investment Income

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

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

CTE95

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

CTE98

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

Holding Company Liquid Assets

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

Non-GAAP and Other Financial Disclosures (Cont.)

Other Financial Disclosures (cont.)

Sales

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

Net Investment Income Yield

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

Adjusted Statutory Earnings

Adjusted statutory earnings is a measure of our 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 variable annuities reserve methodology (Actuarial Guideline 43) and including both the reserve and capital methodology based CTE95 calculation and unrealized gains (losses) associated with the variable annuities risk management strategy.

Adjusted earnings by segment and Corporate & Other, less notable items

(\$ in millions, post-tax)	For the Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Annuities	\$221	\$226	\$226
Life	37	66	12
Run-off	(6)	50	52
Corporate & Other	(99)	(59)	34
Adjusted earnings¹	\$153	\$283	\$324
Notable items by segment¹			
Annuities	\$-	\$-	(\$25)
Life	-	(16)	(12)
Run-off	-	(16)	(5)
Corporate & Other	44	37	-
Notable items¹	\$44	\$5	(\$42)
Adjusted earnings, less notable items by segment and Corporate & Other¹			
Annuities	\$221	\$226	\$201
Life	37	50	-
Run-off	(6)	34	47
Corporate & Other	(55)	(22)	34
Adjusted earnings, less notable items¹	\$197	\$288	\$282

¹ See "Non-GAAP and other financial disclosures" and "Reconciliation of net income (loss) to adjusted earnings" in this appendix. See slide 5 for notable items.

Reconciliation of net income (loss) to adjusted earnings and net income (loss) per share to adjusted earnings per share

(\$ in millions, except per share)	For the Three Months Ended		
	June 30, 2018	March 31, 2018	June 30, 2017
Net income (loss) available to shareholders	(\$239)	(\$67)	\$246
Less: Net investment gains (losses)	(75)	(4)	–
Less: Net derivative gains (losses)	(316)	(342)	(105)
Less: GMB adjustments (1)	(38)	6	(88)
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	(77)	(130)	124
Less: Market value adjustments	8	31	(11)
Less: Other (1)	1	(4)	(25)
Less: Provision for income tax (expense) benefit on reconciling adjustments	105	93	27
Adjusted earnings	\$153	\$283	\$324
Net income (loss) per common share	(\$2.01)	(\$0.56)	N/A
Less: Net investment gains (losses)	(0.64)	(0.03)	N/A
Less: Net derivative gains (losses)	(2.64)	(2.86)	N/A
Less: GMB adjustments (1)	(0.32)	0.05	N/A
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	(0.64)	(1.09)	N/A
Less: Market value adjustments	0.07	0.26	N/A
Less: Other (1)	0.01	(0.03)	N/A
Less: Provision for income tax (expense) benefit on reconciling adjustments	0.88	0.78	N/A
Adjusted earnings per common share (2)	\$1.27	\$2.36	N/A

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

(2) See “Non-GAAP and other financial disclosures” and “Reconciliation of net income (loss) to adjusted earnings” in this appendix.