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DELTA REPORT

10-Q

BHFAP - BRIGHTHOUSE FINANCIAL, IN

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2593
CHANGES	340
DELETIONS	1839
ADDITIONS	414

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023 September 30, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___

Commission File Number: 001-37905

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Brighthouse Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-3846992**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
11225 North Community House Road, Charlotte, North Carolina	**28277**
(Address of principal executive offices)	*(Zip Code)*

(980) 365-7100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**BHF**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 6.600% Non-Cumulative Preferred Stock, Series A	**BHFAP**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 6.750% Non-Cumulative Preferred Stock, Series B	**BHFAO**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 5.375% Non-Cumulative Preferred Stock, Series C	**BHFAN**	**The Nasdaq Stock Market LLC**
Depositary Shares, each representing a 1/1,000th interest in a share of 4.625% Non-Cumulative Preferred Stock, Series D	**BHFAM**	**The Nasdaq Stock Market LLC**
6.250% Junior Subordinated Debentures due 2058	**BHFAL**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	☐
		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. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No þ

As of August 4, 2023 November 3, 2023, 65,502,448 64,204,798 shares of the registrant's common stock were outstanding.

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Part I — Financial Information

Item 1. Financial Statements

Brighthouse Financial, Inc.

Interim Condensed Consolidated Balance Sheets
June September 30, 2023 (Unaudited) and December 31, 2022

(In millions, except share and per share data)

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Assets	**Assets**			**Assets**		
Investments:	Investments:			Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $85,570 and $84,344, respectively; allowance for credit losses of $12 and $7, respectively)		$ 77,577	$ 75,577			
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $86,373 and $84,344, respectively; allowance for credit losses of $22 and $7, respectively)				Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $86,373 and $84,344, respectively; allowance for credit losses of $22 and $7, respectively)	$ 75,433	$ 75,577
Equity securities, at estimated fair value	Equity securities, at estimated fair value	91	89	Equity securities, at estimated fair value	90	89
Mortgage loans (net of allowance for credit losses of $145 and $119, respectively)		22,614	22,936			
Mortgage loans (net of allowance for credit losses of $137 and $119, respectively)				Mortgage loans (net of allowance for credit losses of $137 and $119, respectively)	22,682	22,936
Policy loans	Policy loans	1,288	1,282	Policy loans	1,311	1,282
Limited partnerships and limited liability companies	Limited partnerships and limited liability companies	4,914	4,775	Limited partnerships and limited liability companies	4,931	4,775
Short-term investments, principally at estimated fair value	Short-term investments, principally at estimated fair value	1,125	1,081	Short-term investments, principally at estimated fair value	1,003	1,081
Other invested assets, principally at estimated fair value (net of allowance for credit losses of $13 and $13, respectively)	Other invested assets, principally at estimated fair value (net of allowance for credit losses of $13 and $13, respectively)	3,677	2,852	Other invested assets, principally at estimated fair value (net of allowance for credit losses of $13 and $13, respectively)	3,210	2,852
Total investments	Total investments	111,286	108,592	Total investments	108,660	108,592
Cash and cash equivalents	Cash and cash equivalents	3,737	4,115	Cash and cash equivalents	3,839	4,115
Accrued investment income	Accrued investment income	1,027	885	Accrued investment income	1,143	885
Premiums, reinsurance and other receivables (net of allowance for credit losses of $10 and $10, respectively)		19,223	18,548			
Premiums, reinsurance and other receivables (net of allowance for credit losses of $13 and $10, respectively)				Premiums, reinsurance and other receivables (net of allowance for credit losses of $13 and $10, respectively)	19,066	18,548
Deferred policy acquisition costs and value of business acquired	Deferred policy acquisition costs and value of business acquired	4,968	5,084	Deferred policy acquisition costs and value of business acquired	4,919	5,084
Current income tax recoverable	Current income tax recoverable	31	38	Current income tax recoverable	31	38

Deferred income tax asset	Deferred income tax asset	1,897	1,736	Deferred income tax asset	2,121	1,736
Market risk benefit assets	Market risk benefit assets	602	483	Market risk benefit assets	694	483
Other assets	Other assets	382	401	Other assets	368	401
Separate account assets	Separate account assets	88,392	84,965	Separate account assets	82,675	84,965
Total assets	Total assets	$ 231,545	$ 224,847	Total assets	$ 223,516	$ 224,847
Liabilities and Equity	**Liabilities and Equity**			**Liabilities and Equity**		
Liabilities	**Liabilities**			**Liabilities**		
Future policy benefits	Future policy benefits	$ 31,899	$ 31,497	Future policy benefits	$ 30,404	$ 31,497
Policyholder account balances	Policyholder account balances	78,643	73,527	Policyholder account balances	78,371	73,527
Market risk benefit liabilities	Market risk benefit liabilities	9,783	10,389	Market risk benefit liabilities	8,830	10,389
Other policy-related balances	Other policy-related balances	3,784	4,098	Other policy-related balances	3,806	4,098
Payables for collateral under securities loaned and other transactions	Payables for collateral under securities loaned and other transactions	4,133	4,560	Payables for collateral under securities loaned and other transactions	3,941	4,560
Long-term debt	Long-term debt	3,156	3,156	Long-term debt	3,157	3,156
Other liabilities	Other liabilities	6,783	7,057	Other liabilities	8,198	7,057
Separate account liabilities	Separate account liabilities	88,392	84,965	Separate account liabilities	82,675	84,965
Total liabilities	Total liabilities	226,573	219,249	Total liabilities	219,382	219,249
Contingencies, Commitments and Guarantees (Note 12)						
Contingencies, Commitments and Guarantees (Note 13)				**Contingencies, Commitments and Guarantees (Note 13)**		
Equity	**Equity**			**Equity**		
Brighthouse Financial, Inc.’s stockholders’ equity:	Brighthouse Financial, Inc.’s stockholders’ equity:			Brighthouse Financial, Inc.’s stockholders’ equity:		
Preferred stock, par value $0.01 per share; $1,753 aggregate liquidation preference	Preferred stock, par value $0.01 per share; $1,753 aggregate liquidation preference	—	—	Preferred stock, par value $0.01 per share; $1,753 aggregate liquidation preference	—	—
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 122,758,837 and 122,153,422 shares issued, respectively; 65,956,660 and 68,278,068 shares outstanding, respectively		1	1			
Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 122,790,019 and 122,153,422 shares issued, respectively; 64,703,557 and 68,278,068 shares outstanding, respectively				Common stock, par value $0.01 per share; 1,000,000,000 shares authorized; 122,790,019 and 122,153,422 shares issued, respectively; 64,703,557 and 68,278,068 shares outstanding, respectively	1	1
Additional paid-in capital	Additional paid-in capital	14,039	14,075	Additional paid-in capital	14,022	14,075
Retained earnings (deficit)	Retained earnings (deficit)	(1,069)	(395)	Retained earnings (deficit)	(590)	(395)

Treasury stock, at cost; 56,802,177 and 53,875,354 shares, respectively		(2,183)	(2,042)			
Treasury stock, at cost; 58,086,462 and 53,875,354 shares, respectively				Treasury stock, at cost; 58,086,462 and 53,875,354 shares, respectively	(2,248)	(2,042)
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	(5,881)	(6,106)	Accumulated other comprehensive income (loss)	(7,116)	(6,106)
Total Brighthouse Financial, Inc.'s stockholders' equity	Total Brighthouse Financial, Inc.'s stockholders' equity	4,907	5,533	Total Brighthouse Financial, Inc.'s stockholders' equity	4,069	5,533
Noncontrolling interests	Noncontrolling interests	65	65	Noncontrolling interests	65	65
Total equity	Total equity	4,972	5,598	Total equity	4,134	5,598
Total liabilities and equity	Total liabilities and equity	$ 231,545	$ 224,847	Total liabilities and equity	$ 223,516	$ 224,847

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (Unaudited)

(In millions, except per share data)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Revenues	**Revenues**					**Revenues**				
Premiums	Premiums	$ 211	$ 167	$ 408	$ 333	Premiums	$ 194	$ 162	$ 602	$ 495
Universal life and investment-type product policy fees	Universal life and investment-type product policy fees	601	609	1,207	1,289	Universal life and investment-type product policy fees	542	597	1,749	1,886
Net investment income	Net investment income	1,196	1,061	2,255	2,212	Net investment income	1,202	877	3,457	3,089
Other revenues	Other revenues	130	118	223	256	Other revenues	125	122	348	378
Net investment gains (losses)	Net investment gains (losses)	(64)	(66)	(160)	(134)	Net investment gains (losses)	(53)	(45)	(213)	(179)
Net derivative gains (losses)	Net derivative gains (losses)	(1,811)	1,977	(2,386)	1,923	Net derivative gains (losses)	(840)	(592)	(3,226)	1,331
Total revenues	Total revenues	263	3,866	1,547	5,879	Total revenues	1,170	1,121	2,717	7,000
Expenses	**Expenses**					**Expenses**				
Policyholder benefits and claims (including liability remeasurement gains (losses) of $0, $0, $0 and $0 respectively)		689	717	1,376	1,392					
Policyholder benefits and claims (including liability remeasurement gains (losses) of ($234), $35, ($234) and $35, respectively)						Policyholder benefits and claims (including liability remeasurement gains (losses) of ($234), $35, ($234) and $35, respectively)	590	534	1,966	1,926
Interest credited to policyholder account balances	Interest credited to policyholder account balances	452	284	874	532	Interest credited to policyholder account balances	426	405	1,300	937

Amortization of deferred policy acquisition costs and value of business acquired	Amortization of deferred policy acquisition costs and value of business acquired	157	158	313	315	Amortization of deferred policy acquisition costs and value of business acquired	155	159	468	474
Change in market risk benefits	Change in market risk benefits	(1,300)	(62)	(1,106)	(1,641)	Change in market risk benefits	(1,064)	(984)	(2,170)	(2,625)
Other expenses	Other expenses	502	592	980	1,101	Other expenses	473	495	1,453	1,596
Total expenses	Total expenses	500	1,689	2,437	1,699	Total expenses	580	609	3,017	2,308
Income (loss) before provision for income tax	Income (loss) before provision for income tax	(237)	2,177	(890)	4,180	Income (loss) before provision for income tax	590	512	(300)	4,692
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	(62)	432	(218)	848	Provision for income tax expense (benefit)	109	97	(109)	945
Net income (loss)	Net income (loss)	(175)	1,745	(672)	3,332	Net income (loss)	481	415	(191)	3,747
Less: Net income (loss) attributable to noncontrolling interests	Less: Net income (loss) attributable to noncontrolling interests	—	—	2	2	Less: Net income (loss) attributable to noncontrolling interests	2	2	4	4
Net income (loss) attributable to Brighthouse Financial, Inc.	Net income (loss) attributable to Brighthouse Financial, Inc.	(175)	1,745	(674)	3,330	Net income (loss) attributable to Brighthouse Financial, Inc.	479	413	(195)	3,743
Less: Preferred stock dividends	Less: Preferred stock dividends	25	26	51	53	Less: Preferred stock dividends	26	25	77	78
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ (200)	$ 1,719	$ (725)	$ 3,277	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ 453	$ 388	$ (272)	$ 3,665
Comprehensive income (loss)	Comprehensive income (loss)	$ (768)	$ 110	$ (447)	$ (891)	Comprehensive income (loss)	$ (754)	$ (2,424)	$ (1,201)	$ (3,315)
Less: Comprehensive income (loss) attributable to noncontrolling interests	Less: Comprehensive income (loss) attributable to noncontrolling interests	—	—	2	2	Less: Comprehensive income (loss) attributable to noncontrolling interests	2	2	4	4
Comprehensive income (loss) attributable to Brighthouse Financial, Inc.	Comprehensive income (loss) attributable to Brighthouse Financial, Inc.	$ (768)	$ 110	$ (449)	$ (893)	Comprehensive income (loss) attributable to Brighthouse Financial, Inc.	$ (756)	$ (2,426)	$ (1,205)	$ (3,319)
Earnings per common share	**Earnings per common share**					**Earnings per common share**				
Basic	Basic	$ (3.01)	$ 23.04	$ (10.77)	$ 43.27	Basic	$ 6.92	$ 5.42	$ (4.08)	$ 49.31
Diluted	Diluted	$ (3.01)	$ 22.91	$ (10.77)	$ 43.01	Diluted	$ 6.89	$ 5.39	$ (4.08)	$ 49.00

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Equity
For the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (Unaudited)

(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Brighthouse Financial, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2022	$ —	$ 1	$ 14,075	$ (395)	$ (2,042)	$ (6,106)	$ 5,533	$ 65	$5,598
Treasury stock acquired in connection with share repurchases					(62)		(62)		(62)
Share-based compensation		—	5		(15)		(10)		(10)
Dividends on preferred stock			(26)				(26)		(26)
Change in noncontrolling interests							—	(2)	(2)
Net income (loss)				(499)			(499)	2	(497)
Other comprehensive income (loss), net of income tax						818	818		818
Balance at March 31, 2023	—	1	14,054	(894)	(2,119)	(5,288)	5,754	65	5,819
Balance at June 30, 2023									
Treasury stock acquired in connection with share repurchases					(64)		(64)		(64)
Share-based compensation		—	10		—		10		10
Dividends on preferred stock			(25)				(25)		(25)
Change in noncontrolling interests							—	—	—
Net income (loss)				(175)			(175)	—	(175)
Other comprehensive income (loss), net of income tax						(593)	(593)		(593)
Balance at June 30, 2023	$ —	$ 1	$ 14,039	$ (1,069)	$ (2,183)	$ (5,881)	$ 4,907	$ 65	$4,972
Balance at September 30, 2023									

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Bright Finan Inc Stockh Equ
Balance at December 31, 2022	$ —	$ 1	$ 14,075	$ (395)	$ (2,042)	$ (6,106)	$
Treasury stock acquired in connection with share repurchases					(126)		
Share-based compensation		—	15		(15)		
Dividends on preferred stock			(51)				
Change in noncontrolling interests							
Net income (loss)				(674)			
Other comprehensive income (loss), net of income tax						225	
Balance at June 30, 2023	—	1	14,039	(1,069)	(2,183)	(5,881)	
Treasury stock acquired in connection with share repurchases					(64)		
Share-based compensation		—	9		(1)		
Dividends on preferred stock			(26)				
Change in noncontrolling interests							
Net income (loss)				479			
Other comprehensive income (loss), net of income tax						(1,235)	
Balance at September 30, 2023	$ —	$ 1	$ 14,022	$ (590)	$ (2,248)	$ (7,116)	$

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Brighthouse Financial, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2021	$ —	$ 1	$ 14,154	$ (4,274)	$ (1,543)	$ 47	$ 8,385	$ 65	$8,450
Treasury stock acquired in connection with share repurchases					(127)		(127)		(127)
Share-based compensation		—	6		(11)		(5)		(5)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Bright Finan Inc Stockh Equ
Balance at December 31, 2021	$ —	$ 1	$ 14,154	$ (4,274)	$ (1,543)	$ 47	$
Treasury stock acquired in connection with share repurchases					(259)		
Share-based compensation		—	12		(11)		

Dividends on preferred stock	Dividends on preferred stock			(27)				(27)		(27)	Dividends on preferred stock			(53)				
Change in noncontrolling interests	Change in noncontrolling interests							—	(2)	(2)	Change in noncontrolling interests							
Net income (loss)	Net income (loss)				1,585			1,585	2	1,587	Net income (loss)				3,330			
Other comprehensive income (loss), net of income tax	Other comprehensive income (loss), net of income tax						(2,588)	(2,588)		(2,588)	Other comprehensive income (loss), net of income tax						(4,223)	
Balance at March 31, 2022		—	1	14,133	(2,689)	(1,681)	(2,541)	7,223	65	7,288								
Balance at June 30, 2022											Balance at June 30, 2022	—	1	14,113	(944)	(1,813)	(4,176)	
Treasury stock acquired in connection with share repurchases	Treasury stock acquired in connection with share repurchases					(132)		(132)		(132)	Treasury stock acquired in connection with share repurchases					(136)		
Share-based compensation	Share-based compensation		—	6		—		6		6	Share-based compensation		—	7		—		
Dividends on preferred stock	Dividends on preferred stock			(26)				(26)		(26)	Dividends on preferred stock			(25)				
Change in noncontrolling interests	Change in noncontrolling interests							—	—	—	Change in noncontrolling interests							
Net income (loss)	Net income (loss)				1,745			1,745	—	1,745	Net income (loss)				413			
Other comprehensive income (loss), net of income tax	Other comprehensive income (loss), net of income tax						(1,635)	(1,635)		(1,635)	Other comprehensive income (loss), net of income tax						(2,839)	
Balance at June 30, 2022		$ —	$ 1	$ 14,113	$ (944)	$ (1,813)	$ (4,176)	$ 7,181	$ 65	$7,246								
Balance at September 30, 2022											Balance at September 30, 2022	$ —	$ 1	$ 14,095	$ (531)	$ (1,949)	$ (7,015)	$

See accompanying notes to the interim condensed consolidated financial statements.

Brighthouse Financial, Inc.

Interim Condensed Consolidated Statements of Cash Flows

For the Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 (Unaudited)

(In millions)

		Six Months Ended June 30,			Nine Months Ended September 30,	
		2023	**2022**		**2023**	**2022**
Net cash provided by (used in) operating activities	**Net cash provided by (used in) operating activities**	$ (628)	$ (40)	**Net cash provided by (used in) operating activities**	$ (289)	$ (1,002)
Cash flows from investing activities	**Cash flows from investing activities**			**Cash flows from investing activities**		
Sales, maturities and repayments of:	Sales, maturities and repayments of:			Sales, maturities and repayments of:		
Fixed maturity securities	Fixed maturity securities	2,970	6,250	Fixed maturity securities	4,588	8,479
Equity securities	Equity securities	10	41	Equity securities	16	41
Mortgage loans	Mortgage loans	574	1,382	Mortgage loans	904	1,770
Limited partnerships and limited liability companies	Limited partnerships and limited liability companies	81	134	Limited partnerships and limited liability companies	136	180
Purchases of:	Purchases of:			Purchases of:		

Fixed maturity securities	Fixed maturity securities	(4,186)	(10,653)	Fixed maturity securities	(6,626)	(14,333)
Equity securities	Equity securities	(6)	(20)	Equity securities	(6)	(37)
Mortgage loans	Mortgage loans	(342)	(3,098)	Mortgage loans	(659)	(4,059)
Limited partnerships and limited liability companies	Limited partnerships and limited liability companies	(254)	(432)	Limited partnerships and limited liability companies	(336)	(619)
Cash received in connection with freestanding derivatives	Cash received in connection with freestanding derivatives	2,634	2,749	Cash received in connection with freestanding derivatives	4,013	3,778
Cash paid in connection with freestanding derivatives	Cash paid in connection with freestanding derivatives	(3,024)	(2,220)	Cash paid in connection with freestanding derivatives	(4,640)	(3,395)
Net change in policy loans	Net change in policy loans	(6)	(12)	Net change in policy loans	(29)	(9)
Net change in short-term investments	Net change in short-term investments	(22)	923	Net change in short-term investments	112	716
Net change in other invested assets	Net change in other invested assets	(88)	(63)	Net change in other invested assets	(117)	(108)
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities	(1,659)	(5,019)	Net cash provided by (used in) investing activities	(2,644)	(7,596)
Cash flows from financing activities	**Cash flows from financing activities**			**Cash flows from financing activities**		
Policyholder account balances:	Policyholder account balances:			Policyholder account balances:		
Deposits	Deposits	11,670	14,162	Deposits	16,292	23,545
Withdrawals	Withdrawals	(9,086)	(8,474)	Withdrawals	(12,773)	(14,264)
Net change in payables for collateral under securities loaned and other transactions	Net change in payables for collateral under securities loaned and other transactions	(427)	406	Net change in payables for collateral under securities loaned and other transactions	(619)	263
Long-term debt repaid	Long-term debt repaid	(1)	(1)	Long-term debt repaid	(1)	(2)
Dividends on preferred stock	Dividends on preferred stock	(51)	(53)	Dividends on preferred stock	(77)	(78)
Treasury stock acquired in connection with share repurchases	Treasury stock acquired in connection with share repurchases	(126)	(259)	Treasury stock acquired in connection with share repurchases	(190)	(395)
Financing element on certain derivative instruments and other derivative related transactions, net	Financing element on certain derivative instruments and other derivative related transactions, net	(54)	(112)	Financing element on certain derivative instruments and other derivative related transactions, net	43	(137)
Other, net	Other, net	(16)	(13)	Other, net	(18)	(15)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	1,909	5,656	Net cash provided by (used in) financing activities	2,657	8,917
Change in cash, cash equivalents and restricted cash	Change in cash, cash equivalents and restricted cash	(378)	597	Change in cash, cash equivalents and restricted cash	(276)	319
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	4,115	4,474	Cash, cash equivalents and restricted cash, beginning of period	4,115	4,474

Cash, cash equivalents and restricted cash, end of period	**Cash, cash equivalents and restricted cash, end of period**	$ 3,737	$ 5,071	**Cash, cash equivalents and restricted cash, end of period**	$ 3,839	$ 4,793
Supplemental disclosures of cash flow information	**Supplemental disclosures of cash flow information**			**Supplemental disclosures of cash flow information**		
Net cash paid (received) for:	Net cash paid (received) for:			Net cash paid (received) for:		
Interest	Interest	$ 75	$ 77	Interest	$ 82	$ 83
Income tax	Income tax	$ (3)	$ 106	Income tax	$ 1	$ (120)

See accompanying notes to the interim condensed consolidated financial statements.

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

Brighthouse Financial, Inc. ("BHF" and together with its subsidiaries, "Brighthouse Financial" or the "Company") is a holding company formed in 2016 to own the legal entities that historically operated a substantial portion of MetLife, Inc.'s former retail segment until becoming a separate, publicly-traded company in August 2017. Brighthouse Financial is one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. The Company is organized into three segments: Annuities; Life; and Run-off. In addition, the Company reports certain of its results of operations in Corporate & Other.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.

<u>Consolidation</u>

The accompanying interim condensed consolidated financial statements include the accounts of Brighthouse Financial, as well as partnerships and limited liability companies ("LLC") that the Company controls. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in limited partnerships and LLCs when it has more than a minor ownership interest or more than a minor influence over the investee's operations. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. When the Company has virtually no influence over the investee's operations, the investment is carried at fair value.

The accompanying interim condensed consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2022 consolidated balance sheet data was derived from audited consolidated financial statements included in Brighthouse Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2022 Annual Report.

Reclassifications

Certain amounts in the prior year period's interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2023 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements. See "— Adoption of New Accounting Pronouncements" for discussion of the adoption of new guidance on long-duration contracts in the first quarter of 2023, parts of which were retrospectively applied to prior periods presented in the interim condensed consolidated financial statements.

Summary of Significant Accounting Policies

In connection with the adoption of new guidance on long-duration insurance contracts, the Company updated its impacted accounting policies as described below. See Note 1 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report for a description of the Company's accounting policies that did not change.

Insurance Contract Obligations

The Company has obligations under insurance contracts to pay benefits over an extended period of time. The Company establishes liabilities for future obligations under long-duration insurance contracts based on the accounting model appropriate for each type of contract or contract feature. Liabilities for insurance contract benefits are generally accrued over time as revenue is recognized, or established based on the balance that accrues to the contract holder. In addition, certain insurance contracts may contain features that are required to be measured at fair value separately from the base contracts, either as a market risk benefit or embedded derivative.

The discussion below provides an overview of the different accounting models for insurance contract obligations and the applicability of such models to the Company's insurance products.

Liability for Future Policy Benefits

The Company establishes a liability for future policy benefits ("LFPB") for non-participating term and whole life insurance and income annuities. LFPBs are accrued over time as revenue is recognized based on a net premium ratio. The net premium ratio is the portion of gross premiums required to provide for all future benefits. LFPBs are established using the Company's current assumptions of future cash flows, discounted at a rate that approximates a single A corporate bond curve. The Company generally aggregates insurance contracts into groupings by issue year, product and segment for determining the net premium ratio and related LFPBs.

The Company reviews cash flow assumptions regularly, and if they change significantly, LFPBs are adjusted by determining a revised net premium ratio. The revised net premium ratio is calculated as of contract inception using both actual historical experience and updated future cash flow assumptions. The recalculated net premium ratio is applied to derive a remeasurement gain or loss recognized in the current period net income. For insurance policies in-force as of December 31, 2020, January 1, 2021 is considered the contract inception date. The net premium ratio is also updated quarterly for the difference between actual and expected experience.

The net premium ratio is not updated for changes in discount rate assumptions, as changes in the discount rate are updated quarterly and the impacts are reflected in other comprehensive income (loss) ("OCI"). The discount rate assumption is determined by developing a yield curve based on market observable yields for upper-medium grade fixed income instruments derived from an external index. The yield curve is applied to the expected future cash flows used in the measurement of LFPBs based on the duration characteristics of those liabilities.

The most significant cash flow assumptions used in the establishment of LFPBs are mortality, policy lapses and market interest rates. See Note 4 for more information on the effect of changes in assumptions on the measurement of LFPBs.

The Company also establishes an LFPB for participating term and whole life insurance using a net premium ratio and the Company's current assumptions of future cash flows. Assumptions are determined at issuance of the policy and are not updated unless a premium deficiency exists. A premium deficiency exists when the LFPB plus the present value of expected future gross premiums are less than expected future benefits and expenses (based on current assumptions). When a premium deficiency exists, the Company will reduce any deferred acquisition costs and may also establish an additional liability to eliminate the deficiency. See Note 4 for more information on assumptions used in establishing LFPBs related to participating term and whole life insurance.

Policyholder Account Balances

The Company establishes a policyholder account balance liability for customer deposits on universal life insurance, universal life insurance with secondary guarantees ("ULSG") and deferred annuity contracts. The policyholder account balance liability is equal to the sum of deposits, plus interest credited, less charges and withdrawals, excluding the impact of any applicable charge that may be incurred upon surrender. The Company also holds additional liabilities for certain product features including secondary guarantees on universal life insurance contracts and the crediting rates associated with index-linked annuities.

Additional Liabilities for ULSG

The Company establishes a liability in addition to the account balance for secondary guarantees on universal life insurance. These liabilities are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the contract period based on total expected assessments. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios. The Company also maintains a liability for profits followed by losses on ULSG determined by projecting future earnings and establishing a liability to offset losses that are expected to occur in later years. Both ULSG liabilities are adjusted for the effects of unrealized investment gains and losses.

The Company reviews cash flow assumptions regularly, and, if they change significantly, the liability for secondary guarantees is adjusted by a cumulative charge or credit to net income. Liabilities for secondary guarantees are presented within future policy benefits with changes in the liabilities reported in policyholder benefits and claims, except for the effects of unrealized investment gains and losses, which are reported in OCI.

The most significant assumptions used in estimating liabilities for secondary guarantees are the general account rate of return, premium persistency, mortality and lapses. See Note 4 for more information on the effect of changes in assumptions on the measurement of liabilities for secondary guarantees.

Market Risk Benefits on Annuity Guarantees

Market risk benefits ("MRB") are contracts or contract features that provide protection to the policyholder from capital markets risk by transferring such risks to the Company. MRBs are required to be separated from the deferred annuity host contract and measured at fair value. The Company establishes MRB assets and liabilities for guaranteed minimum benefits on variable annuity contracts including guaranteed minimum death benefits ("GMDB"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB") and guaranteed minimum withdrawal benefits ("GMWB"). MRB assets are also established for reinsured benefits related to these guarantees. Certain index-linked annuity products may also have guaranteed minimum benefits classified as MRBs.

The measurement of fair value includes an adjustment for the risk that the Company fails to satisfy its obligations, which is referred to as nonperformance risk, as well as risk margin to capture the non-capital markets risks of the instrument, which represents the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. MRBs are measured at estimated fair value, with changes reported in change in MRBs on the consolidated statements of operations, except for the change due to nonperformance risk, which is reported in OCI.

See Note 4 for more information on the effect of changes in inputs and assumptions on the measurement of MRBs and Note 8 for more information on the determination of fair value of MRBs.

Embedded Derivatives on Index-Linked Annuities

The Company issues, and assumes through reinsurance, index-linked annuities which allow the policyholder to participate in returns from certain specified equity indices. The crediting rates associated with these features are classified as embedded derivatives and measured at estimated fair value, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

Embedded derivative liabilities are required to be separated from the deferred annuity host contract and measured at fair value. The estimated fair value is determined using a combination of an option pricing model and an option-budget approach. Under this approach, the Company estimates the cost of funding the crediting rate using option pricing and establishes that cost on the balance sheet as a reduction to the initial deposit amount. The estimate of fair value includes an adjustment for nonperformance risk, as well as a risk margin.

Actuarial assumptions are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of index-linked crediting rate embedded derivatives are updated quarterly through net income. The reduction to the initial deposit is accreted back up to the initial deposit over the estimated life of the contract. Embedded derivatives related to index-linked annuities are presented within policyholder account balances while changes in the estimated fair value are reported in net derivative gains (losses).

For more information on the determination of estimated fair value of embedded derivatives, see Note 8.

Recognition of Revenues and Deposits on Insurance Contracts

Premiums related to traditional long-duration contracts are recognized as revenues when due from policyholders. When premiums for income annuities are due over a significantly shorter period than the period over which policyholder benefits are incurred, the Company establishes a deferred profit liability ("DPL") for the excess of the gross premium over the net premium. DPLs are amortized into net income in proportion to the amount of expected future benefit payments. Assumptions used in the measurement of the DPL are updated at the same time as the related LFPBs, with the updated estimates used to recalculate the DPL as of contract inception. The remeasurement gain or loss from updating DPLs is recognized in current period net income along with the related change in LFPBs.

Deposits related to universal life insurance, deferred annuity contracts and investment contracts are credited to policyholder account balances. Revenues from such contracts consist of asset-based investment management fees, cost of insurance charges, risk charges, policy administration fees and surrender charges. These fees, which are included in universal life and investment-type product policy fees, are recognized when assessed to the contract holder, except for non-level insurance charges which are deferred by the establishment of an unearned revenue liability and amortized over the expected life of the contracts.

Premiums and policy fees are presented net of reinsurance.

Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that are directly related to the successful acquisition or renewal of insurance contracts are capitalized as deferred policy acquisition costs ("DAC"). These costs mainly consist of commissions and include the portion of employees' compensation and benefits related to time spent selling, underwriting or processing the issuance of new insurance contracts. All other acquisition-related costs are expensed as incurred.

Value of business acquired ("VOBA") is an intangible asset resulting from a business combination that represents the excess of book value over the estimated fair value of acquired insurance, annuity and investment-type contracts in-force as of the acquisition date.

The Company amortizes DAC and VOBA in a manner that approximates a straight-line basis over the expected life of the related contracts. For life insurance contracts, amortization is based on projections of amounts of insurance in-force, while projections of policy counts are used for deferred annuity contracts and expected future benefits payments for income annuities. These assumptions are reviewed at least annually, and if they change significantly, updates are recognized through changes to future amortization. VOBA balances are tested annually to determine if the balance is deemed unrecoverable from expected future profits. All changes in DAC and VOBA balances are recorded to net income.

Periodically, the Company modifies product benefits, features, rights or coverages that occur by the exchange of an existing contract for a new contract, or by amendment, endorsement, or rider to a contract, or by election or coverage within a contract. If a modification is considered to have substantially changed the contract, the associated DAC or VOBA is written off immediately through net income and any new acquisition costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC or VOBA amortization on the original contract will continue and any acquisition costs associated with the related modification are expensed.

The Company also has intangible assets representing deferred sales inducements ("DSI"), which are included in other assets, and unearned revenue liabilities, which are included in other policy-related balances. The Company defers sales inducements and unearned revenue and amortizes the balances using the same methodology and assumptions used to amortize DAC and VOBA.

Adoption of New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASU") to the FASB Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Except as noted below, there were no significant ASUs adopted during the period ended June 30, 2023 September 30, 2023.

In March 2022, the FASB issued new guidance on Troubled Debt Restructurings ("TDR") (ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures). This ASU eliminates TDR recognition and measurement guidance and, instead, requires that an entity evaluate (consistent with the accounting for other loan modifications) whether the modification represents a new loan or a continuation of an existing loan. The amendments also enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. The Company adopted this guidance on January 1, 2023. This ASU was applied prospectively and did not have a material impact on the consolidated financial statements upon adoption but could change the future recognition and measurement of modified loans and other receivables.

In August 2018, the FASB issued new guidance on long-duration contracts (ASU 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts ("LDTI")). LDTI is effective for fiscal years beginning after January 1, 2023. LDTI resulted in significant changes to the measurement, presentation and disclosure requirements for long-duration insurance contracts. A summary of the most significant changes is provided below:

(1) Guaranteed benefits associated with variable annuity and certain fixed annuity contracts have been classified and presented separately on the consolidated balance sheets as MRBs. MRBs are now measured at estimated fair value through net income and reported separately on the consolidated statements of operations, except for nonperformance risk changes, which will be recognized in OCI.

(2) Cash flow assumptions used to measure LFPBs on traditional long-duration contracts (including term and non-participating whole life insurance and immediate annuities) have been updated on an annual basis using a retrospective method. The resulting remeasurement gain or loss is now reported separately on the consolidated statements of operations along with the remeasurement gain or loss on universal life-type contract liabilities.

(3) The discount rate assumption used to measure the liability for traditional long-duration contracts is now based on an upper-medium grade fixed income yield, updated quarterly, with changes recognized in OCI.

(4) DAC for all insurance products are required to be amortized on a constant-level basis over the expected term of the contracts, using amortization methods that are not a function of revenue or profit emergence. Changes in assumptions used to amortize DAC have been recognized as a revision to future amortization amounts.

(5) There was a significant increase in required disclosures, including disaggregated rollforwards of insurance contract assets and liabilities supplemented by qualitative and quantitative information regarding the cash flows, assumptions, methods and judgements used to measure those balances.

The transition date was January 1, 2021. MRB changes were required to be applied on a retrospective basis, while the changes for insurance liability assumption updates and DAC amortization were applied to existing carrying amounts on the transition date.

The cumulative effect, on an after-tax basis, of the adoption of ASU 2018-12 as of the transition date was a $5.4 billion decrease to retained earnings and a $3.9 billion decrease to accumulated other comprehensive income (loss) ("AOCI"). See Note 2 for more detailed information on the impacts of the ASU to the Company's financial statements.

2. ASU 2018-12 Transition

The Company adopted ASU 2018-12 for LFPBs, DAC and other balances amortized on a basis consistent with DAC by applying the guidance to contracts in-force on the basis of their existing carrying amounts at the transition date. The Company adopted ASU 2018-12 for MRBs on a fully retrospective basis.

The effect of transition adjustments on stockholders' equity at January 1, 2021 due to the adoption of ASU 2018-12 was as follows:

	Retained Earnings (Deficit)	AOCI
	(In millions)	
Liability for future policy benefits	$ (436)	$ (2,073)
Market risk benefits and related adjustments	(6,237)	(3,454)
DAC and VOBA	—	520
Reinsurance recoverables	(141)	34
Deferred income tax asset	1,431	1,044
Total	$ (5,383)	$ (3,929)

For LFPBs, the transition adjustment to retained earnings relates to instances where net premiums exceed gross premiums resulting in LFPBs being increased to eliminate the premium deficiency. The premium deficiency primarily relates to structured settlement annuities. The transition adjustment related to AOCI represents the effect of the requirement to discount LFPBs based on an upper-medium grade fixed income rate as well as the removal of amounts previously recorded in AOCI for the effects of unrealized investment gains and losses.

For MRBs, the transition adjustment to AOCI relates to the cumulative effect of changes in the nonperformance risk between contract issue date and transition date. In aggregate, the additional spread applied to the risk-free rate decreased from contract inception to the transition date, which had a negative impact on equity. The remaining difference between the estimated fair value and carrying amount of MRBs at transition, excluding the amounts recorded in AOCI, was recorded as an adjustment to retained earnings as of the transition date.

For DAC and VOBA, the Company removed amounts previously recorded in AOCI for the effect of unrealized investment gains and losses.

For reinsurance, the adjustments to both retained earnings and AOCI were made to align the measurement of reinsurance recoverables with the related LFPBs.

The balances of and changes in LFPBs at January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities
		(In millions)	
Balance at December 31, 2020	$ 2,854	$ 4,311	$ 10,115
Removal of related balances in AOCI	—	(203)	(1,784)
Change in cash flow assumptions	14	(171)	200
Initial recognition of deferred profit liabilities	—	176	217
Change in discount rate assumptions	536	754	2,770
Adjusted balance at January 1, 2021	3,404	4,867	11,518
Less: Reinsurance recoverable	85	29	102
Adjusted balance at January 1, 2021, net of reinsurance	$ 3,319	$ 4,838	$ 11,416

The balance of and changes in liabilities classified as MRBs at January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

	Variable Annuities
	(In millions)
Balance at December 31, 2020	$ 8,924
Adjustment for the difference between carrying amount and estimated fair value, except for the difference due to nonperformance risk	6,010
Adjustment for cumulative effect of changes in nonperformance risk since issuance	3,454
Adjusted balance at January 1, 2021	18,388
Less: Reinsurance recoverable	169
Adjusted balance at January 1, 2021, net of reinsurance	$ 18,219

The balances of and changes in DAC and VOBA on January 1, 2021 due to the adoption of ASU 2018-12 were as follows:

	Variable Annuities	Fixed Rate Annuities	Index-Linked Annuities	Term and Whole Life Insurance	Universal Life Insurance
			(In millions)		
DAC:					
Balance at December 31, 2020	$ 2,440	$ 64	$ 886	$ 527	$ 492
Removal of related amounts in AOCI	472	—	—	—	(23)
Adjusted balance at January 1, 2021	$ 2,912	$ 64	$ 886	$ 527	$ 469
VOBA:					
Balance at December 31, 2020	$ 363	$ 76	$ —	$ 8	$ 55
Removal of related amounts in AOCI	65	—	—	—	6
Adjusted balance at January 1, 2021	$ 428	$ 76	$ —	$ 8	$ 61

The following tables present amounts previously reported in 2022 and 2021, the effect on those amounts of the change due to the adoption of ASU 2018-12 as described in Note 1, and the currently reported amounts in the Unaudited Interim Consolidated Balance Sheets and Unaudited Interim Consolidated Statements of Operations and Comprehensive Income (Loss). See Notes 4 and 5 for more information.

	December 31, 2022	December 31, 2021

	As Previously Reported	Effect of Change	As Currently Reported	As Previously Reported	Effect of Change	As Currently Reported
			(In millions)			
Total assets	$ 225,580	$ (733)	$ 224,847	$ 259,840	$ 2,417	$ 262,257
Future policy benefits	$ 41,569	$ (10,072)	$ 31,497	$ 43,807	$ (3,817)	$ 39,990
Policyholder account balances	$ 74,836	$ (1,309)	$ 73,527	$ 66,851	$ (1,602)	$ 65,249
Market risk benefit liabilities	$ —	$ 10,389	$ 10,389	$ —	$ 16,034	$ 16,034
Total liabilities	$ 219,542	$ (293)	$ 219,249	$ 243,633	$ 10,174	$ 253,807
Retained earnings (deficit)	$ (637)	$ 242	$ (395)	$ (642)	$ (3,632)	$ (4,274)
Accumulated other comprehensive income (loss)	$ (5,424)	$ (682)	$ (6,106)	$ 4,172	$ (4,125)	$ 47
Total equity	$ 6,038	$ (440)	$ 5,598	$ 16,207	$ (7,757)	$ 8,450
Total liabilities and equity	$ 225,580	$ (733)	$ 224,847	$ 259,840	$ 2,417	$ 262,257

2. ASU 2018-12 Transition (continued)

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	As Previously Reported	Effect of Change	As Currently Reported	As Previously Reported	Effect of Change	As Currently Reported
			(In millions)			
Universal life and investment-type product policy fees	$ 3,141	$ (706)	$ 2,435	$ 3,636	$ (656)	$ 2,980
Net derivative gains (losses)	$ 304	$ (896)	$ (592)	$ (2,469)	$ (1,514)	$ (3,983)
Total revenues	$ 8,473	$ (1,600)	$ 6,873	$ 7,142	$ (2,166)	$ 4,976
Policyholder benefits and claims	$ 4,165	$ (1,972)	$ 2,193	$ 3,443	$ (697)	$ 2,746
Change in market risk benefits	$ —	$ (4,104)	$ (4,104)	$ —	$ (4,134)	$ (4,134)
Total expenses	$ 8,645	$ (6,504)	$ 2,141	$ 7,350	$ (4,383)	$ 2,967
Net income (loss)	$ 10	$ 3,874	$ 3,884	$ (103)	$ 1,751	$ 1,648

3. Segment Information

The Company is organized into three segments: Annuities; Life; and Run-off. In addition, the Company reports certain of its results of operations in Corporate & Other.

Annuities

The Annuities segment consists of a variety of variable, fixed, index-linked and income annuities designed to address contract holders’ needs for protected wealth accumulation on a tax-deferred basis, wealth transfer and income security.

Life

The Life segment consists of insurance products, including term, universal, whole and variable life products designed to address policyholders’ needs for financial security and protected wealth transfer, which may be on a tax-advantaged basis.

Run-off

The Run-off segment consists of products that are no longer actively sold and are separately managed, including ULSG, structured settlements, pension risk transfer contracts, certain company-owned life insurance policies and certain funding agreements.

Corporate & Other

Corporate & Other contains the excess capital not allocated to the segments and interest expense related to the Company’s outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes long-term care business reinsured through 100% quota share reinsurance agreements and activities related to funding agreements associated with the Company’s institutional spread margin business.

In connection with the adoption of ASU 2018-12, the Company reclassified direct-to-consumer life insurance that is no longer sold from Corporate & Other to the Life segment. The segment information below reflects the direct-to consumer life insurance in the Life segment for all periods presented.

Financial Measures and Segment Accounting Policies

Adjusted earnings is a financial measure used by management to evaluate performance and facilitate comparisons to industry results. Consistent with GAAP guidance for segment reporting, adjusted earnings is also used to measure segment performance. The Company believes the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of its performance by the investor community by highlighting the results of operations and the underlying profitability drivers of the business.

Adjusted earnings, which may be positive or negative, focuses on the Company’s primary businesses by excluding the impact of market volatility, which could distort trends.

3. Segment Information (continued)

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

- Net investment gains (losses); and
- Net derivative gains (losses), excluding earned income and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment (“Investment Hedge Adjustments”).

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

- Change in MRBs; and
- Change in fair value of the crediting rate on experience-rated contracts (“Market Value Adjustments”).

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

The Company’s adjusted earnings definition and presentation has been updated for all periods presented to reflect the adoption of ASU 2018-12.

The segment accounting policies are the same as those used to prepare the Company’s interim condensed consolidated financial statements, except for the adjustments to calculate adjusted earnings described above. In addition, segment accounting policies include the methods of capital allocation described below.

Segment investment and capitalization targets are based on statutory oriented risk principles and metrics. Segment invested assets backing liabilities are based on net statutory liabilities plus excess capital. For the variable annuity business, the excess capital held is based on the target statutory total asset requirement consistent with the Company’s variable annuity risk management strategy. For insurance businesses other than variable annuities, excess capital held is based on a percentage of required statutory risk-based capital. Assets in excess of those allocated to the segments, if any, are held in Corporate & Other. Segment net investment income reflects the performance of each segment’s respective invested assets.

Operating results by segment, as well as Corporate & Other, were as follows:

		Three Months Ended June 30, 2023						Three Months Ended September 30, 2023				
		Annuities	Life	Run-off	Corporate & Other	Total		Annuities	Life	Run-off	Corporate & Other	Total
		(In millions)						(In millions)				
Pre-tax adjusted earnings	Pre-tax adjusted earnings	$ 357	$ 18	$ (21)	$ 5	$ 359	Pre-tax adjusted earnings	$ 393	$ (93)	$ 120	$ 9	$ 429
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	66	3	(5)	(1)	63	Provision for income tax expense (benefit)	74	(20)	25	(4)	75
Post-tax adjusted earnings	Post-tax adjusted earnings	291	15	(16)	6	296	Post-tax adjusted earnings	319	(73)	95	13	354
Less: Net income (loss) attributable to noncontrolling interests	Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2
Less: Preferred stock dividends	Less: Preferred stock dividends	—	—	—	25	25	Less: Preferred stock dividends	—	—	—	26	26
Adjusted earnings	Adjusted earnings	$ 291	$ 15	$ (16)	$ (19)	271	Adjusted earnings	$ 319	$ (73)	$ 95	$ (15)	326
Adjustments for:	Adjustments for:						Adjustments for:					
Net investment gains (losses)	Net investment gains (losses)					(64)	Net investment gains (losses)					(53)
Net derivative gains (losses), excluding investment hedge adjustments of $23						(1,834)						
Net derivative gains (losses), excluding investment hedge adjustments of $25							Net derivative gains (losses), excluding investment hedge adjustments of $25					(865)

Change in market risk benefits	Change in market risk benefits					1,300	Change in market risk benefits					1,064
Market value adjustments	Market value adjustments					2	Market value adjustments					15
Provision for income tax (expense) benefit	Provision for income tax (expense) benefit					125	Provision for income tax (expense) benefit					(34)
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ (200)	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ 453
Interest revenue	Interest revenue	$ 633	$ 119	$ 316	$ 151		Interest revenue	$ 652	$ 115	$ 300	$ 160	
Interest expense	Interest expense	$ —	$ —	$ —	$ 38		Interest expense	$ —	$ —	$ —	$ 38	

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Segment Information (continued)

		Three Months Ended June 30, 2022						Three Months Ended September 30, 2022				
		Annuities	Life	Run-off	Corporate & Other	Total		Annuities	Life	Run-off	Corporate & Other	Total
		(In millions)						(In millions)				
Pre-tax adjusted earnings	Pre-tax adjusted earnings	$ 394	$ 36	$ (200)	$ (49)	$ 181	Pre-tax adjusted earnings	$ 246	$ (44)	$ (20)	$ (14)	$ 168
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	74	7	(43)	(27)	11	Provision for income tax expense (benefit)	44	(10)	(4)	(4)	26
Post-tax adjusted earnings	Post-tax adjusted earnings	320	29	(157)	(22)	170	Post-tax adjusted earnings	202	(34)	(16)	(10)	142
Less: Net income (loss) attributable to noncontrolling interests	Less: Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2
Less: Preferred stock dividends	Less: Preferred stock dividends	—	—	—	26	26	Less: Preferred stock dividends	—	—	—	25	25
Adjusted earnings	Adjusted earnings	$ 320	$ 29	$ (157)	$ (48)	144	Adjusted earnings	$ 202	$ (34)	$ (16)	$ (37)	115
Adjustments for:	Adjustments for:						Adjustments for:					
Net investment gains (losses)	Net investment gains (losses)					(66)	Net investment gains (losses)					(45)
Net derivative gains (losses), excluding investment hedge adjustments of $9						1,968						
Net derivative gains (losses), excluding investment hedge adjustments of $23							Net derivative gains (losses), excluding investment hedge adjustments of $23					(615)

	Annuities	Life	Run-off	Corporate & Other	Total	Annuities	Life	Run-off	Corporate & Other	Total
Change in market risk benefits					62					984
Market value adjustments					32					20
Provision for income tax (expense) benefit					(421)					(71)
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ 1,719					$ 388
Interest revenue	$ 546	$ 115	$ 350	$ 59		$ 547	$ 77	$ 168	$ 108	
Interest expense	$ —	$ —	$ —	$ 38		$ —	$ —	$ —	$ 38	

	Six Months Ended June 30, 2023					Nine Months Ended September 30, 2023				
	Annuities	Life	Run-off	Corporate & Other	Total	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)					(In millions)				
Pre-tax adjusted earnings	$ 744	$ 18	$ (155)	$ 10	$ 617	$ 1,137	$ (75)	$ (35)	$ 19	$ 1,046
Provision for income tax expense (benefit)	139	2	(33)	(10)	98	213	(18)	(8)	(14)	173
Post-tax adjusted earnings	605	16	(122)	20	519	924	(57)	(27)	33	873
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2	—	—	—	4	4
Less: Preferred stock dividends	—	—	—	51	51	—	—	—	77	77
Adjusted earnings	$ 605	$ 16	$ (122)	$ (33)	466	$ 924	$ (57)	$ (27)	$ (48)	792
Adjustments for:										
Net investment gains (losses)					(160)					(213)
Net derivative gains (losses), excluding investment hedge adjustments of $61					(2,447)					
Net derivative gains (losses), excluding investment hedge adjustments of $86										(3,312)
Change in market risk benefits					1,106					2,170
Market value adjustments					(6)					9

	Six Months: Annuities	Life	Run-off	Corporate & Other	Total	Nine Months: Annuities	Life	Run-off	Corporate & Other	Total
Provision for income tax (expense) benefit					316					282
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ (725)					$ (272)
Interest revenue	$ 1,227	$ 219	$ 570	$ 300		$ 1,879	$ 334	$ 870	$ 460	
Interest expense	$ —	$ —	$ —	$ 76		$ —	$ —	$ —	$ 114	

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

3. Segment Information (continued)

	Six Months Ended June 30, 2022					Nine Months Ended September 30, 2022				
	Annuities	Life	Run-off	Corporate & Other	Total	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)					(In millions)				
Pre-tax adjusted earnings	$ 832	$ 119	$ (169)	$ (87)	$ 695	$ 1,078	$ 75	$ (189)	$ (101)	$ 863
Provision for income tax expense (benefit)	158	24	(36)	(30)	116	202	14	(40)	(34)	142
Post-tax adjusted earnings	674	95	(133)	(57)	579	876	61	(149)	(67)	721
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	2	2	—	—	—	4	4
Less: Preferred stock dividends	—	—	—	53	53	—	—	—	78	78
Adjusted earnings	$ 674	$ 95	$ (133)	$ (112)	524	$ 876	$ 61	$ (149)	$ (149)	639
Adjustments for:										
Net investment gains (losses)					(134)					(179)
Net derivative gains (losses), excluding investment hedge adjustments of $15					1,908					
Net derivative gains (losses), excluding investment hedge adjustments of $38										1,293
Change in market risk benefits					1,641					2,625
Market value adjustments					70					90

Provision for income tax (expense) benefit	Provision for income tax (expense) benefit					(732)	Provision for income tax (expense) benefit					(803)
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ 3,277	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders					$ 3,665
Interest revenue	Interest revenue	$ 1,101	$ 275	$ 751	$ 100		Interest revenue	$ 1,648	$ 352	$ 919	$ 208	
Interest expense	Interest expense	$ —	$ —	$ —	$ 76		Interest expense	$ —	$ —	$ —	$ 114	

Total revenues by segment, as well as Corporate & Other, were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Annuities	Annuities	$ 1,246	$ 1,129	$ 2,416	$ 2,331	Annuities	$ 1,214	$ 1,091	$ 3,630	$ 3,422
Life	Life	312	289	616	652	Life	299	270	915	922
Run-off	Run-off	448	487	828	1,022	Run-off	413	312	1,241	1,334
Corporate & Other	Corporate & Other	155	59	294	100	Corporate & Other	162	108	456	208
Adjustments	Adjustments	(1,898)	1,902	(2,607)	1,774	Adjustments	(918)	(660)	(3,525)	1,114
Total	Total	$ 263	$ 3,866	$ 1,547	$ 5,879	Total	$ 1,170	$ 1,121	$ 2,717	$ 7,000

Total assets by segment, as well as Corporate & Other, were as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Annuities	Annuities	$ 157,657	$ 151,192	Annuities	$ 151,734	$ 151,192
Life	Life	22,836	22,057	Life	22,221	22,057
Run-off	Run-off	28,619	28,436	Run-off	27,272	28,436
Corporate & Other	Corporate & Other	22,433	23,162	Corporate & Other	22,289	23,162
Total	Total	$ 231,545	$ 224,847	Total	$ 223,516	$ 224,847

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance

Liability for Future Policy Benefits

Information regarding LFPBs for non-participating traditional and limited-payment contracts was as follows:

	Six Months Ended June 30,							Nine Months Ended September 30,					
	2023			2022				2023			2022		
	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities		Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities
	(Dollars in millions)							(Dollars in millions)					

Present value of expected net premiums:	**Present value of expected net premiums:**							**Present value of expected net premiums:**						
Balance, beginning of period	Balance, beginning of period	$ 2,871	$ —	$ —	$ 3,325	$ —	$ —	Balance, beginning of period	$ 2,871	$ —	$ —	$ 3,325	$ —	$ —
Beginning balance at original discount rate	Beginning balance at original discount rate	3,212	—	—	3,051	—	—	Beginning balance at original discount rate	3,212	—	—	3,051	—	—
Effect of model refinements	Effect of model refinements	—	—	—	122	—	—	Effect of model refinements	—	—	—	122	—	—
Effect of changes in cash flow assumptions	Effect of changes in cash flow assumptions	—	—	—	(1)	—	—	Effect of changes in cash flow assumptions	215	—	—	139	—	—
Effect of actual variances from expected experience	Effect of actual variances from expected experience	(8)	—	—	107	—	—	Effect of actual variances from expected experience	(36)	—	—	90	—	—
Adjusted beginning of period balance	Adjusted beginning of period balance	3,204	—	—	3,279	—	—	Adjusted beginning of period balance	3,391	—	—	3,402	—	—
Issuances	Issuances	49	—	—	37	—	—	Issuances	71	—	—	71	—	—
Interest accrual	Interest accrual	55	—	—	57	—	—	Interest accrual	83	—	—	87	—	—
Net premiums collected	Net premiums collected	(184)	—	—	(231)	—	—	Net premiums collected	(281)	—	—	(324)	—	—
Ending balance at original discount rate	Ending balance at original discount rate	3,124	—	—	3,142	—	—	Ending balance at original discount rate	3,264	—	—	3,236	—	—
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(315)	—	—	(187)	—	—	Effect of changes in discount rate assumptions	(430)	—	—	(371)	—	—
Balance, end of period	Balance, end of period	$ 2,809	$ —	$ —	$ 2,955	$ —	$ —	Balance, end of period	$ 2,834	$ —	$ —	$ 2,865	$ —	$ —
Present value of expected future policy benefits:	**Present value of expected future policy benefits:**							**Present value of expected future policy benefits:**						
Balance, beginning of period	Balance, beginning of period	$ 5,279	$ 3,512	$ 6,793	$ 6,426	$ 4,333	$ 10,171	Balance, beginning of period	$ 5,279	$ 3,512	$ 6,793	$ 6,426	$ 4,333	$ 10,171
Beginning balance at original discount rate	Beginning balance at original discount rate	5,922	3,897	7,410	5,820	3,865	8,165	Beginning balance at original discount rate	5,922	3,897	7,410	5,820	3,865	8,165
Effect of model refinements	Effect of model refinements	—	—	—	135	—	—	Effect of model refinements	—	—	—	135	—	—
Effect of changes in cash flow assumptions	Effect of changes in cash flow assumptions	—	—	—	—	—	—	Effect of changes in cash flow assumptions	309	—	—	159	—	—

Effect of actual variances from expected experience	Effect of actual variances from expected experience	(10)	(4)	(37)	123	(10)	(37)	Effect of actual variances from expected experience	(41)	6	(49)	119	(23)	(39)
Adjusted beginning of period balance	Adjusted beginning of period balance	5,912	3,893	7,373	6,078	3,855	8,128	Adjusted beginning of period balance	6,190	3,903	7,361	6,233	3,842	8,126
Issuances	Issuances	50	182	—	41	102	—	Issuances	74	281	—	79	168	—
Interest accrual	Interest accrual	107	72	158	110	73	174	Interest accrual	162	107	236	167	108	259
Benefit payments	Benefit payments	(251)	(192)	(301)	(373)	(185)	(315)	Benefit payments	(375)	(296)	(449)	(514)	(267)	(477)
Ending balance at original discount rate	Ending balance at original discount rate	5,818	3,955	7,230	5,856	3,845	7,987	Ending balance at original discount rate	6,051	3,995	7,148	5,965	3,851	7,908
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(597)	(355)	(519)	(347)	(190)	(212)	Effect of changes in discount rate assumptions	(867)	(514)	(956)	(712)	(416)	(859)
Balance, end of period	Balance, end of period	$ 5,221	$ 3,600	$ 6,711	$ 5,509	$ 3,655	$ 7,775	Balance, end of period	$ 5,184	$ 3,481	$ 6,192	$ 5,253	$ 3,435	$ 7,049
Net liability for future policy benefits, end of period	Net liability for future policy benefits, end of period	$ 2,412	$ 3,600	$ 6,711	$ 2,554	$ 3,655	$ 7,775	Net liability for future policy benefits, end of period	$ 2,350	$ 3,481	$ 6,192	$ 2,388	$ 3,435	$ 7,049
Less: Reinsurance recoverable, end of period	Less: Reinsurance recoverable, end of period	41	25	66	55	24	75	Less: Reinsurance recoverable, end of period	41	30	—	49	24	69
Net liability for future policy benefits, after reinsurance recoverable	Net liability for future policy benefits, after reinsurance recoverable	$ 2,371	$ 3,575	$ 6,645	$ 2,499	$ 3,631	$ 7,700	Net liability for future policy benefits, after reinsurance recoverable	$ 2,309	$ 3,451	$ 6,192	$ 2,339	$ 3,411	$ 6,980
Weighted-average duration of liability	Weighted-average duration of liability	8.3 years	8.4 years	11.6 years	8.3 years	8.4 years	12.7 years	Weighted-average duration of liability	8.8 years	8.3 years	11.6 years	8.5 years	8.4 years	12.7 years
Weighted-average interest accretion rate	Weighted-average interest accretion rate	3.95 %	3.92 %	4.46 %	3.98 %	3.92 %	4.44 %	Weighted-average interest accretion rate	3.95 %	3.94 %	4.45 %	3.98 %	3.89 %	4.44 %
Current discount rate								Current discount rate	5.87 %	5.87 %	5.91 %	5.46 %	5.44 %	5.46 %
Gross premiums or assessments recognized during period	Gross premiums or assessments recognized during period	$ 307	$ 224	$ —	$ 333	$ 116	$ —	Gross premiums or assessments recognized during period	$ 451	$ 353	$ —	$ 485	$ 195	$ —
Expected future gross premiums, undiscounted	Expected future gross premiums, undiscounted	$ 6,531	$ —	$ —	$ 6,812	$ —	$ —	Expected future gross premiums, undiscounted	$ 6,261	$ —	$ —	$ 6,842	$ —	$ —

Expected future gross premiums, discounted	Expected future gross premiums, discounted	$ 4,837	$ —	$ —	$ 5,041	$ —	$ —	Expected future gross premiums, discounted	$ 4,707	$ —	$ —	$ 5,065	$ —	$ —
Expected future benefit payments, undiscounted	Expected future benefit payments, undiscounted	$ 8,044	$ 5,608	$ 14,062	$ 8,099	$ 5,462	$ 16,886	Expected future benefit payments, undiscounted	$ 8,378	$ 5,663	$ 13,909	$ 8,264	$ 5,448	$ 16,721
Expected future benefit payments, discounted	Expected future benefit payments, discounted	$ 5,818	$ 3,955	$ 7,230	$ 5,856	$ 3,845	$ 7,987	Expected future benefit payments, discounted	$ 6,051	$ 3,995	$ 7,148	$ 5,965	$ 3,851	$ 7,908

4. Insurance (continued)

The measurement of LFPBs can be significantly impacted by changes in assumptions for policyholder behavior. As part of the 2023 and 2022 annual actuarial review ("AAR"), the Company updated assumptions regarding mortality and lapses for term and non-participating whole life insurance. The impact from changes in assumptions is presented in effect of changes in cash flow assumptions in the table above.

Information regarding the additional insurance liabilities for universal life-type contracts with secondary guarantees was as follows:

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(Dollars in millions)	
Balance, beginning of period	$ 6,935	$ 7,168
Beginning balance before the effect of unrealized gains and losses	7,175	6,731
Effect of changes in cash flow assumptions	52	(37)
Effect of actual variances from expected experience	75	157
Adjusted beginning of period balance	7,302	6,851
Interest accrual	265	248
Net assessments collected	309	324
Benefit payments	(289)	(369)
Effect of realized capital gains (losses)	—	—
Ending balance before the effect of unrealized gains and losses	7,587	7,054
Effect of unrealized gains and losses	(347)	(83)
Balance, end of period	7,240	6,971
Less: Reinsurance recoverable, end of period	1,409	1,393
Net additional liability, after reinsurance recoverable	$ 5,831	$ 5,578
Weighted-average duration of liability	6.7 years	6.7 years
Weighted-average interest accretion rate	4.92 %	4.90 %
Gross assessments recognized during period	$ 798	$ 834

The measurement of liabilities for secondary guarantees can be significantly impacted by changes in the expected general account rate of return, which is driven by the Company's assumption for long-term treasury yields. The Company's practice of projecting treasury yields uses a mean reversion approach that assumes that long-term interest rates are less influenced by short-term fluctuations and are only changed when sustained interim deviations are expected. As part of the 2023 AAR, the Company increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.50% to 3.75%. The Company also updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. As part of the 2022 AAR, the Company increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.00% to 3.50%. Both period assumption updates are reflected in the table above.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

Information regarding the additional insurance liabilities for universal life-type contracts with secondary guarantees was as follows:

	Six Months Ended June 30,	
	2023	2022
	(Dollars in millions)	
Balance, beginning of period	$ 6,935	$ 7,168
Beginning balance before the effect of unrealized gains and losses	7,175	6,731
Effect of changes in cash flow assumptions	—	—
Effect of actual variances from expected experience	60	108
Adjusted beginning of period balance	7,235	6,839
Interest accrual	175	164
Net assessments collected	206	231
Benefit payments	(195)	(268)
Effect of realized capital gains (losses)	—	—
Ending balance before the effect of unrealized gains and losses	7,421	6,966
Effect of unrealized gains and losses	(211)	(98)
Balance, end of period	7,210	6,868
Less: Reinsurance recoverable, end of period	1,414	1,354
Net additional liability, after reinsurance recoverable	$ 5,796	$ 5,514
Weighted-average duration of liability	6.7 years	6.7 years
Weighted-average interest accretion rate	4.91 %	4.91 %
Gross premiums or assessments recognized during period	$ —	$ —

A reconciliation of the net LFPBs for nonparticipating traditional and limited-payment contracts and the additional insurance liabilities for universal life-type contracts with secondary guarantees reported in the preceding rollforward tables to LFPBs on the consolidated balance sheets was as follows at:

		June 30,			September 30,	
		2023	2022		2023	2022
		(In millions)			(In millions)	
Liabilities reported in the preceding rollforward tables	Liabilities reported in the preceding rollforward tables	$ 19,933	$ 20,852	Liabilities reported in the preceding rollforward tables	$ 19,263	$ 19,843
Long-term care insurance (1)	Long-term care insurance (1)	5,606	6,093	Long-term care insurance (1)	5,276	5,632
ULSG liability for profits followed by losses		2,565	2,911			
ULSG liabilities, including liability for profits followed by losses				ULSG liabilities, including liability for profits followed by losses	1,966	2,866
Participating whole life insurance (2)	Participating whole life insurance (2)	3,031	2,851	Participating whole life insurance (2)	3,054	2,900
Deferred profit liabilities	Deferred profit liabilities	373	375	Deferred profit liabilities	459	379
Other	Other	391	410	Other	386	396
Total liability for future policy benefits	Total liability for future policy benefits	$ 31,899	$ 33,492	Total liability for future policy benefits	$ 30,404	$ 32,016

(1) Includes liabilities related to fully reinsured individual long-term care insurance. See Note 3.

(2) Participating whole life insurance uses an interest assumption based on the non-forfeiture interest rate, ranging from 3.5% to 4.5%, and mortality rates guaranteed in calculating the cash surrender values described in such contracts, and also includes a liability for terminal dividends. Participating whole life insurance represented 3% of the Company's life insurance in-force at both June 30, 2023 September 30, 2023 and 2022, and 40% and 41% of gross traditional life insurance premiums for both the six nine months ended June 30, 2023 September 30, 2023 and 2022. 2022, respectively.

4. Insurance (continued)

Information regarding LFPBs for non-participating traditional and limited-payment contracts was as follows:

	Years Ended December 31,					
	2022			2021		
	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities	Term and Whole Life Insurance	Income Annuities	Structured Settlement and Pension Risk Transfer Annuities
	(Dollars in millions)					
Present value of expected net premiums:						
Balance, beginning of year	$ 3,325	$ —	$ —	$ 3,448	$ —	$ —
Beginning balance at original discount rate	3,051	—	—	2,994	—	—
Effect of model refinements	122	—	—	—	—	—
Effect of changes in cash flow assumptions	137	—	—	70	—	—
Effect of actual variances from expected experience	119	—	—	153	—	—
Adjusted beginning of year balance	3,429	—	—	3,217	—	—
Issuances	93	—	—	113	—	—
Interest accrual	116	—	—	111	—	—
Net premiums collected	(426)	—	—	(390)	—	—
Ending balance at original discount rate	3,212	—	—	3,051	—	—
Effect of changes in discount rate assumptions	(341)	—	—	274	—	—
Balance, end of year	$ 2,871	$ —	$ —	$ 3,325	$ —	$ —
Present value of expected future policy benefits:						
Balance, beginning of year	$ 6,426	$ 4,333	$ 10,171	$ 6,852	$ 4,691	$ 11,301
Beginning balance at original discount rate	5,820	3,865	8,165	5,862	3,938	8,531
Effect of model refinements	135	—	(278)	—	—	—
Effect of changes in cash flow assumptions	157	56	(157)	70	(41)	(41)
Effect of actual variances from expected experience	155	(22)	(23)	153	(6)	(16)
Adjusted beginning of year balance	6,267	3,899	7,707	6,085	3,891	8,474
Issuances	101	224	—	128	198	—
Interest accrual	222	146	327	222	150	359
Benefit payments	(668)	(372)	(624)	(615)	(374)	(668)
Ending balance at original discount rate	5,922	3,897	7,410	5,820	3,865	8,165
Effect of changes in discount rate assumptions	(643)	(385)	(617)	606	468	2,006
Balance, end of year	$ 5,279	$ 3,512	$ 6,793	$ 6,426	$ 4,333	$ 10,171
Net liability for future policy benefits, end of year	$ 2,408	$ 3,512	$ 6,793	$ 3,101	$ 4,333	$ 10,171
Less: Reinsurance recoverable, end of year	45	24	68	64	27	93
Net liability for future policy benefits, after reinsurance recoverable	$ 2,363	$ 3,488	$ 6,725	$ 3,037	$ 4,306	$ 10,078

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

Policyholder Account Balances

Information regarding policyholder account balances was as follows:

		Universal Life Insurance	Variable Annuities (1)	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance (1)		Universal Life Insurance	Variable Annuities (1)	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance (1)
				(Dollars in millions)							(Dollars in millions)			
Six Months Ended June 30, 2023														
Nine Months Ended September 30, 2023								**Nine Months Ended September 30, 2023**						
Balance, beginning of period	Balance, beginning of period	$ 2,658	$ 4,908	$ 33,897	$ 14,274	$ 5,307	$ 641	Balance, beginning of period	$ 2,658	$ 4,908	$ 33,897	$ 14,274	$ 5,307	$ 641
Premiums and deposits	Premiums and deposits	113	43	3,390	1,479	339	—	Premiums and deposits	171	63	5,314	1,983	501	—
Surrenders and withdrawals	Surrenders and withdrawals	(90)	(326)	(1,613)	(874)	(12)	—	Surrenders and withdrawals	(140)	(486)	(2,588)	(1,518)	(17)	—
Benefit payments	Benefit payments	(42)	(61)	(117)	(203)	(55)	(4)	Benefit payments	(52)	(89)	(177)	(285)	(67)	(6)
Net transfers from (to) separate account	Net transfers from (to) separate account	22	11	—	—	—	—	Net transfers from (to) separate account	42	8	—	—	—	—
Interest credited	Interest credited	8	78	203	229	122	15	Interest credited	33	98	299	357	165	22
Policy charges	Policy charges	(110)	(14)	(4)	—	(513)	(6)	Policy charges	(167)	(19)	(6)	—	(764)	(7)
Changes related to embedded derivatives	Changes related to embedded derivatives	—	—	2,793	—	—	—	Changes related to embedded derivatives	—	—	1,880	—	—	—
Balance, end of period	Balance, end of period	$ 2,559	$ 4,639	$ 38,549	$ 14,905	$ 5,188	$ 646	Balance, end of period	$ 2,545	$ 4,483	$ 38,619	$ 14,811	$ 5,125	$ 650
Weighted-average crediting rate (2)	Weighted-average crediting rate (2)	0.31 %	1.63 %	0.66 %	1.57 %	2.33 %	2.33 %	Weighted-average crediting rate (2)	1.27 %	2.09 %	1.02 %	2.43 %	3.17 %	3.41 %
Six Months Ended June 30, 2022														
Nine Months Ended September 30, 2022								**Nine Months Ended September 30, 2022**						
Balance, beginning of period	Balance, beginning of period	$ 2,694	$ 4,743	$ 32,000	$ 11,849	$ 5,569	$ 646	Balance, beginning of period	$ 2,694	$ 4,743	$ 32,000	$ 11,849	$ 5,569	$ 646
Premiums and deposits	Premiums and deposits	110	87	3,431	340	356	—	Premiums and deposits	164	127	5,081	2,181	529	—
Surrenders and withdrawals	Surrenders and withdrawals	(41)	(233)	(999)	(276)	(15)	—	Surrenders and withdrawals	(69)	(332)	(1,578)	(439)	(26)	—
Benefit payments	Benefit payments	(35)	(60)	(77)	(166)	(37)	(4)	Benefit payments	(50)	(89)	(123)	(255)	(58)	(5)

Net transfers from (to) separate account	Net transfers from (to) separate account	31	151	—	—	—	2	Net transfers from (to) separate account	38	174	—	—	—	(13)
Interest credited	Interest credited	30	83	149	151	107	11	Interest credited	53	120	301	243	152	16
Policy charges	Policy charges	(111)	(14)	(3)	—	(526)	(3)	Policy charges	(167)	(20)	(5)	—	(786)	(5)
Changes related to embedded derivatives	Changes related to embedded derivatives	—	—	(3,575)	—	—	—	Changes related to embedded derivatives	—	—	(4,086)	—	—	—
Balance, end of period	Balance, end of period	$ 2,678	$ 4,757	$ 30,926	$ 11,898	$ 5,454	$ 652	Balance, end of period	$ 2,663	$ 4,723	$ 31,590	$ 13,579	$ 5,380	$ 639
Weighted-average crediting rate (2)	Weighted-average crediting rate (2)	1.12 %	1.75 %	0.56 %	1.28 %	1.94 %	1.69 %	Weighted-average crediting rate (2)	1.98 %	2.53 %	0.84 %	1.98 %	2.77 %	2.47 %

(1) Includes liabilities related to separate account products where the contract holder elected a general account investment option.

(2) Excludes the effects of embedded derivatives related to index-linked crediting rates.

A reconciliation of policyholder account balances reported in the preceding rollforward table to the liability for policyholder account balances on the consolidated balance sheets was as follows at:

		June 30,			September 30,	
		2023	2022		2023	2022
		(In millions)			(In millions)	
Policyholder account balances reported in the preceding rollforward table	Policyholder account balances reported in the preceding rollforward table	$ 66,486	$ 56,365	Policyholder account balances reported in the preceding rollforward table	$ 66,233	$ 58,574
Funding agreements classified as investment contracts	Funding agreements classified as investment contracts	11,041	9,104	Funding agreements classified as investment contracts	11,052	9,959
Other investment contract liabilities	Other investment contract liabilities	1,116	1,248	Other investment contract liabilities	1,086	1,216
Total policyholder account balances	Total policyholder account balances	$ 78,643	$ 66,717	Total policyholder account balances	$ 78,371	$ 69,749

The balance of account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums was as follows at:

Range of Guaranteed Minimum Crediting Rate	Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 to 50 Basis Points Above	51 to 150 Basis Points Above	Greater than 150 Basis Points Above	Total	Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 to 50 Basis Points Above	51 to 150 Basis Points Above	Greater than 150 Basis Points Above	Total
				(In millions)						(In millions)		
June 30, 2023												
Annuities (1) (3):												

September 30, 2023 Annuities (1):							**September 30, 2023 Annuities (1):**					
Less than 2.00%	Less than 2.00%	$ 771	$ 275	$ 437	$ 7,163	$ 8,646	Less than 2.00%	$ 723	$ 254	$ 474	$ 7,185	$ 8,636
2.00% to 3.99%	2.00% to 3.99%	5,252	4,789	710	11	10,762	2.00% to 3.99%	9,730	117	227	67	10,141
Greater than 3.99%	Greater than 3.99%	499	—	—	—	499	Greater than 3.99%	904	—	—	—	904
Total	Total	$ 6,522	$ 5,064	$ 1,147	$ 7,174	$ 19,907	Total	$ 11,357	$ 371	$ 701	$ 7,252	$ 19,681
Life insurance (2) (3):	**Life insurance (2) (3):**						**Life insurance (2) (3):**					
Less than 2.00%	Less than 2.00%	$ —	$ —	$ —	$ 199	$ 199	Less than 2.00%	$ —	$ —	$ —	$ 216	$ 216
2.00% to 3.99%	2.00% to 3.99%	—	502	49	149	700	2.00% to 3.99%	—	488	49	136	673
Greater than 3.99%	Greater than 3.99%	1,619	—	—	—	1,619	Greater than 3.99%	1,614	—	—	—	1,614
Total	Total	$ 1,619	$ 502	$ 49	$ 348	$ 2,518	Total	$ 1,614	$ 488	$ 49	$ 352	$ 2,503
ULSG (3):	**ULSG (3):**						**ULSG (3):**					
Less than 2.00%	Less than 2.00%	$ —	$ —	$ —	$ —	$ —	Less than 2.00%	$ —	$ —	$ —	$ —	$ —
2.00% to 3.99%	2.00% to 3.99%	1,179	1,526	1,692	262	4,659	2.00% to 3.99%	1,159	1,506	1,680	257	4,602
Greater than 3.99%	Greater than 3.99%	517	—	—	—	517	Greater than 3.99%	513	—	—	—	513
Total	Total	$ 1,696	$ 1,526	$ 1,692	$ 262	$ 5,176	Total	$ 1,672	$ 1,506	$ 1,680	$ 257	$ 5,115
December 31, 2022	**December 31, 2022**						**December 31, 2022**					
Annuities (1) (3):												
Annuities (1):							**Annuities (1):**					
Less than 2.00%	Less than 2.00%	$ 861	$ 317	$ 369	$ 5,821	$ 7,368	Less than 2.00%	$ 861	$ 317	$ 369	$ 5,821	$ 7,368
2.00% to 3.99%	2.00% to 3.99%	6,119	4,872	596	10	11,597	2.00% to 3.99%	6,119	4,872	596	10	11,597
Greater than 3.99%	Greater than 3.99%	525	—	—	—	525	Greater than 3.99%	525	—	—	—	525
Total	Total	$ 7,505	$ 5,189	$ 965	$ 5,831	$ 19,490	Total	$ 7,505	$ 5,189	$ 965	$ 5,831	$ 19,490
Life insurance (2) (3):	**Life insurance (2) (3):**						**Life insurance (2) (3):**					
Less than 2.00%	Less than 2.00%	$ —	$ —	$ —	$ 172	$ 172	Less than 2.00%	$ —	$ —	$ —	$ 172	$ 172
2.00% to 3.99%	2.00% to 3.99%	—	510	87	154	751	2.00% to 3.99%	—	510	87	154	751
Greater than 3.99%	Greater than 3.99%	1,657	—	—	—	1,657	Greater than 3.99%	1,657	—	—	—	1,657
Total	Total	$ 1,657	$ 510	$ 87	$ 326	$ 2,580	Total	$ 1,657	$ 510	$ 87	$ 326	$ 2,580
ULSG (3):	**ULSG (3):**						**ULSG (3):**					
Less than 2.00%	Less than 2.00%	$ —	$ —	$ —	$ —	$ —	Less than 2.00%	$ —	$ —	$ —	$ —	$ —
2.00% to 3.99%	2.00% to 3.99%	1,225	1,581	1,729	266	4,801	2.00% to 3.99%	1,225	1,581	1,729	266	4,801

Greater than 3.99%	Greater than 3.99%	527	—	—	—	527	Greater than 3.99%	527	—	—	—	527
Total	Total	$ 1,752	$ 1,581	$ 1,729	$ 266	$ 5,328	Total	$ 1,752	$ 1,581	$ 1,729	$ 266	$ 5,328

(1) Includes policyholder account balances for fixed rate annuities and the fixed account portion of variable annuities.

(2) Includes policyholder account balances for retained asset accounts, universal life policies and the fixed account portion of universal variable life insurance policies.

(3) Amounts are gross of policy loans and net of excess interest reserves. loans.

4. Insurance (continued)

Market Risk Benefits

Information regarding MRB assets and liabilities associated with variable annuities was as follows:

		Six Months Ended June 30,		Years Ended December 31,			Nine Months Ended September 30,		Years Ended December 31,	
		2023	2022	2022	2021		2023	2022	2022	2021
		(Dollars in millions)					(Dollars in millions)			
Balance, beginning of period	Balance, beginning of period	$ 9,974	$ 15,698	$ 15,698	$ 18,388	Balance, beginning of period	$ 9,974	$ 15,698	$ 15,698	$ 18,388
Balance, beginning of period, before effect of changes in nonperformance risk	Balance, beginning of period, before effect of changes in nonperformance risk	8,230	11,611	11,611	14,934	Balance, beginning of period, before effect of changes in nonperformance risk	8,230	11,611	11,611	14,934
Decrements	Decrements	(54)	39	16	(68)	Decrements	(114)	19	16	(68)
Effect of changes in future expected assumptions	Effect of changes in future expected assumptions	—	—	210	41	Effect of changes in future expected assumptions	259	210	210	41
Effect of actual different from expected experience	Effect of actual different from expected experience	170	(333)	(48)	(86)	Effect of actual different from expected experience	178	(332)	(48)	(86)
Effect of changes in interest rates	Effect of changes in interest rates	(147)	(5,937)	(8,394)	(1,829)	Effect of changes in interest rates	(2,360)	(8,393)	(8,394)	(1,829)
Effect of changes in fund returns	Effect of changes in fund returns	(1,529)	4,413	3,807	(2,578)	Effect of changes in fund returns	(669)	5,607	3,807	(2,578)
Issuances	Issuances	(5)	(16)	(47)	(96)	Issuances	(9)	(29)	(47)	(96)
Effect of changes in risk margin	Effect of changes in risk margin	(18)	(92)	(152)	(128)	Effect of changes in risk margin	(52)	(120)	(152)	(128)
Aging of the block and other	Aging of the block and other	713	620	1,227	1,421	Aging of the block and other	1,025	946	1,227	1,421
Balance, end of period, before effect of changes in nonperformance risk	Balance, end of period, before effect of changes in nonperformance risk	7,360	10,305	8,230	11,611	Balance, end of period, before effect of changes in nonperformance risk	6,488	9,519	8,230	11,611
Effect of changes in nonperformance risk	Effect of changes in nonperformance risk	1,868	1,709	1,744	4,087	Effect of changes in nonperformance risk	1,690	1,580	1,744	4,087
Balance, end of period	Balance, end of period	9,228	12,014	9,974	15,698	Balance, end of period	8,178	11,099	9,974	15,698

Less: Reinsurance recoverable, end of period	Less: Reinsurance recoverable, end of period	50	88	71	118	Less: Reinsurance recoverable, end of period	35	76	71	118
Balance, end of period, net of reinsurance (1)	Balance, end of period, net of reinsurance (1)	$ 9,178	$ 11,926	$ 9,903	$ 15,580	Balance, end of period, net of reinsurance (1)	$ 8,143	$ 11,023	$ 9,903	$ 15,580
Weighted-average attained age of contract holder	Weighted-average attained age of contract holder	72.5 years	71.4 years	71.8 years	71.1 years	Weighted-average attained age of contract holder	72.6 years	71.6 years	71.8 years	71.1 years

(1) Amounts represent the sum of MRB assets and MRB liabilities presented on the consolidated balance sheets at June 30, 2023 September 30, 2023 and 2022, with the exception of $3 million ($7) million and $3 million $2 million, respectively, of index-linked annuities not included in this table, and at December 31, 2022 and 2021, with the exception of $3 million and $5 million, respectively, of index-linked annuities not included in this table.

Market conditions, including, but not limited to, changes in interest rates, equity indices, market volatility and variations in actuarial assumptions, including policyholder behavior, mortality and risk margins related to non-capital markets inputs, as well as changes in nonperformance risk, may result in significant fluctuations in the estimated fair value of the guarantees. As part of the AAR in 2023 and 2022, the Company updated assumptions regarding policyholder behavior, mortality, separate account fund allocations and volatility, which are reflected in the table above.

Separate Accounts

Information regarding separate account liabilities was as follows:

	Six Months Ended June 30,					
	2023			2022		
	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance
	(In millions)					
Balance, beginning of period	$ 77,653	$ 5,218	$ 1,932	$ 105,023	$ 6,862	$ 2,384
Premiums and deposits	408	83	—	795	87	—
Surrenders and withdrawals	(3,010)	(91)	(7)	(3,232)	(89)	(11)
Benefit payments	(740)	(33)	(16)	(711)	(30)	(17)
Investment performance	7,211	654	212	(19,105)	(1,443)	(385)
Policy charges	(1,076)	(104)	(24)	(1,170)	(105)	(34)
Net transfers from (to) general account	(11)	(22)	—	(151)	(31)	(2)
Other	(12)	—	(4)	38	4	5
Balance, end of period	$ 80,423	$ 5,705	$ 2,093	$ 81,487	$ 5,255	$ 1,940

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

4. Insurance (continued)

	Nine Months Ended September 30,					
	2023			2022		
	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance	Variable Annuities	Universal Life Insurance	Company-Owned Life Insurance
	(In millions)					
Balance, beginning of period	$ 77,653	$ 5,218	$ 1,932	$ 105,023	$ 6,862	$ 2,384
Premiums and deposits	599	122	—	1,021	131	—
Surrenders and withdrawals	(4,603)	(138)	(11)	(4,684)	(131)	(11)

Benefit payments	(1,101)	(51)	(21)	(1,043)	(52)	(25)
Investment performance	4,175	440	174	(23,515)	(1,706)	(457)
Policy charges	(1,638)	(152)	(37)	(1,757)	(151)	(51)
Net transfers from (to) general account	(8)	(42)	—	(174)	(38)	13
Other	(5)	—	(1)	46	(1)	2
Balance, end of period	$ 75,072	$ 5,397	$ 2,036	$ 74,917	$ 4,914	$ 1,855

A reconciliation of separate account liabilities reported in the preceding rollforward table to the separate account liabilities balance on the consolidated balance sheets was as follows at:

		June 30,			September 30,	
		2023	2022		2023	2022
		(In millions)			(In millions)	
Separate account liabilities reported in the preceding rollforward table	Separate account liabilities reported in the preceding rollforward table	$ 88,221	$ 88,682	Separate account liabilities reported in the preceding rollforward table	$ 82,505	$ 81,686
Variable income annuities	Variable income annuities	152	145	Variable income annuities	152	137
Pension risk transfer annuities	Pension risk transfer annuities	19	16	Pension risk transfer annuities	18	15
Total separate account liabilities	Total separate account liabilities	$ 88,392	$ 88,843	Total separate account liabilities	$ 82,675	$ 81,838

The aggregate estimated fair value of assets, by major investment asset category, supporting separate accounts was as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Equity securities	Equity securities	$ 88,127	$ 84,667	Equity securities	$ 82,419	$ 84,667
Fixed maturity securities	Fixed maturity securities	256	278	Fixed maturity securities	244	278
Cash and cash equivalents	Cash and cash equivalents	1	9	Cash and cash equivalents	6	9
Other assets	Other assets	8	11	Other assets	6	11
Total aggregate estimated fair value of assets	Total aggregate estimated fair value of assets	$ 88,392	$ 84,965	Total aggregate estimated fair value of assets	$ 82,675	$ 84,965

Net Amount at Risk and Cash Surrender Values

Information regarding the net amount at risk and cash surrender value for insurance products was as follows at:

	Universal Life Insurance	Variable Annuities	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance		Universal Life Insurance	Variable Annuities	Index-linked Annuities	Fixed Rate Annuities	ULSG	Company-Owned Life Insurance
	(In millions)							(In millions)					

June 30, 2023														
September 30, 2023								**September 30, 2023**						
Account balances reported in the preceding rollforward tables:	Account balances reported in the preceding rollforward tables:							Account balances reported in the preceding rollforward tables:						
Policyholder account balances	Policyholder account balances	$ 2,559	$ 4,639	$ 38,549	$ 14,905	$ 5,188	$ 646	Policyholder account balances	$ 2,545	$ 4,483	$ 38,619	$ 14,811	$ 5,125	$ 650
Separate account liabilities	Separate account liabilities	5,705	80,423	—	—	—	2,093	Separate account liabilities	5,397	75,072	—	—	—	2,036
Total account balances	Total account balances	$ 8,264	$ 85,062	$ 38,549	$ 14,905	$ 5,188	$ 2,739	Total account balances	$ 7,942	$ 79,555	$ 38,619	$ 14,811	$ 5,125	$ 2,686
Net amount at risk	Net amount at risk	$ 36,753	$ 13,672	N/A	N/A	$ 69,602	$ 2,647	Net amount at risk	$ 36,238	$ 16,127	N/A	N/A	$ 69,277	$ 2,625
Cash surrender value	Cash surrender value	$ 7,676	$ 84,644	$ 35,860	$ 14,281	$ 6,160	$ 2,539	Cash surrender value	$ 7,346	$ 79,155	$ 36,164	$ 14,189	$ 6,121	$ 2,469
June 30, 2022														
September 30, 2022								**September 30, 2022**						
Account balances reported in the preceding rollforward tables:	Account balances reported in the preceding rollforward tables:							Account balances reported in the preceding rollforward tables:						
Policyholder account balances	Policyholder account balances	$ 2,678	$ 4,757	$ 30,926	$ 11,898	$ 5,454	$ 652	Policyholder account balances	$ 2,663	$ 4,723	$ 31,590	$ 13,579	$ 5,380	$ 639
Separate account liabilities	Separate account liabilities	5,255	81,487	—	—	—	1,940	Separate account liabilities	4,914	74,917	—	—	—	1,855
Total account balances	Total account balances	$ 7,933	$ 86,244	$ 30,926	$ 11,898	$ 5,454	$ 2,592	Total account balances	$ 7,577	$ 79,640	$ 31,590	$ 13,579	$ 5,380	$ 2,494
Net amount at risk	Net amount at risk	$ 38,948	$ 15,537	N/A	N/A	$ 71,683	$ 3,305	Net amount at risk	$ 38,783	$ 18,461	N/A	N/A	$ 71,142	$ 3,413
Cash surrender value	Cash surrender value	$ 7,293	$ 86,099	$ 27,083	$ 11,158	$ 6,363	$ 2,363	Cash surrender value	$ 6,918	$ 79,523	$ 28,922	$ 12,748	$ 6,315	$ 2,284

Products may contain both separate account and general account fund options; accordingly, net amount at risk and cash surrender value reported in the table above relate to the total account balance for each respective product grouping.

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

Deferred Policy Acquisition Costs and Value of Business Acquired

Information regarding DAC and VOBA was as follows:

		Variable Annuities	Fixed Rate Annuities	Index-linked Annuities	Term and Whole Life Insurance	Universal Life Insurance		Variable Annuities	Fixed Rate Annuities	Index-linked Annuities	Term and Whole Life Insurance	Universal Life Insurance
				(In millions)						(In millions)		
Six Months Ended June 30, 2023												
Nine Months Ended September 30, 2023							**Nine Months Ended September 30, 2023**					
DAC:	**DAC:**						**DAC:**					
Balance, beginning of period	Balance, beginning of period	$ 2,508	$ 107	$ 1,213	$ 405	$ 392	Balance, beginning of period	$ 2,508	$ 107	$ 1,213	$ 405	$ 392
Capitalization	Capitalization	19	7	165	—	6	Capitalization	29	9	255	1	9
Amortization	Amortization	(124)	(5)	(111)	(27)	(23)	Amortization	(185)	(8)	(167)	(40)	(35)
Balance, end of period	Balance, end of period	2,403	109	1,267	378	375	Balance, end of period	2,352	108	1,301	366	366
VOBA:	**VOBA:**						**VOBA:**					
Balance, beginning of period	Balance, beginning of period	341	65	—	5	48	Balance, beginning of period	341	65	—	5	48
Amortization	Amortization	(17)	(2)	—	(1)	(3)	Amortization	(24)	(4)	—	(1)	(4)
Balance, end of period	Balance, end of period	324	63	—	4	45	Balance, end of period	317	61	—	4	44
Total DAC and VOBA:	**Total DAC and VOBA:**						**Total DAC and VOBA:**					
Balance, end of period	Balance, end of period	$ 2,727	$ 172	$ 1,267	$ 382	$ 420	Balance, end of period	$ 2,669	$ 169	$ 1,301	$ 370	$ 410
Six Months Ended June 30, 2022												
Nine Months Ended September 30, 2022							**Nine Months Ended September 30, 2022**					
DAC:	**DAC:**						**DAC:**					
Balance, beginning of period	Balance, beginning of period	$ 2,718	$ 89	$ 1,081	$ 462	$ 431	Balance, beginning of period	$ 2,718	$ 89	$ 1,081	$ 462	$ 431
Capitalization	Capitalization	37	11	170	—	5	Capitalization	48	20	252	—	8
Amortization	Amortization	(134)	(7)	(94)	(30)	(25)	Amortization	(200)	(10)	(145)	(45)	(38)
Balance, end of period	Balance, end of period	2,621	93	1,157	432	411	Balance, end of period	2,566	99	1,188	417	401
VOBA:	**VOBA:**						**VOBA:**					
Balance, beginning of period	Balance, beginning of period	377	70	—	6	54	Balance, beginning of period	377	70	—	6	54
Amortization	Amortization	(18)	(3)	—	(1)	(3)	Amortization	(27)	(4)	—	(1)	(4)
Balance, end of period	Balance, end of period	359	67	—	5	51	Balance, end of period	350	66	—	5	50
Total DAC and VOBA:	**Total DAC and VOBA:**						**Total DAC and VOBA:**					

Balance, end of period	Balance, end of period	$ 2,980	$ 160	$ 1,157	$ 437	$ 462	Balance, end of period	$ 2,916	$ 165	$ 1,188	$ 422	$ 451

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

	Variable Annuities	Fixed Rate Annuities	Index-linked Annuities	Term and Whole Life Insurance	Universal Life Insurance
			(In millions)		
DAC:					
Adjusted balance at January 1, 2021 (1)	$ 2,912	$ 64	$ 886	$ 527	$ 469
Capitalization	90	37	354	(3)	16
Amortization	(284)	(12)	(159)	(62)	(54)
Balance at December 31, 2021	2,718	89	1,081	462	431
Capitalization	55	30	330	(1)	11
Amortization	(265)	(12)	(198)	(56)	(50)
Balance at December 31, 2022	$ 2,508	$ 107	$ 1,213	$ 405	$ 392
VOBA:					
Adjusted balance at January 1, 2021 (1)	$ 428	$ 76	$ —	$ 8	$ 61
Amortization	(51)	(6)	—	(2)	(7)
Balance at December 31, 2021	377	70	—	6	54
Amortization	(36)	(5)	—	(1)	(6)
Balance at December 31, 2022	341	65	—	5	48
Total DAC and VOBA:					
Balance at December 31, 2022	$ 2,849	$ 172	$ 1,213	$ 410	$ 440
Balance at December 31, 2021	$ 3,095	$ 159	$ 1,081	$ 468	$ 485

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(1) Includes an adjustment to eliminate balances included in AOCI related to the adoption of ASU 2018-12 (see Note 2).

Deferred Sales Inducements

Information regarding DSI, included in other assets, was as follows:

		Six Months Ended June 30, 2023					Nine Months Ended September 30,			
		2023		2022			2023		2022	
		Variable Annuities	Fixed Rate Annuities	Variable Annuities	Fixed Rate Annuities		Variable Annuities	Fixed Rate Annuities	Variable Annuities	Fixed Rate Annuities
		(In millions)					(In millions)			
Balance, beginning of period	Balance, beginning of period	$ 245	$ 9	$ 272	$ 10	Balance, beginning of period	$ 245	$ 9	$ 272	$ 10
Amortization	Amortization	(13)	(1)	(14)	—	Amortization	(19)	(1)	(21)	(1)
Balance, end of period	Balance, end of period	$ 232	$ 8	$ 258	$ 10	Balance, end of period	$ 226	$ 8	$ 251	$ 9

Unearned Revenue

Information regarding unearned revenue, included in other policy-related balances, was as follows:

Six Months Ended June 30, 2023						Nine Months Ended September 30,					
2023			2022			2023			2022		
Universal Life Insurance	ULSG	Variable Annuities	Universal Life Insurance	ULSG	Variable Annuities	Universal Life Insurance	ULSG	Variable Annuities	Universal Life Insurance	ULSG	Variable Annuities

	(In millions)					
Balance, beginning of period	$ 356	$ 488	$ 74	$ 358	$ 344	$ 80
Capitalization	20	88	—	20	91	1
Amortization	(20)	(23)	(4)	(20)	(17)	(4)
Balance, end of period	$ 356	$ 553	$ 70	$ 358	$ 418	$ 77

	(In millions)					
Balance, beginning of period	$ 356	$ 488	$ 74	$ 358	$ 344	$ 80
Capitalization	29	132	—	29	137	1
Amortization	(29)	(36)	(6)	(30)	(26)	(6)
Balance, end of period	$ 356	$ 584	$ 68	$ 357	$ 455	$ 75

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report for a description of the Company's accounting policies for investments and the fair value hierarchy for investments and the related valuation methodologies.

Fixed Maturity Securities Available-for-sale

Fixed Maturity Securities by Sector

Fixed maturity securities by sector were as follows at:

	June 30, 2023					December 31, 2022				
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In millions)									
U.S. corporate	$ 37,732	$ 4	$237	$4,251	$ 33,714	$ 36,926	$ 1	$203	$4,521	$ 32,607
Foreign corporate	12,587	—	44	1,726	10,905	12,471	1	38	1,932	10,576
U.S. government and agency	8,374	—	336	547	8,163	8,318	—	300	602	8,016
RMBS	8,330	5	42	914	7,453	8,431	2	44	945	7,528
CMBS	7,202	3	1	742	6,458	7,324	3	—	710	6,611
ABS	6,252	—	9	235	6,026	5,652	—	3	296	5,359
State and political subdivision	4,012	—	150	327	3,835	4,074	—	125	400	3,799
Foreign government	1,081	—	41	99	1,023	1,148	—	39	106	1,081
Total fixed maturity securities	$ 85,570	$ 12	$860	$8,841	$ 77,577	$ 84,344	$ 7	$752	$9,512	$ 75,577

	September 30, 2023					December 31, 2022			
	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Los
	(In millions)								
U.S. corporate	$ 38,294	$ 14	$ 84	$ 5,454	$ 32,910	$ 36,926	$ 1	$203	$4,5
Foreign corporate	12,709	—	20	2,051	10,678	12,471	1	38	1,9
U.S. government and agency	8,640	—	34	872	7,802	8,318	—	300	6
RMBS	8,235	6	31	1,209	7,051	8,431	2	44	9
CMBS	7,112	2	1	803	6,308	7,324	3	—	7
ABS	6,294	—	12	192	6,114	5,652	—	3	2
State and political subdivision	4,010	—	64	470	3,604	4,074	—	125	4
Foreign government	1,079	—	20	133	966	1,148	—	39	1
Total fixed maturity securities	$ 86,373	$ 22	$266	$11,184	$ 75,433	$ 84,344	$ 7	$752	$9,5

The Company held non-income producing fixed maturity securities with an estimated fair value of $14 $12 million at June 30, 2023 September 30, 2023. The Company did not hold non-income producing fixed maturity securities at December 31, 2022.

Maturities of Fixed Maturity Securities

The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date, were as follows at June 30, 2023 September 30, 2023:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities (1)	Total Fixed Maturity Securities
	(In millions)					

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities (1)	Total Fixed Maturity Securities
	(In millions)					

Amortized cost	Amortized cost	$ 2,081	$ 15,240	$ 15,952	$ 30,513	$ 21,784	$ 85,570	Amortized cost	$ 2,207	$ 16,877	$ 15,314	$ 30,334	$ 21,641	$ 86,373
Estimated fair value	Estimated fair value	$ 2,043	$ 14,451	$ 14,192	$ 26,954	$ 19,937	$ 77,577	Estimated fair value	$ 2,163	$ 15,977	$ 13,185	$ 24,635	$ 19,473	$ 75,433

(1) Structured securities include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities").

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been presented in the year of final contractual maturity. Structured Securities are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity Securities by Sector

The estimated fair value and gross unrealized losses of fixed maturity securities in an unrealized loss position, by sector and by length of time that the securities have been in a continuous unrealized loss position, were as follows at:

		June 30, 2023				December 31, 2022			
		Less than 12 Months		12 Months or Greater		Less than 12 Months		12 Months or Greater	
		Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
		(Dollars in millions)							
U.S. corporate	U.S. corporate	$ 10,440	$ 762	$ 18,523	$ 3,489	$ 24,509	$ 3,351	$ 3,979	$ 1,170
Foreign corporate	Foreign corporate	2,995	161	7,038	1,565	8,260	1,413	1,601	519
U.S. government and agency	U.S. government and agency	951	28	3,238	519	3,121	265	1,147	337
RMBS	RMBS	2,248	183	4,457	731	4,731	497	2,246	448
CMBS	CMBS	2,130	188	4,204	554	5,589	543	970	167
ABS	ABS	1,666	33	3,397	202	3,347	159	1,733	137
State and political subdivision	State and political subdivision	919	65	1,236	262	2,041	317	247	83
Foreign government	Foreign government	209	12	525	87	777	99	21	7
Total fixed maturity securities	Total fixed maturity securities	$ 21,558	$ 1,432	$ 42,618	$ 7,409	$ 52,375	$ 6,644	$ 11,944	$ 2,868
Total number of securities in an unrealized loss position	Total number of securities in an unrealized loss position	3,354		6,246		7,309		2,049	

	September 30, 2023				December 31, 2		
	Less than 12 Months		12 Months or Greater		Less than 12 Months		12 M
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estim Fa Val
	(Dollars in millions)						
U.S. corporate	$ 8,766	$ 881	$ 21,485	$ 4,573	$ 24,509	$ 3,351	$ 3
Foreign corporate	2,032	164	8,039	1,887	8,260	1,413	1
U.S. government and agency	3,098	175	3,395	697	3,121	265	1
RMBS	1,163	115	5,398	1,094	4,731	497	2
CMBS	1,425	169	4,681	634	5,589	543	
ABS	1,336	18	3,515	174	3,347	159	1
State and political subdivision	1,116	120	1,399	350	2,041	317	
Foreign government	200	14	575	119	777	99	
Total fixed maturity securities	$ 19,136	$ 1,656	$ 48,487	$ 9,528	$ 52,375	$ 6,644	$ 11
Total number of securities in an unrealized loss position	2,938		7,027		7,309		2

Allowance for Credit Losses for Fixed Maturity Securities

Evaluation and Measurement Methodologies

For fixed maturity securities in an unrealized loss position, management first assesses whether the Company intends to sell, or whether it is more likely than not it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to estimated fair value through net investment gains (losses). For fixed maturity securities that do not meet the aforementioned criteria, management evaluates whether the decline in estimated fair value has resulted from credit losses or other factors. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the allowance for credit loss evaluation process include, but are not limited to: (i) the extent to which estimated fair value is less than amortized cost; (ii) any changes to the rating of the security by a rating agency; (iii) adverse conditions specifically related to the security, industry or geographic area; and (iv) payment structure of the fixed maturity security and the likelihood of the issuer being able to make payments in the future or the issuer's failure to make scheduled interest and principal payments. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss is deemed to exist and an allowance for credit losses is recorded, limited by the amount that the estimated fair value is less than the amortized cost basis, with a corresponding charge to net investment gains (losses). Any unrealized losses that have not been recorded through an allowance for credit losses are recognized in OCI.

Once a security specific allowance for credit losses is established, the present value of cash flows expected to be collected from the security continues to be reassessed. Any changes in the security specific allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in net investment gains (losses).

Fixed maturity securities are also evaluated to determine whether any amounts have become uncollectible. When all, or a portion, of a security is deemed uncollectible, the uncollectible portion is written-off with an adjustment to amortized cost and a corresponding reduction to the allowance for credit losses.

Accrued interest receivables are presented separate from the amortized cost basis of fixed maturity securities. An allowance for credit losses is not estimated on an accrued interest receivable, rather receivable balances 90-days past due are deemed uncollectible and are written off with a corresponding reduction to net investment income. The accrued interest receivable on fixed maturity securities totaled $626 million $689 million and $602 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively, and is included in accrued investment income.

Fixed maturity securities are also evaluated to determine if they qualify as purchased financial assets with credit deterioration ("PCD"). To determine if the credit deterioration experienced since origination is more than insignificant, both (i) the extent of the credit deterioration and (ii) any rating agency downgrades are evaluated. For securities categorized as PCD assets, the present value of cash flows expected to be collected from the security are compared to the par value of the security. If the present value of cash flows expected to be collected is less than the par value, credit losses are embedded in the purchase price of the PCD asset. In this situation, both an allowance for credit losses and amortized cost gross-up is recorded, limited by the amount that the estimated fair value is less than the grossed-up amortized cost basis. Any difference between the purchase price and the present value of cash flows is amortized or accreted into net investment income over the life of the PCD asset. Any subsequent PCD asset allowance for credit losses is evaluated in a manner similar to the process described above for fixed maturity securities.

Current Period Evaluation

Based on the Company's current evaluation of its fixed maturity securities in an unrealized loss position and the current intent or requirement to sell, the Company recorded an allowance for credit losses of $12 million $22 million, relating to 19 24 securities at June 30, 2023 September 30, 2023. Management concluded that for all other fixed maturity securities in an unrealized loss position, the unrealized loss was not due to issuer-specific credit-related factors and as a result was recognized in OCI. Where unrealized losses have not been recognized into income, it is primarily because the securities' bond issuer(s) are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in estimated fair value is largely due to changes in interest rates and non-issuer specific credit spreads. These issuers continued to make timely principal and interest payments and the estimated fair value is expected to recover as the securities approach maturity.

Rollforward of the Allowance for Credit Losses for Fixed Maturity Securities by Sector

The changes in the allowance for credit losses for fixed maturity securities was $12 million and $7 million at June 30, 2023 and December 31, 2022, respectively. For both the six months ended June 30, 2023 and 2022, the change in the allowance for fixed maturity securities by sector was not significant. were as follows:

	U.S. Corporate	RMBS	Foreign Corporate	CMBS	Total
	(In millions)				
Nine Months Ended September 30, 2023					
Balance, beginning of period	$ 1	$ 2	$ 1	$ 3	$ 7
Allowance on securities where credit losses were not previously recorded	14	4	—	—	18
Reductions for securities sold	(1)	—	—	(1)	(2)
Change in allowance on securities with an allowance recorded in a previous period	—	—	—	—	—
Write-offs charged against allowance (1)	—	—	(1)	—	(1)
Balance, end of period	$ 14	$ 6	$ —	$ 2	$ 22
Nine Months Ended September 30, 2022					
Balance, beginning of period	$ 2	$ —	$ 7	$ 2	$ 11
Allowance on securities where credit losses were not previously recorded	—	1	—	—	1
Reductions for securities sold	(1)	—	—	—	(1)
Change in allowance on securities with an allowance recorded in a previous period	—	1	—	—	1
Write-offs charged against allowance (1)	—	—	(7)	—	(7)
Balance, end of period	$ 1	$ 2	$ —	$ 2	$ 5

(1) The Company recorded total write-offs of $7 million $8 million and $10 million $10 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	June 30, 2023		December 31, 2022	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Commercial	$ 13,392	59.2 %	$ 13,574	59.2 %
Agricultural	4,432	19.6	4,365	19.0
Residential	4,935	21.8	5,116	22.3
Total mortgage loans (1)	22,759	100.6	23,055	100.5
Allowance for credit losses	(145)	(0.6)	(119)	(0.5)
Total mortgage loans, net	$ 22,614	100.0 %	$ 22,936	100.0 %

(1) Purchases of mortgage loans from third parties were $0 and $32 million for the three months and six months ended June 30, 2023, respectively, and $415 million and $1.3 billion for the three months and six months ended June 30, 2022, respectively, and were primarily comprised of residential mortgage loans.

Mortgage Loans

Mortgage Loans by Portfolio Segment

Mortgage loans are summarized as follows at:

	September 30, 2023		December 31, 2022	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Commercial	$ 13,307	58.6 %	$ 13,574	59.2 %
Agricultural	4,461	19.7	4,365	19.0
Residential	5,051	22.3	5,116	22.3
Total mortgage loans (1)	22,819	100.6	23,055	100.5
Allowance for credit losses	(137)	(0.6)	(119)	(0.5)
Total mortgage loans, net	$ 22,682	100.0 %	$ 22,936	100.0 %

(1) Purchases of mortgage loans from third parties were $224 million and $255 million for the three months and nine months ended September 30, 2023, respectively, and $387 million and $1.6 billion for the three months and nine months ended September 30, 2022, respectively, and were primarily comprised of residential mortgage loans.

Allowance for Credit Losses for Mortgage Loans

Evaluation and Measurement Methodologies

The allowance for credit losses is a valuation account that is deducted from the mortgage loan's amortized cost basis to present the net amount expected to be collected on the mortgage loan. The loan balance, or a portion of the loan balance, is written-off against the allowance when management believes this amount is uncollectible.

Accrued interest receivables are presented separate from the amortized cost basis of mortgage loans. An allowance for credit losses is generally not estimated on an accrued interest receivable, rather when a loan is placed in nonaccrual status the associated accrued interest receivable balance is written off with a corresponding reduction to net investment income. The accrued interest receivable on mortgage loans is included in accrued investment income and totaled $114 $118 million and $115 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

The allowance for credit losses is estimated using relevant available information, from internal and external sources, relating to past events, current conditions, and a reasonable and supportable forecast. Historical credit loss experience provides the basis for estimating expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics and environmental conditions. A reasonable and supportable forecast period of two-years is used with an input reversion period of one-year.

Mortgage loans are evaluated in each of the three portfolio segments to determine the allowance for credit losses. The loan-level loss rates are determined using individual loan terms and characteristics, risk pools/internal ratings, national economic forecasts, prepayment speeds, and estimated default and loss severity. The resulting loss rates are applied to the mortgage loan's amortized cost to generate an allowance for credit losses. In certain situations, the allowance for credit losses is measured as the difference between the loan's amortized cost and liquidation value of the collateral. These situations include collateral dependent loans, modifications, foreclosure probable loans, and loans with dissimilar risk characteristics.

Mortgage loans are also evaluated to determine if they qualify as PCD assets. To determine if the credit deterioration experienced since origination is more than insignificant, the extent of credit deterioration is evaluated. All re-performing/modified loan ("RPL") pools purchased after December 31, 2019 are determined to have been acquired with evidence of more than insignificant credit deterioration since origination and are classified as PCD assets. RPLs are pools of residential mortgage loans acquired at a discount or premium which have both credit and non-credit components. For PCD mortgage loans, the allowance for credit losses is determined using a similar methodology described above, except the loss-rate is determined at the pool level instead of the individual loan level. The initial allowance for credit losses, determined on a collective basis, is then allocated to the individual loans. The initial amortized cost of the loan is grossed-up to reflect the sum of the loan's purchase price and allowance for credit losses. The difference between the grossed-up amortized cost basis and the par value of the loan is a non-credit discount or premium, which is accreted or amortized into net investment income over the remaining life of the loan. Any subsequent PCD mortgage loan allowance for credit losses is evaluated in a manner similar to the process described above for each of the three portfolio segments.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Rollforward of the Allowance for Credit Losses for Mortgage Loans by Portfolio Segment

The changes in the allowance for credit losses by portfolio segment were as follows:

		Commercial	Agricultural	Residential	Total		Commercial	Agricultural	Residential	Total
		(In millions)					(In millions)			
Six Months Ended June 30, 2023										
Nine Months Ended September 30, 2023						**Nine Months Ended September 30, 2023**				
Balance, beginning of period	Balance, beginning of period	$ 49	$ 15	$ 55	$ 119	Balance, beginning of period	$ 49	$ 15	$ 55	$ 119
Current period provision	Current period provision	26	—	1	27	Current period provision	22	1	—	23
Charge-offs, net of recoveries	Charge-offs, net of recoveries	—	(1)	—	(1)	Charge-offs, net of recoveries	(4)	(1)	—	(5)
Balance, end of period	Balance, end of period	$ 75	$ 14	$ 56	$ 145	Balance, end of period	$ 67	$ 15	$ 55	$ 137
Six Months Ended June 30, 2022										
Nine Months Ended September 30, 2022						**Nine Months Ended September 30, 2022**				

Balance, beginning of period	Balance, beginning of period	$ 67	$ 12	$ 44	$ 123	Balance, beginning of period	$ 67	$ 12	$ 44	$ 123
Current period provision	Current period provision	—	3	—	3	Current period provision	1	3	(5)	(1)
Charge-offs, net of recoveries	Charge-offs, net of recoveries	(23)	—	—	(23)	Charge-offs, net of recoveries	(23)	—	—	(23)
Balance, end of period	Balance, end of period	$ 44	$ 15	$ 44	$ 103	Balance, end of period	$ 45	$ 15	$ 39	$ 99

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Credit Quality of Mortgage Loans by Portfolio Segment

The amortized cost of mortgage loans by year of origination and credit quality indicator was as follows at:

		2023	2022	2021	2020	2019	Prior	Total		2023	2022	2021	2020	2019	Prior	Total
		(In millions)								(In millions)						
June 30, 2023																
September 30, 2023									**September 30, 2023**							
Commercial mortgage loans	**Commercial mortgage loans**								**Commercial mortgage loans**							
Loan-to-value ratios:	Loan-to-value ratios:								Loan-to-value ratios:							
Less than 65%	Less than 65%	$ 79	$ 1,877	$ 2,672	$ 225	$ 1,290	$ 2,965	$ 9,108	Less than 65%	$ 161	$ 1,876	$ 2,515	$ 224	$ 1,289	$ 2,826	$ 8,891
65% to 75%	65% to 75%	50	529	523	178	269	1,157	2,706	65% to 75%	—	529	650	177	269	1,195	2,820
76% to 80%	76% to 80%	—	11	18	39	210	536	814	76% to 80%	—	12	50	39	209	508	818
Greater than 80%	Greater than 80%	—	—	—	—	96	668	764	Greater than 80%	—	—	—	—	95	683	778
Total commercial mortgage loans	Total commercial mortgage loans	129	2,417	3,213	442	1,865	5,326	13,392	Total commercial mortgage loans	161	2,417	3,215	440	1,862	5,212	13,307
Agricultural mortgage loans	**Agricultural mortgage loans**								**Agricultural mortgage loans**							
Loan-to-value ratios:	Loan-to-value ratios:								Loan-to-value ratios:							
Less than 65%	Less than 65%	108	562	1,136	434	511	1,349	4,100	Less than 65%	160	574	1,138	459	507	1,334	4,172
65% to 75%	65% to 75%	—	139	112	32	31	18	332	65% to 75%	—	127	107	6	31	18	289
Greater than 80%	Greater than 80%	—	—	—	—	—	—	—	Greater than 80%	—	—	—	—	—	—	—
Total agricultural mortgage loans	Total agricultural mortgage loans	108	701	1,248	466	542	1,367	4,432	Total agricultural mortgage loans	160	701	1,245	465	538	1,352	4,461
Residential mortgage loans	**Residential mortgage loans**								**Residential mortgage loans**							

Performing	Performing	2	1,195	1,717	155	212	1,576	4,857	Performing	99	1,274	1,693	149	208	1,543	4,966
Nonperforming	Nonperforming	—	9	16	—	2	51	78	Nonperforming	—	20	20	1	2	42	85
Total residential mortgage loans	Total residential mortgage loans	2	1,204	1,733	155	214	1,627	4,935	Total residential mortgage loans	99	1,294	1,713	150	210	1,585	5,051
Total	Total	$ 239	$ 4,322	$ 6,194	$ 1,063	$ 2,621	$ 8,320	$ 22,759	Total	$ 420	$ 4,412	$ 6,173	$ 1,055	$ 2,610	$ 8,149	$ 22,819

	2022	2021	2020	2019	2018	Prior	Total
				(In millions)			
December 31, 2022							
Commercial mortgage loans							
Loan-to-value ratios:							
Less than 65%	$ 1,916	$ 2,819	$ 405	$ 1,493	$ 888	$ 3,627	$ 11,148
65% to 75%	503	354	—	271	367	425	1,920
76% to 80%	—	18	40	90	65	48	261
Greater than 80%	—	—	—	25	57	163	245
Total commercial mortgage loans	2,419	3,191	445	1,879	1,377	4,263	13,574
Agricultural mortgage loans							
Loan-to-value ratios:							
Less than 65%	532	1,163	420	496	643	740	3,994
65% to 75%	148	90	59	56	1	16	370
Greater than 80%	—	—	—	—	1	—	1
Total agricultural mortgage loans	680	1,253	479	552	645	756	4,365
Residential mortgage loans							
Performing	1,266	1,745	167	215	168	1,491	5,052
Nonperforming	4	8	—	2	1	49	64
Total residential mortgage loans	1,270	1,753	167	217	169	1,540	5,116
Total	$ 4,369	$ 6,197	$ 1,091	$ 2,648	$ 2,191	$ 6,559	$ 23,055

6. Investments (continued)

	2022	2021	2020	2019	2018	Prior	Total
				(In millions)			
December 31, 2022							
Commercial mortgage loans							
Loan-to-value ratios:							
Less than 65%	$ 1,916	$ 2,819	$ 405	$ 1,493	$ 888	$ 3,627	$ 11,148
65% to 75%	503	354	—	271	367	425	1,920
76% to 80%	—	18	40	90	65	48	261
Greater than 80%	—	—	—	25	57	163	245
Total commercial mortgage loans	2,419	3,191	445	1,879	1,377	4,263	13,574
Agricultural mortgage loans							
Loan-to-value ratios:							
Less than 65%	532	1,163	420	496	643	740	3,994
65% to 75%	148	90	59	56	1	16	370
Greater than 80%	—	—	—	—	1	—	1

Total agricultural mortgage loans	680	1,253	479	552	645	756	4,365
Residential mortgage loans							
Performing	1,266	1,745	167	215	168	1,491	5,052
Nonperforming	4	8	—	2	1	49	64
Total residential mortgage loans	1,270	1,753	167	217	169	1,540	5,116
Total	$ 4,369	$ 6,197	$ 1,091	$ 2,648	$ 2,191	$ 6,559	$ 23,055

The loan-to-value ratio is a measure commonly used to assess the quality of commercial and agricultural mortgage loans. The loan-to-value ratio compares the amount of the loan to the estimated fair value of the underlying property collateralizing the loan and is commonly expressed as a percentage. A loan-to-value ratio less than 100% indicates an excess of collateral value over the loan amount. Loan-to-value ratios greater than 100% indicate that the loan amount exceeds the collateral value. Performing status is a measure commonly used to assess the quality of residential mortgage loans. A loan is considered performing when the borrower makes consistent and timely payments.

The amortized cost of commercial mortgage loans by debt-service coverage ratio was as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Amortized Cost	% of Total	Amortized Cost	% of Total		Amortized Cost	% of Total	Amortized Cost	% of Total
		(Dollars in millions)					(Dollars in millions)			
Debt-service coverage ratios:	Debt-service coverage ratios:					Debt-service coverage ratios:				
Greater than 1.20x	Greater than 1.20x	$ 12,464	93.1 %	$ 12,157	89.6 %	Greater than 1.20x	$ 12,276	92.2 %	$ 12,157	89.6 %
1.00x - 1.20x	1.00x - 1.20x	431	3.2	590	4.3	1.00x - 1.20x	540	4.1	590	4.3
Less than 1.00x	Less than 1.00x	497	3.7	827	6.1	Less than 1.00x	491	3.7	827	6.1
Total	Total	$ 13,392	100.0 %	$ 13,574	100.0 %	Total	$ 13,307	100.0 %	$ 13,574	100.0 %

The debt-service coverage ratio compares a property's net operating income to its debt-service payments. Debt-service coverage ratios less than 1.00 times indicate that property operations do not generate enough income to cover the loan's current debt payments. A debt-service coverage ratio greater than 1.00 times indicates an excess of net operating income over the debt-service payments.

6. Investments (continued)

Past Due Mortgage Loans by Portfolio Segment

The Company has a high-quality, well-performing mortgage loan portfolio, with over 99% of all mortgage loans classified as performing at both June 30, 2023 September 30, 2023 and December 31, 2022. Delinquency is defined consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days; and agricultural mortgage loans — 90 days.

The aging of the amortized cost of past due mortgage loans by portfolio segment was as follows at:

		June 30, 2023				December 31, 2022					September 30, 2023				December 31, 2022		
		Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total		Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential
		(In millions)									(In millions)						
Current	Current	$ 13,375	$ 4,407	$ 4,788	$ 22,570	$ 13,574	$ 4,346	$ 5,041	$ 22,961	Current	$ 13,290	$ 4,439	$ 4,890	$ 22,619	$ 13,574	$ 4,346	$ 5,041
30-59 days past due	30-59 days past due	—	3	69	72	—	—	11	11	30-59 days past due	—	—	76	76	—	—	11
60-89 days past due	60-89 days past due	—	—	21	21	—	—	16	16	60-89 days past due	—	—	30	30	—	—	16

90-179 days past due	90-179 days past due	17	22	25	64	—	3	31	34	90-179 days past due	—	—	23	23	—	3	31
180+ days past due	180+ days past due	—	—	32	32	—	16	17	33	180+ days past due	17	22	32	71	—	16	17
Total	Total	$ 13,392	$ 4,432	$ 4,935	$ 22,759	$ 13,574	$ 4,365	$ 5,116	$ 23,055	Total	$ 13,307	$ 4,461	$ 5,051	$ 22,819	$ 13,574	$ 4,365	$ 5,116

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Mortgage Loans in Nonaccrual Status by Portfolio Segment

Mortgage loans are placed in a nonaccrual status if there are concerns regarding collectability of future payments or the loan is past due, unless the past due loan is well collateralized.

The amortized cost of mortgage loans in a nonaccrual status by portfolio segment was as follows at:

		Commercial	Agricultural	Residential (1)	Total		Commercial	Agricultural	Residential (1)	Total
		(In millions)					(In millions)			
June 30, 2023		$ 29	$ —	$ 78	$ 107					
September 30, 2023						September 30, 2023	$ 17	$ —	$ 85	$ 102
December 31, 2022	December 31, 2022	$ 11	$ 3	$ 64	$ 78	December 31, 2022	$ 11	$ 3	$ 64	$ 78

(1) The Company had no mortgage loans in nonaccrual status for which there was no related allowance for credit losses at both June 30, 2023 September 30, 2023 and December 31, 2022.

Current period investment income on mortgage loans in nonaccrual status was less than $1 million for both the six nine months ended June 30, 2023 September 30, 2023 and 2022.

Other Invested Assets

Over 80% 75% of other invested assets is comprised of freestanding derivatives with positive estimated fair values. See Note 7 for information about freestanding derivatives with positive estimated fair values. Other invested assets also includes the Company's investment in company-owned life insurance, Federal Home Loan Bank ("FHLB") stock, tax credit and renewable energy partnerships and leveraged leases.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity securities and the effect on future policy benefits, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

The components of net unrealized investment gains (losses), included in AOCI, were as follows at:

	September 30, 2023	December 31, 2022
	(In millions)	
Fixed maturity securities	$ (10,918)	$ (8,760)
Derivatives	509	638
Other	(8)	3
Subtotal	(10,417)	(8,119)
Amounts allocated from:		
Future policy benefits	1,290	917
Deferred income tax benefit (expense)	1,917	1,512
Net unrealized investment gains (losses)	$ (7,210)	$ (5,690)

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

The components of net unrealized investment gains (losses), included in AOCI, were as follows at:

	June 30, 2023	December 31, 2022
	(In millions)	
Fixed maturity securities	$ (7,981)	$ (8,760)
Derivatives	544	638
Other	(16)	3
Subtotal	(7,453)	(8,119)
Amounts allocated from:		
Future policy benefits	796	917
Deferred income tax benefit (expense)	1,398	1,512
Net unrealized investment gains (losses)	$ (5,259)	$ (5,690)

The changes in net unrealized investment gains (losses) were as follows:

	Six Nine Months Ended June 30, 2023 September 30, 2023
	(In millions)
Balance at December 31, 2022	$ (5,690)
Unrealized investment gains (losses) during the period	666 (2,298)
Unrealized investment gains (losses) relating to:	
Future policy benefits	(121) 373
Deferred income tax benefit (expense)	(114) 405
Balance at June 30, 2023 September 30, 2023	$ (5,259) (7,210)
Change in net unrealized investment gains (losses)	$ 431 (1,520)

Concentrations of Credit Risk

There were no investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at both June 30, 2023 September 30, 2023 and December 31, 2022.

Securities Lending

Elements of the securities lending program are presented below at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Securities on loan: (1)	Securities on loan: (1)			Securities on loan: (1)		
Amortized cost	Amortized cost	$ 3,582	$ 3,995	Amortized cost	$ 3,620	$ 3,995
Estimated fair value	Estimated fair value	$ 3,329	$ 3,638	Estimated fair value	$ 3,093	$ 3,638
Cash collateral received from counterparties (2)	Cash collateral received from counterparties (2)	$ 3,390	$ 3,731	Cash collateral received from counterparties (2)	$ 3,171	$ 3,731
Reinvestment portfolio — estimated fair value	Reinvestment portfolio — estimated fair value	$ 3,297	$ 3,603	Reinvestment portfolio — estimated fair value	$ 3,051	$ 3,603

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(1) Included in fixed maturity securities.

(2) Included in payables for collateral under securities loaned and other transactions.

The cash collateral liability by loaned security type and remaining tenor of the agreements were as follows at:

		June 30, 2023				December 31, 2022					September 30, 2023				December 31, 2022			
		Open (1)	1 Month or Less	1 to 6 Months	Total	Open (1)	1 Month or Less	1 to 6 Months	Total		Open (1)	1 Month or Less	1 to 6 Months	Total	Open (1)	1 Month or Less	1 to 6 Months	Total
		(In millions)									(In millions)							
U.S. government and agency	U.S. government and agency	$ 678	$ 512	$ 1,705	$ 2,895	$ 640	$ 1,527	$ 984	$ 3,151	U.S. government and agency	$ 714	$ 1,064	$ 996	$ 2,774	$ 640	$ 1,527	$ 984	$ 3,151
U.S. corporate	U.S. corporate	—	321	—	321	2	410	—	412	U.S. corporate	—	253	27	280	2	410	—	412
Foreign corporate	Foreign corporate	—	166	—	166	—	152	—	152	Foreign corporate	—	99	8	107	—	152	—	152
Foreign government	Foreign government	—	8	—	8	—	16	—	16	Foreign government	—	4	6	10	—	16	—	16
Total	Total	$ 678	$ 1,007	$ 1,705	$ 3,390	$ 642	$ 2,105	$ 984	$ 3,731	Total	$ 714	$ 1,420	$ 1,037	$ 3,171	$ 642	$ 2,105	$ 984	$ 3,731

(1) The related loaned security could be returned to the Company on the next business day which would require the Company to immediately return the cash collateral.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than what otherwise would have been realized in normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at June 30, 2023 September 30, 2023 was $666 $699 million, primarily comprised of U.S. government and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including ABS, agency RMBS, ABS, U.S. government and agency securities, U.S. and foreign corporate securities, non-agency RMBS and CMBS) with 54% 58% invested in agency RMBS, U.S. government and agency securities, agency RMBS and cash and cash equivalents at June 30, 2023 September 30, 2023. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

Invested Assets on Deposit, Held in Trust and Pledged as Collateral

Invested assets on deposit, held in trust and pledged as collateral at estimated fair value were as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Invested assets on deposit (regulatory deposits) (1)	Invested assets on deposit (regulatory deposits) (1)	$ 8,268	$ 7,999	Invested assets on deposit (regulatory deposits) (1)	$ 7,863	$ 7,999
Invested assets held in trust (reinsurance agreements) (2)	Invested assets held in trust (reinsurance agreements) (2)	5,695	5,621	Invested assets held in trust (reinsurance agreements) (2)	5,536	5,621
Invested assets pledged as collateral (3)	Invested assets pledged as collateral (3)	13,464	13,920	Invested assets pledged as collateral (3)	14,260	13,920
Total invested assets on deposit, held in trust and pledged as collateral	Total invested assets on deposit, held in trust and pledged as collateral	$ 27,427	$ 27,540	Total invested assets on deposit, held in trust and pledged as collateral	$ 27,659	$ 27,540

(1) The Company has assets, primarily fixed maturity securities, on deposit with governmental authorities relating to certain policyholder liabilities, of which $60 million $94 million and $21 million of the assets on deposit represents restricted cash and cash equivalents at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(2) The Company has assets, primarily fixed maturity securities, held in trust relating to certain reinsurance transactions, of which $185 million $228 million and $240 million of the assets held in trust balance represents restricted cash and cash equivalents at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

(3) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 3 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report) and derivative transactions (see Note 7).

See "— Securities Lending" for information regarding securities on loan. In addition, the Company's investment in FHLB common stock, which is considered restricted until redeemed by the issuer, was $216 million $247 million and $201 million at redemption value at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Variable Interest Entities

A variable interest entity ("VIE") is a legal entity that does not have sufficient equity at risk to finance its activities or is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains and losses of the entity.

The Company enters into various arrangements with VIEs in the normal course of business and has invested in legal entities that are VIEs. VIEs are consolidated when it is determined that the Company is the primary beneficiary. A primary beneficiary is the variable interest holder in a VIE with both (i) the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In addition, the evaluation of whether a legal entity is a VIE and if the Company is a primary beneficiary includes a review of the capital structure of the VIE, the related contractual relationships and terms, the nature of the operations and purpose of the VIE, the nature of the VIE interests issued and the Company's involvement with the entity.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

There were no material VIEs for which the Company has concluded that it is the primary beneficiary at either June 30, 2023 September 30, 2023 or December 31, 2022.

The carrying amount and maximum exposure to loss related to the VIEs for which the Company has concluded that it holds a variable interest, but is not the primary beneficiary, were as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss		Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
		(In millions)					(In millions)			
Fixed maturity securities	Fixed maturity securities	$ 15,666	$ 17,207	$ 15,896	$ 17,471	Fixed maturity securities	$ 14,940	$ 16,780	$ 15,896	$ 17,471
Limited partnerships and LLCs	Limited partnerships and LLCs	4,316	5,475	4,136	5,491	Limited partnerships and LLCs	4,358	5,544	4,136	5,491
Total	Total	$ 19,982	$ 22,682	$ 20,032	$ 22,962	Total	$ 19,298	$ 22,324	$ 20,032	$ 22,962

The Company's investments in unconsolidated VIEs are described below.

Fixed Maturity Securities

The Company invests in U.S. corporate bonds, foreign corporate bonds and Structured Securities issued by VIEs. The Company is not obligated to provide any financial or other support to these VIEs, other than the original investment. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer, or investment manager, which are generally viewed as having the power to direct the activities that most significantly impact the economic performance of the VIE, nor does the Company function in any of these roles. The Company does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity; as a result, the Company has determined it is not the primary beneficiary, or consolidator, of the VIE. The Company's maximum exposure to loss on these fixed maturity securities is limited to the amortized cost of these investments. See "— Fixed Maturity Securities Available-for-sale" for information on these securities.

Limited Partnerships and LLCs

The Company holds investments in certain limited partnerships and LLCs which are VIEs. These ventures include limited partnerships, LLCs, private equity funds, and, to a lesser extent, tax credit and renewable energy partnerships. The Company is not considered the primary beneficiary, or consolidator, when its involvement takes the form of a limited partner interest and is restricted to a role of a passive investor, as a limited partner's interest does not provide the Company with any substantive kick-out or participating rights, nor does it provide the Company with the power to direct the activities of the fund. The Company's maximum exposure to loss on these investments is limited to: (i) the amount invested in debt or equity of the VIE and (ii) commitments to the VIE, as described in Note 12. 13.

6. Investments (continued)

Net Investment Income

The components of net investment income were as follows:

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)					(In millions)			
Investment income:	Investment income:					Investment income:				
Fixed maturity securities	Fixed maturity securities	$ 868	$ 742	$ 1,705	$ 1,460	Fixed maturity securities	$ 897	$ 787	$ 2,602	$ 2,247
Equity securities	Equity securities	1	1	1	1	Equity securities	1	1	2	2
Mortgage loans	Mortgage loans	237	205	476	408	Mortgage loans	240	208	716	616
Policy loans	Policy loans	18	17	33	32	Policy loans	17	16	50	48
Limited partnerships and LLCs (1)	Limited partnerships and LLCs (1)	89	122	76	363	Limited partnerships and LLCs (1)	53	(106)	129	257
Cash, cash equivalents and short-term investments	Cash, cash equivalents and short-term investments	55	6	105	7	Cash, cash equivalents and short-term investments	61	22	166	29
Other	Other	20	18	42	32	Other	24	20	66	52
Total investment income	Total investment income	1,288	1,111	2,438	2,303	Total investment income	1,293	948	3,731	3,251
Less: Investment expenses	Less: Investment expenses	92	50	183	91	Less: Investment expenses	91	71	274	162
Net investment income	Net investment income	$ 1,196	$ 1,061	$ 2,255	$ 2,212	Net investment income	$ 1,202	$ 877	$ 3,457	$ 3,089

(1) Includes net investment income pertaining to other limited partnership interests of $93 million $64 million and $92 million $156 million for the three months and six nine months ended June 30, 2023 September 30, 2023, respectively, and $93 million ($127) million and $305 million $178 million for the three months and six nine months ended June 30, 2022 September 30, 2022, respectively.

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)					(In millions)			
Fixed maturity securities	Fixed maturity securities	$ (55)	$ (60)	$ (131)	$ (102)	Fixed maturity securities	$ (54)	$ (38)	$ (185)	$ (140)
Equity securities	Equity securities	2	(6)	(1)	(12)	Equity securities	(1)	(2)	(2)	(14)
Mortgage loans	Mortgage loans	(10)	1	(27)	(3)	Mortgage loans	3	2	(24)	(1)

Limited partnerships and LLCs	Limited partnerships and LLCs	—	(1)	—	(17)	Limited partnerships and LLCs	—	(4)	—	(21)
Other	Other	(1)	—	(1)	—	Other	(1)	(3)	(2)	(3)
Total net investment gains (losses)	Total net investment gains (losses)	$ (64)	$ (66)	$ (160)	$ (134)	Total net investment gains (losses)	$ (53)	$ (45)	$ (213)	$ (179)

Gains (losses) from foreign currency transactions included within net investment gains (losses) were ($2) million for both the three months and less than nine months ended September 30, 2023, and ($1) million and ($22) million for the three months and six nine months ended June 30, 2023, respectively, and ($5) million and ($21) million for the three months and six months ended June 30, 2022 September 30, 2022, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

6. Investments (continued)

Sales or Disposals of Fixed Maturity Securities

Investment gains and losses on sales of securities are determined on a specific identification basis. Proceeds from sales or disposals of fixed maturity securities and the components of fixed maturity securities net investment gains (losses) were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Proceeds	Proceeds	$ 505	$ 1,576	$ 1,277	$ 4,115	Proceeds	$ 494	$ 1,146	$ 1,771	$ 5,261
Gross investment gains	Gross investment gains	$ 8	$ 2	$ 11	$ 46	Gross investment gains	$ 1	$ 1	$ 12	$ 47
Gross investment losses	Gross investment losses	(56)	(60)	(129)	(143)	Gross investment losses	(44)	(38)	(173)	(181)
Net investment gains (losses)	Net investment gains (losses)	$ (48)	$ (58)	$ (118)	$ (97)	Net investment gains (losses)	$ (43)	$ (37)	$ (161)	$ (134)

7. Derivatives

Accounting for Derivatives

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report for a description of the Company's accounting policies for derivatives and the fair value hierarchy for derivatives.

Types of Derivative Instruments and Derivative Strategies

The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to minimize its exposure to various market risks. Commonly used derivative instruments include, but are not necessarily limited to:

- Interest rate derivatives: swaps, floors, caps, swaptions and forwards;
- Foreign currency exchange rate derivatives: forwards and swaps;
- Equity market derivatives: options, total return swaps and hybrid options; and
- Credit derivatives: single and index reference credit default swaps and swaptions.

For detailed information on these contracts and the related strategies, see Note 7 of the Notes to the Consolidated Financial Statements included in the 2022 Annual Report.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Derivatives (continued)

Primary Risks Managed by Derivatives

The primary underlying risk exposure, gross notional amount and estimated fair value of derivatives, excluding embedded derivatives, held were as follows at:

			June 30, 2023			December 31, 2022		
			Gross Notional	Estimated Fair Value		Gross Notional	Estimated Fair Value	
		Primary Underlying Risk Exposure	Amount	Assets	Liabilities	Amount	Assets	Liabilities
			(In millions)					
Derivatives Designated as Hedging Instruments:	**Derivatives Designated as Hedging Instruments:**							
Cash flow hedges:	Cash flow hedges:							
Interest rate forwards	Interest rate forwards	Interest rate	$ 20	$ —	$ 4	$ 60	$ —	$ 12
Foreign currency swaps	Foreign currency swaps	Foreign currency exchange rate	3,954	508	19	4,026	596	8
Total qualifying hedges	Total qualifying hedges		3,974	508	23	4,086	596	20
Derivatives Not Designated or Not Qualifying as Hedging Instruments:	**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**							
Interest rate swaps	Interest rate swaps	Interest rate	14,853	90	70	3,145	98	46
Interest rate floors	Interest rate floors	Interest rate	3,000	4	1	3,250	12	3
Interest rate caps	Interest rate caps	Interest rate	5,800	94	34	6,350	137	43
Interest rate options	Interest rate options	Interest rate	31,680	43	208	28,688	22	232
Interest rate forwards	Interest rate forwards	Interest rate	17,939	47	1,941	18,168	35	2,466
Foreign currency swaps	Foreign currency swaps	Foreign currency exchange rate	777	128	1	822	148	—
Foreign currency forwards	Foreign currency forwards	Foreign currency exchange rate	491	11	—	487	1	10
Credit default swaps — written	Credit default swaps — written	Credit	1,530	24	1	1,757	18	2
Credit default swaptions	Credit default swaptions	Credit	—	—	—	100	—	—
Equity index options	Equity index options	Equity market	15,528	626	495	17,229	697	351
Equity total return swaps	Equity total return swaps	Equity market	46,739	1,438	1,113	32,909	520	747
Hybrid options	Hybrid options	Equity market	630	4	—	—	—	—

		September 30, 2023			December	
		Gross Notional	Estimated Fair Value		Gross Notional	Es
	Primary Underlying Risk Exposure	Amount	Assets	Liabilities	Amount	Ass
		(In millions)				
Derivatives Designated as Hedging Instruments:						
Cash flow hedges:						
Interest rate forwards	Interest rate	$ —	$ —	$ —	$ 60	$
Foreign currency swaps	Foreign currency exchange rate	3,942	472	14	4,026	5
Total qualifying hedges		3,942	472	14	4,086	5
Derivatives Not Designated or Not Qualifying as Hedging Instruments:						
Interest rate swaps	Interest rate	30,527	168	280	3,145	
Interest rate floors	Interest rate	3,000	2	1	3,250	
Interest rate caps	Interest rate	5,800	80	27	6,350	1
Interest rate options	Interest rate	31,080	19	303	28,688	
Interest rate forwards	Interest rate	16,441	178	2,867	18,168	
Foreign currency swaps	Foreign currency exchange rate	771	125	—	822	1
Foreign currency forwards	Foreign currency exchange rate	480	5	1	487	
Credit default swaps — written	Credit	1,530	21	1	1,757	
Credit default swaptions	Credit	—	—	—	100	
Equity index options	Equity market	16,215	508	436	17,229	6
Equity total return swaps	Equity market	56,332	931	1,061	32,909	5
Hybrid options	Equity market	630	7	—	—	

Total non-designated or non-qualifying derivatives	138,967	2,509	3,864	112,905	1,688	3,900	Total non-designated or non-qualifying derivatives	162,806	2,044	4,977	112,905	1,6	
Total	$142,941	$3,017	$ 3,887	$116,991	$2,284	$ 3,920	Total	$166,748	$2,516	$ 4,991	$116,991	$2,2	

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both June 30, 2023 September 30, 2023 and December 31, 2022. The Company's use of derivatives includes (i) derivatives that serve as macro hedges of the Company's exposure to various risks and generally do not qualify for hedge accounting because they do not meet the criteria required under portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities and generally do not qualify for hedge accounting because they do not meet the criteria of being "highly effective" as outlined in Accounting Standards Codification 815 — Derivatives and Hedging; (iii) derivatives that economically hedge MRBs that do not qualify for hedge accounting because the changes in estimated fair value of the MRBs are already recorded in net income; and (iv) written credit default swaps that are used to create synthetic credit investments and that do not qualify for hedge accounting because they do not involve a hedging relationship.

The amount and location of gains (losses), including earned income, recognized for derivatives and gains (losses) pertaining to hedged items reported in net derivative gains (losses) were as follows:

	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Amount of Gains (Losses) Deferred in AOCI	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Amount of Gains (Losses) Deferred in AOCI
	(In millions)				(In millions)			
Three Months Ended June 30, 2023								
Three Months Ended September 30, 2023								
Derivatives Designated as Hedging Instruments:								
Cash flow hedges:								
Interest rate	$ (2)	$ —	$ 1	$ (1)	$ —	$ —	$ 1	$ (2)
Foreign currency exchange rate	5	(5)	13	(49)	1	(1)	13	(31)
Total cash flow hedges	3	(5)	14	(50)	1	(1)	14	(33)
Derivatives Not Designated or Not Qualifying as Hedging Instruments:								
Interest rate	(551)	—	—	—	(1,481)	—	—	—
Foreign currency exchange rate	9	(6)	—	—	21	(16)	—	—
Credit	9	—	—	—	3	—	—	—
Equity market	433	—	—	—	(280)	—	—	—
Embedded	(1,703)	—	—	—	913	—	—	—

Total non-qualifying hedges	Total non-qualifying hedges	(1,803)	(6)	—	—	Total non-qualifying hedges	(824)	(16)	—	—
Total	Total	$ (1,800)	$ (11)	$ 14	$ (50)	Total	$ (823)	$ (17)	$ 14	$ (33)
Three Months Ended June 30, 2022										
Three Months Ended September 30, 2022						**Three Months Ended September 30, 2022**				
Derivatives Designated as Hedging Instruments:	**Derivatives Designated as Hedging Instruments:**					**Derivatives Designated as Hedging Instruments:**				
Cash flow hedges:	Cash flow hedges:					Cash flow hedges:				
Interest rate	Interest rate	$ 3	$ —	$ 1	$ (20)	Interest rate	$ —	$ —	$ 1	$ (8)
Foreign currency exchange rate	Foreign currency exchange rate	1	(2)	14	285	Foreign currency exchange rate	8	(6)	17	341
Total cash flow hedges	Total cash flow hedges	4	(2)	15	265	Total cash flow hedges	8	(6)	18	333
Derivatives Not Designated or Not Qualifying as Hedging Instruments:	**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**					**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**				
Interest rate	Interest rate	(1,307)	—	—	—	Interest rate	(1,233)	—	—	—
Foreign currency exchange rate	Foreign currency exchange rate	93	(32)	—	—	Foreign currency exchange rate	99	(23)	—	—
Credit	Credit	(25)	—	—	—	Credit	5	—	—	—
Equity market	Equity market	420	—	—	—	Equity market	40	—	—	—
Embedded	Embedded	2,826	—	—	—	Embedded	518	—	—	—
Total non-qualifying hedges	Total non-qualifying hedges	2,007	(32)	—	—	Total non-qualifying hedges	(571)	(23)	—	—
Total	Total	$ 2,011	$ (34)	$ 15	$ 265	Total	$ (563)	$ (29)	$ 18	$ 333

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Derivatives (continued)

	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Amount of Gains (Losses) Deferred in AOCI	Net Derivative Gains (Losses) Recognized for Derivatives	Net Derivative Gains (Losses) Recognized for Hedged Items	Net Investment Income	Amount of Gains (Losses) Deferred in AOCI
	(In millions)				(In millions)			
Six Months Ended June 30, 2023								
Nine Months Ended September 30, 2023					**Nine Months Ended September 30, 2023**			

Derivatives Designated as Hedging Instruments:	**Derivatives Designated as Hedging Instruments:**					**Derivatives Designated as Hedging Instruments:**				
Cash flow hedges:	Cash flow hedges:					Cash flow hedges:				
Interest rate	Interest rate	$ (2)	$ —	$ 2	$ 1	Interest rate	$ (2)	$ —	$ 3	$ (1)
Foreign currency exchange rate	Foreign currency exchange rate	4	(5)	27	(91)	Foreign currency exchange rate	5	(6)	40	(122)
Total cash flow hedges	Total cash flow hedges	2	(5)	29	(90)	Total cash flow hedges	3	(6)	43	(123)
Derivatives Not Designated or Not Qualifying as Hedging Instruments:	**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**					**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**				
Interest rate	Interest rate	59	—	—	—	Interest rate	(1,422)	—	—	—
Foreign currency exchange rate	Foreign currency exchange rate	4	4	—	—	Foreign currency exchange rate	25	(12)	—	—
Credit	Credit	19	—	—	—	Credit	22	—	—	—
Equity market	Equity market	324	—	—	—	Equity market	44	—	—	—
Embedded	Embedded	(2,793)	—	—	—	Embedded	(1,880)	—	—	—
Total non-qualifying hedges	Total non-qualifying hedges	(2,387)	4	—	—	Total non-qualifying hedges	(3,211)	(12)	—	—
Total	Total	$ (2,385)	$ (1)	$ 29	$ (90)	Total	$ (3,208)	$ (18)	$ 43	$ (123)
Six Months Ended June 30, 2022										
Nine Months Ended September 30, 2022								**Nine Months Ended September 30, 2022**		
Derivatives Designated as Hedging Instruments:	**Derivatives Designated as Hedging Instruments:**					**Derivatives Designated as Hedging Instruments:**				
Cash flow hedges:	Cash flow hedges:					Cash flow hedges:				
Interest rate	Interest rate	$ 4	$ —	$ 2	$ (41)	Interest rate	$ 4	$ —	$ 3	$ (49)
Foreign currency exchange rate	Foreign currency exchange rate	1	(2)	25	325	Foreign currency exchange rate	9	(8)	42	666
Total cash flow hedges	Total cash flow hedges	5	(2)	27	284	Total cash flow hedges	13	(8)	45	617
Derivatives Not Designated or Not Qualifying as Hedging Instruments:	**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**					**Derivatives Not Designated or Not Qualifying as Hedging Instruments:**				
Interest rate	Interest rate	(2,438)	—	—	—	Interest rate	(3,671)	—	—	—
Foreign currency exchange rate	Foreign currency exchange rate	113	(39)	—	—	Foreign currency exchange rate	212	(62)	—	—
Credit	Credit	(32)	—	—	—	Credit	(27)	—	—	—
Equity market	Equity market	728	—	—	—	Equity market	768	—	—	—
Embedded	Embedded	3,588	—	—	—	Embedded	4,106	—	—	—

Total non-qualifying hedges	Total non-qualifying hedges	1,959	(39)	—	—	Total non-qualifying hedges	1,388	(62)	—	—
Total	Total	$ 1,964	$ (41)	$ 27	$ 284	Total	$ 1,401	$ (70)	$ 45	$ 617

At both June 30, 2023 and September 30, 2023, the Company held no qualified derivatives hedging exposure to future cash flows for forecasted asset purchases. At December 31, 2022, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions was less than one year.

At June 30, 2023 September 30, 2023 and December 31, 2022, the balance in AOCI associated with cash flow hedges was $544 million $509 million and $638 million, respectively.

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation.

The estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps were as follows at:

		June 30, 2023			December 31, 2022				September 30, 2023			December 31, 2022		
Rating Agency Designation of Referenced Credit Obligations (1)	Rating Agency Designation of Referenced Credit Obligations (1)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Rating Agency Designation of Referenced Credit Obligations (1)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)
		(Dollars in millions)							(Dollars in millions)					
Aaa/Aa/A	Aaa/Aa/A	$ 7	$ 544	1.7	$ 7	$ 544	2.2	Aaa/Aa/A	$ 7	$ 544	1.5	$ 7	$ 544	2.2
Baa	Baa	15	958	5.0	8	1,185	5.0	Baa	12	958	5.2	8	1,185	5.0
Ba	Ba	2	24	3.5	2	24	4.0	Ba	2	24	3.2	2	24	4.0
Caa and Lower	Caa and Lower	(1)	4	2.5	(1)	4	3.0	Caa and Lower	(1)	4	2.2	(1)	4	3.0
Total	Total	$ 23	$ 1,530	3.8	$ 16	$ 1,757	4.1	Total	$ 20	$ 1,530	3.8	$ 16	$ 1,757	4.1

(1) The Company has written credit protection on both single name and index references. The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.

(2) The weighted average years to maturity of the credit default swaps is calculated based on weighted average gross notional amounts.

Counterparty Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative instruments. Generally, the credit exposure is the fair value at the reporting date less any collateral received from the counterparty.

The Company manages its credit risk by: (i) entering into derivative transactions with creditworthy counterparties governed by master netting agreements; (ii) trading through regulated exchanges and central clearing counterparties; (iii) obtaining collateral, such as cash and securities, when appropriate; and (iv) setting limits on single party credit exposures which are subject to periodic management review.

See Note 8 for a description of the impact of credit risk on the valuation of derivatives.

The estimated fair values of net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

Gross Amounts Not Offset on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets

		Gross Amount Recognized	Financial Instruments (1)	Collateral Received/Pledged (2)	Net Amount	Securities Collateral Received/Pledged (3)	Net Amount After Securities Collateral		Gross Amount Recognized	Financial Instruments (1)	Collateral Received/Pledged (2)	Net Amount	Securities Collateral Received/Pledged (3)	Net Amount After Securities Collateral
		(In millions)							(In millions)					
June 30, 2023														
September 30, 2023								**September 30, 2023**						
Derivative assets	Derivative assets	$ 2,873	$ (2,106)	$ (516)	$ 251	$ (231)	$ 20	Derivative assets	$ 2,735	$ (2,028)	$ (688)	$ 19	$ (6)	$ 13
Derivative liabilities	Derivative liabilities	$ 3,746	$ (2,106)	$ —	$ 1,640	$ (1,640)	$ —	Derivative liabilities	$ 5,214	$ (2,028)	$ —	$ 3,186	$ (3,186)	$ —
December 31, 2022	**December 31, 2022**							**December 31, 2022**						
Derivative assets	Derivative assets	$ 2,308	$ (1,659)	$ (640)	$ 9	$ (6)	$ 3	Derivative assets	$ 2,308	$ (1,659)	$ (640)	$ 9	$ (6)	$ 3
Derivative liabilities	Derivative liabilities	$ 3,919	$ (1,659)	$ (7)	$ 2,253	$ (2,251)	$ 2	Derivative liabilities	$ 3,919	$ (1,659)	$ (7)	$ 2,253	$ (2,251)	$ 2

(1) Represents amounts subject to an enforceable master netting agreement or similar agreement.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

7. Derivatives (continued)

(2) The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreement.

(3) Securities collateral received from counterparties is not reported on the consolidated balance sheets and may not be sold or re-pledged unless the counterparty is in default. Amounts do not include excess of collateral pledged or received.

The Company's collateral arrangements generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the amount owed by that counterparty reaches a minimum transfer amount. Certain of these arrangements also include credit-contingent provisions which permit the party with positive fair value to terminate the derivative at the current fair value or demand immediate full collateralization from the party in a net liability position, in the event that the financial strength or credit rating of the party in a net liability position falls below a certain level.

The aggregate estimated fair values of derivatives in a net liability position containing such credit-contingent provisions and the aggregate estimated fair value of assets posted as collateral for such instruments were as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Estimated fair value of derivatives in a net liability position (1)	Estimated fair value of derivatives in a net liability position (1)	$ 1,640	$ 2,260	Estimated fair value of derivatives in a net liability position (1)	$ 3,186	$ 2,260
Estimated fair value of collateral provided (2):	Estimated fair value of collateral provided (2):			Estimated fair value of collateral provided (2):		
Fixed maturity securities	Fixed maturity securities	$ 4,432	$ 4,894	Fixed maturity securities	$ 5,567	$ 4,894

(1) After taking into consideration the existence of netting agreements.

(2) Substantially all of the Company's collateral arrangements provide for daily posting of collateral for the full value of the derivative contract. As a result, if the credit-contingent provisions of derivative contracts in a net liability position were triggered, minimal additional assets would be required to be posted as collateral or needed to settle the instruments immediately. Additionally, the Company is required to pledge initial margin for certain new over-the-counter ("OTC") bilateral contracts between two counterparties ("OTC-bilateral") derivative transactions to third-party custodians.

8. Fair Value

Considerable judgment is often required in interpreting market data to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are presented in the tables below. Investments that do not have a readily determinable fair value and are measured at net asset value (or equivalent) as a practical expedient to estimated fair value are excluded from the fair value hierarchy.

		June 30, 2023					September 30, 2023			
		Fair Value Hierarchy			Total Estimated Fair Value		Fair Value Hierarchy			Total Estimated Fair Value
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
		(In millions)					(In millions)			
Assets	**Assets**					**Assets**				
Fixed maturity securities:	Fixed maturity securities:					Fixed maturity securities:				
U.S. corporate	U.S. corporate	$ —	$ 32,387	$ 1,327	$ 33,714	U.S. corporate	$ —	$ 32,086	$ 824	$ 32,910
Foreign corporate	Foreign corporate	—	10,301	604	10,905	Foreign corporate	—	10,362	316	10,678
U.S. government and agency	U.S. government and agency	3,552	4,611	—	8,163	U.S. government and agency	3,658	4,144	—	7,802
RMBS	RMBS	—	7,439	14	7,453	RMBS	—	7,041	10	7,051
CMBS	CMBS	—	6,422	36	6,458	CMBS	—	6,272	36	6,308
ABS	ABS	—	5,705	321	6,026	ABS	—	5,815	299	6,114
State and political subdivision	State and political subdivision	—	3,835	—	3,835	State and political subdivision	—	3,604	—	3,604
Foreign government	Foreign government	—	985	38	1,023	Foreign government	—	933	33	966
Total fixed maturity securities	Total fixed maturity securities	3,552	71,685	2,340	77,577	Total fixed maturity securities	3,658	70,257	1,518	75,433
Equity securities	Equity securities	40	26	25	91	Equity securities	39	26	25	90
Short-term investments	Short-term investments	873	252	—	1,125	Short-term investments	675	328	—	1,003
Derivative assets: (1)	Derivative assets: (1)					Derivative assets: (1)				
Interest rate	Interest rate	—	278	—	278	Interest rate	—	447	—	447
Foreign currency exchange rate	Foreign currency exchange rate	—	630	17	647	Foreign currency exchange rate	—	589	13	602
Credit	Credit	—	17	7	24	Credit	—	14	7	21
Equity market	Equity market	—	2,064	4	2,068	Equity market	—	1,439	7	1,446
Total derivative assets	Total derivative assets	—	2,989	28	3,017	Total derivative assets	—	2,489	27	2,516
Market risk benefit assets	Market risk benefit assets	—	—	602	602	Market risk benefit assets	—	—	694	694

Separate account assets	Separate account assets	10	88,382	—	88,392	Separate account assets	16	82,659	—	82,675
Total assets	Total assets	$ 4,475	$ 163,334	$ 2,995	$ 170,804	Total assets	$ 4,388	$ 155,759	$ 2,264	$ 162,411
Liabilities	**Liabilities**					**Liabilities**				
Market risk benefit liabilities	Market risk benefit liabilities	$ —	$ —	$ 9,783	$ 9,783	Market risk benefit liabilities	$ —	$ —	$ 8,830	$ 8,830
Derivative liabilities: (1)	Derivative liabilities: (1)					Derivative liabilities: (1)				
Interest rate	Interest rate	—	2,258	—	2,258	Interest rate	—	3,478	—	3,478
Foreign currency exchange rate	Foreign currency exchange rate	—	20	—	20	Foreign currency exchange rate	—	15	—	15
Credit	Credit	—	—	1	1	Credit	—	—	1	1
Equity market	Equity market	—	1,608	—	1,608	Equity market	—	1,497	—	1,497
Total derivative liabilities	Total derivative liabilities	—	3,886	1	3,887	Total derivative liabilities	—	4,990	1	4,991
Embedded derivatives on index-linked annuities (2)	Embedded derivatives on index-linked annuities (2)	—	—	6,886	6,886	Embedded derivatives on index-linked annuities (2)	—	—	6,031	6,031
Total liabilities	Total liabilities	$ —	$ 3,886	$ 16,670	$ 20,556	Total liabilities	$ —	$ 4,990	$ 14,862	$ 19,852

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8. Fair Value (continued)

	December 31, 2022			
	Fair Value Hierarchy			Total Estimated Fair Value
	Level 1	Level 2	Level 3	
	(In millions)			
Assets				
Fixed maturity securities:				
U.S. corporate	$ —	$ 31,418	$ 1,189	$ 32,607
Foreign corporate	—	9,978	598	10,576
U.S. government and agency	3,566	4,450	—	8,016
RMBS	—	7,514	14	7,528
CMBS	—	6,578	33	6,611
ABS	—	5,041	318	5,359
State and political subdivision	—	3,799	—	3,799
Foreign government	—	1,043	38	1,081
Total fixed maturity securities	3,566	69,821	2,190	75,577
Equity securities	35	27	27	89
Short-term investments	722	359	—	1,081
Derivative assets: (1)				
Interest rate	—	304	—	304
Foreign currency exchange rate	—	716	29	745
Credit	—	10	8	18
Equity market	—	1,217	—	1,217

Total derivative assets	—	2,247	37	2,284
Market risk benefit assets	—	—	483	483
Separate account assets	29	84,936	—	84,965
Total assets	$ 4,352	$ 157,390	$ 2,737	$ 164,479
Liabilities				
Market risk benefit liabilities	$ —	$ —	$ 10,389	$ 10,389
Derivative liabilities: (1)				
Interest rate	—	2,802	—	2,802
Foreign currency exchange rate	—	18	—	18
Credit	—	—	2	2
Equity market	—	1,098	—	1,098
Total derivative liabilities	—	3,918	2	3,920
Embedded derivatives on index-linked annuities (2)	—	—	3,932	3,932
Total liabilities	$ —	$ 3,918	$ 14,323	$ 18,241

(1) Derivative assets are reported in other invested assets and derivative liabilities are reported in other liabilities. The amounts are presented gross in the tables above to reflect the presentation on the consolidated balance sheets.

(2) Embedded derivative liabilities on index-linked annuities are reported in policyholder account balances.

Valuation Controls and Procedures

The Company monitors and provides oversight of valuation controls and policies for securities, mortgage loans and derivatives, which are primarily executed by its valuation service providers. The valuation methodologies used to determine fair values prioritize the use of observable market prices and market-based parameters and determines that judgmental valuation adjustments, when applied, are based upon established policies and are applied consistently over time. The valuation methodologies for securities, mortgage loans and derivatives are reviewed on an ongoing basis and revised when necessary. In addition, the Chief Accounting Officer periodically reports to the Audit Committee of Brighthouse Financial's Board of Directors regarding compliance with fair value accounting standards.

The fair value of financial assets and financial liabilities is based on quoted market prices, where available. Prices received are assessed to determine if they represent a reasonable estimate of fair value. Several controls are performed, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. Independent non-binding broker quotes, also referred to herein as "consensus pricing," are used for a non-significant portion of the portfolio. Prices received from independent brokers are assessed to determine if they represent a reasonable estimate of fair value by considering such pricing relative to the current market dynamics and current pricing for similar financial instruments.

A formal process is also applied to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained. If obtaining an independent non-binding broker quotation is unsuccessful, the last available price will be used.

Additional controls are performed, such as, balance sheet analytics to assess reasonableness of period-to-period pricing changes, including any price adjustments. Price adjustments are applied if prices or quotes received from independent pricing services or brokers are not considered reflective of market activity or representative of estimated fair value. The Company did not have significant price adjustments during the six nine months ended June 30, 2023 September 30, 2023.

Determination of Fair Value

Fixed Maturity Securities

The fair values for actively traded marketable bonds, primarily U.S. government and agency securities, are determined using the quoted market prices and are classified as Level 1 assets. For fixed maturity securities classified as Level 2 assets, fair values are determined using either a market or income approach and are valued based on a variety of observable inputs as described below.

U.S. corporate and foreign corporate securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark yields, spreads off benchmark yields, new issuances, issuer rating, trades of identical or comparable securities, or duration. Privately-placed securities are valued using the additional key inputs: market yield curve, call provisions, observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer, and delta spread adjustments to reflect specific credit-related issues.

U.S. government and agency, state and political subdivision and foreign government securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, benchmark U.S. Treasury yield or other yields, spread off the U.S. Treasury yield curve for the identical security, issuer ratings and issuer spreads, broker-dealer quotes, and comparable securities that are actively traded.

Structured Securities: Fair value is determined using third-party commercial pricing services, with the primary inputs being quoted prices in markets that are not active, spreads for actively traded securities, spreads off benchmark yields, expected prepayment speeds and volumes, current and forecasted loss severity, ratings, geographic region, weighted average coupon and weighted average maturity, average delinquency rates and debt-service coverage ratios. Other issuance-specific information is also used, including, but not limited to, collateral type, structure of the security, vintage of the loans, payment terms of the underlying asset, payment priority within tranche, and deal performance.

Equity Securities and Short-term Investments

The fair value for actively traded equity securities and short-term investments are determined using quoted market prices and are classified as Level 1 assets. For financial instruments classified as Level 2 assets, fair values are determined using a market approach and are valued based on a variety of observable inputs as described below.

Equity securities and short-term investments: Fair value is determined using third-party commercial pricing services, with the primary input being quoted prices in markets that are not active.

Derivatives

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the OTC market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties ("OTC-cleared"), while others are OTC-bilateral.

The fair values for exchange-traded derivatives are determined using the quoted market prices and are classified as Level 1 assets. For OTC-bilateral derivatives and OTC-cleared derivatives classified as Level 2 assets or liabilities, fair values are determined using the income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models which are based on market standard valuation methodologies and a variety of observable inputs.

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and management believes they are consistent with what other market participants would use when pricing such instruments.

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is in part due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Market Risk Benefits

MRBs principally include guaranteed minimum benefits on variable annuity contracts including benefits reinsured related to these guarantees.

The estimated fair value of variable annuity guarantees accounted for as MRBs is determined based on the present value of projected future benefits less the present value of projected future fees attributable to the guarantees. At policy inception, the Company determines an attributed fee ratio by solving for a percentage of projected future rider fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. To the extent the rider fees are insufficient, the Company may also include fees related to mortality and expense charges in the attributed fee ratio, provided the total fees included in the calculation do not exceed total contract fees and assessments collected from the contract holder. Any additional fees not included in the attributed fee ratio are considered revenue and reported in universal life and investment-type product policy fees. The attributed fee ratio is not updated in subsequent periods.

The Company updates the estimated fair value of variable annuity guarantees in subsequent periods by projecting future benefits using capital markets inputs and actuarial assumptions including expectations of policyholder behavior. A risk neutral valuation methodology is used to project the cash flows from the guarantees under multiple capital markets scenarios. The reported estimated fair value is then determined by taking the present value of these cash flows using a discount rate that incorporates a spread over the risk-free rate to reflect the Company's nonperformance risk and adding a risk margin.

The valuation of MRBs includes an adjustment for the risk that the Company fails to satisfy its obligations, which is referred to as nonperformance risk. The nonperformance risk adjustment is captured as an additional spread applied to the risk-free rate in determining the rate to discount the cash flows of the liability. The spread over the risk-free rate is based on the Company's creditworthiness taking into consideration publicly available information relating to spreads in the secondary market for Brighthouse Financial's debt. These observable spreads are then adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries as compared to the credit rating of Brighthouse Financial.

Risk margins are established to capture the non-capital markets risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. The establishment of risk margins requires the use of significant actuarial judgment, including assumptions of the amount needed to cover the guarantees.

Actuarial assumptions are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of variable annuity guarantees are updated quarterly through net income, except for the change attributable to the Company's nonperformance risk, which is reported in OCI.

Embedded Derivatives

Embedded derivatives include crediting rates associated with index-linked annuity contracts. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The crediting rates associated with these features are embedded derivatives which are measured at estimated fair value separately from the host fixed annuity contract. These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

The estimated fair value of crediting rates associated with index-linked annuities is determined using a combination of an option pricing model and an option-budget approach. The valuation of these embedded derivatives also includes the establishment of a risk margin, as well as changes in nonperformance risk.

Actuarial assumptions including policyholder behavior and expectations for renewals at the end of the term period are reviewed at least annually, and if they change significantly, the estimated fair value is adjusted through net income. Capital market inputs used in the measurement of crediting rate embedded derivatives are updated quarterly through net income.

Transfers Into or Out of Level 3:

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

Certain quantitative information about the significant unobservable inputs used in the fair value measurement, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows at:

		Valuation Techniques	Significant Unobservable Inputs	June 30, 2023 Range	December 31, 2022 Range	Impact of Increase in Input on Estimated Fair Value
Market Risk Benefits	**Market Risk Benefits**					
Variable annuity guaranteed minimum benefits	Variable annuity guaranteed minimum benefits	• Option pricing techniques	• Mortality rates	0.04% - 12.90%	0.04% - 12.90%	Decrease (1)
			• Lapse rates	1.00% - 24.11%	1.00% - 24.11%	Decrease (2)
			• Utilization rates	0.00% - 25.00%	0.00% - 25.00%	Increase (3)
			• Withdrawal rates	0.00% - 10.00%	0.00% - 10.00%	(4)
			• Long-term equity volatilities	12.52% - 22.83%	19.99% - 28.45%	Increase (5)
			• Nonperformance risk spread	0.86% - 2.08%	(2.73)% - 4.52%	Decrease (6)

	Valuation Techniques	Significant Unobservable Inputs	September 30, 2023 Range	December 31, 2022 Range	Impact of Increase in Input on Estimated Fair Value
Market Risk Benefits					
Variable annuity guaranteed minimum benefits	• Option pricing techniques	• Mortality rates	0.04% - 12.90%	0.04% - 12.90%	Decrease (1)
		• Lapse rates	1.00% - 22.80%	1.00% - 24.11%	Decrease (2)
		• Utilization rates	0.00% - 25.00%	0.00% - 25.00%	Increase (3)
		• Withdrawal rates	0.00% - 10.00%	0.00% - 10.00%	(4)
		• Long-term equity volatilities	15.27% - 23.76%	19.99% - 28.45%	Increase (5)
		• Nonperformance risk spread	0.85% - 1.83%	(2.73)% - 4.52%	Decrease (6)

Embedded Derivatives	Embedded Derivatives						Embedded Derivatives					
Index-linked annuity crediting rates	Index-linked annuity crediting rates	Option pricing techniques	• Mortality rates	0.03% - 9.24%	0.03% - 9.24%	Decrease (1)	Index-linked annuity crediting rates	Option pricing techniques	• Mortality rates	0.03% - 9.24%	0.03% - 9.24%	Decrease (1)
			• Lapse rates	1.00% - 62.30%	1.00% - 62.30%	Decrease (2)			• Lapse rates	1.00% - 62.30%	1.00% - 62.30%	Decrease (2)
			• Withdrawal rates	0.50% - 9.00%	0.50% - 9.00%	(4)			• Withdrawal rates	0.50% - 9.00%	0.50% - 9.00%	(4)
			• Nonperformance risk spread	0.54% - 1.93%	0.00% - 1.98%	Decrease (6)			• Nonperformance risk spread	0.58% - 1.77%	0.00% - 1.98%	Decrease (6)

(1) Mortality rates vary by age and by demographic characteristics such as gender. The range shown reflects the mortality rate for policyholders between 35 and 90 years old. Mortality rate assumptions are set based on company experience and include an assumption for mortality improvement.

(2) The lapse rate range reflects base lapse rates for major product categories for duration 1-20. Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. For variable annuity guarantees, a dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in-the-money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies.

(3) The utilization rate assumption for variable annuity guarantees estimates the percentage of contract holders with a GMIB or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible in a given year. The range shown represents the floor and cap of the GMIB dynamic election rates across varying levels of in-the-money. For lifetime withdrawal guarantee riders, the assumption is that everyone will begin withdrawals once account value reaches zero which is equivalent to a 100% utilization rate. Utilization rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder.

(4) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For variable annuity GMWBs, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For variable annuity GMABs and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.

(5) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing MRBs.

(6) Nonperformance risk spread varies by duration. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the MRB or embedded derivative.

The Company does not develop unobservable inputs used in measuring fair value for all other assets and liabilities classified within Level 3; therefore, these are not included in the table above. The other Level 3 assets and liabilities primarily included fixed maturity securities and derivatives. For fixed maturity securities valued based on non-binding broker quotes, an increase (decrease) in credit spreads would result in a higher (lower) fair value. For derivatives valued based on third-party pricing models, an increase (decrease) in credit spreads would generally result in a higher (lower) fair value.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8. Fair Value (continued)

The changes in assets and (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (excluding MRBs disclosed in Note 4) were summarized as follows:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value Measurements Using Significant Unobservable Inputs
Fixed Maturity Securities	Fixed Maturity Securities

	Corporate (1)	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	Net Derivatives (2)	Embedded Derivatives on Index-Linked Annuities	Separate Account Assets (3)
	(In millions)							
Three Months Ended June 30, 2023								
Balance, beginning of period	$ 1,936	$ 350	$ 39	$ 25	$ —	$ 33	$ (5,164)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(4)	—	—	(1)	—	(5)	(1,703)	—
Total realized/unrealized gains (losses) included in AOCI	(22)	(1)	—	—	—	—	—	—
Purchases (6) (5)	68	36	—	1	—	9	—	—
Sales (6) (5)	(42)	(3)	(1)	—	—	—	—	—
Issuances (6) (5)	—	—	—	—	—	—	—	—
Settlements (6) (5)	—	—	—	—	—	—	(19)	—
Transfers into Level 3 (7) (6)	26	2	—	—	—	—	—	—
Transfers out of Level 3 (7) (6)	(31)	(13)	—	—	—	(10)	—	—
Balance, end of period	$ 1,931	$ 371	$ 38	$ 25	$ —	$ 27	$ (6,886)	$ —
Three Months Ended June 30, 2022								
Balance, beginning of period	$ 1,618	$ 194	$ 23	$ 13	$ —	$ 30	$ (5,674)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(6)	—	—	1	—	(5)	2,826	—
Total realized/unrealized gains (losses) included in AOCI	(110)	3	(5)	—	—	12	—	—
Purchases (6) (5)	330	201	—	13	—	1	—	—
Sales (6) (5)	(56)	(11)	—	—	—	—	—	—
Issuances (6) (5)	—	—	—	—	—	—	—	—
Settlements (6) (5)	—	—	—	—	—	—	17	—
Transfers into Level 3 (7) (6)	90	34	22	—	—	—	—	—
Transfers out of Level 3 (7) (6)	(156)	(76)	—	—	—	—	—	—
Balance, end of period	$ 1,710	$ 345	$ 40	$ 27	$ —	$ 38	$ (2,831)	$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2023 (8)	$ (3)	$ —	$ —	$ (2)	$ —	$ (5)	$ (1,802)	$ —
Changes in unrealized gains (losses) included in OCI for the instruments still held at June 30, 2023 (8)	$ (24)	$ (1)	$ —	$ —	$ —	$ —	$ —	$ —

	Corporate (1)	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	De
	(In millions)					
Three Months Ended September 30, 2023						
Balance, beginning of period	$ 1,931	$ 371	$ 38	$ 25	$ —	$
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)		(9)	—	—	—	
Total realized/unrealized gains (losses) included in AOCI	(19)	(2)	(1)	—	—	
Purchases (6) (5)	32	17	—	—	—	
Sales (6) (5)	(56)	(11)	(1)	—	—	
Issuances (6) (5)	—	—	—	—	—	
Settlements (6) (5)	—	—	—	—	—	
Transfers into Level 3 (7) (6)	45	12	—	—	—	
Transfers out of Level 3 (7) (6)	(784)	(42)	(3)	—	—	
Balance, end of period	$ 1,140	$ 345	$ 33	$ 25	$ —	$
Three Months Ended September 30, 2022						
Balance, beginning of period	$ 1,710	$ 345	$ 40	$ 27	$ —	$
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)		—	—	—	1	
Total realized/unrealized gains (losses) included in AOCI	(108)	(11)	(4)	—	—	
Purchases (6) (5)	278	125	—	—	—	
Sales (6) (5)	(22)	(1)	(1)	—	—	
Issuances (6) (5)	—	—	—	—	—	
Settlements (6) (5)	—	—	—	—	—	
Transfers into Level 3 (7) (6)	16	19	—	—	—	
Transfers out of Level 3 (7) (6)	(319)	(138)	—	—	—	
Balance, end of period	$ 1,555	$ 339	$ 35	$ 28	$ —	$

	Corporate (1)	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	Net Derivatives (2)	Embedded Derivatives on Index-Linked Annuities	Separate Account Assets (3)
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2022 (8)	$ —	$ —	$ —	$ 1	$ —	$ (5)	$ 2,756	$ —
Changes in unrealized gains (losses) included in OCI for the instruments still held at June 30, 2022 (8)	$ (117)	$ 2	$ (5)	$ —	$ —	$ 12	$ —	$ —

	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7)	$ (9)	$ —	$ —	$ 1	$
Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7)	$ (25)	$ (3)	$ (1)	$ —	$
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7)	$ —	$ —	$ —	$ 1	$
Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7)	$ (109)	$ (11)	$ (4)	$ —	$

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

8. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)							
	Fixed Maturity Securities							
	Corporate (1)	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	Net Derivatives (2)	Embedded Derivatives on Index-Linked Annuities	Separate Account Assets (3)
	(In millions)							
Six Months Ended June 30, 2023								
Balance, beginning of period	$ 1,787	$ 365	$ 38	$ 27	$ —	$ 35	$ (3,932)	$ —
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)	(3)	—	—	(3)	—	(5)	(2,793)	—
Total realized/unrealized gains (losses) included in AOCI	7	1	1	—	—	—	—	—
Purchases (6) (5)	210	52	—	1	—	9	—	—
Sales (6) (5)	(73)	(7)	(1)	—	—	—	—	—
Issuances (6) (5)	—	—	—	—	—	—	—	—
Settlements (6) (5)	—	—	—	—	—	—	(161)	—
Transfers into Level 3 (7) (6)	56	2	—	—	—	—	—	—

	Fair Value Measurements Using Significant Unobservable Inputs					
	Fixed Maturity Securities					
	Corporate (1)	Structured Securities	Foreign Government	Equity Securities	Short-term Investments	De
	(In millions)					
Nine Months Ended September 30, 2023						
Balance, beginning of period	$ 1,787	$ 365	$ 38	$ 27	$ —	$
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)		(12)	—	—	(3)	
Total realized/unrealized gains (losses) included in AOCI	(11)	(2)	—	—	—	
Purchases (6) (5)	119	45	—	1	—	
Sales (6) (5)	(126)	(17)	(2)	—	—	
Issuances (6) (5)	—	—	—	—	—	
Settlements (6) (5)	—	—	—	—	—	
Transfers into Level 3 (7) (6)	101	10	—	—	—	

Transfers out of Level 3 (7) (6)	Transfers out of Level 3 (7) (6)	(53)	(42)	—	—	—	(12)	—	—	Transfers out of Level 3 (7) (6)	(718)	(56)	(3)	—	—	
Balance, end of period	Balance, end of period	$ 1,931	$ 371	$ 38	$ 25	$ —	$ 27	$ (6,886)	$ —	Balance, end of period	$ 1,140	$ 345	$ 33	$ 25	$ —	$
Six Months Ended June 30, 2022																
Nine Months Ended September 30, 2022										**Nine Months Ended September 30, 2022**						
Balance, beginning of period	Balance, beginning of period	$ 1,399	$ 220	$ 26	$ 13	$ 2	$ 36	$ (6,641)	$ —	Balance, beginning of period	$ 1,399	$ 220	$ 26	$ 13	$ 2	$
Total realized/unrealized gains (losses) included in net income (loss) (4) (5)		(6)	—	—	1	—	(15)	3,588	(1)							
Total realized/unrealized gains (losses) included in net income (loss) (3) (4)										Total realized/unrealized gains (losses) included in net income (loss) (3) (4)		(6)	—	—	1	
Total realized/unrealized gains (losses) included in AOCI	Total realized/unrealized gains (losses) included in AOCI	(216)	(12)	(9)	—	—	16	—	—	Total realized/unrealized gains (losses) included in AOCI	(286)	(23)	(13)	—	—	
Purchases (6) (5)	Purchases (6) (5)	648	229	5	13	—	1	—	—	Purchases (6) (5)	760	230	5	14	—	
Sales (6) (5)	Sales (6) (5)	(140)	(14)	(1)	—	(2)	—	—	—	Sales (6) (5)	(159)	(12)	(2)	—	(2)	
Issuances (6) (5)	Issuances (6) (5)	—	—	—	—	—	—	—	—	Issuances (6) (5)	—	—	—	—	—	
Settlements (6) (5)	Settlements (6) (5)	—	—	—	—	—	—	222	—	Settlements (6) (5)	—	—	—	—	—	
Transfers into Level 3 (7) (6)	Transfers into Level 3 (7) (6)	148	23	19	—	—	—	—	1	Transfers into Level 3 (7) (6)	31	25	19	—	—	
Transfers out of Level 3 (7) (6)	Transfers out of Level 3 (7) (6)	(123)	(101)	—	—	—	—	—	—	Transfers out of Level 3 (7) (6)	(184)	(101)	—	—	—	
Balance, end of period	Balance, end of period	$ 1,710	$ 345	$ 40	$ 27	$ —	$ 38	$ (2,831)	$ —	Balance, end of period	$ 1,555	$ 339	$ 35	$ 28	$ —	$
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2023 (8)		$ (2)	$ (1)	$ —	$ (3)	$ —	$ (5)	$ (2,968)	$ —							
Changes in unrealized gains (losses) included in OCI for the instruments still held at June 30, 2023 (8)		$ 1	$ —	$ 1	$ —	$ —	$ —	$ —	$ —							
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at June 30, 2022 (8)		$ —	$ —	$ —	$ 1	$ —	$ (15)	$ 3,443	$ —							
Changes in unrealized gains (losses) included in OCI for the instruments still held at June 30, 2022 (8)		$ (218)	$ (12)	$ (9)	$ —	$ —	$ 16	$ —	$ —							
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7)										Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2023 (7)		$ (11)	$ —	$ —	$ (2)	$
Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7)										Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2023 (7)		$ (20)	$ (3)	$ —	$ —	$
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7)										Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at September 30, 2022 (7)		$ —	$ —	$ —	$ 1	$
Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7)										Changes in unrealized gains (losses) included in OCI for the instruments still held as of September 30, 2022 (7)		$ (288)	$ (23)	$ (13)	$ —	$

(1) Comprised of U.S. and foreign corporate securities.

(2) Freestanding derivative assets and liabilities are reported net for purposes of the rollforward.

(3) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contract holders within separate account liabilities. Therefore, such changes in estimated fair value are recorded in net investment gains (losses) and not net income (loss).

(4) Amortization of premium/accretion of discount is included in net investment income. Changes in the allowance for credit losses and direct write-offs are charged to net income (loss) on securities are included in net investment gains (losses). Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

(5) (4) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.

(6) (5) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.

(7) (6) Gains and losses, in net income (loss) and OCI, are calculated assuming transfers into and/or out of Level 3 occurred at the beginning of the period. Items transferred into and out of Level 3 in the same period are excluded from the rollforward.

(8) (7) Changes in unrealized gains (losses) included in net income (loss) for fixed maturities are reported in either net investment income or net investment gains (losses). Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income and payables for collateral under securities loaned and other transactions. The estimated fair value of the excluded financial instruments, which are primarily classified in Level 2, approximates carrying value as they are short-term in nature such that the Company believes there is minimal risk of material changes in interest rates or credit quality. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

		June 30, 2023						September 30, 2023				
			Fair Value Hierarchy						Fair Value Hierarchy			
		Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value		Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
		(In millions)						(In millions)				
Assets	**Assets**						**Assets**					
Mortgage loans	Mortgage loans	$ 22,614	$ —	$ —	$ 20,452	$ 20,452	Mortgage loans	$ 22,682	$ —	$ —	$ 20,010	$ 20,010
Policy loans	Policy loans	$ 1,288	$ —	$ 503	$ 911	$ 1,414	Policy loans	$ 1,311	$ —	$ 507	$ 858	$ 1,365
Other invested assets	Other invested assets	$ 228	$ —	$ 216	$ 12	$ 228	Other invested assets	$ 259	$ —	$ 247	$ 12	$ 259
Premiums, reinsurance and other receivables	Premiums, reinsurance and other receivables	$ 7,163	$ —	$ 154	$ 7,145	$ 7,299	Premiums, reinsurance and other receivables	$ 7,134	$ —	$ 64	$ 7,141	$ 7,205
Liabilities	**Liabilities**						**Liabilities**					
Policyholder account balances	Policyholder account balances	$ 31,657	$ —	$ —	$ 30,584	$ 30,584	Policyholder account balances	$ 31,509	$ —	$ —	$ 30,470	$ 30,470
Long-term debt	Long-term debt	$ 3,156	$ —	$ 2,685	$ —	$ 2,685	Long-term debt	$ 3,157	$ —	$ 2,591	$ —	$ 2,591
Other liabilities	Other liabilities	$ 1,099	$ —	$ 407	$ 693	$ 1,100	Other liabilities	$ 1,124	$ —	$ 436	$ 688	$ 1,124
Separate account liabilities	Separate account liabilities	$ 1,135	$ —	$ 1,135	$ —	$ 1,135	Separate account liabilities	$ 1,063	$ —	$ 1,063	$ —	$ 1,063

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8. Fair Value (continued)

	December 31, 2022				
		Fair Value Hierarchy			
	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)				
Assets					
Mortgage loans	$ 22,936	$ —	$ —	$ 20,816	$ 20,816
Policy loans	$ 1,282	$ —	$ 515	$ 878	$ 1,393
Other invested assets	$ 213	$ —	$ 201	$ 12	$ 213
Premiums, reinsurance and other receivables	$ 6,080	$ —	$ 89	$ 6,141	$ 6,230
Liabilities					
Policyholder account balances	$ 31,887	$ —	$ —	$ 30,942	$ 30,942
Long-term debt	$ 3,156	$ —	$ 2,703	$ —	$ 2,703
Other liabilities	$ 943	$ —	$ 248	$ 695	$ 943
Separate account liabilities	$ 1,024	$ —	$ 1,024	$ —	$ 1,024

9. Long-term Debt

Repurchase Facility

In July 2023, Brighthouse Life Insurance Company entered into an additional secured committed repurchase facility (the "Repurchase Facility") under which Brighthouse Life Insurance Company may enter into repurchase transactions in an aggregate amount up to $500 million for a term of up to two years, which is available to Brighthouse Life Insurance Company under certain market conditions. Under the Repurchase Facility, Brighthouse Life Insurance Company may sell certain eligible securities at a purchase price based on the market value of the securities less an applicable margin based on the types of securities sold, with a concurrent agreement to repurchase such securities at a predetermined future date (up to three months) and at a price which represents the original purchase price plus interest. At September 30, 2023, there were no borrowings under the Repurchase Facility.

10. Equity

Preferred Stock

Preferred stock shares authorized, issued and outstanding were as follows at both June 30, 2023 September 30, 2023 and December 31, 2022:

	Shares Authorized	Shares Issued	Shares Outstanding
6.600% Non-Cumulative Preferred Stock, Series A	17,000	17,000	17,000
6.750% Non-Cumulative Preferred Stock, Series B	16,100	16,100	16,100
5.375% Non-Cumulative Preferred Stock, Series C	23,000	23,000	23,000
4.625% Non-Cumulative Preferred Stock, Series D	14,000	14,000	14,000
Not designated	99,929,900	—	—
Total	100,000,000	70,100	70,100

The per share and aggregate dividends declared for BHF's preferred stock by series were as follows:

		Three Months Ended June 30,				Six Months Ended June 30,					Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022			2023		2022		2023		2022	
Series	Series	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate	Series	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate
		(In millions, except per share data)				(In millions, except per share data)					(In millions, except per share data)				(In millions, except per share data)			
A	A	$ 412.50	$ 7	$ 412.50	$ 7	$ 825.00	$ 14	$ 825.00	$ 14	A	$ 412.50	$ 7	$ 412.50	$ 7	$ 1,237.50	$ 21	$ 1,237.50	$ 21

B	B	$ 421.88	7	$ 421.88	7	$ 843.76	14	$ 843.76	14	B	$ 421.88	7	$ 421.88	7	$ 1,265.64	21	$ 1,265.64	21
C	C	$ 335.94	7	$ 335.94	8	$ 671.88	15	$ 671.88	16	C	$ 335.94	8	$ 335.94	7	$ 1,007.82	23	$ 1,007.82	23
D	D	$ 289.06	4	$ 289.06	4	$ 578.12	8	$ 684.11	9	D	$ 289.06	4	$ 289.06	4	$ 867.18	12	$ 973.17	13
Total	Total		$ 25		$ 26		$ 51		$ 53	Total		$ 26		$ 25		$ 77		$ 78

Common Stock Repurchase Program

During the six nine months ended June 30, 2023 September 30, 2023 and 2022, BHF repurchased 2,684,792 3,968,138 and 5,152,415 8,194,191 shares, respectively, of its common stock through open market purchases pursuant to 10b5-1 plans for $126 million $190 million and $259 $395 million, respectively. At June 30, 2023 September 30, 2023, BHF had $167 million $104 million remaining under its common stock repurchase program.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

9. Equity (continued)

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI was as follows:

		Three Months Ended June 30, 2023					
		Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
		(In millions)					
Balance at March 31, 2023		$ (5,028)	$ 472	$ (1,383)	$ 706	$ (55)	$ (5,288)
Balance at June 30, 2023							
OCI before reclassifications	OCI before reclassifications	(895)	(50)	(116)	251	1	(809)
Deferred income tax benefit (expense) (3)	Deferred income tax benefit (expense) (3)	187	11	24	(52)	—	170
AOCI before reclassifications, net of income tax	AOCI before reclassifications, net of income tax	(5,736)	433	(1,475)	905	(54)	(5,927)
Amounts reclassified from AOCI	Amounts reclassified from AOCI	59	(4)	—	—	2	57
Deferred income tax benefit (expense) (3)	Deferred income tax benefit (expense) (3)	(12)	1	—	—	—	(11)
Amounts reclassified from AOCI, net of income tax	Amounts reclassified from AOCI, net of income tax	47	(3)	—	—	2	46
Balance at June 30, 2023		$ (5,689)	$ 430	$ (1,475)	$ 905	$ (52)	$ (5,881)
Balance at September 30, 2023							

	Three Months Ended September 30, 2023					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at June 30, 2023	$ (5,689)	$ 430	$ (1,475)	$ 905	$ (52)	$ (5,881)
OCI before reclassifications	(2,490)	(33)	174	744	(8)	(1,613)
Deferred income tax benefit (expense) (3)	523	8	(37)	(157)	2	339
AOCI before reclassifications, net of income tax	(7,656)	405	(1,338)	1,492	(58)	(7,155)
Amounts reclassified from AOCI	55	(2)	—	—	(2)	51
Deferred income tax benefit (expense) (3)	(12)	—	—	—	—	(12)
Amounts reclassified from AOCI, net of income tax	43	(2)	—	—	(2)	39
Balance at September 30, 2023	$ (7,613)	$ 403	$ (1,338)	$ 1,492	$ (60)	$ (7,116)

Three Months Ended June 30, 2022 | **Three Months Ended September 30, 2022**

		Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total		Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
		(In millions)							(In millions)					
Balance at March 31, 2022		$ 459	$ 329	$ (2,496)	$ (776)	$ (57)	$ (2,541)							
Balance at June 30, 2022								Balance at June 30, 2022	$ (3,727)	$ 534	$ (1,350)	$ 441	$ (74)	$ (4,176)
OCI before reclassifications	OCI before reclassifications	(5,380)	265	1,451	1,542	(25)	(2,147)	OCI before reclassifications	(5,130)	333	130	1,045	(23)	(3,645)
Deferred income tax benefit (expense) (3)	Deferred income tax benefit (expense) (3)	1,130	(55)	(305)	(325)	6	451	Deferred income tax benefit (expense) (3)	1,209	(202)	(27)	(219)	5	766
AOCI before reclassifications, net of income tax	AOCI before reclassifications, net of income tax	(3,791)	539	(1,350)	441	(76)	(4,237)	AOCI before reclassifications, net of income tax	(7,648)	665	(1,247)	1,267	(92)	(7,055)
Amounts reclassified from AOCI	Amounts reclassified from AOCI	81	(5)	—	—	2	78	Amounts reclassified from AOCI	60	(9)	—	—	—	51
Deferred income tax benefit (expense) (3)	Deferred income tax benefit (expense) (3)	(17)	—	—	—	—	(17)	Deferred income tax benefit (expense) (3)	(13)	2	—	—	—	(11)
Amounts reclassified from AOCI, net of income tax	Amounts reclassified from AOCI, net of income tax	64	(5)	—	—	2	61	Amounts reclassified from AOCI, net of income tax	47	(7)	—	—	—	40
Balance at June 30, 2022		$ (3,727)	$ 534	$ (1,350)	$ 441	$ (74)	$ (4,176)							
Balance at September 30, 2022								Balance at September 30, 2022	$ (7,601)	$ 658	$ (1,247)	$ 1,267	$ (92)	$ (7,015)

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

9. 10. Equity (continued)

		Six Months Ended June 30, 2023							Nine Months Ended September 30, 2023					
		Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total		Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
		(In millions)							(In millions)					
Balance at December 31, 2022	Balance at December 31, 2022	$ (6,194)	$ 504	$ (1,378)	$ 1,020	$ (58)	$ (6,106)	Balance at December 31, 2022	$ (6,194)	$ 504	$ (1,378)	$ 1,020	$ (58)	$ (6,106)

OCI before reclassifications	519	(90)	(123)	(146)	3	163
Deferred income tax benefit (expense) (3)	(109)	19	26	31	(1)	(34)
AOCI before reclassifications, net of income tax	(5,784)	433	(1,475)	905	(56)	(5,977)
Amounts reclassified from AOCI	120	(4)	—	—	5	121
Deferred income tax benefit (expense) (3)	(25)	1	—	—	(1)	(25)
Amounts reclassified from AOCI, net of income tax	95	(3)	—	—	4	96
Balance at June 30, 2023	$ (5,689)	$ 430	$ (1,475)	$ 905	$ (52)	$ (5,881)

OCI before reclassifications	(1,971)	(123)	51	598	(5)	(1,450)
Deferred income tax benefit (expense) (3)	414	27	(11)	(126)	1	305
AOCI before reclassifications, net of income tax	(7,751)	408	(1,338)	1,492	(62)	(7,251)
Amounts reclassified from AOCI	175	(6)	—	—	3	172
Deferred income tax benefit (expense) (3)	(37)	1	—	—	(1)	(37)
Amounts reclassified from AOCI, net of income tax	138	(5)	—	—	2	135
Balance at September 30, 2023	$ (7,613)	$ 403	$ (1,338)	$ 1,492	$ (60)	$ (7,116)

	Six Months Ended June 30, 2022					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at December 31, 2021	$ 5,285	$ 239	$ (3,230)	$ (2,199)	$ (48)	$ 47
OCI before reclassifications	(11,435)	284	2,380	3,343	(36)	(5,464)
Deferred income tax benefit (expense) (3)	2,325	17	(500)	(703)	8	1,147
AOCI before reclassifications, net of income tax	(3,825)	540	(1,350)	441	(76)	(4,270)
Amounts reclassified from AOCI	124	(7)	—	—	2	119
Deferred income tax benefit (expense) (3)	(26)	1	—	—	—	(25)
Amounts reclassified from AOCI, net of income tax	98	(6)	—	—	2	94
Balance at June 30, 2022	$ (3,727)	$ 534	$ (1,350)	$ 441	$ (74)	$ (4,176)

	Nine Months Ended September 30, 2022					
	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Changes in Nonperformance Risk on Market Risk Benefits	Changes in Discount Rates on the Liability for Future Policy Benefits	Other (2)	Total
	(In millions)					
Balance at December 31, 2021	$ 5,285	$ 239	$ (3,230)	$ (2,199)	$ (48)	$ 47
OCI before reclassifications	(16,565)	617	2,510	4,388	(59)	(9,109)
Deferred income tax benefit (expense) (3)	3,534	(185)	(527)	(922)	13	1,913
AOCI before reclassifications, net of income tax	(7,746)	671	(1,247)	1,267	(94)	(7,149)
Amounts reclassified from AOCI	184	(16)	—	—	2	170
Deferred income tax benefit (expense) (3)	(39)	3	—	—	—	(36)
Amounts reclassified from AOCI, net of income tax	145	(13)	—	—	2	134
Balance at September 30, 2022	$ (7,601)	$ 658	$ (1,247)	$ 1,267	$ (92)	$ (7,015)

(1) See Note 6 for information on offsets to investments related to future policy benefits.

(2) Includes OCI related to foreign currency translation and defined benefit plan gains and losses.

(3) The effects of income taxes on amounts recorded to AOCI are also recognized in AOCI. These income tax effects are released from AOCI when the related activity is reclassified into results from operations.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

9. 10. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	AOCI Components	Amounts Reclassified from AOCI				Consolidated Statements of Operations and Comprehensive Income (Loss) Locations	AOCI Components	Amounts Reclassified from AOCI				Consolidated Statements of Operations and Comprehensive Income (Loss) Locations
		Three Months Ended June 30,		Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,		
		2023	2022	2023	2022			2023	2022	2023	2022	
		(In millions)						(In millions)				
Net unrealized investment gains (losses):	Net unrealized investment gains (losses):						Net unrealized investment gains (losses):					
Net unrealized investment gains (losses)	Net unrealized investment gains (losses)	$ (46)	$ (55)	$ (114)	$ (94)	Net investment gains (losses)	Net unrealized investment gains (losses)	$ (43)	$ (39)	$ (157)	$ (133)	Net investment gains (losses)
Net unrealized investment gains (losses)	Net unrealized investment gains (losses)	(13)	(26)	(6)	(30)	Net derivative gains (losses)	Net unrealized investment gains (losses)	(12)	(21)	(18)	(51)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	Net unrealized investment gains (losses), before income tax	(59)	(81)	(120)	(124)		Net unrealized investment gains (losses), before income tax	(55)	(60)	(175)	(184)	
Income tax (expense) benefit	Income tax (expense) benefit	12	17	25	26		Income tax (expense) benefit	12	13	37	39	
Net unrealized investment gains (losses), net of income tax	Net unrealized investment gains (losses), net of income tax	(47)	(64)	(95)	(98)		Net unrealized investment gains (losses), net of income tax	(43)	(47)	(138)	(145)	
Unrealized gains (losses) on derivatives - cash flow hedges:	Unrealized gains (losses) on derivatives - cash flow hedges:						Unrealized gains (losses) on derivatives - cash flow hedges:					
Interest rate swaps	Interest rate swaps	(2)	3	(2)	4	Net derivative gains (losses)	Interest rate swaps	—	—	(2)	4	Net derivative gains (losses)
Interest rate swaps	Interest rate swaps	1	1	2	2	Net investment income	Interest rate swaps	1	1	3	3	Net investment income
Foreign currency swaps	Foreign currency swaps	5	1	4	1	Net derivative gains (losses)	Foreign currency swaps	1	8	5	9	Net derivative gains (losses)
Gains (losses) on cash flow hedges, before income tax	Gains (losses) on cash flow hedges, before income tax	4	5	4	7		Gains (losses) on cash flow hedges, before income tax	2	9	6	16	
Income tax (expense) benefit	Income tax (expense) benefit	(1)	—	(1)	(1)		Income tax (expense) benefit	—	(2)	(1)	(3)	

Gains (losses) on cash flow hedges, net of income tax	Gains (losses) on cash flow hedges, net of income tax	3	5	3	6	Gains (losses) on cash flow hedges, net of income tax	2	7	5	13
Defined benefit plans adjustment:	Defined benefit plans adjustment:					Defined benefit plans adjustment:				
Amortization of net actuarial gains (losses)	Amortization of net actuarial gains (losses)	(2)	(2)	(5)	(2)	Amortization of net actuarial gains (losses)	2	—	(3)	(2)
Amortization of defined benefit plans, before income tax	Amortization of defined benefit plans, before income tax	(2)	(2)	(5)	(2)	Amortization of defined benefit plans, before income tax	2	—	(3)	(2)
Income tax (expense) benefit	Income tax (expense) benefit	—	—	1	—	Income tax (expense) benefit	—	—	1	—
Amortization of defined benefit plans, net of income tax	Amortization of defined benefit plans, net of income tax	(2)	(2)	(4)	(2)	Amortization of defined benefit plans, net of income tax	2	—	(2)	(2)
Total reclassifications, net of income tax	Total reclassifications, net of income tax	$ (46)	$ (61)	$ (96)	$ (94)	Total reclassifications, net of income tax	$ (39)	$ (40)	$ (135)	$ (134)

10. 11. Other Revenues and Other Expenses

Other Revenues

The Company has entered into contracts with mutual funds, fund managers, and their affiliates (collectively, the "Funds") whereby the Company is paid monthly or quarterly fees ("12b-1 fees") for providing certain services to customers and distributors of the Funds. The 12b-1 fees are generally equal to a fixed percentage of the average daily balance of the customer's investment in a fund. The percentage is specified in the contract between the Company and the Funds. Payments are generally collected when due and are neither refundable nor able to offset future fees.

To earn these fees, the Company performs services such as responding to phone inquiries, maintaining records, providing information to distributors and shareholders about fund performance and providing training to account managers and sales agents. The passage of time reflects the satisfaction of the Company's performance obligations to the Funds and is used to recognize revenue associated with 12b-1 fees.

Other revenues consisted primarily of 12b-1 fees of $66 million $68 million and $133 million $201 million for the three months and six nine months ended June 30, 2023 September 30, 2023, respectively, and $74 million $70 million and $156 million $226 million for the three months and six nine months ended June 30, 2022 September 30, 2022, respectively, of which substantially all were reported in the Annuities segment.

10. 11. Other Revenues and Other Expenses (continued)

Other Expenses

Information on other expenses was as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Compensation	Compensation	$ 106	$ 80	$ 204	$ 165	Compensation	$ 98	$ 89	$ 302	$ 254
Contracted services and other labor costs	Contracted services and other labor costs	79	68	148	124	Contracted services and other labor costs	73	73	221	197
Transition services agreements	Transition services agreements	8	1	19	29	Transition services agreements	7	15	26	44
Establishment costs	Establishment costs	—	11	—	26	Establishment costs	—	21	—	47

Premium and other taxes, licenses and fees	Premium and other taxes, licenses and fees	20	15	34	28	Premium and other taxes, licenses and fees	15	13	49	41
Separate account fees	Separate account fees	92	102	184	216	Separate account fees	93	98	277	314
Volume related costs, excluding compensation, net of DAC capitalization	Volume related costs, excluding compensation, net of DAC capitalization	143	99	280	245	Volume related costs, excluding compensation, net of DAC capitalization	129	130	409	374
Interest expense on debt	Interest expense on debt	38	38	76	76	Interest expense on debt	38	38	114	114
Other	Other	16	178	35	192	Other	20	18	55	211
Total other expenses	Total other expenses	$ 502	$ 592	$ 980	$ 1,101	Total other expenses	$ 473	$ 495	$ 1,453	$ 1,596

Capitalization of DAC

See Note 5 for additional information on the capitalization of DAC.

11. 12. Earnings Per Common Share

The calculation of earnings per common share was as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions, except share and per share data)					(In millions, except share and per share data)			
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ (200)	$ 1,719	$ (725)	$ 3,277	Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ 453	$ 388	$ (272)	$ 3,665
Weighted average common shares outstanding — basic	Weighted average common shares outstanding — basic	66,722,046	74,570,237	67,294,437	75,705,755	Weighted average common shares outstanding — basic	65,408,241	71,517,500	66,658,796	74,294,329
Dilutive effect of share-based awards	Dilutive effect of share-based awards	—	401,421	—	454,716	Dilutive effect of share-based awards	336,110	441,880	—	482,846
Weighted average common shares outstanding — diluted	Weighted average common shares outstanding — diluted	66,722,046	74,971,658	67,294,437	76,160,471	Weighted average common shares outstanding — diluted	65,744,351	71,959,380	66,658,796	74,777,175
Earnings per common share:	Earnings per common share:					Earnings per common share:				
Basic	Basic	$ (3.01)	$ 23.04	$ (10.77)	$ 43.27	Basic	$ 6.92	$ 5.42	$ (4.08)	$ 49.31
Diluted	Diluted	$ (3.01)	$ 22.91	$ (10.77)	$ 43.01	Diluted	$ 6.89	$ 5.39	$ (4.08)	$ 49.00

For both the three months ended September 30, 2023 and six 2022 and the nine months ended June 30, 2023, basic loss per common share equaled diluted loss per common share. The diluted shares were not included in the per share calculation for these periods as the inclusion of such shares would have an antidilutive effect.

For both the three months and six months ended June 30, 2022 September 30, 2022, weighted average shares used for calculating diluted earnings per common share excludes 187,371 of out-of-the-money stock options, as the inclusion of such shares would be antidilutive to the earnings per common share calculation due to the average share price for the three months ended September 30, 2023 and six 2022 and the nine months ended June 30, 2022 September 30, 2022.

For the nine months ended September 30, 2023, basic loss per common share equaled diluted loss per common share. The diluted shares were not included in the per share calculation for these periods as the inclusion of such shares would have an antidilutive effect.

12. 13. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a number of litigation matters. In some of the matters, large or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the actual experience of the Company in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

The Company also receives and responds to subpoenas or other inquiries seeking a broad range of information from various state and federal regulators, agencies and officials. The issues involved in information requests and regulatory matters vary widely, but can include inquiries or investigations concerning the Company's compliance with applicable insurance and other laws and regulations. The Company cooperates in these inquiries.

Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may normally be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be estimated at June 30, 2023 September 30, 2023.

Matters as to Which an Estimate Can Be Made

For some loss contingency matters, the Company is able to estimate a reasonably possible range of loss. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. In addition to amounts accrued for probable and reasonably estimable losses, as of June 30, 2023 September 30, 2023, the Company estimates the aggregate range of reasonably possible losses to be up to approximately $10 million.

Matters as to Which an Estimate Cannot Be Made

For other matters, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Sales Practices Claims

Over the past several years, the Company has faced claims and regulatory inquiries and investigations, alleging improper marketing or sales of individual life insurance policies, annuities or other products. The Company continues to defend vigorously against the claims in these matters. The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for sales practices matters.

Cost of Insurance Class Actions

Richard A. Newton v. Brighthouse Life Insurance Company (U.S. District Court, Northern District of Georgia, Atlanta Division, filed May 8, 2020). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff was the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of all persons who own or owned life insurance policies issued where the terms of the life insurance policy provide or provided, among other things, a guarantee that the cost of insurance rates would not be increased by more than a specified percentage in any contract year. Plaintiff also alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, fraud, suppression and concealment, and violation of the Georgia Racketeer Influenced and Corrupt Organizations Act. Plaintiff seeks to recover damages, including punitive damages, interest and treble damages, attorneys' fees, and injunctive and declaratory relief. Brighthouse Life Insurance Company filed a motion to dismiss in June 2020, which was granted in part and denied in part in March 2021. Plaintiff was granted leave to amend the complaint. On January 18, 2023, the plaintiff filed a motion on consent to amend the second amended class action complaint to narrow the scope of the class sought to those persons who own or owned life insurance policies issued in Georgia. The motion was granted on January 23, 2023, and the third amended class action complaint was filed on January 23, 2023. The Company intends to vigorously defend this matter.

Lawrence Martin v. Brighthouse Life Insurance Company (U.S. District Court, Southern District of New York, filed April 6, 2021). Plaintiff has filed a purported class action lawsuit against Brighthouse Life Insurance Company. Plaintiff is the owner of a universal life insurance policy issued by Travelers Insurance Company, a predecessor to Brighthouse Life Insurance Company. Plaintiff seeks to certify a class of similarly situated owners of universal life insurance policies issued or administered by defendants and alleges that cost of insurance charges were based on improper factors and should have decreased over time due to improving mortality but did not. Plaintiff alleges, among other things, causes of action for breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. Plaintiff seeks to recover compensatory damages, attorney's fees, interest, and equitable relief including a constructive trust. Brighthouse Life Insurance Company filed a motion to dismiss in June 2021, which was denied in February 2022. Brighthouse Life Insurance Company of NY was initially named as a defendant when the lawsuit was filed, but was dismissed as a defendant, without prejudice, in April 2022. The Company intends to vigorously defend this matter.

MOVEit Data Security Incident Litigation

Kennedy v. Progress Software Corporation, et al. (U.S. District Court, District of Massachusetts, filed October 3, 2023). BHF has been named as a defendant in a purported class action lawsuit. The action relates to a data security incident at an alleged third-party vendor, PBI Research Services ("PBI"), and allegedly involves the MOVEit file transfer system that PBI uses in its provision of services ("MOVEit Incident"). As it relates to BHF, plaintiff seeks to certify a subclass of persons whose private information was allegedly maintained by BHF and accessed or acquired in connection with the MOVEit Incident. Plaintiff alleges, among other things, that BHF negligently chose to utilize PBI to store and transfer plaintiff's and purported class members' private information despite PBI's use of the MOVEit software which plaintiff contends contained security vulnerabilities. The complaint asserts claims against BHF for negligence, negligence per se, and unjust enrichment, and plaintiff seeks declaratory and injunctive relief, damages, attorneys' fees and prejudgment interest. BHF intends to vigorously defend this matter.

Summary

Various litigations, claims and assessments against the Company, in addition to those discussed previously and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, investor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to previously, large or indeterminate amounts, including punitive and treble damages, are sought. Although, in light of these considerations, it is possible that an adverse outcome in certain cases could have a material effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Other Loss Contingencies

As with litigation and regulatory loss contingencies, the Company considers establishing liabilities for loss contingencies associated with disputes or other matters involving third parties, including counterparties to contractual arrangements entered into by the Company (e.g., third-party vendors and reinsurers), as well as with tax or other authorities ("other loss contingencies"). The Company establishes liabilities for such other loss contingencies when it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. In matters where it is not probable, but is reasonably possible that a loss will be incurred and the amount of loss can be reasonably estimated, such losses or range of losses are disclosed, and no accrual is made. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual is made and no loss or range of loss is disclosed.

In the matters where the Company's subsidiaries are acting as the reinsured or the reinsurer, such matters involve assertions by third parties primarily related to rates, fees or reinsured benefit calculations, and in certain of such matters, the counterparty has made a request to arbitrate.

On a quarterly basis, the Company reviews relevant information with respect to other loss contingencies and, when applicable, updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

As of June 30, 2023September 30, 2023, the Company estimates the range of reasonably possible losses in excess of the amounts accrued for certain other loss contingencies to be from zero up to approximately $125 million, which are primarily associated with the reinsurance-related matters described above. For certain other matters, the Company may not currently be able to estimate the reasonably possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of such loss.

During the second quarter of 2022, the Company settled a reinsurance-related matter with a third party for $140 million, which is reported in other expenses.

Commitments

Mortgage Loan Commitments

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were $294 million and $247 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Commitments to Fund Partnership Investments, Bank Credit Facilities and Private Corporate Bond Investments

The Company commits to fund partnership investments and to lend funds under bank credit facilities and private corporate bond investments. The amounts of these unfunded commitments were $1.5 $1.4 billion and $1.9 billion at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

13. Contingencies, Commitments and Guarantees (continued)

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that it may be required to make payments now or in the future. In the context of acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third-party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation ranging from less than $1 million to $92 million, with a cumulative maximum of $98 million, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future. Management believes that it is unlikely the Company will have to make any material payments under these indemnities, guarantees, or commitments.

In addition, the Company indemnifies its directors and officers as provided in its charters and bylaws. Also, the Company indemnifies its agents for liabilities incurred as a result of their representation of the Company's interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these indemnities in the future.

The Company's recorded liabilities were $1 million at both June 30, 2023 September 30, 2023 and December 31, 2022 for indemnities, guarantees and commitments.

Brighthouse Financial, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

13. Subsequent Events

13. Subsequent Event

Repurchase Facility

In July 2023, Brighthouse Life Insurance Company entered into an additional secured committed repurchase facility (the "Repurchase Facility") under which Brighthouse Life Insurance Company may enter into repurchase transactions in an aggregate amount up to $500 million for a term of up to two years, which is available to the Company under certain market conditions. Under the Repurchase Facility, Brighthouse Life Insurance Company may sell certain eligible securities at a purchase price based on the market value of the securities less an applicable margin based on the types of securities sold, with a concurrent agreement to repurchase such securities at a predetermined future date (up to three months) and at a price which represents the original purchase price plus interest.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Index to Management's Discussion and Analysis of Financial Condition and Results of Operations

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For purposes of this discussion, "Brighthouse Financial," the "Company," "we," "our" and "us" refer to Brighthouse Financial, Inc. and its subsidiaries, and "BHF" refers solely to Brighthouse Financial, Inc., the ultimate holding company for all of our subsidiaries, and not to any of its subsidiaries. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with (i) the Interim Condensed Consolidated Financial Statements and related notes included elsewhere herein; (ii) our Annual Report on Form 10-K for the year ended December 31, 2022, (the "2022 Annual Report") filed with the U.S. Securities and Exchange Commission ("SEC") on February 23, 2023 (the "2022 Annual Report"); (iii) our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (the "First Quarter Form 10-Q") filed with the SEC on May 9, 2023; (iv) our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "Second Quarter Form 10-Q" and, (iv) together with the First Quarter Form 10-Q, the "Quarterly Reports") filed with the SEC on August 9, 2023; and (v) our current reports on Form 8-K filed in 2023.

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations, financial condition and cash flows of Brighthouse Financial for the periods indicated. Prior to discussing our results of operations, we present information that we believe is useful to understanding the discussion of our financial results. This information precedes our results of operations discussion and is most beneficial when read in the sequence presented. A summary of key informational sections is as follows:

- "Executive Summary" provides summarized information regarding our business, segments and financial results.
- "Industry Trends and Uncertainties" discusses updates and changes to a number of trends and uncertainties included in our 2022 Annual Report that we believe may materially affect our future financial condition, results of operations or cash flows.
- "Summary of Critical Accounting Estimates" explains the most critical estimates and judgments applied in determining our results in accordance with accounting principles generally accepted in the United States of America ("GAAP").
- "Non-GAAP and Other Financial Disclosures" defines key financial measures presented in our results of operations discussion that are not calculated in accordance with GAAP but are used by management in evaluating company and segment performance. As described in this section, adjusted earnings is presented by key business activities which are derived, but different, from the line items presented in the GAAP statements of operations. This section also refers to certain other terms used to describe our insurance business and financial and operating metrics but is not intended to be exhaustive.

Our Results of Operations discussion and analysis presents a review for the three months and six nine months ended June 30, 2023 September 30, 2023 and 2022 and period-over-period, as well as year-over-year, comparisons between these periods.

Certain amounts presented in prior periods within the following discussions of our financial results have been reclassified to conform with the current year presentation.

Executive Summary

We are one of the largest providers of annuity and life insurance products in the U.S. through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners. We are organized into three segments: (i) Annuities, (ii) Life and (iii) Run-off, which consists of products that are no longer actively sold and are separately managed. In addition, we report certain of our results of operations in Corporate & Other. See "Business — Segments and Corporate & Other" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary" included in our 2022 Annual Report, as well as Note 3 of the Notes to the Interim Condensed Consolidated Financial Statements for further information regarding our segments and Corporate & Other.

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Net income (loss) available to shareholders and adjusted earnings, a non-GAAP financial measure, were as follows:

	Three Months Ended June 30,	Six Months Ended June 30,	Three Months Ended September 30,	Nine Months Ended September 30,

		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Income (loss) available to shareholders before provision for income tax	Income (loss) available to shareholders before provision for income tax	$ (262)	$ 2,151	$ (943)	$ 4,125	Income (loss) available to shareholders before provision for income tax	$ 562	$ 485	$ (381)	$ 4,610
Less: Provision for income tax expense (benefit)	Less: Provision for income tax expense (benefit)	(62)	432	(218)	848	Less: Provision for income tax expense (benefit)	109	97	(109)	945
Net income (loss) available to shareholders (1)	Net income (loss) available to shareholders (1)	$ (200)	$ 1,719	$ (725)	$ 3,277	Net income (loss) available to shareholders (1)	$ 453	$ 388	$ (272)	$ 3,665
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	$ 334	$ 155	$ 564	$ 640	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	$ 401	$ 141	$ 965	$ 781
Less: Provision for income tax expense (benefit)	Less: Provision for income tax expense (benefit)	63	11	98	116	Less: Provision for income tax expense (benefit)	75	26	173	142
Adjusted earnings	Adjusted earnings	$ 271	$ 144	$ 466	$ 524	Adjusted earnings	$ 326	$ 115	$ 792	$ 639

(1) We use the term "net income (loss) available to shareholders" to refer to "net income (loss) available to Brighthouse Financial, Inc.'s common shareholders" throughout the results of operations discussions.

For the three months ended June 30, 2023 September 30, 2023, we had a net loss income available to shareholders of $200 million $453 million and adjusted earnings of $271 million $326 million compared to net income available to shareholders of $1.7 billion $388 million and adjusted earnings of $144 $115 million for the three months ended June 30, 2022 September 30, 2022. Net income available to shareholders for the three months ended September 30, 2023 primarily reflects net favorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors and favorable pre-tax adjusted earnings. These favorable impacts were partially offset by an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our universal life with secondary guarantees ("ULSG") business resulting from increasing long-term interest rates and net investment losses on sales of fixed maturity securities.

For the nine months ended September 30, 2023, we had net loss available to shareholders of $272 million and adjusted earnings of $792 million compared to net income available to shareholders of $3.7 billion and adjusted earnings of $639 million for the nine months ended September 30, 2022. Net loss available to shareholders for the three nine months ended June 30, 2023 September 30, 2023 primarily reflects net unfavorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors, an unfavorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our universal life with secondary guarantees ("ULSG") ULSG business resulting from increasing long-term interest rates, and net investment losses on sales of fixed maturity securities and net investment losses on mortgage loans. These unfavorable impacts were partially offset by favorable pre-tax adjusted earnings.

For the six months ended June 30, 2023, we had a net loss available to shareholders of $725 million and adjusted earnings of $466 million compared to net income available to shareholders of $3.3 billion and adjusted earnings of $524 million for the six months ended June 30, 2022. Net loss available to shareholders for the six months ended June 30, 2023 primarily reflects net unfavorable changes in the estimated fair value of our variable annuity guaranteed benefit riders due to market factors, net investment losses on sales of fixed maturity securities and net investment losses on mortgage loans. These unfavorable impacts were partially offset by favorable pre-tax adjusted earnings and a favorable change in the estimated fair value of freestanding interest rate derivatives we use to hedge our ULSG business resulting from decreasing long-term interest rates.

See "— Non-GAAP and Other Financial Disclosures." See "— Results of Operations" for a detailed discussion of our results.

Industry Trends and Uncertainties

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, we discuss a number of trends and uncertainties that we believe may materially affect our future financial condition, results of operations or cash flows. Where these trends or uncertainties are specific to a particular aspect of our business, we often include such a discussion under the relevant caption of this Management's Discussion and Analysis of Financial Condition and Results of Operations, as part of our broader analysis of that area of our business. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties" included in our 2022 Annual Report, as amended or supplemented by our subsequent Quarterly Reports and herein, for a comprehensive discussion of some of the key general trends and uncertainties that have influenced the development of our business and our historical financial performance and that we believe will continue to influence our business and results of operations in the future. In addition, significant changes or updates in certain of these trends and uncertainties are discussed below.

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Financial and Economic Environment

Our business and results of operations are materially affected by conditions in the capital markets and the economy generally. Stressed conditions, volatility and disruptions in the capital markets or financial asset classes can have an adverse effect on us. Equity market performance can affect our profitability for variable annuities and other separate account products as a result of the effects it has on product demand, revenues, expenses, reserves and our risk management effectiveness. The level of long-term interest rates and the shape of the yield curve can have a negative effect on the profitability for variable annuities and the demand for, and the profitability of, spread-based products such as fixed annuities, index-linked annuities and universal life insurance. Low interest rates and risk premium, including credit spread, affect new money rates on invested assets and the cost of product guarantees. Insurance premium growth and demand for our products is impacted by the general health of U.S. economic activity. A sustained or material increase in inflation could also affect our business in several ways. During inflationary periods, the value of fixed income investments falls which could increase realized and unrealized losses. Interest rates have increased and may continue to increase due to central bank policy responses to combat inflation, which may positively impact our business in certain respects, but could also increase the risk of a recession or an equity market downturn and could negatively impact various portions of our business, including our investment portfolio. Inflation also increases our expenses (including, among others, for labor and third-party services), potentially putting pressure on profitability if such costs cannot be passed through to policyholders in our product prices. Prolonged and elevated inflation could adversely affect the financial markets and the economy generally and dispelling it may require governments to pursue a restrictive fiscal and monetary policy, which could constrain overall economic activity and inhibit revenue growth. Events involving limited liquidity, defaults, nonperformance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about events of these kinds or other similar risks, could adversely affect market-wide liquidity, which could increase the risk of a recession or an equity market downturn and negatively impact various portions of our business, including our investment portfolio. See “Risk Factors — Economic Environment and Capital Markets-Related Risks — If difficult conditions in the capital markets and the U.S. economy generally persist or are perceived to persist, they may materially adversely affect our business and results of operations” and “Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations” included in our 2022 Annual Report.

We continue to closely monitor political and economic conditions that might contribute to market volatility and their impact on our business operations, investment portfolio and derivatives, such as global inflation, uncertainty and instability in certain asset classes (including commercial real estate), supply chain disruptions and recent geopolitical conflicts, including in Europe and the Russia-Ukraine conflict. Middle East. See “— Investments — Current Environment” herein, as well as “Risk Factors — Economic Environment and Capital Markets-Related Risks,” “Risk Factors — Risks Related to our Investment Portfolio,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Investments” included in our 2022 Annual Report for a detailed discussion of financial and economic impacts on our business, including the potential impacts of interest rate risk and inflation risk on our investments and overall business.

Regulatory Developments

Our insurance subsidiaries and Brighthouse Reinsurance Company of Delaware (“BRCD”) are regulated primarily at the state level, with some products and services also subject to federal regulation. In addition, BHF and its insurance subsidiaries are subject to regulation under the insurance holding company laws of various U.S. jurisdictions. Furthermore, some of our operations, products and services are subject to the Employee Retirement Income Security Act of 1974, consumer protection laws, securities, broker-dealer and investment advisor regulations, as well as environmental and unclaimed property laws and regulations. See “Business — Regulation,” as well as “Risk Factors — Regulatory and Legal Risks” included in our 2022 Annual Report, as amended or supplemented by our subsequent Quarterly Reports under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends and Uncertainties — Regulatory Developments.”

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Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the Interim Condensed Consolidated Financial Statements.

The most critical estimates include those used in determining:

- liability for future policy benefits (“LFPB”); benefits;
- estimated fair values of market risk benefits (“MRB”);
- estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation; and
- measurement of income taxes and the valuation of deferred tax assets.

In applying our accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our business and operations. Actual results could differ from these estimates.

In connection with the adoption of new guidance on long-duration contracts (Accounting Standards Update 2018-12, Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (“LDTI”)), effective January 1, 2023, the Company updated its impacted critical accounting estimates. The impacted critical accounting estimates are described in our First Quarter Form 10-Q in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates” and in Note 1 of the Notes to the Interim Condensed Consolidated Financial Statements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates” in the 2022 Annual Report for a description of income taxes and the valuation of deferred tax assets, which remain unchanged following the adoption of LDTI.

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

Adjusted Earnings

In this report, we present adjusted earnings as a measure of our performance that is not calculated in accordance with GAAP. Adjusted earnings is used by management to evaluate performance and facilitate comparisons to industry results. We believe the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of our performance by the investor community by highlighting the results of operations and the underlying profitability drivers of our business. Adjusted earnings should not be viewed as a substitute for net income (loss) available to Brighthouse Financial, Inc.'s common shareholders, which is the most directly comparable financial measure calculated in accordance with GAAP. See "— Results of Operations" for a reconciliation of adjusted earnings to net income (loss) available to Brighthouse Financial, Inc.'s common shareholders.

Adjusted earnings, which may be positive or negative, focuses on our primary businesses by excluding the impact of market volatility, which could distort trends.

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

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

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

- Change in MRBs; and
- Change in fair value of the crediting rate on experience-rated contracts ("Market Value Adjustments").

The provision for income tax related to adjusted earnings is calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

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We present adjusted earnings in a manner consistent with management's view of the primary business activities that drive the profitability of our core businesses. The following table illustrates how each component of adjusted earnings is calculated from the GAAP statements of operations line items:

Component of Adjusted Earnings		How Derived from GAAP (1)	
(i)	Fee income	(i)	*Universal life and investment-type product policy fees* plus *Other revenues*.
(ii)	Net investment spread	(ii)	*Net investment income* plus Investment Hedge Adjustments reduced by *Interest credited to policyholder account balances* (excluding Market Value Adjustments) and interest on future policy benefits.
(iii)	Insurance-related activities	(iii)	*Premiums* less *Policyholder benefits and claims*, excluding interest on future policy benefits.
(iv)	Amortization of DAC and VOBA	(iv)	*Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA")*.
(v)	Other expenses	(v)	*Other expenses.*
(vi)	Provision for income tax expense (benefit)	(vi)	Tax impact of the above items, calculated using the statutory tax rate of 21%, net of impacts related to the dividends received deduction, tax credits and current period non-recurring items.

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(1) Italicized items indicate GAAP statements of operations line items.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance. Accordingly, we report adjusted earnings by segment in Note 3 of the Notes to the Interim Condensed Consolidated Financial Statements.

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. For a reconciliation of adjusted net investment income to net investment income, the most directly comparable GAAP measure, see table note (3) to the summary yield table located in "— Investments — Current Environment — Investment Portfolio Results."

Other Financial Disclosures

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

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Results of Operations

Annual Actuarial Review

We typically conduct our annual actuarial review ("AAR") in the third quarter of each year. As part of the 2023 AAR, for our ULSG business, we increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.50% to 3.75%. Also, with respect to our ULSG business, we updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. For our variable annuity business, we updated our annuitization, mortality, lapses and withdrawals, as well as separate account assumptions, including fund fees, allocations and volatility. For term participating and non-participating whole life insurance, we updated assumptions regarding mortality and lapses.

As part of the 2022 AAR, for our ULSG business, we increased the long-term general account earned rate, driven by an increase in the mean reversion rate from 3.00% to 3.50%. Also, with respect to our ULSG business, we updated assumptions regarding policyholder behavior, including mortality, premium persistency, lapses, withdrawals and maintenance expenses. For our variable annuity business, we updated our fund allocations, mortality, lapses and withdrawals. For term and non-participating whole life insurance, we updated assumptions regarding mortality and lapses.

The impact on income (loss) available to shareholders before provision for income tax was as follows:

	Nine Months Ended September 30,	
	2023	2022
	(In millions)	
Market risk benefits	$ (251)	$ (210)
Included in pre-tax adjusted earnings:		
Other annuity business	15	(69)
Life business	(90)	(20)
Run-off	119	162
Total included in pre-tax adjusted earnings	44	73
Total impact on income (loss) available to shareholders before provision for income tax	$ (207)	$ (137)

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Consolidated Results for the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Unless otherwise noted, all amounts in the following discussions of our results of operations are stated before income tax except for adjusted earnings, which are presented net of income tax.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In millions)			
Revenues				
Premiums	$ 211	$ 167	$ 408	$ 333
Universal life and investment-type product policy fees	601	609	1,207	1,289
Net investment income	1,196	1,061	2,255	2,212
Other revenues	130	118	223	256
Net investment gains (losses)	(64)	(66)	(160)	(134)
Net derivative gains (losses)	(1,811)	1,977	(2,386)	1,923
Total revenues	263	3,866	1,547	5,879
Expenses				
Policyholder benefits and claims (including liability remeasurement gains (losses) of $0, $0, $0 and $0 respectively)	689	717	1,376	1,392
Interest credited to policyholder account balances	452	284	874	532
Amortization of DAC and VOBA	157	158	313	315
Change in market risk benefits	(1,300)	(62)	(1,106)	(1,641)
Interest expense on debt	38	38	76	76
Other expenses	464	554	904	1,025
Total expenses	500	1,689	2,437	1,699
Income (loss) before provision for income tax	(237)	2,177	(890)	4,180
Provision for income tax expense (benefit)	(62)	432	(218)	848

Net income (loss)	(175)	1,745	(672)	3,332
Less: Net income (loss) attributable to noncontrolling interests	—	—	2	2
Net income (loss) attributable to Brighthouse Financial, Inc.	(175)	1,745	(674)	3,330
Less: Preferred stock dividends	25	26	51	53
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ (200)	$ 1,719	$ (725)	$ 3,277

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Revenues				
Premiums	$ 194	$ 162	$ 602	$ 495
Universal life and investment-type product policy fees	542	597	1,749	1,886
Net investment income	1,202	877	3,457	3,089
Other revenues	125	122	348	378
Net investment gains (losses)	(53)	(45)	(213)	(179)
Net derivative gains (losses)	(840)	(592)	(3,226)	1,331
Total revenues	1,170	1,121	2,717	7,000
Expenses				
Policyholder benefits and claims (including liability remeasurement gains (losses) of ($234), $35, ($234) and $35, respectively)	590	534	1,966	1,926
Interest credited to policyholder account balances	426	405	1,300	937
Amortization of DAC and VOBA	155	159	468	474
Change in market risk benefits	(1,064)	(984)	(2,170)	(2,625)
Interest expense on debt	38	38	114	114
Other expenses	435	457	1,339	1,482
Total expenses	580	609	3,017	2,308
Income (loss) before provision for income tax	590	512	(300)	4,692
Provision for income tax expense (benefit)	109	97	(109)	945
Net income (loss)	481	415	(191)	3,747
Less: Net income (loss) attributable to noncontrolling interests	2	2	4	4
Net income (loss) attributable to Brighthouse Financial, Inc.	479	413	(195)	3,743
Less: Preferred stock dividends	26	25	77	78
Net income (loss) available to Brighthouse Financial, Inc.'s common shareholders	$ 453	$ 388	$ (272)	$ 3,665

The components of net income (loss) available to shareholders were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Change in market risk benefits	Change in market risk benefits	$ 1,300	$ 62	$ 1,106	$ 1,641	Change in market risk benefits	$ 1,064	$ 984	$ 2,170	$ 2,625
Net investment gains (losses)	Net investment gains (losses)	(64)	(66)	(160)	(134)	Net investment gains (losses)	(53)	(45)	(213)	(179)
Net derivative gains (losses), excluding investment hedge adjustments	Net derivative gains (losses), excluding investment hedge adjustments	(1,834)	1,968	(2,447)	1,908	Net derivative gains (losses), excluding investment hedge adjustments	(865)	(615)	(3,312)	1,293
Market value adjustments	Market value adjustments	2	32	(6)	70	Market value adjustments	15	20	9	90

Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	334	155	564	640	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	401	141	965	781
Income (loss) available to shareholders before provision for income tax	Income (loss) available to shareholders before provision for income tax	(262)	2,151	(943)	4,125	Income (loss) available to shareholders before provision for income tax	562	485	(381)	4,610
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	(62)	432	(218)	848	Provision for income tax expense (benefit)	109	97	(109)	945
Net income (loss) available to shareholders	Net income (loss) available to shareholders	$ (200)	$ 1,719	$ (725)	$ 3,277	Net income (loss) available to shareholders	$ 453	$ 388	$ (272)	$ 3,665

Change in Market Risk Benefits. The change in market risk benefits MRBs reflects changes in the projected value of variable annuity guaranteed benefits discounted at current risk-free rates, plus a nonperformance risk spread that is locked-in at policy issuance.

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Net Derivative Gains (Losses). We have derivative instruments for which changes in estimated fair value are recognized in net derivative gains (losses).

Freestanding Derivatives. We have freestanding derivatives that economically hedge certain invested assets and insurance liabilities. The majority of this hedging activity is focused in the following areas:

- use of a proprietary mix of derivative instruments to hedge variable annuity guaranteed benefit riders against adverse changes in capital markets;
- as part of the Company's macro interest rate hedging program, the use of interest rate swaps, swaptions and interest rate forwards in connection with our ULSG business;
- use of interest rate swaps when we have duration mismatches where suitable assets with maturities similar to those of our long-dated liabilities are not readily available in the market and use of interest rate forwards hedging reinvestment risk from maturing assets with higher yields than currently available in the market that support long-dated liabilities;
- use of foreign currency swaps when we hold fixed maturity securities denominated in foreign currencies that are matching insurance liabilities denominated in U.S. dollars; and
- use of equity index options to hedge index-linked annuity products against adverse changes in equity markets.

Embedded Derivatives. The changes in liability values of our fixed index-linked annuity and Shield® Level Annuity ("Shield") products that result from changes in the underlying equity index are accounted for as embedded derivatives. In addition, certain ceded reinsurance agreements in our Life and Run-off segments are written on a coinsurance with funds withheld basis. The funds withheld component is accounted for as an embedded derivative with changes in the estimated fair value recognized in net income (loss) in the period in which they occur.

Market value adjustments. See "— Non-GAAP and Other Financial Disclosures — Non-GAAP Financial Disclosures — Adjusted Earnings."

Pre-tax Adjusted Earnings. See "— Non-GAAP and Other Financial Disclosures — Non-GAAP Financial Disclosures — Adjusted Earnings."

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Income available to shareholders before provision for income tax was $562 million ($453 million, net of income tax), an increase of $77 million ($65 million, net of income tax) from income available to shareholders before provision for income tax of $485 million ($388 million, net of income tax) in the prior period.

The increase in income before provision for income tax was driven by higher pre-tax adjusted earnings, as discussed in greater detail below.

The increase in income before provision for income taxes was partially offset by the following unfavorable items:

- losses from variable annuity guaranteed benefit riders, see "— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Nine Months Ended September 30, 2023 and 2022"; and
- the impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate increased more in the current period resulting in a loss of $500 million and increased less in the prior period resulting in a loss of $483 million.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 18% in the current period compared to 19% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Loss available to shareholders before provision for income tax was $262$381 million ($200272 million, net of income tax), a decrease of $2.4 billion$5.0 billion ($1.93.9 billion, net of income tax) from income available to shareholders before provision for income tax of $2.2$4.6 billion ($1.73.7 billion, net of income tax) in the prior period.

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The decrease in income before provision for income tax was driven by the unfavorable impact of losses from variable annuity guaranteed benefit riders, see "— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and SixNine Months Ended June 30, 2023September 30, 2023 and 2022."

The decrease in income before provision for income taxestax was partially offset by the following favorable items:

- the favorable impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate increased less in the current period resulting in a loss of $84$443 million and increased more in the prior period resulting in a loss of $659 million;$1.7 billion; and
- higher pre-tax adjusted earnings, as discussed in greater detail below.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 26% in the current period compared to 20% in the prior period. The increase in the effective tax rate was driven by the decrease in income before provision for income tax as discussed above. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022

Loss available to shareholders before provision for income tax was $943 million ($725 million, net of income tax), a decrease of $5.1 billion ($4.0 billion, net of income tax) from income available to shareholders before provision for income tax of $4.1 billion ($3.3 billion, net of income tax) in the prior period.

The decrease in income before provision for income tax was driven by the following unfavorable items:

- losses from variable annuity guaranteed benefit riders, see "— Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Six Months Ended June 30, 2023 and 2022"; and
- lower pre-tax adjusted earnings, as discussed in greater detail below.

The decrease in income before provision for income tax was partially offset by the favorable impact of long-term interest rates on interest rate derivatives used to manage interest rate exposure in our ULSG business, as the long-term interest rate decreased in the current period resulting in a gain of $57 million and increased in the prior period resulting in a loss of $1.2 billion.

The provision for income tax, expressed as a percentage of income (loss) before provision for income tax, resulted in an effective tax rate of 24%36% in the current period compared to 20% in the prior period. The increase in the effective tax rate was driven by the decrease in income before provision for income tax as discussed above. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

Reconciliation of Net Income (Loss) Available to Shareholders to Adjusted Earnings

The reconciliation of net income (loss) available to shareholders to adjusted earnings was as follows:

		Three Months Ended June 30, 2023						Three Months Ended September 30, 2023				
		Annuities	Life	Run-off	Corporate & Other	Total		Annuities	Life	Run-off	Corporate & Other	Total
		(In millions)						(In millions)				
Net income (loss) available to shareholders	Net income (loss) available to shareholders	$ (221)	$ 14	$ 253	$ (246)	$ (200)	Net income (loss) available to shareholders	$ 1,017	$ (88)	$ (573)	$ 97	$ 453
Add: Provision for income tax expense (benefit)	Add: Provision for income tax expense (benefit)	67	3	(368)	236	(62)	Add: Provision for income tax expense (benefit)	75	(20)	182	(128)	109
Income (loss) available to shareholders before provision for income tax	Income (loss) available to shareholders before provision for income tax	(154)	17	(115)	(10)	(262)	Income (loss) available to shareholders before provision for income tax	1,092	(108)	(391)	(31)	562
Less: Net investment gains (losses)	Less: Net investment gains (losses)	(56)	(4)	(7)	3	(64)	Less: Net investment gains (losses)	(31)	(10)	(12)	—	(53)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $23		(1,755)	3	(89)	7	(1,834)						

Less: Net derivative gains (losses), excluding investment hedge adjustments of $25							Less: Net derivative gains (losses), excluding investment hedge adjustments of $25	(334)	(5)	(514)	(12)	(865)
Less: Change in market risk benefits	Less: Change in market risk benefits	1,300	—	—	—	1,300	Less: Change in market risk benefits	1,064	—	—	—	1,064
Less: Market value adjustments	Less: Market value adjustments	—	—	2	—	2	Less: Market value adjustments	—	—	15	—	15
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	357	18	(21)	(20)	334	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	393	(93)	120	(19)	401
Less: Provision for income tax expense (benefit)	Less: Provision for income tax expense (benefit)	66	3	(5)	(1)	63	Less: Provision for income tax expense (benefit)	74	(20)	25	(4)	75
Adjusted earnings	Adjusted earnings	$ 291	$ 15	$ (16)	$ (19)	$ 271	Adjusted earnings	$ 319	$ (73)	$ 95	$ (15)	$ 326

	Three Months Ended September 30, 2022				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ 869	$ (29)	$ (600)	$ 148	$ 388
Add: Provision for income tax expense (benefit)	96	(10)	114	(103)	97
Income (loss) available to shareholders before provision for income tax	965	(39)	(486)	45	485
Less: Net investment gains (losses)	(26)	(5)	(27)	13	(45)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $23	(239)	10	(459)	73	(615)
Less: Change in market risk benefits	984	—	—	—	984
Less: Market value adjustments	—	—	20	—	20
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	246	(44)	(20)	(41)	141
Less: Provision for income tax expense (benefit)	44	(10)	(4)	(4)	26
Adjusted earnings	$ 202	$ (34)	$ (16)	$ (37)	$ 115

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	Three Months Ended June 30, 2022				
	Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)				
Net income (loss) available to shareholders	$ 2,876	$ 22	$ (1,379)	$ 200	$ 1,719
Add: Provision for income tax expense (benefit)	125	7	531	(231)	432
Income (loss) available to shareholders before provision for income tax	3,001	29	(848)	(31)	2,151
Less: Net investment gains (losses)	(39)	(8)	(46)	27	(66)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $9	2,584	1	(634)	17	1,968
Less: Change in market risk benefits	62	—	—	—	62
Less: Market value adjustments	—	—	32	—	32

Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	394	36	(200)	(75)	155
Less: Provision for income tax expense (benefit)	74	7	(43)	(27)	11
Adjusted earnings	$ 320	$ 29	$ (157)	$ (48)	$ 144

		Six Months Ended June 30, 2023						Nine Months Ended September 30, 2023				
		Annuities	Life	Run-off	Corporate & Other	Total		Annuities	Life	Run-off	Corporate & Other	Total
		(In millions)						(In millions)				
Net income (loss) available to shareholders	Net income (loss) available to shareholders	$ (918)	$ 12	$ 513	$ (332)	$ (725)	Net income (loss) available to shareholders	$ 99	$ (76)	$ (60)	$ (235)	$ (272)
Add: Provision for income tax expense (benefit)	Add: Provision for income tax expense (benefit)	134	2	(633)	279	(218)	Add: Provision for income tax expense (benefit)	209	(18)	(451)	151	(109)
Income (loss) available to shareholders before provision for income tax	Income (loss) available to shareholders before provision for income tax	(784)	14	(120)	(53)	(943)	Income (loss) available to shareholders before provision for income tax	308	(94)	(511)	(84)	(381)
Less: Net investment gains (losses)	Less: Net investment gains (losses)	(128)	(7)	(14)	(11)	(160)	Less: Net investment gains (losses)	(159)	(17)	(26)	(11)	(213)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $61		(2,506)	3	55	1	(2,447)						
Less: Net derivative gains (losses), excluding investment hedge adjustments of $86							Less: Net derivative gains (losses), excluding investment hedge adjustments of $86	(2,840)	(2)	(459)	(11)	(3,312)
Less: Change in market risk benefits	Less: Change in market risk benefits	1,106	—	—	—	1,106	Less: Change in market risk benefits	2,170	—	—	—	2,170
Less: Market value adjustments	Less: Market value adjustments	—	—	(6)	—	(6)	Less: Market value adjustments	—	—	9	—	9
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	744	18	(155)	(43)	564	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	1,137	(75)	(35)	(62)	965
Less: Provision for income tax expense (benefit)	Less: Provision for income tax expense (benefit)	139	2	(33)	(10)	98	Less: Provision for income tax expense (benefit)	213	(18)	(8)	(14)	173
Adjusted earnings	Adjusted earnings	$ 605	$ 16	$ (122)	$ (33)	$ 466	Adjusted earnings	$ 924	$ (57)	$ (27)	$ (48)	$ 792

	Six Months Ended June 30, 2022						Nine Months Ended September 30, 2022				
	Annuities	Life	Run-off	Corporate & Other	Total		Annuities	Life	Run-off	Corporate & Other	Total
	(In millions)						(In millions)				

Net income (loss) available to shareholders	Net income (loss) available to shareholders	$ 5,178	$ 72	$ (1,984)	$ 11	$ 3,277	Net income (loss) available to shareholders	$ 6,047	$ 43	$ (2,584)	$ 159	$ 3,665
Add: Provision for income tax expense (benefit)	Add: Provision for income tax expense (benefit)	229	24	680	(85)	848	Add: Provision for income tax expense (benefit)	325	14	794	(188)	945
Income (loss) available to shareholders before provision for income tax	Income (loss) available to shareholders before provision for income tax	5,407	96	(1,304)	(74)	4,125	Income (loss) available to shareholders before provision for income tax	6,372	57	(1,790)	(29)	4,610
Less: Net investment gains (losses)	Less: Net investment gains (losses)	(79)	(25)	(36)	6	(134)	Less: Net investment gains (losses)	(105)	(30)	(63)	19	(179)
Less: Net derivative gains (losses), excluding investment hedge adjustments of $15		3,013	2	(1,169)	62	1,908						
Less: Net derivative gains (losses), excluding investment hedge adjustments of $38							Less: Net derivative gains (losses), excluding investment hedge adjustments of $38	2,774	12	(1,628)	135	1,293
Less: Change in market risk benefits	Less: Change in market risk benefits	1,641	—	—	—	1,641	Less: Change in market risk benefits	2,625	—	—	—	2,625
Less: Market value adjustments	Less: Market value adjustments	—	—	70	—	70	Less: Market value adjustments	—	—	90	—	90
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	832	119	(169)	(142)	640	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	1,078	75	(189)	(183)	781
Less: Provision for income tax expense (benefit)	Less: Provision for income tax expense (benefit)	158	24	(36)	(30)	116	Less: Provision for income tax expense (benefit)	202	14	(40)	(34)	142
Adjusted earnings	Adjusted earnings	$ 674	$ 95	$ (133)	$ (112)	$ 524	Adjusted earnings	$ 876	$ 61	$ (149)	$ (149)	$ 639

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Consolidated Results for the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 — Adjusted Earnings

The components of adjusted earnings were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Fee income	Fee income	$ 731	$ 727	$ 1,430	$ 1,545	Fee income	$ 667	$ 719	$ 2,097	$ 2,264
Net investment spread	Net investment spread	738	728	1,394	1,574	Net investment spread	758	449	2,152	2,023
Insurance-related activities	Insurance-related activities	(451)	(524)	(914)	(1,008)	Insurance-related activities	(368)	(346)	(1,282)	(1,354)

Amortization of DAC and VOBA	Amortization of DAC and VOBA	(157)	(158)	(313)	(315)	Amortization of DAC and VOBA	(155)	(159)	(468)	(474)
Other expenses	Other expenses	(502)	(592)	(980)	(1,101)	Other expenses	(473)	(495)	(1,453)	(1,596)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	25	26	53	55	Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	28	27	81	82
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	334	155	564	640	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	401	141	965	781
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	63	11	98	116	Provision for income tax expense (benefit)	75	26	173	142
Adjusted earnings	Adjusted earnings	$ 271	$ 144	$ 466	$ 524	Adjusted earnings	$ 326	$ 115	$ 792	$ 639

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were $271 $326 million in the current period, an increase of $127 $211 million.

Key net favorable impacts were:

- higher net investment spread due to:
  - higher returns on other limited partnerships;
  - higher average invested assets resulting from positive net flows in the general account;
  - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average;
  - higher returns from short-term investments; and
  - lower interest credited to policyholders due to changes made in the prior period in connection with the AAR along with current period actuarial modeling improvements, net of higher interest credited consistent with higher account balances;

  partially offset by

  - lower returns on real estate limited partnerships and limited liability companies ("LLC"); and
- lower other expenses due to:
  - higher systems conversion costs in the prior period; and
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income.

Key unfavorable impacts were:

- lower fee income due to:
  - a decline in the net cost of insurance fees driven by the aging in-force business in our Run-off segment; and
  - lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
- higher net costs associated with insurance-related activities due to:
  - a net increase in liability balances resulting from year-over-year changes made in connection with the AAR in our Life, Run-off, and Annuities segments;

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  partially offset by

  - lower paid claims, net of reinsurance, in our Run-off segment.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 17% in the current period compared to 15% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were $792 million in the current period, an increase of $153 million.

Key net favorable impacts were:

- lower other expenses due to:
  - the settlement of a reinsurance-related matter in the prior period;

partially
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset by in fee income;
  - higher deferred compensation systems conversion costs in the prior period; and
  - lower transition services agreement expenses; and

partially offset by

  - lower ceded cost of insurance expenses consistent with favorable equity market returns in our Life segment, which is offset in fee income; and
- lower net costs associated with insurance-related activities due to:
  - lower liabilities in our ULSG business from the impact of new reinsurance agreements entered into in the prior period;

partially offset by

  - higher paid claims, net of reinsurance, in our Run-off segment; deferred compensation and operational expenses; and
  - a decrease in income annuity underwriting margins.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 18% in the current period compared to 6% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits.

Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022

Adjusted earnings were $466 million in the current period, a decrease of $58 million.

Key net unfavorable impacts were:

- lower higher net investment spread due to:
  - lower returns on other limited partnerships compared to the prior period;
  - higher interest credited to policyholders consistent with higher account balances; and
  - lower returns on real estate limited partnerships and limited liability companies (“LLC”);

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partially offset by

  - higher investment yields and average invested long-term assets from funding agreements issued in connection with our institutional spread margin business;
  - higher average invested assets resulting from positive net flows in the general account;
  - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average; and
  - higher returns from short-term investments;

partially offset by

  - lower returns on real estate limited partnerships and LLCs;
  - lower returns on other limited partnerships; and
  - higher interest credited to policyholders due to higher account balances, net of changes made in the prior period in connection with the AAR, and current period actuarial modeling improvements; and
- lower net costs associated with insurance-related activities due to:
  - lower liabilities in our Run-off segment from the impact of new reinsurance agreements entered into in the prior period;
  - lower paid claims, net of reinsurance, in our Run-off and Life segments; and
  - an increase in income annuity underwriting margin;

partially offset by

  - a net increase in liability balances resulting from year-over-year changes made in connection with the AAR in our Life, Run-off, and Annuities segments.

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Key net unfavorable impacts were:

- lower net fee income due to:
  - lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses; and
  - a decline in the net cost of insurance fees driven by the aging in-force business in our Run-off segment;

  partially offset by
  - lower ceded cost of insurance fees consistent with favorable equity market returns in our Life segment, which is mostly offset in other expenses.

Key net favorable impacts were:

- lower other expenses due to:
  - the settlement of a reinsurance-related matter in the prior period; and
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income;

  partially offset by
  - higher deferred compensation expenses; and
  - lower ceded cost of insurance expenses consistent with favorable equity market returns in our Life segment, which is offset in fee income; and
- lower net costs associated with insurance-related activities due to:
  - lower liabilities in our ULSG business from the impact of new reinsurance agreements entered into in the prior period; and
  - an increase in the income annuity underwriting margin;

  partially offset by
  - higher paid claims, net of reinsurance, in our Run-off segment.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 16% 17% in the current period compared to 17% 16% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items.

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Segments and Corporate & Other Results for the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022 — Adjusted Earnings

Annuities

The components of adjusted earnings for our Annuities segment were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Fee income	Fee income	$ 529	$ 554	$ 1,039	$ 1,176	Fee income	$ 494	$ 514	$ 1,533	$ 1,690
Net investment spread	Net investment spread	367	354	720	719	Net investment spread	406	264	1,126	983
Insurance-related activities	Insurance-related activities	(57)	(46)	(64)	(96)	Insurance-related activities	(37)	(56)	(101)	(152)
Amortization of DAC and VOBA	Amortization of DAC and VOBA	(130)	(129)	(259)	(256)	Amortization of DAC and VOBA	(129)	(130)	(388)	(386)
Other expenses	Other expenses	(352)	(339)	(692)	(711)	Other expenses	(341)	(346)	(1,033)	(1,057)
Pre-tax adjusted earnings	Pre-tax adjusted earnings	357	394	744	832	Pre-tax adjusted earnings	393	246	1,137	1,078
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	66	74	139	158	Provision for income tax expense (benefit)	74	44	213	202

Adjusted earnings	Adjusted earnings	$ 291	$ 320	$ 605	$ 674	Adjusted earnings	$ 319	$ 202	$ 924	$ 876

A significant portion of our adjusted earnings is driven by separate account balances related to our variable annuity business. Most directly, business, as these balances determine asset-based fee income and asset-based commissions. The changes in our variable annuities separate account balances are presented in Note 4 of the Notes to the Interim Condensed Consolidated Financial Statements.

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were $291 $319 million in the current period, a decrease an increase of $29 $117 million.

Key net unfavorable favorable impacts were:

- lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses;
- higher other expenses net investment spread due to:
  - higher deferred compensation investment yields on our fixed income portfolio, as proceeds from maturing investments and operational expenses; the growth in the investment portfolio were invested at higher yields than the portfolio average;
  - higher average invested assets resulting from positive net flows in the general account;
  - lower interest credited to policyholders due to changes made in the prior period in connection with the AAR and current period actuarial modeling improvements, net of higher interest credited consistent with higher account balances;
  - higher returns from short-term investments; and
  - higher transition services agreement expenses; returns on other limited partnerships;

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partially offset by

- lower returns on real estate limited partnerships and LLCs;

- lower costs associated with insurance-related activities due a net decrease in liability balances resulting from changes made in the current period in connection with the AAR; and
- lower other expenses due to lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income; and income.
- higher costs associated with insurance-related activities Key unfavorable impact was lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 19% in the current period compared to 18% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to a decrease the impacts of the dividends received deduction.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were $924 million in income annuity underwriting margins. the current period, an increase of $48 million.

Key net favorable impact was: impacts were:

- higher net investment spread due to:
  - higher average invested assets resulting from positive net flows in the general account;
  - higher investment yields on our fixed income portfolio, as proceeds from maturing investments and the growth in the investment portfolio were invested at higher yields than the portfolio average; and
  - higher returns from short-term investments;

  partially offset by

  - higher interest credited to policyholders consistent with higher account balances; and
  - lower returns on real estate limited partnerships and LLCs. LLCs; and

Table ◦ higher interest credited to policyholders due to higher account balances, net of Contents

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 18% in the current period compared to 19% changes made in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction.

Six Months Ended June 30, 2023 Compared period in connection with the Six Months Ended June 30, 2022

Adjusted earnings were $605 million in the AAR, and current period a decrease of $69 million.

Key unfavorable impact was:

• actuarial modeling improvements; lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses.

Key net favorable impacts were:

- lower costs associated with insurance-related activities due to to:
  - an increase in income annuity underwriting margins; and
  - a net decrease in liability balances resulting from changes made in the current period in connection with the AAR; and
- lower other expenses due to:
  - lower asset-based variable annuity expenses resulting from lower average separate account balances, a portion of which is offset in fee income; and
  - lower transition services agreement expenses;

  partially offset by
  - higher deferred compensation and operational expenses.

Key unfavorable impact was lower asset-based fees resulting from lower average separate account balances, a portion of which is offset in other expenses.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 19% in both the current period and prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

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Life

The components of adjusted earnings for our Life segment were as follows:

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)					(In millions)			
Fee income	Fee income	$ 67	$ 36	$ 140	$ 98	Fee income	$ 60	$ 63	$ 200	$ 161
Net investment spread	Net investment spread	69	63	121	194	Net investment spread	62	28	183	222
Insurance-related activities	Insurance-related activities	(36)	(28)	(84)	(79)	Insurance-related activities	(150)	(67)	(234)	(146)
Amortization of DAC and VOBA	Amortization of DAC and VOBA	(27)	(29)	(54)	(59)	Amortization of DAC and VOBA	(26)	(29)	(80)	(88)
Other expenses	Other expenses	(55)	(6)	(105)	(35)	Other expenses	(39)	(39)	(144)	(74)
Pre-tax adjusted earnings	Pre-tax adjusted earnings	18	36	18	119	Pre-tax adjusted earnings	(93)	(44)	(75)	75
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	3	7	2	24	Provision for income tax expense (benefit)	(20)	(10)	(18)	14
Adjusted earnings	Adjusted earnings	$ 15	$ 29	$ 16	$ 95	Adjusted earnings	$ (73)	$ (34)	$ (57)	$ 61

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were $15 a loss of $73 million in the current period, a decrease of $14 $39 million.

Key unfavorable impact was: impacts were:

- higher other expenses net costs associated with insurance-related activities due to:
  - lower ceded cost of insurance expenses consistent a net increase in liability balances resulting from year-over-year changes made in connection with favorable equity market returns, which is offset in fee income; the AAR; and

◦ higher deferred compensation and operational expenses.

Table paid claims, net of reinsurance.Contents

Key favorable impact was:

- was higher fee income net investment spread due to lower ceded cost of insurance fees consistent with favorable equity market higher returns which is offset in on other expenses. limited partnerships.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 17% 22% in the current period compared to 19% 23% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Six Nine Months Ended June 30, 2023 September 30, 2023 Compared with the Six Nine Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were $16 a loss of $57 million in the current period, a decrease of $79 $118 million.

Key net unfavorable impacts were:

- higher net costs associated with insurance-related activities due to:
  - a net increase in liability balances resulting from year-over-year changes made in connection with the AAR;

  partially offset by

  - lower paid claims, net investment spread due to lower returns on other limited partnerships compared to the prior period; and of reinsurance;
- higher other expenses due to:
  - lower ceded cost of insurance expenses consistent with favorable equity market returns, which is offset in fee income; and
  - higher deferred compensation and operational expenses. expenses; and
- lower net investment spread due to:
  - lower returns on other limited partnerships; and
  - lower income from our securities lending program.

Key favorable impact was:

- was higher fee income due to lower ceded cost of insurance fees consistent with favorable equity market returns, which is offset in other expenses.

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The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 11% 24% in the current period compared to 20% 19% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Run-off

The components of adjusted earnings for our Run-off segment were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Fee income	Fee income	$ 131	$ 137	$ 257	$ 271	Fee income	$ 111	$ 142	$ 368	$ 413
Net investment spread	Net investment spread	246	279	434	602	Net investment spread	233	99	667	701
Insurance-related activities	Insurance-related activities	(358)	(450)	(766)	(832)	Insurance-related activities	(181)	(223)	(947)	(1,055)
Amortization of DAC and VOBA	Amortization of DAC and VOBA	—	—	—	—	Amortization of DAC and VOBA	—	—	—	—
Other expenses	Other expenses	(40)	(166)	(80)	(210)	Other expenses	(43)	(38)	(123)	(248)
Pre-tax adjusted earnings	Pre-tax adjusted earnings	(21)	(200)	(155)	(169)	Pre-tax adjusted earnings	120	(20)	(35)	(189)

Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	(5)	(43)	(33)	(36)	Provision for income tax expense (benefit)	25	(4)	(8)	(40)
Adjusted earnings	Adjusted earnings	$ (16)	$ (157)	$ (122)	$ (133)	Adjusted earnings	$ 95	$ (16)	$ (27)	$ (149)

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were $95 million in the current period, an increase of $111 million.

Key net favorable impacts were:

- higher net investment spread due to higher returns on other limited partnerships; and
- lower costs associated with insurance-related activities due to:
  - lower paid claims, net of reinsurance;

  partially offset by

  - a net increase in liability balances resulting from year-over-year changes made in connection with the AAR.

Key unfavorable impact was lower fee income due to a decline in the net cost of insurance fees driven by the aging in-force business.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 21% in the current period compared to 20% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were a loss of $16 $27 million in the current period, a lower loss of $141 $122 million.

Key net favorable impacts were:

- lower other expenses due to the settlement of a reinsurance-related matter in the prior period; and
- lower costs associated with insurance-related activities due to:
  - lower liabilities in our ULSG business from the impact of new reinsurance agreements entered into in the prior period; and
  - lower paid claims, net of reinsurance;

  partially offset by

  - higher paid claims, a net increase in liability balances resulting from year-over-year changes made in connection with the AAR.

Key unfavorable impacts were:

- lower fee income due to a decline in the net cost of reinsurance. insurance fees driven by the aging in-force business; and

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Key unfavorable impact was:

- lower net investment spread due to:
  - lower returns on other limited partnerships compared to the prior period; average invested long-term assets; and
  - lower average invested long-term assets. returns on other limited partnerships.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 24% 23% in the current period compared to 22% 21% in the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022

Adjusted earnings were a loss of $122 million in the current period, a lower loss of $11 million.

Key net favorable impacts were:

- lower other expenses due to the settlement of a reinsurance-related matter in the prior period; and
- lower costs associated with insurance-related activities due to:
  - lower liabilities in our ULSG business from the impact of new reinsurance agreements entered into in the prior period;

  partially offset by

  - higher paid claims, net of reinsurance.

Key unfavorable impacts were:

- lower net investment spread due to:

- ◦ lower returns on other limited partnerships compared to the prior period; and
  - ◦ lower average invested long-term assets; and
- lower net fee income due to a decline in the net cost of insurance fees driven by the aging in-force business.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in an effective tax rate of 21% in both the current period and prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impact of the dividends received deduction.

Corporate & Other

The components of adjusted earnings for Corporate & Other were as follows:

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
		(In millions)					(In millions)			
Fee income	Fee income	$ 4	$ —	$ (6)	$ —	Fee income	$ 2	$ —	$ (4)	$ —
Net investment spread	Net investment spread	56	32	119	59	Net investment spread	57	58	176	117
Insurance-related activities	Insurance-related activities	—	—	—	(1)	Insurance-related activities	—	—	—	(1)
Amortization of DAC and VOBA	Amortization of DAC and VOBA	—	—	—	—	Amortization of DAC and VOBA	—	—	—	—
Other expenses	Other expenses	(55)	(81)	(103)	(145)	Other expenses	(50)	(72)	(153)	(217)
Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	25	26	53	55	Less: Net income (loss) attributable to noncontrolling interests and preferred stock dividends	28	27	81	82
Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	(20)	(75)	(43)	(142)	Pre-tax adjusted earnings, less net income (loss) attributable to noncontrolling interests and preferred stock dividends	(19)	(41)	(62)	(183)
Provision for income tax expense (benefit)	Provision for income tax expense (benefit)	(1)	(27)	(10)	(30)	Provision for income tax expense (benefit)	(4)	(4)	(14)	(34)
Adjusted earnings	Adjusted earnings	$ (19)	$ (48)	$ (33)	$ (112)	Adjusted earnings	$ (15)	$ (37)	$ (48)	$ (149)

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Adjusted earnings were a loss of $19 $15 million in the current period, a lower loss of $29 million $22 million.

Key favorable impact was lower other expenses due to higher systems conversion costs in the prior period.

Table The provision for income tax, expressed as a percentage of Contents pre-tax adjusted earnings, resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction and tax credits. We believe the effective tax rate for Corporate & Other is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for Corporate & Other are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Adjusted earnings were a loss of $48 million in the current period, a lower loss of $101 million.

Key favorable impacts were:

- lower other expenses due to higher systems conversion costs in the prior period; and
- higher net investment spread due to:
  - ◦ higher investment yields and average invested long-term assets from funding agreements issued in connection with our institutional spread margin business; and
  - ◦ higher returns from short-term investments.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, and tax credits. We believe the effective tax rate for Corporate & Other is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for Corporate & Other are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

__Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022__

Adjusted earnings were a loss of $33 million in the current period, a lower loss of $79 million.

Key favorable impacts were:

- higher net investment spread due to:
  - higher investment yields and average invested long-term assets from funding agreements issued in connection with our institutional spread margin business; and
  - higher returns from short-term investments; and
- lower other expenses due to higher systems conversion costs in the prior period.

The provision for income tax, expressed as a percentage of pre-tax adjusted earnings, resulted in a lower effective tax rate in the current period compared to the prior period. Our effective tax rate differs from the statutory tax rate primarily due to the impacts of the dividends received deduction, tax credits and current period non-recurring items. We believe the effective tax rate for Corporate & Other is not generally meaningful, neither on a standalone basis nor for comparison to prior periods, since taxes for Corporate & Other are derived from the difference between the overall consolidated effective tax rate and total taxes for the combined operating segments.

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Annuity Guaranteed Benefits and Shield Annuity Liabilities for the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

The overall impact on income (loss) available to shareholders before provision for income tax from the performance of variable annuity guaranteed benefits and Shield annuity liabilities, which includes (i) changes in the fair value of liabilities and reinsurance, (ii) fees net of claims and (iii) the mark-to-market of hedges, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(In millions)			
Market risk benefits mark-to-market	$ 1,173	$ (122)	$ 869	$ 1,306
Annuity guaranteed benefit rider fees, net of claims	148	189	260	367
Ceded reinsurance	(21)	(5)	(23)	(32)
Total changes attributable to annuity guaranteed benefits liabilities	1,300	62	1,106	1,641
Variable annuity hedges	(73)	(188)	292	(505)
Shield embedded derivatives	(1,693)	2,752	(2,766)	3,453
Total annuity guaranteed benefits and Shield annuity liabilities	$ (466)	$ 2,626	$ (1,368)	$ 4,589

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In millions)			
Market risk benefits mark-to-market	$ 886	$ 786	$ 1,755	$ 2,092
Annuity guaranteed benefit rider fees, net of claims	193	211	453	578
Ceded reinsurance	(15)	(13)	(38)	(45)
Total changes attributable to annuity guaranteed benefits	1,064	984	2,170	2,625
Variable annuity hedges	(1,186)	(772)	(894)	(1,277)
Shield embedded derivatives	773	549	(1,993)	4,002
Total	$ 651	$ 761	$ (717)	$ 5,350

Market Risk Benefits Mark-to-Market. Annuity guaranteed rider benefits are accounted for as MRBs. Liabilities MRBs related to guaranteed rider benefits represent the current estimated fair value of the obligation to protect policyholders against the possibility that a downturn in the markets will reduce the specified benefits that can be claimed under the base annuity contract. Any periods of significant or sustained downturns in equity markets, increased equity volatility, or reduced interest rates could result in an increase in the valuation of these liabilities. An increase in these liabilities would result in a decrease to our net income (loss) available to shareholders, which could be significant.

Annuity Guaranteed Benefit Rider Fees, Net of Claims. We earn fees from the guaranteed rider benefits, which are calculated using the policyholder's minimum return based on their initial deposit (the "Benefit Base"). Fees calculated based on the Benefit Base are more stable in market downturns, compared to fees based on the account value because the Benefit Base excludes the impact of a decline in the market value of the policyholder's account value. We use the fees directly earned from the guarantee riders to fund the reserves, future claims and costs associated with the hedges of market risks inherent in these liabilities. The future fees are included in the estimated fair value of MRB liabilities, with changes recorded in MRBs.

Variable Annuity Hedges and Reinsurance. We enter into freestanding derivatives to hedge certain aspects of the annuity guaranteed benefits accounted for as MRBs and index-linked crediting rates accounted for as embedded derivatives. Generally, the same market factors that impact the estimated fair value of the annuity guaranteed benefits impact the value of the hedges, though in the opposite direction. However, the changes in value of MRBs and related hedges may not be symmetrical and the divergence could be significant due to certain factors, including unhedged risks within MRBs. We may also use reinsurance to manage our exposure related to MRBs.

Shield Embedded Derivatives. Shield Annuities provide the contract holder the ability to participate in the appreciation of certain financial markets up to a stated level, while offering protection from a portion of declines in the applicable indices or benchmark. Shield embedded derivatives represent the estimated fair value of these features. We believe that Shield Annuities provide us with a risk offset to liabilities related to guaranteed rider benefits.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies — Variable Annuity Exposure Risk Management" in our 2022 Annual Report for discussion of our management of our hedging strategy associated with our variable annuity business, which remains unchanged following the adoption of LDTI.

Three Months Ended June 30, 2023 September 30, 2023 Compared with the Three Months Ended June 30, 2022 September 30, 2022

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the three months ended September 30, 2023, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets and changes made in connection with the AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates and decreasing equity markets; and

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- favorable changes in Shield embedded derivatives due to decreasing equity markets and increasing interest rates.

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the three months ended September 30, 2022, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets and changes made in connection with the AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates; and
- favorable changes in Shield embedded derivatives due to decreasing equity markets, partially offset by increasing interest rates.

Nine Months Ended September 30, 2023 Compared with the Nine Months Ended September 30, 2022

Annuity guaranteed benefits and Shield annuity liabilities performance was unfavorable for the three nine months ended June 30, 2023 September 30, 2023, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates and equity markets; markets, partially offset by changes made in connection with the AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates, partially offset by increasing equity markets; rates; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the three nine months ended June 30, 2022 September 30, 2022, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets;
- unfavorable markets and changes made in variable annuity hedges due to increasing long-term interest rates, partially offset by decreasing equity markets; and
- favorable changes in Shield embedded derivatives due to decreasing equity markets, partially offset by increasing interest rates.

Six Months Ended June 30, 2023 Compared connection with the Six Months Ended June 30, 2022

Annuity guaranteed benefits and Shield annuity liabilities performance was unfavorable for the six months ended June 30, 2023, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing equity markets;
- favorable changes in variable annuity hedges due to increasing equity markets; and
- unfavorable changes in Shield embedded derivatives due to increasing equity markets.

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Annuity guaranteed benefits and Shield annuity liabilities performance was favorable for the six months ended June 30, 2022, primarily driven by:

- decreases in annuity guaranteed benefits liabilities due to increasing interest rates, partially offset by decreasing equity markets; AAR;
- unfavorable changes in variable annuity hedges due to increasing long-term interest rates, partially offset by decreasing equity markets; and
- favorable changes in Shield embedded derivatives due to decreasing equity markets, partially offset by increasing interest rates.

Investments

Investment Risk Management Strategy

We manage the risks related to our investment portfolio through asset-type allocation as well as industry and issuer diversification. We also use risk limits to promote diversification by asset sector, avoid concentrations in any single issuer and limit overall aggregate credit and equity risk exposure. We manage real estate risk through geographic, property type and product type diversification and asset allocation. Interest rate risk is managed as part of our Asset Liability Management ("ALM") strategies. We also utilize product design, such as the use of market value adjustment features and surrender charges to manage interest rate risk. These ALM strategies include maintaining an investment portfolio that targets a weighted average duration that reflects the duration of our estimated liability cash flow profile. For certain of our liability portfolios, it is not possible to invest assets for the full liability duration, thereby creating some asset/liability mismatch. We also use certain derivatives in the management of credit, interest rate, equity market and foreign currency exchange rate risks.

Investment Management Agreements

Other than our derivatives trading, which we manage in-house, we have engaged a select group of experienced external asset management firms to manage the investment of the assets comprising our general account portfolio and certain separate account assets of our insurance subsidiaries, as well as assets of BHF and our reinsurance subsidiary, BRCD.

Current Environment

Our business and results of operations are materially affected by conditions in capital markets and the economy, generally. As a U.S. insurance company, we are affected by the monetary policy of the Federal Reserve Board (the "Federal Reserve") in the U.S. The Federal Reserve may increase or decrease the federal funds rate in the future, which may have an impact on the pricing levels of risk-bearing investments and may adversely impact the level of product sales. We are also affected by the monetary policy of central banks around the world due to the diversification of our investment portfolio. See "— Industry Trends and Uncertainties — Financial and Economic Environment."

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In 2023, the Federal Reserve increased the target range for the federal funds rate four times — from between 4.25% and 4.50% to between 4.50% and 4.75% on February 1, 2023; to between 4.75% and 5.00% on March 22, 2023; to between 5.00% and 5.25% on May 3, 2023; and to between 5.25% and 5.50% on July 26, 2023. These target range increases have contributed to a decrease in the net unrealized gains in our investment portfolio, and any additional target increases could similarly contribute to further decreases.

In the current period, as a result of rising interest rates, the unrealized losses on our fixed maturity securities exceeded the unrealized gains. If interest rates continue to rise, our unrealized gains would decrease, and our unrealized losses would increase, perhaps substantially.

See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2022 Annual Report.

Selected Sector Investments

Recent elevated levels of market volatility have affected the performance of various asset classes. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations," and "Risk Factors — Risks Related to Our Investment

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Portfolio — Ongoing military actions, the continued threat of terrorism, climate change as well as other catastrophic events may adversely affect the value of our investment portfolio and the level of claim losses we incur" included in our 2022 Annual Report.

There has been an increased market focus on commercial real estate, including office properties, as a result of companies shifting to hybrid work arrangements and the resulting impact on the demand for office space.

We have direct commercial real estate exposure through mortgage loans and certain structured securities. Structured securities include residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS") (collectively, "Structured Securities"). In addition, we have direct and indirect exposure through certain financial industry corporate fixed maturity securities. See "Risk Factors — Risks Related to Our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations" included in our 2022 Annual Report, as well as "— Investments — Mortgage Loans" and Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans, including credit quality by portfolio segment and commercial mortgage loans by property type. Additionally, see "— Investments — Fixed Maturity Securities Available-for-sale — Structured Securities" for information on Structured Securities, including security type, risk profile and ratings profile as well as "— Investments — Fixed Maturity Securities Available-for-sale — U.S. and Foreign Corporate Fixed Maturity Securities" for our exposure to the finance industry.

We monitor direct and indirect investment exposure across sectors and asset classes and adjust our level of investment exposure, as appropriate. At this time, we do not expect that our general account investments in these sectors and asset classes will have a material adverse effect on our results of operations or financial condition.

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Investment Portfolio Results

The following summary yield table presents the yield and adjusted net investment income for our investment portfolio for the periods indicated. As described below, this table reflects certain differences from the presentation of net investment income presented in the GAAP statements of operations. This summary yield table presentation is consistent with how we measure our investment performance for management purposes, and we believe it enhances understanding of our investment portfolio results.

		Three Months Ended June 30,				Six Months Ended June 30,				
		2023		2022		2023		2022		
		Yield %	Amount	Yield %	Amount	Yield %	Amount	Yield %	Amount	
		(Dollars in millions)								
Investment income (1)	Investment income (1)	4.35 %	$ 1,256	4.06 %	$ 1,109	4.15 %	$ 2,392	4.28 %	$ 2,304	Investment income (1)
Investment fees and expenses (2)	Investment fees and expenses (2)	(0.14)	(37)	(0.14)	(39)	(0.14)	(76)	(0.14)	(77)	Investment fees and expenses (2)
Adjusted net investment income (3)	Adjusted net investment income (3)	4.21 %	$ 1,219	3.92 %	$ 1,070	4.01 %	$ 2,316	4.14 %	$ 2,227	Adjusted net investment income (3)

(1) Investment income yields are calculated as investment income as a percentage of average quarterly asset carrying values. Investment income excludes recognized gains and losses and reflects the adjustments discussed in table note (3) below to arrive at adjusted net investment income. 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.

(2) Investment fee and expense yields are calculated as a percentage of average quarterly asset estimated fair values. Asset estimated fair values exclude collateral received in connection with our securities lending program, freestanding derivative assets and collateral received from derivative counterparties.

(3) Adjusted net investment income presented in the yield table varies from the most directly comparable GAAP measure due to certain reclassifications, as presented below.

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		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
		(In millions)					(In millions)			
Net investment income	Net investment income	$ 1,196	$ 1,061	$ 2,255	$ 2,212	Net investment income	$ 1,202	$ 877	$ 3,457	$ 3,089
Less: Investment hedge adjustments	Less: Investment hedge adjustments	(23)	(9)	(61)	(15)	Less: Investment hedge adjustments	(25)	(23)	(86)	(38)
Adjusted net investment income — in the above yield table	Adjusted net investment income — in the above yield table	$ 1,219	$ 1,070	$ 2,316	$ 2,227	Adjusted net investment income — in the above yield table	$ 1,227	$ 900	$ 3,543	$ 3,127

See "— Results of Operations — Consolidated Results for the Three Months and Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022" for an analysis of the period-over-period changes in net investment income.

Fixed Maturity Securities Available-for-sale

Fixed maturity securities held by type (public or private) were as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Estimated Fair Value	% of Total	Estimated Fair Value	% of Total		Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
		(Dollars in millions)					(Dollars in millions)			
Publicly-traded	Publicly-traded	$ 64,100	82.6 %	$ 62,199	82.3 %	Publicly-traded	$ 62,579	83.0 %	$ 62,199	82.3 %
Privately-placed	Privately-placed	13,477	17.4	13,378	17.7	Privately-placed	12,854	17.0	13,378	17.7
Total fixed maturity securities	Total fixed maturity securities	$ 77,577	100.0 %	$ 75,577	100.0 %	Total fixed maturity securities	$ 75,433	100.0 %	$ 75,577	100.0 %

Percentage of cash and invested assets	Percentage of cash and invested assets	67.4 %	67.1 %	Percentage of cash and invested assets	67.1 %	67.1 %

See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for further information on our valuation controls and procedures including our formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value.

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See Notes 1 and 6 of the Notes to the Interim Condensed Consolidated Financial Statements for further information about fixed maturity securities by sector, contractual maturities, continuous gross unrealized losses and the allowance for credit losses.

Fixed Maturity Securities Credit Quality — Ratings

See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Fixed Maturity Securities Available-for-sale — Fixed Maturity Securities Credit Quality — Ratings" included in our 2022 Annual Report for a discussion of the credit quality ratings assigned by Nationally Recognized Statistical Rating Organizations ("NRSRO"), credit quality designations assigned by and methodologies used by the Securities Valuation Office of the National Association of Insurance Commissioners ("NAIC") for fixed maturity securities and the methodologies adopted by the NAIC for certain Structured Securities.

The following table presents total fixed maturity securities by NRSRO rating and the applicable NAIC designation from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies, as well as the percentage, based on estimated fair value that each NAIC designation is comprised of at:

			June 30, 2023					December 31, 2022							September 30, 2023					December 31, 202		
NAIC Designation	NAIC Designation	NRSRO Rating	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)	Estimated Fair Value	% of Total	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)	Estimated Fair Value	% of Total	NAIC Designation	NRSRO Rating	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)	Estimated Fair Value	% of Total	Amortized Cost	Allowance for Credit Losses	Unrealized Gain (Loss)
			(Dollars in millions)												(Dollars in millions)							
1	1	Aaa/Aa/A	$55,774	$ 6	$ (4,497)	$51,271	66.1 %	$53,935	$ 2	$ (4,870)	$49,063	64.9 %	1	Aaa/Aa/A	$56,471	$ 6	$ (6,635)	$49,830	66.0 %	$53,935	$ 2	$ (4,870)
2	2	Baa	26,831	—	(3,202)	23,629	30.5	27,269	—	(3,546)	23,723	31.4	2	Baa	27,103	—	(3,973)	23,130	30.7	27,269	—	(3,546)
Subtotal investment grade	Subtotal investment grade		82,605	6	(7,699)	74,900	96.6	81,204	2	(8,416)	72,786	96.3	Subtotal investment grade		83,574	6	(10,608)	72,960	96.7	81,204	2	(8,416)
3	3	Ba	2,228	—	(192)	2,036	2.6	2,343	—	(232)	2,111	2.8	3	Ba	1,996	—	(206)	1,790	2.4	2,343	—	(232)
4	4	B	624	—	(71)	553	0.7	677	1	(88)	588	0.8	4	B	662	4	(78)	580	0.8	677	1	(88)
5	5	Caa and lower	85	2	(9)	74	0.1	120	4	(24)	92	0.1	5	Caa and lower	113	8	(14)	91	0.1	120	4	(24)
6	6	In or near default	28	4	(10)	14	—	—	—	—	—	—	6	In or near default	28	4	(12)	12	—	—	—	—
Subtotal below investment grade	Subtotal below investment grade		2,965	6	(282)	2,677	3.4	3,140	5	(344)	2,791	3.7	Subtotal below investment grade		2,799	16	(310)	2,473	3.3	3,140	5	(344)
Total fixed maturity securities	Total fixed maturity securities		$85,570	$ 12	$ (7,981)	$77,577	100.0 %	$84,344	$ 7	$ (8,760)	$75,577	100.0 %	Total fixed maturity securities		$86,373	$ 22	$ (10,918)	$75,433	100.0 %	$84,344	$ 7	$ (8,760)

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The following tables present total fixed maturity securities, based on estimated fair value, by sector classification and by NRSRO rating and the applicable NAIC designations from the NAIC published comparison of NRSRO ratings to NAIC designations, except for certain Structured Securities, which are presented using the NAIC methodologies as described above:

		Fixed Maturity Securities — by Sector & Credit Quality Rating								Fixed Maturity Securities — by Sector & Credit Quality Rating						
NAIC Designation	NAIC Designation	1	2	3	4	5	6		NAIC Designation	1	2	3	4	5	6	
NRSRO Rating	NRSRO Rating	Aaa/Aa/A	Baa	Ba	B	Caa and Lower	In or Near Default	Total Estimated Fair Value	NRSRO Rating	Aaa/Aa/A	Baa	Ba	B	Caa and Lower	In or Near Default	Total Estimated Fair Value
		(In millions)								(In millions)						

June 30, 2023															
September 30, 2023									**September 30, 2023**						
U.S. corporate	U.S. corporate	$ 15,695	$ 15,931	$ 1,556	$ 476	$ 42	$ 14	$ 33,714	U.S. corporate	$ 15,287	$ 15,691	$ 1,353	$ 507	$ 60	$ 12	$ 32,910
Foreign corporate	Foreign corporate	4,309	6,127	406	63	—	—	10,905	Foreign corporate	4,340	5,909	370	59	—	—	10,678
U.S. government and agency	U.S. government and agency	8,052	111	—	—	—	—	8,163	U.S. government and agency	7,693	109	—	—	—	—	7,802
RMBS	RMBS	7,419	17	7	1	9	—	7,453	RMBS	7,019	22	1	—	9	—	7,051
CMBS	CMBS	6,079	355	20	2	2	—	6,458	CMBS	5,929	354	21	2	2	—	6,308
ABS	ABS	5,354	633	17	11	11	—	6,026	ABS	5,456	619	17	12	10	—	6,114
State and political subdivision	State and political subdivision	3,741	83	1	—	10	—	3,835	State and political subdivision	3,521	72	1	—	10	—	3,604
Foreign government	Foreign government	622	372	29	—	—	—	1,023	Foreign government	585	354	27	—	—	—	966
Total fixed maturity securities	Total fixed maturity securities	$ 51,271	$ 23,629	$ 2,036	$ 553	$ 74	$ 14	$ 77,577	Total fixed maturity securities	$ 49,830	$ 23,130	$ 1,790	$ 580	$ 91	$ 12	$ 75,433
December 31, 2022	**December 31, 2022**								**December 31, 2022**							
U.S. corporate	U.S. corporate	$ 14,697	$ 15,683	$ 1,671	$ 499	$ 57	$ —	$ 32,607	U.S. corporate	$ 14,697	$ 15,683	$ 1,671	$ 499	$ 57	$ —	$ 32,607
Foreign corporate	Foreign corporate	3,758	6,377	373	68	—	—	10,576	Foreign corporate	3,758	6,377	373	68	—	—	10,576
U.S. government and agency	U.S. government and agency	7,887	129	—	—	—	—	8,016	U.S. government and agency	7,887	129	—	—	—	—	8,016
RMBS	RMBS	7,490	14	12	2	10	—	7,528	RMBS	7,490	14	12	2	10	—	7,528
CMBS	CMBS	6,240	351	9	7	4	—	6,611	CMBS	6,240	351	9	7	4	—	6,611
ABS	ABS	4,648	672	17	12	10	—	5,359	ABS	4,648	672	17	12	10	—	5,359
State and political subdivision	State and political subdivision	3,682	105	1	—	11	—	3,799	State and political subdivision	3,682	105	1	—	11	—	3,799
Foreign government	Foreign government	661	392	28	—	—	—	1,081	Foreign government	661	392	28	—	—	—	1,081
Total fixed maturity securities	Total fixed maturity securities	$ 49,063	$ 23,723	$ 2,111	$ 588	$ 92	$ —	$ 75,577	Total fixed maturity securities	$ 49,063	$ 23,723	$ 2,111	$ 588	$ 92	$ —	$ 75,577

U.S. and Foreign Corporate Fixed Maturity Securities

We maintain a diversified portfolio of corporate fixed maturity securities across industries and issuers. Our portfolio does not have any exposure to any single issuer in excess of 1% of total investments and the top ten holdings in aggregate comprise 1% of total investments at both June 30, 2023 September 30, 2023 and December 31, 2022. Our U.S. and foreign corporate fixed maturity securities holdings by industry were as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Estimated Fair Value	% of Total	Estimated Fair Value	% of Total		Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
		(Dollars in millions)					(Dollars in millions)			
Industrial	Industrial	$ 13,806	30.9 %	$ 13,290	30.7 %	Industrial	$ 13,485	30.9 %	$ 13,290	30.7 %
Finance	Finance	12,241	27.5	11,988	27.8	Finance	12,033	27.7	11,988	27.8
Consumer	Consumer	9,894	22.2	9,459	21.9	Consumer	9,735	22.3	9,459	21.9
Utility	Utility	5,995	13.4	5,767	13.4	Utility	5,773	13.2	5,767	13.4
Communications	Communications	2,683	6.0	2,679	6.2	Communications	2,562	5.9	2,679	6.2

Total	Total	$ 44,619	100.0 %	$ 43,183	100.0 %	Total	$ 43,588	100.0 %	$ 43,183	100.0 %

Structured Securities

We held $19.9 billion and $19.5 billion $19.5 billion of Structured Securities, at estimated fair value, at June 30, 2023 both September 30, 2023 and December 31, 2022, respectively, as presented in the RMBS, CMBS and ABS sections below.

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RMBS

Our RMBS holdings are diversified by security type, risk profile and ratings profile, which were as follows at:

		June 30, 2023			December 31, 2022				September 30, 2023			December 31, 2022		
		Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)		Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
		(Dollars in millions)							(Dollars in millions)					
Security type:	Security type:							Security type:						
Pass-through securities	Pass-through securities	$ 3,910	52.5 %	$ (566)	$ 3,846	51.1 %	$ (590)	Pass-through securities	$ 3,721	52.8 %	$ (752)	$ 3,846	51.1 %	$ (590)
Collateralized mortgage obligations	Collateralized mortgage obligations	3,543	47.5	(306)	3,682	48.9	(311)	Collateralized mortgage obligations	3,330	47.2	(426)	3,682	48.9	(311)
Total RMBS	Total RMBS	$ 7,453	100.0 %	$ (872)	$ 7,528	100.0 %	$ (901)	Total RMBS	$ 7,051	100.0 %	$ (1,178)	$ 7,528	100.0 %	$ (901)
Risk profile:	Risk profile:							Risk profile:						
Agency	Agency	$ 6,100	81.8 %	$ (819)	$ 6,137	81.5 %	$ (842)	Agency	$ 5,782	82.0 %	$ (1,110)	$ 6,137	81.5 %	$ (842)
Prime	Prime	143	2.0	(19)	149	2.0	(20)	Prime	137	2.0	(20)	149	2.0	(20)
Alt-A	Alt-A	790	10.6	(29)	788	10.5	(37)	Alt-A	752	10.6	(39)	788	10.5	(37)
Sub-prime	Sub-prime	420	5.6	(5)	454	6.0	(2)	Sub-prime	380	5.4	(9)	454	6.0	(2)
Total RMBS	Total RMBS	$ 7,453	100.0 %	$ (872)	$ 7,528	100.0 %	$ (901)	Total RMBS	$ 7,051	100.0 %	$ (1,178)	$ 7,528	100.0 %	$ (901)
Ratings profile:	Ratings profile:							Ratings profile:						
Rated Aaa (1)	Rated Aaa (1)	$ 6,577	88.2 %		$ 6,643	88.2 %		Rated Aaa (1)	$ 547	7.8 %		$ 6,643	88.2 %	
Designated NAIC 1	Designated NAIC 1	$ 7,419	99.5 %		$ 7,490	99.5 %		Designated NAIC 1	$ 7,019	99.5 %		$ 7,490	99.5 %	

(1) In the current period, Fitch Ratings downgraded the U.S. credit rating from Aaa to Aa1, which resulted in a decrease in Aaa assets in our RMBS holdings.

Historically, our exposure to sub-prime RMBS holdings has been managed by focusing primarily on senior tranche securities, stress-testing the portfolio with severe loss assumptions and closely monitoring the performance of the portfolio. Our sub-prime RMBS portfolio consists predominantly of securities that were purchased after 2012 at significant discounts to par value and discounts to the expected principal recovery value of these securities. The vast majority of these securities are investment grade under the NAIC designations (e.g., NAIC 1 and NAIC 2).

CMBS

Our CMBS holdings are diversified by vintage year, which were as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value		Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
		(In millions)					(In millions)			
2003 - 2011	2003 - 2011	$ 90	$ 82	$ 90	$ 82	2003 - 2011	$ 89	$ 76	$ 90	$ 82
2012	2012	21	19	41	38	2012	9	7	41	38
2013	2013	82	75	204	197	2013	76	69	204	197
2014	2014	294	265	322	294	2014	294	262	322	294
2015	2015	951	861	966	879	2015	950	859	966	879
2016	2016	462	417	463	421	2016	461	416	463	421

2017	2017	725	650	732	667	2017	718	638	732	667
2018	2018	1,637	1,492	1,668	1,538	2018	1,633	1,464	1,668	1,538
2019	2019	1,011	862	1,021	879	2019	998	836	1,021	879
2020	2020	552	442	534	426	2020	541	425	534	426
2021	2021	873	810	821	748	2021	846	783	821	748
2022	2022	489	470	462	442	2022	470	448	462	442
2023	2023	15	13	—	—	2023	27	25	—	—
Total	Total	$ 7,202	$ 6,458	$ 7,324	$ 6,611	Total	$ 7,112	$ 6,308	$ 7,324	$ 6,611

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The estimated fair value of CMBS rated Aaa using rating agency ratings was $4.6 billion $4.3 billion, or 70.9% 68.0% of total CMBS, and designated NAIC 1 was $6.1 billion $5.9 billion, or 94.1% 94.0% of total CMBS, at June 30, 2023 September 30, 2023. The estimated fair value of CMBS Aaa rating agency ratings was $4.6 billion, or 70.0% of total CMBS, and designated NAIC 1 was $6.2 billion, or 94.4% of total CMBS, at December 31, 2022.

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ABS

Our ABS holdings are diversified by both collateral type and issuer. Our ABS holdings by collateral type and ratings profile were as follows at:

		June 30, 2023			December 31, 2022				September 30, 2023			December 31, 2022		
		Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)		Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
		(Dollars in millions)							(Dollars in millions)					
Collateral type:	Collateral type:							Collateral type:						
Collateralized obligations	Collateralized obligations	$ 3,590	59.6 %	$ (75)	$ 3,239	60.5 %	$ (124)	Collateralized obligations	$ 3,653	59.7 %	$ (34)	$ 3,239	60.5 %	$ (124)
Consumer loans	Consumer loans	380	6.3	(29)	420	7.8	(36)	Consumer loans	349	5.7	(27)	420	7.8	(36)
Student loans	Student loans	383	6.4	(28)	393	7.3	(34)	Student loans	386	6.3	(27)	393	7.3	(34)
Automobile loans	Automobile loans	378	6.2	(9)	216	4.0	(9)	Automobile loans	444	7.3	(8)	216	4.0	(9)
Credit card loans	Credit card loans	245	4.1	(11)	158	3.0	(10)	Credit card loans	257	4.2	(11)	158	3.0	(10)
Other loans	Other loans	1,050	17.4	(74)	933	17.4	(80)	Other loans	1,025	16.8	(73)	933	17.4	(80)
Total	Total	$ 6,026	100.0 %	$ (226)	$ 5,359	100.0 %	$ (293)	Total	$ 6,114	100.0 %	$ (180)	$ 5,359	100.0 %	$ (293)
Ratings profile:	Ratings profile:							Ratings profile:						
Rated Aaa	Rated Aaa	$ 3,046	50.5 %		$ 2,300	42.9 %		Rated Aaa	$ 3,272	53.5 %		$ 2,300	42.9 %	
Designated NAIC 1	Designated NAIC 1	$ 5,354	88.8 %		$ 4,648	86.7 %		Designated NAIC 1	$ 5,456	89.2 %		$ 4,648	86.7 %	

Allowance for Credit Losses for Fixed Maturity Securities

See Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information about the evaluation of fixed maturity securities for an allowance for credit losses or write-offs due to uncollectibility.

Securities Lending

We participate in a securities lending program whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, in an amount generally equal to 102% of the estimated fair value of the securities loaned, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. The estimated fair value of the securities loaned is monitored on a daily basis with additional collateral obtained as necessary throughout the duration of the loan. Securities loaned under such transactions may be sold or re-pledged by the transferee. We are liable to return to our counterparties the cash collateral under our control. Security collateral received from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected in the financial statements. These transactions are treated as financing arrangements and the associated cash collateral liability is recorded at the amount of the cash received.

See “— Liquidity and Capital Resources — The Company — Primary Uses of Liquidity and Capital — Securities Lending” and Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information regarding our securities lending program.

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Mortgage Loans

Our mortgage loans are principally collateralized by commercial, agricultural and residential properties. Information regarding mortgage loans by portfolio segment is summarized as follows at:

	June 30, 2023				December 31, 2022			
	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost
	(Dollars in millions)							
Commercial	$ 13,392	58.8 %	$ 75	0.6 %	$ 13,574	58.9 %	$ 49	0.4 %
Agricultural	4,432	19.5	14	0.3 %	4,365	18.9	15	0.3 %
Residential	4,935	21.7	56	1.1 %	5,116	22.2	55	1.1 %
Total	$ 22,759	100.0 %	$ 145	0.6 %	$ 23,055	100.0 %	$ 119	0.5 %

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	September 30, 2023				December 31, 2022			
	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost	Amortized Cost	% of Total	Allowance for Credit Losses	% of Amortized Cost
	(Dollars in millions)							
Commercial	$ 13,307	58.3 %	$ 67	0.5 %	$ 13,574	58.9 %	$ 49	0.4 %
Agricultural	4,461	19.6	15	0.3 %	4,365	18.9	15	0.3 %
Residential	5,051	22.1	55	1.1 %	5,116	22.2	55	1.1 %
Total	$ 22,819	100.0 %	$ 137	0.6 %	$ 23,055	100.0 %	$ 119	0.5 %

Our mortgage loan portfolio is diversified by both geographic region and property type to reduce the risk of concentration. The percentage of our commercial and agricultural mortgage loan portfolios collateralized by properties located in the U.S. were 98% at both June 30, 2023 September 30, 2023 and December 31, 2022. The remainder was collateralized by properties located outside of the U.S. At June 30, 2023 September 30, 2023, the carrying value as a percentage of total commercial and agricultural mortgage loans for the top three states in the U.S. was 18% for California, 12% 10% for Texas and 9% 8% for Florida. New York. Additionally, we manage risk when originating commercial and agricultural mortgage loans by generally lending up to 75% of the estimated fair value of the underlying real estate collateral.

Our residential mortgage loan portfolio is managed in a similar manner to reduce risk of concentration. All residential mortgage loans were collateralized by properties located in the U.S. at both June 30, 2023 September 30, 2023 and December 31, 2022. At June 30, 2023 September 30, 2023, the carrying value as a percentage of total residential mortgage loans for the top three states in the U.S. was 39% for California, 11% for Florida and 7% for New York.

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Commercial Mortgage Loans by Geographic Region and Property Type. Commercial mortgage loans are the largest component of the mortgage loan invested asset class. The diversification across geographic regions and property types of commercial mortgage loans was as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Amount	% of Total	Amount	% of Total		Amount	% of Total	Amount	% of Total
		(Dollars in millions)					(Dollars in millions)			
Geographic region:	Geographic region:					Geographic region:				
South Atlantic	South Atlantic	$ 2,968	22.2 %	$ 3,026	22.3 %	South Atlantic	$ 2,783	20.9 %	$ 3,026	22.3 %
Pacific	Pacific	2,648	19.8	2,765	20.4	Pacific	2,649	19.9	2,765	20.4
Middle Atlantic	Middle Atlantic	2,157	16.1	2,344	17.3	Middle Atlantic	2,155	16.2	2,344	17.3
West South Central	West South Central	1,852	13.8	1,642	12.1	West South Central	1,516	11.4	1,642	12.1

Mountain	Mountain	1,144	8.5	1,140	8.4	Mountain	1,143	8.6	1,140	8.4
New England	New England	755	5.6	741	5.4	New England	753	5.7	741	5.4
East North Central	East North Central	737	5.5	794	5.8	East North Central	736	5.5	794	5.8
International	International	400	3.0	390	2.9	International	405	3.0	390	2.9
West North Central	West North Central	360	2.7	361	2.7	West North Central	359	2.7	361	2.7
East South Central	East South Central	306	2.3	306	2.2	East South Central	306	2.3	306	2.2
Multi-region and Other (1)	Multi-region and Other (1)	65	0.5	65	0.5	Multi-region and Other (1)	502	3.8	65	0.5
Total recorded investment	Total recorded investment	13,392	100.0 %	13,574	100.0 %	Total recorded investment	13,307	100.0 %	13,574	100.0 %
Less: allowance for credit losses	Less: allowance for credit losses	75		49		Less: allowance for credit losses	67		49	
Carrying value, net of allowance for credit losses	Carrying value, net of allowance for credit losses	$ 13,317		$ 13,525		Carrying value, net of allowance for credit losses	$ 13,240		$ 13,525	
Property type:	Property type:					Property type:				
Apartment	Apartment	$ 5,396	40.3 %	$ 5,366	39.5 %	Apartment	$ 5,395	40.5 %	$ 5,366	39.5 %
Office	Office	3,278	24.5	3,375	24.9	Office	3,214	24.2	3,375	24.9
Industrial	Industrial	2,066	15.4	2,051	15.1	Industrial	2,073	15.6	2,051	15.1
Retail	Retail	1,777	13.3	1,934	14.3	Retail	1,793	13.5	1,934	14.3
Hotel	Hotel	875	6.5	848	6.2	Hotel	832	6.2	848	6.2
Total recorded investment	Total recorded investment	13,392	100.0 %	13,574	100.0 %	Total recorded investment	13,307	100.0 %	13,574	100.0 %
Less: allowance for credit losses	Less: allowance for credit losses	75		49		Less: allowance for credit losses	67		49	
Carrying value, net of allowance for credit losses	Carrying value, net of allowance for credit losses	$ 13,317		$ 13,525		Carrying value, net of allowance for credit losses	$ 13,240		$ 13,525	

(1) In the current quarter, certain commercial mortgage loans have been reclassified into the Multi-region and Other geographic region.

Mortgage Loan Credit Quality — Monitoring Process. Our mortgage loan investments are monitored on an ongoing basis, including a review of loans that are current, past due, restructured and under foreclosure. Quarterly, we conduct a formal review of the portfolio with our investment managers. See Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information on mortgage loans by credit quality indicator, past due status, nonaccrual status and modified mortgage loans.

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Our commercial mortgage loans are reviewed on an ongoing basis. These reviews may include an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, loan-to-value ratios, debt-service coverage ratios and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher loan-to-value ratios and lower debt-service coverage ratios. The monitoring process for agricultural mortgage loans is generally similar, with a focus on higher risk loans, such as loans with higher loan-to-value ratios, including reviews on a geographic and sector basis. Our residential mortgage loans are reviewed on an ongoing basis. See Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information on our evaluation of residential mortgage loans and related measurement of allowance for credit losses.

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Loan-to-value ratios and debt-service coverage ratios are common measures in the assessment of the quality of commercial mortgage loans. Loan-to-value ratios are a common measure in the assessment of the quality of agricultural mortgage loans. Loan-to-value ratios compare the amount of the loan to the estimated fair value of the underlying collateral. A loan-to-value ratio greater than 100% indicates that the loan amount is greater than the collateral value. A loan-to-value ratio of less than 100% indicates an excess of collateral value over the loan amount. Generally, the higher the loan-to-value ratio, the higher the risk of experiencing a credit loss. The debt-service coverage ratio compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the debt-service coverage ratio, the higher the risk of experiencing a credit loss. For our commercial mortgage loans, our average loan-to-value ratio was 61% and 57% at June 30, 2023 September 30, 2023 and December 31, 2022, respectively and our average debt-service coverage ratio was 2.3x and 2.2x at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. The debt-service coverage ratio, as well as the values utilized in calculating the ratio, is updated annually on a rolling basis, with a portion of the portfolio updated each quarter. In addition, the loan-to-value ratio is routinely updated for all but the lowest risk loans as part of our ongoing review of our commercial mortgage loan portfolio. For our agricultural mortgage loans, our average loan-to-value ratio was 48% at both June 30, 2023 September 30, 2023 and December 31, 2022. The values utilized in calculating the agricultural mortgage loan loan-to-value ratio are developed in connection with the ongoing review of the agricultural loan portfolio and are routinely updated.

Mortgage Loan Allowance for Credit Losses. See Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how the allowance for credit losses is established and monitored, as well as activity in and balances of the allowance for credit losses for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

Limited Partnerships and Limited Liability Companies

The carrying values of our limited partnerships and LLCs were as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
Other limited partnerships	Other limited partnerships	$ 4,110	$ 3,941	Other limited partnerships	$ 4,132	$ 3,941
Real estate limited partnerships and LLCs (1)	Real estate limited partnerships and LLCs (1)	804	834	Real estate limited partnerships and LLCs (1)	799	834
Total	Total	$ 4,914	$ 4,775	Total	$ 4,931	$ 4,775

(1) The estimated fair value of real estate limited partnerships and LLCs was $963 million $933 million and $987 million at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Cash distributions on these investments are generated from investment gains, operating income from the underlying investments of the funds and liquidation of the underlying investments of the funds. We estimate that the underlying investment of the private equity funds will typically be liquidated over the next 10 to 20 years.

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Other Invested Assets

The carrying value of our other invested assets by type was as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Carrying Value	% of Total	Carrying Value	% of Total		Carrying Value	% of Total	Carrying Value	% of Total
		(Dollars in millions)					(Dollars in millions)			
Freestanding derivatives with positive estimated fair values	Freestanding derivatives with positive estimated fair values	$ 3,017	82.1 %	$ 2,284	80.1 %	Freestanding derivatives with positive estimated fair values	$ 2,516	78.4 %	$ 2,284	80.1 %
Company-owned life insurance	Company-owned life insurance	332	9.0	250	8.8	Company-owned life insurance	336	10.5	250	8.8
Federal Home Loan Bank stock	Federal Home Loan Bank stock	216	5.9	201	7.0	Federal Home Loan Bank stock	247	7.7	201	7.0
Tax credit and renewable energy partnerships	Tax credit and renewable energy partnerships	53	1.4	55	1.9	Tax credit and renewable energy partnerships	52	1.6	55	1.9
Leveraged leases, net of non-recourse debt	Leveraged leases, net of non-recourse debt	47	1.3	48	1.7	Leveraged leases, net of non-recourse debt	48	1.5	48	1.7
Other	Other	12	0.3	14	0.5	Other	11	0.3	14	0.5

Total	Total	$ 3,677	100.0 %	$ 2,852	100.0 %	Total	$ 3,210	100.0 %	$ 2,852	100.0 %

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Derivatives

Derivative Risks

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. market risks. We use a variety of strategies to manage these risks, including the use of derivatives. See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for:

- information about the gross notional amount, estimated fair value, and primary underlying risk exposure of our derivatives by type of hedge designation, excluding embedded derivatives held at June 30, 2023 September 30, 2023 and December 31, 2022; and
- the effects of derivatives in cash flow, fair value, or non-qualifying hedge relationships on the statements of operations for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

See “Business — Segments and Corporate & Other — Annuities,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies” included in our 2022 Annual Report for more information about our use of derivatives by major hedging programs. In addition, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Annual Actuarial Review” and “Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations” included in our 2022 Annual Report.

Fair Value Hierarchy

See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy, as well as a rollforward of the fair value measurements for derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs as discussed below.

The valuation of Level 3 derivatives involves the use of significant unobservable inputs and generally requires a higher degree of management judgment or estimation than the valuations of Level 1 and Level 2 derivatives. Although Level 3 inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such instruments and are considered appropriate given the circumstances. The use of different inputs or methodologies could have a material effect on the estimated fair value of Level 3 derivatives and could materially affect net income.

Derivatives categorized as Level 3 at June 30, 2023 September 30, 2023 include: credit default swaps priced using unobservable credit spreads, or that are priced through independent broker quotations; equity hybrid options with unobservable volatility inputs; and foreign currency swaps with certain unobservable inputs.

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Credit Risk

See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for information about how we manage credit risk related to derivatives and for the estimated fair value of our net derivative assets and net derivative liabilities after the application of master netting agreements and collateral. See “Risk Factors — Risks Related to our Investment Portfolio — Our investment portfolio is subject to significant financial risks both in the U.S. and global financial markets, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control, the occurrence of any of which could have a material adverse effect on our financial condition and results of operations” included in our 2022 Annual Report.

Our policy is not to offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement. This policy applies to the recognition of derivatives on the balance sheet and does not affect our legal right of offset.

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Credit Derivatives

The gross notional amount and estimated fair value of credit default swaps were as follows at:

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
		Gross Notional Amount	Estimated Fair Value	Gross Notional Amount	Estimated Fair Value		Gross Notional Amount	Estimated Fair Value	Gross Notional Amount	Estimated Fair Value
		(In millions)					(In millions)			
Written	Written	$ 1,530	$ 23	$ 1,757	$ 16	Written	$ 1,530	$ 20	$ 1,757	$ 16
Purchased	Purchased	—	—	—	—	Purchased	—	—	—	—
Total	Total	$ 1,530	$ 23	$ 1,757	$ 16	Total	$ 1,530	$ 20	$ 1,757	$ 16

The maximum amount at risk related to our written credit default swaps is equal to the corresponding gross notional amount. In a replication transaction, we pair an asset on our balance sheet with a written credit default swap to synthetically replicate a corporate bond, a core asset holding of life insurance companies. Replications are entered into in accordance with the guidelines approved by state insurance regulators and the NAIC and are an important tool in managing the overall corporate credit risk within the Company. In order to match our long-dated insurance liabilities, we seek to buy long-dated corporate bonds. In some instances, these may not be readily available in the market, or they may be issued by corporations to which we already have significant corporate credit exposure. For example, by purchasing Treasury bonds (or other high-quality assets) and associating them with written credit default swaps on the desired corporate credit name, we can replicate the desired bond exposures and meet our ALM needs. This can expose the Company to changes in credit spreads as the written credit default swap tenor is shorter than the maturity of Treasury bonds.

Embedded Derivatives

See Note 8 of the Notes to the Interim Condensed Consolidated Financial Statements for (i) information about embedded derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy and (ii) a rollforward of the fair value measurements for net embedded derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See "— Summary of Critical Accounting Estimates — Derivatives" for additional information on the estimates and assumptions that affect embedded derivatives.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations or to provide for future annuity and life insurance benefit payments. Amounts for actuarial liabilities are computed and reported in the financial statements in conformity with GAAP. See "— Summary of Critical Accounting Estimates" for more details on policyholder liabilities.

Future Policy Benefits

We establish liabilities for future amounts payable under insurance policies. See Notes 2 and 4 of the Notes to the Interim Condensed Consolidated Financial Statements.

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Policyholder Account Balances

Policyholder account balance liabilities are established for products with an explicit account value and generally equal to the balance accrued to the contract holder, which includes accrued interest credited, but excludes the impact of any applicable charge that may be incurred upon surrender. See Note 4 of the Notes to the Interim Condensed Consolidated Financial Statements.

Market Risk Benefits

We issue certain variable annuity products with guaranteed minimum benefits ("GMxB") that provide the policyholder a minimum return based on their initial deposit (i.e., the Benefit Base) less withdrawals. In some cases, the Benefit Base may be increased by additional deposits, bonus amounts, accruals or optional market value step-ups. Liabilities for variable Variable annuity guaranteed benefits are classified as MRBs and measured at fair value. Certain index-linked annuity products may also have guaranteed minimum benefits GMxBs classified as MRBs. See Note 4 of the Notes to the Interim Condensed Consolidated Financial Statements and "Quantitative and Qualitative Disclosures About Market Risk."

Select information that management considers relevant to understanding our variable annuity risk management strategy has been included below.

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Net Amount at Risk

The net amount at risk ("NAR") for the guaranteed minimum income benefits ("GMIB") is the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents our potential economic exposure to such guarantees in the event all contract holders were to annuitize on the balance sheet date, even though the guaranteed amount under the contract may not be annuitized until after the waiting period of the contract.

The NAR for the guaranteed minimum withdrawal benefits ("GMWB") is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet date. Only a small portion of the Benefit Base is available for withdrawal on an annual basis.

The NAR for the guaranteed minimum accumulation benefits ("GMAB") is the amount of guaranteed benefits in excess of the account values (if any) as of the balance sheet date and assumes utilization of benefits by all contract holders as of the balance sheet. The NAR for the GMAB is not available until the GMAB maturity date.

The NAR for the guaranteed minimum death benefits ("GMDB") is the amount of death benefit in excess of the account value (if any) as of the balance sheet date. It represents the amount of the claim we would incur if death claims were made on all contracts on the balance sheet date and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

Our variable annuity account value and NAR by type of GMxB were as follows at:

June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022

		Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)	Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)
		(Dollars in millions)							
GMIB	GMIB	$ 32,236	$ 4,546	$ 3,977	34.4 %	$ 31,541	$ 5,517	$ 4,484	42.9 %
GMIB Max with EDB (3)	GMIB Max with EDB (3)	7,872	5,928	415	31.5 %	7,868	6,013	415	34.8 %
GMIB Max without EDB (3)	GMIB Max without EDB (3)	4,485	154	93	16.9 %	4,464	196	92	18.7 %
GMWB	GMWB	19,997	884	360	14.8 %	19,270	1,584	662	26.5 %
GMAB	GMAB	459	9	9	23.0 %	492	18	18	25.4 %
GMDB only (other than EDB) (3)	GMDB only (other than EDB) (3)	16,905	820	—	N/A	15,766	1,737	—	N/A
EDB only (3)	EDB only (3)	3,108	1,331	—	N/A	3,009	1,439	—	N/A
Total	Total	$ 85,062	$ 13,672	$ 4,854		$ 82,410	$ 16,504	$ 5,671	

	Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)	Account Value	Death Benefit NAR (1)	Living Benefit NAR (1)	% of Account Value In-the-Money (2)
	(Dollars in millions)							
GMIB	$ 30,275	$ 5,267	$ 4,312	39.7 %	$ 31,541	$ 5,517	$ 4,484	42.9 %
GMIB Max with EDB (3)	7,213	6,558	620	44.4 %	7,868	6,013	415	34.8 %
GMIB Max without EDB (3)	4,109	203	160	27.9 %	4,464	196	92	18.7 %
GMWB	18,728	1,181	473	19.5 %	19,270	1,584	662	26.5 %
GMAB	421	13	13	25.9 %	492	18	18	25.4 %
GMDB only (other than EDB) (3)	15,889	1,389	—	N/A	15,766	1,737	—	N/A
EDB only (3)	2,920	1,516	—	N/A	3,009	1,439	—	N/A
Total	$ 79,555	$ 16,127	$ 5,578		$ 82,410	$ 16,504	$ 5,671	

(1) The “Death Benefit NAR” and “Living Benefit NAR” are not additive at the contract level.

(2) In-the-money is defined as any contract with a living benefit NAR in excess of zero.

(3) Enhanced Death Benefit (“EDB”).

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Reserves

Under GAAP, variable annuity guarantees are classified as MRBs, and measured at estimated fair value. Liabilities for these guarantees value, and are reported in market risk benefit assets and liabilities on the consolidated balance sheets, with changes reported in change in market risk benefits on the consolidated statements of operations, except for changes related to nonperformance risk, which are reported in other comprehensive income on the consolidated statements of comprehensive income (loss). Additionally, the index protection and accumulation features of Shield Annuities are accounted for as embedded derivatives, measured at estimated fair value, and are reported in policyholder account balances on the consolidated balance sheets, with changes reported in net derivative gains (losses) on the consolidated statements of operations. These liabilities were valued at $6.4 billion $5.6 billion at June 30, 2023, are measured at estimated fair value. September 30, 2023.

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Our variable annuity reserves MRBs by type of GMxB were as follows at:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
		(In millions)			(In millions)	
GMIB	GMIB	$ 9,052	$ 9,457	GMIB	$ 8,128	$ 9,457
GMWB	GMWB	64	209	GMWB	28	209
GMAB		—	—			
GMDB	GMDB	664	720	GMDB	671	720

Total	Total	$ 9,780	$ 10,386	Total	$ 8,827	$ 10,386

The estimated fair value of these guarantees can change significantly due to changes in equity market performance, equity market volatility or interest rates. Fair values are also affected by our assumptions around mortality, separate account returns and policyholder behavior, including lapse, annuitization and withdrawal rates. See “Risk Factors — Risks Related to Our Business — Guarantees within certain of our annuity products may decrease our earnings, decrease our capitalization, increase the volatility of our results, result in higher risk management costs and expose us to increased market risk” included in our 2022 Annual Report.

Derivatives Hedging Variable Annuity Guarantees

The gross notional amount and estimated fair value of the derivatives held in our macro interest rate hedging program were as follows at:

		June 30, 2023			December 31, 2022				September 30, 2023			December 31, 2022		
		Gross Notional Amount (1)	Estimated Fair Value		Gross Notional Amount (1)	Estimated Fair Value			Gross Notional Amount (1)	Estimated Fair Value		Gross Notional Amount (1)	Estimated Fair Value	
Instrument Type	Instrument Type		Assets	Liabilities		Assets	Liabilities	Instrument Type		Assets	Liabilities		Assets	Liabilities
		(In millions)							(In millions)					
Interest rate swaps	Interest rate swaps	$ 14,265	$ 36	$ 65	$ 2,330	$ 38	$ 46	Interest rate swaps	$ 23,230	$ 130	$ 268	$ 2,330	$ 38	$ 46
Interest rate options	Interest rate options	31,680	42	209	28,688	22	232	Interest rate options	31,080	18	303	28,688	22	232
Interest rate forwards	Interest rate forwards	16,848	47	1,893	16,848	35	2,387	Interest rate forwards	15,464	178	2,727	16,848	35	2,387
Hybrid options (2)	Hybrid options (2)	630	4	—	—	—	—	Hybrid options (2)	630	7	—	—	—	—
Total	Total	$ 63,423	$ 129	$ 2,167	$ 47,866	$ 95	$ 2,665	Total	$ 70,404	$ 333	$ 3,298	$ 47,866	$ 95	$ 2,665

(1) The gross notional amounts presented do not necessarily represent the relative economic coverage provided by derivative instruments because certain positions were closed out by entering into offsetting positions that are not netted in the above table.

(2) Hybrid options have equity exposure in addition to interest rate exposure.

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The gross notional amount and estimated fair value of the derivatives held in our variable annuity hedging program, as well as the interest rate hedges allocated from our macro interest rate hedging program, were as follows at:

		June 30, 2023			December 31, 2022				September 30, 2023			December 31, 2022		
		Gross Notional Amount (1)	Estimated Fair Value		Gross Notional Amount (1)	Estimated Fair Value			Gross Notional Amount (1)	Estimated Fair Value		Gross Notional Amount (1)	Estimated Fair Value	
Instrument Type	Instrument Type		Assets	Liabilities		Assets	Liabilities	Instrument Type		Assets	Liabilities		Assets	Liabilities
		(In millions)							(In millions)					
Equity index options	Equity index options	$ 11,786	$ 368	$ 489	$ 13,862	$ 525	$ 350	Equity index options	$ 12,313	$ 304	$ 432	$ 13,862	$ 525	$ 350
Equity total return swaps	Equity total return swaps	46,739	1,438	1,113	32,909	520	747	Equity total return swaps	56,332	931	1,061	32,909	520	747
Interest rate swaps	Interest rate swaps	14,465	36	70	2,330	38	46	Interest rate swaps	30,096	131	280	2,330	38	46
Interest rate options	Interest rate options	27,580	42	106	27,088	21	126	Interest rate options	27,580	18	220	27,088	21	126

Interest rate forwards	Interest rate forwards	10,441	34	787	10,565	35	1,255	Interest rate forwards	8,443	—	1,206	10,565	35	1,255
Hybrid options	Hybrid options	630	4	—	—	—	—	Hybrid options	630	7	—	—	—	—
Total	Total	$ 111,641	$ 1,922	$ 2,565	$ 86,754	$ 1,139	$ 2,524	Total	$ 135,394	$ 1,391	$ 3,199	$ 86,754	$ 1,139	$ 2,524

(1) The gross notional amounts presented do not necessarily represent the relative economic coverage provided by option instruments because certain positions were closed out by entering into offsetting positions that are not netted in the above table.

Period-to-period changes in the estimated fair value of these hedges affect our net income, as well as stockholders' equity and these effects can be material in any given period. See "Risk Factors — Risks Related to Our Business — Our variable annuity exposure risk management strategy may not be effective, may result in significant volatility in our profitability measures and may negatively affect our statutory capital," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management Strategies" included in our 2022 Annual Report.

Liquidity and Capital Resources

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility or disruptions in global capital markets, particular markets or financial asset classes can impact us adversely, in part because we have a large investment portfolio and our insurance liabilities and derivatives are sensitive to changing market factors. Changing conditions in the global capital markets and the economy may affect our financing costs and market interest rates for our debt or equity securities. For further information regarding market factors that could affect our ability to meet liquidity and capital needs, see "— Industry Trends and Uncertainties — Financial and Economic Environment," as well as "Risk Factors — Economic Environment and Capital Markets-Related Risks" and "Risk Factors — Risks Related to Our Investment Portfolio" included in our 2022 Annual Report.

Liquidity and Capital Management

Based upon our capitalization, expectations regarding maintaining our business mix, ratings, and funding sources available to us, we believe we have sufficient liquidity to meet business requirements in current market conditions and certain stress scenarios. Our Board of Directors and senior management are directly involved in the governance of the capital management process, including proposed changes to the annual capital plan and capital targets. We continuously monitor and adjust our liquidity and capital plans in light of market conditions, as well as changing needs and opportunities.

We maintain a substantial short-term liquidity position, which was $3.4 billion $3.2 billion and $3.6 billion at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, derivatives and assets held on deposit or in trust.

An integral part of our liquidity management includes managing our level of liquid assets, which was $43.8 $42.0 billion and $40.8 billion at June 30, 2023 September 30, 2023 and December 31, 2022, respectively. 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 amounts received in connection with securities lending, funding agreements, derivatives and assets held on deposit or in trust.

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The Company

Liquidity

Liquidity refers to our ability to generate adequate cash flows from our normal operations to meet the cash requirements of our operating, investing and financing activities. We determine our liquidity needs based on a rolling 12-month forecast by portfolio of invested assets, which we monitor daily. We adjust the general account asset and derivatives mix and general account asset maturities based on this rolling 12-month forecast. To support this forecast, we conduct cash flow and stress testing, which reflect the impact of various scenarios, including (i) the potential increase in our requirement to pledge additional collateral or return collateral to our counterparties, (ii) a reduction in new business sales, and (iii) the risk of early contract holder and policyholder withdrawals, as well as lapses and surrenders of existing policies and contracts. We include provisions limiting withdrawal rights in many of our products, which deter the customer from making withdrawals prior to the maturity date of the product. If significant cash is required beyond our anticipated liquidity needs, we have various alternatives available depending on market conditions and the amount and timing of the liquidity need. These available alternative sources of liquidity include cash flows from operations, sales of liquid assets and funding sources, including secured funding agreements, unsecured credit facilities and secured committed facilities.

Under certain adverse market and economic conditions, our access to liquidity may deteriorate, or the cost to access liquidity may increase. See "Risk Factors — Economic Environment and Capital Markets-Related Risks — Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs and our access to capital" in our 2022 Annual Report.

Capital

We manage our capital position to maintain our financial strength and credit ratings. Our capital position is supported by our ability to generate cash flows within our insurance companies, our ability to effectively manage the risks of our businesses and our expected ability to borrow funds and raise additional capital to meet operating and growth needs under a variety of market and economic conditions.

We monitor our debt-to-capital ratio using an average of our key leverage ratios as calculated by A.M. Best, Fitch, Moody's and S&P, and we aim to maintain a ratio commensurate with our financial strength and credit ratings. As such, we may opportunistically look to pursue additional financing over time, which may include borrowings under credit facilities, the issuance of debt, equity or hybrid securities, the incurrence of term loans, or the refinancing or extinguishment of existing indebtedness. There can be no assurance that we will be able to complete any such financing transactions on terms and conditions favorable to us or at all.

In support of our target combined risk-based capital ("RBC") ratio of 400% to 450% in normal market conditions, we expect to continue to maintain a capital and exposure risk management program that targets total assets supporting our variable annuity contracts at or above the average of the worst two percent of a set of capital markets scenarios over the life of the contracts level in normal market conditions. With our risk management focus on the core drivers of our combined RBC ratio, we believe we can better manage our RBC in stressed market scenarios.

We have a share repurchase program under which repurchases may be made through open market purchases, including pursuant to 10b5-1 plans or pursuant to accelerated stock repurchase plans, or through privately negotiated transactions, from time to time at management's discretion in accordance with applicable legal requirements. Common stock repurchases are dependent upon several factors, including our capital position, liquidity, financial strength and credit ratings, general market conditions, the market price of our common stock compared to management's assessment of the stock's underlying value and applicable regulatory approvals, as well as other legal and accounting factors.

We currently have no plans to declare and pay dividends on our common stock. Any future declaration and payment of dividends or other distributions or returns of capital will be at the discretion of our Board of Directors and will depend on and be subject to our financial condition, results of operations, cash needs, regulatory and other constraints, capital requirements (including capital requirements of our insurance subsidiaries), contractual restrictions and any other factors that our Board of Directors deems relevant in making such a determination. Therefore, there can be no assurance that we will pay any dividends or make other distributions or returns of capital on our common stock, or as to the amount of any such dividends, distributions or returns of capital.

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Sources and Uses of Liquidity and Capital

Our primary sources and uses of liquidity and capital were as follows at:

		Six Months Ended June 30,			Nine Months Ended September 30,	
		2023	2022		2023	2022
		(In millions)			(In millions)	
Sources:	**Sources:**			**Sources:**		
Changes in policyholder account balances, net	Changes in policyholder account balances, net	$ 2,584	$ 5,688	Changes in policyholder account balances, net	$ 3,519	$ 9,281
Changes in payables for collateral under securities loaned and other transactions, net	Changes in payables for collateral under securities loaned and other transactions, net	—	406	Changes in payables for collateral under securities loaned and other transactions, net	—	263
Financing element on certain derivative instruments and other derivative related transactions, net				Financing element on certain derivative instruments and other derivative related transactions, net	43	—
Total sources	Total sources	2,584	6,094	Total sources	3,562	9,544
Uses:	**Uses:**			**Uses:**		
Operating activities, net	Operating activities, net	628	40	Operating activities, net	289	1,002
Investing activities, net	Investing activities, net	1,659	5,019	Investing activities, net	2,644	7,596
Changes in payables for collateral under securities loaned and other transactions, net	Changes in payables for collateral under securities loaned and other transactions, net	427	—	Changes in payables for collateral under securities loaned and other transactions, net	619	—
Long-term debt repaid	Long-term debt repaid	1	1	Long-term debt repaid	1	2
Dividends on preferred stock	Dividends on preferred stock	51	53	Dividends on preferred stock	77	78

Treasury stock acquired in connection with share repurchases	Treasury stock acquired in connection with share repurchases	126	259	Treasury stock acquired in connection with share repurchases	190	395
Financing element on certain derivative instruments and other derivative related transactions, net	Financing element on certain derivative instruments and other derivative related transactions, net	54	112	Financing element on certain derivative instruments and other derivative related transactions, net	—	137
Other, net	Other, net	16	13	Other, net	18	15
Total uses	Total uses	2,962	5,497	Total uses	3,838	9,225
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	$ (378)	$ 597	Net increase (decrease) in cash and cash equivalents	$ (276)	$ 319

Cash Flows from Operating Activities

The principal cash inflows from our insurance activities come from insurance premiums, annuity considerations and net investment income. The principal cash outflows are the result of various annuity and life insurance products, operating expenses and income tax, as well as interest expense. The primary liquidity concern with respect to these cash flows is the risk of early contract holder and policyholder withdrawal.

Cash Flows from Investing Activities

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments, as well as settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments and settlements of freestanding derivatives. We typically can have a net cash outflow from investing activities because cash inflows from insurance operations are reinvested in accordance with our ALM discipline to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors and market disruption.

Cash Flows from Financing Activities

The principal cash inflows from our financing activities come from issuances of debt and equity securities, deposits of funds associated with policyholder account balances and lending of securities. The principal cash outflows come from repayments of debt, common stock repurchases, preferred stock dividends, withdrawals associated with policyholder account balances and the return of securities on loan. The primary liquidity concerns with respect to these cash flows are market disruption and the risk of early policyholder withdrawal.

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Primary Sources of Liquidity and Capital

In addition to the summary description of liquidity and capital sources discussed in "— Sources and Uses of Liquidity and Capital," the following additional information is provided regarding our primary sources of liquidity and capital:

Funding Sources

Liquidity is provided by a variety of funding sources, including secured and unsecured funding agreements, unsecured credit facilities and secured committed facilities. Capital is provided by a variety of funding sources, including issuances of debt and equity securities, as well as borrowings under our credit facilities. We maintain a shelf registration statement with the SEC that permits the issuance of public debt, equity and hybrid securities. As a "Well-Known Seasoned Issuer" under SEC rules, our shelf registration statement provides for automatic effectiveness upon filing and has no stated issuance capacity. The diversity of our funding sources enhances our funding flexibility, limits dependence on any one market or source of funds and generally lowers the cost of funds. Our primary funding sources include:

Preferred Stock

See Note 9 10 of the Notes to the Interim Condensed Consolidated Financial Statements and Note 10 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report for information on preferred stock issuances.

Funding Agreements

Brighthouse Life Insurance Company issues funding agreements and uses the proceeds from such issuances for spread lending purposes in connection with our institutional spread margin business or to provide additional liquidity. The institutional spread margin business is comprised of funding agreements issued in connection with the programs described in more detail below. See Note 3 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report for additional information on funding agreements.

Funding Agreement-Backed Commercial Paper Program

In July 2021, Brighthouse Life Insurance Company established a funding agreement-backed commercial paper program (the "FABCP Program") for spread lending purposes, pursuant to which a special purpose limited liability company (the "SPLLC") may issue commercial paper and deposit the proceeds with Brighthouse Life Insurance Company under a funding agreement issued by Brighthouse Life Insurance Company to the SPLLC. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABCP Program was increased from $3.0 billion to $5.0 billion in June 2023. Activity related to this funding agreement is reported in Corporate & Other.

Funding Agreement-Backed Notes Program

In April 2021, Brighthouse Life Insurance Company established a funding agreement-backed notes program (the "FABN Program"), pursuant to which Brighthouse Life Insurance Company may issue funding agreements to a special purpose statutory trust for spread lending purposes. The maximum aggregate principal amount permitted to be outstanding at any one time under the FABN Program is $7.0 billion. Activity related to these funding agreements is reported in Corporate & Other.

Federal Home Loan Bank Funding Agreements

Brighthouse Life Insurance Company is a member of the Federal Home Loan Bank ("FHLB") of Atlanta, where it maintains a secured funding agreement program, under which funding agreements may be issued either (i) for spread lending purposes or (ii) to provide additional liquidity. Activity related to these funding agreements is reported in Corporate & Other.

Farmer Mac Funding Agreements

Brighthouse Life Insurance Company has a secured funding agreement program with the Federal Agricultural Mortgage Corporation and its affiliate Farmer Mac Mortgage Securities Corporation ("Farmer Mac") with a term ending on December 1, 2026, pursuant to which the parties may enter into funding agreements in an aggregate amount of up to $750 million either (i) for spread lending purposes or (ii) to provide additional liquidity. Activity related to these funding agreements is reported in Corporate & Other.

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Information regarding funding agreements issued for spread lending purposes is as follows:

		Aggregate Principal Amount Outstanding		Issuances		Repayments	
				Six Months Ended June 30,			
		June 30, 2023	December 31, 2022	2023	2022	2023	2022
		(In millions)					
FABCP Program	FABCP Program	$ 2,954	$ 2,097	$ 4,332	$ 5,015	$ 3,475	$ 5,142
FABN Program	FABN Program	2,600	3,450	—	550	850	—
FHLB Funding Agreements	FHLB Funding Agreements	4,250	3,900	1,300	3,750	950	1,750
Farmer Mac Funding Agreements	Farmer Mac Funding Agreements	700	700	—	400	—	25
Total	Total	$ 10,504	$ 10,147	$ 5,632	$ 9,715	$ 5,275	$ 6,917

	Aggregate Principal Amount Outstanding		Issuances		Repayments	
			Nine Months Ended September 30,			
	September 30, 2023	December 31, 2022	2023	2022	2023	2022
	(In millions)					
FABCP Program	$ 2,809	$ 2,097	$ 5,618	$ 8,980	$ 4,906	$ 9,110
FABN Program	2,600	3,450	—	550	850	—
FHLB Funding Agreements	4,400	3,900	1,925	5,350	1,425	2,500
Farmer Mac Funding Agreements	700	700	—	400	—	25
Total	$ 10,509	$ 10,147	$ 7,543	$ 15,280	$ 7,181	$ 11,635

Debt Issuances

See Note 9 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report for information on debt issuances.

Credit and Committed Facilities

See Note 13 9 of the Notes to the Interim Condensed Consolidated Financial Statements and Notes 9 and 10 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report for information regarding our credit and committed facilities.

We have no reason to believe that our lending counterparties would be unable to fulfill their respective contractual obligations under these facilities. As commitments under our credit and committed facilities may expire unused, these amounts do not necessarily reflect our actual future cash funding requirements.

Our Revolving Credit Facility contains financial covenants, including requirements to maintain a specified minimum adjusted consolidated net worth, to maintain a ratio of total indebtedness to total capitalization not in excess of a specified percentage and that place limitations on the dollar amount of indebtedness that may be incurred by our subsidiaries, which could restrict our operations and use of funds. At June 30, 2023 September 30, 2023, we were in compliance with these financial covenants.

Primary Uses of Liquidity and Capital

In addition to the summarized description of liquidity and capital uses discussed in "— Sources and Uses of Liquidity and Capital," the following additional information is provided regarding our primary uses of liquidity and capital:

Common Stock Repurchases

See Note 9 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to authorizations to repurchase BHF common stock, amounts of common stock repurchased pursuant to such authorizations and the amount remaining under such authorizations at June 30, 2023 September 30, 2023.

Subsequent to June 30, 2023 September 30, 2023 and through August 4, 2023 November 3, 2023, BHF repurchased an additional 479,846 522,548 shares of its common stock through open market purchases pursuant to a 10b5-1 plan for $24 million. $25 million.

Preferred Stock Dividends

See Note 9 10 of the Notes to the Interim Condensed Consolidated Financial Statements for information relating to dividends declared and paid on our preferred stock.

"Dividend Stopper" Provisions in BHF's Preferred Stock and Junior Subordinated Debentures

Terms applicable to our junior subordinated debentures may restrict our ability to pay interest on those debentures in certain circumstances. Suspension of payments of interest on our junior subordinated debentures, whether required under the relevant indenture or optional, could cause "dividend stopper" provisions applicable under those and other instruments to restrict our ability to pay dividends, if any, on our common stock and repurchase our common stock in various situations, including situations where we may be experiencing financial stress, and may restrict our ability to pay dividends or interest on our preferred stock and junior subordinated debentures as well. Similarly, the terms of our outstanding preferred stock contain restrictions on our ability to repurchase our common stock or pay dividends thereon if we have not fulfilled our dividend obligations under such preferred stock or other preferred securities. In addition, the terms of the agreements governing any preferred stock, debt or other financial instruments that we may issue in the

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future, may limit or prohibit the payment of dividends on our common stock or preferred stock, or the payment of interest on our junior subordinated debentures.

Debt Repayments, Repurchases, Redemptions and Exchanges

See Note 9 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report for information on debt repayments and repurchases, as well as debt maturities and the terms of our outstanding long-term debt.

We may from time to time seek to retire or purchase our outstanding indebtedness through cash purchases or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions, as well as applicable regulatory, legal and accounting factors. Whether or not we repurchase any debt and the size and timing of any such repurchases will be determined at our discretion.

Insurance Liabilities

Liabilities arising from our insurance activities primarily relate to benefit payments under various annuity and life insurance products, as well as payments for policy surrenders, withdrawals and loans. See "— Primary Sources of Liquidity and Capital — Funding Sources — Funding Agreements" for additional information regarding our institutional spread margin business.

Pledged Collateral

We enter into derivatives to manage various risks relating to our ongoing business operations. We pledge collateral to, and have collateral pledged to us by, counterparties in connection with our derivatives. At June 30, 2023 and September 30, 2023, we did not pledge any cash collateral to counterparties. At December 31, 2022, we pledged $4 million and $7 million respectively, of cash collateral to counterparties. At June 30, 2023 September 30, 2023 and December 31, 2022, we were obligated to return cash collateral pledged to us by counterparties of $743 $770 million and $829 million, respectively. The timing of the return of the derivatives collateral is uncertain. See Note 7 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information about pledged collateral. We also pledge collateral from time to time in connection with our funding agreements.

We receive non-cash collateral from counterparties for derivatives, which can be sold or re-pledged subject to certain constraints, and which is not recorded on our consolidated balance sheets. The amount of this non-cash collateral at estimated fair value was $1.8 $1.6 billion and $1.0 billion at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

Securities Lending

We have a securities lending program that aims to enhance the total return on our investment portfolio, whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We obtain collateral, usually cash, from the borrower, which must be returned to the borrower when the loaned securities are returned to us. Generally, our securities lending contracts expire within twelve months of issuance. We were liable for cash collateral under our control of $3.4 $3.2 billion and $3.7 billion at June 30, 2023 September 30, 2023 and December 31, 2022, respectively.

We receive non-cash collateral for securities lending from counterparties, which cannot be sold or re-pledged, and which is not recorded on our consolidated balance sheets. There was no non-cash collateral at both June 30, 2023 September 30, 2023 and December 31, 2022.

See Note 6 of the Notes to the Interim Condensed Consolidated Financial Statements for further discussion of our securities lending program.

Contingencies, Commitments and Guarantees

We establish liabilities for litigation, regulatory and other loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. See Note 12 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding contingencies.

We enter into commitments for the purpose of enhancing the total return on our investment portfolio consisting of commitments to fund partnership investments, bank credit facilities and private corporate bond investments, as well as commitments to lend funds under mortgage loan commitments. We anticipate these commitments could be invested any time over the next five years. See Notes 6 and 12 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding commitments.

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In the normal course of our business, we have provided certain indemnities, guarantees and commitments to third parties such that we may be required to make payments now or in the future. See Note 12 13 of the Notes to the Interim Condensed Consolidated Financial Statements for additional information regarding guarantees.

The Parent Company

Liquidity and Capital

In evaluating liquidity, it is important to distinguish the cash flow needs of the parent company from the cash flow needs of the combined group of companies. BHF is largely dependent on cash flows from its insurance subsidiaries to meet its obligations. Constraints on BHF's liquidity may occur as a result of operational demands or as a result of compliance with regulatory requirements.

Short-term Liquidity and Liquid Assets

At June 30, 2023 September 30, 2023 and December 31, 2022, BHF and certain of its non-insurance subsidiaries had short-term liquidity of $891 million and $1.0 billion, respectively. Short-term liquidity is comprised of cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include assets held in trust.

At June 30, 2023 September 30, 2023 and December 31, 2022, BHF and certain of its non-insurance subsidiaries had liquid assets of $929 $928 million and $1.0 billion, respectively, of which $883 million and $987 million, respectively, was held by BHF. 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.

Statutory Capital and Dividends

The NAIC and state insurance departments have established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk and is calculated on an annual basis. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital ("TAC") does not meet or exceed the amounts required to attain certain RBC levels. As of the date of the most recent annual statutory financial statements filed with insurance regulators, the TAC of each of our insurance subsidiaries subject to these requirements was in excess of the amounts required to attain each of those RBC levels.

The amount of dividends that our insurance subsidiaries can ultimately pay to BHF through their various parent entities provides an additional margin for risk protection and investment in our businesses. Such dividends are constrained by the amount of surplus our insurance subsidiaries hold to maintain their ratings, which is generally higher than minimum RBC requirements. We proactively take actions to maintain capital consistent with these ratings objectives, which may include adjusting dividend amounts and deploying financial resources from internal or external sources of capital. Certain of these activities may require regulatory approval. Furthermore, the payment of dividends and other distributions by our insurance subsidiaries is governed by insurance laws and regulations. See Note 10 of the Notes to the Consolidated Financial Statements included in our 2022 Annual Report.

Primary Sources and Uses of Liquidity and Capital

The principal sources of funds available to BHF include distributions from Brighthouse Holdings, LLC ("BH Holdings"), dividends and returns of capital from its insurance subsidiaries and BRCD, capital markets issuances, as well as its own cash and cash equivalents and short-term investments. These sources of funds may also be supplemented by alternate sources of liquidity either directly or indirectly through our insurance subsidiaries. For example, we have established internal liquidity facilities to provide liquidity within and across our regulated and non-regulated entities to support our businesses.

The primary uses of liquidity of BHF include debt-service obligations (including interest expense and debt repayments), preferred stock dividends, capital contributions to subsidiaries, common stock repurchases and payment of general operating expenses. Based on our analysis and comparison of our current and future cash inflows from the dividends we receive from subsidiaries that are permitted to be paid without prior insurance regulatory approval, our investment portfolio and other cash flows and anticipated access to the capital markets, we believe there will be sufficient

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liquidity and capital to enable BHF to make payments on debt, pay preferred stock dividends, contribute capital to its subsidiaries, repurchase its common stock, pay all general operating expenses and meet its cash needs.

In addition to the liquidity and capital sources discussed in "— The Company — Primary Sources of Liquidity and Capital" and "— The Company — Primary Uses of Liquidity and Capital," the following additional information is provided regarding BHF's primary sources and uses of liquidity and capital:

Distributions from and Capital Contributions to BH Holdings

During the six nine months ended June 30, 2023 and 2022, September 30, 2023, BHF received cash did not receive any distributions of $0 and $350 million, respectively, from BH Holdings. During the six nine months ended June 30, 2023 September 30, 2022, BHF received non-cash distributions of $350 million from BH Holdings.

During the nine months ended September 30, 2023 and 2022, BHF did not make any cash capital contributions to BH Holdings.

Short-term Intercompany Loans

BHF, as borrower, has a short-term intercompany loan agreement with certain of its non-insurance subsidiaries, as lenders, for the purposes of facilitating the management of the available cash of the borrower and the lenders on a short-term and consolidated basis. Such intercompany loan agreement allows management to optimize the efficient use of and maximize the yield on cash between BHF and its subsidiary lenders. Each loan entered into under this intercompany loan agreement has a term not more than 364 days and bears interest on the unpaid principal amount at a variable rate, payable monthly. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, BHF borrowed $397 $569 million and $457 $661 million, respectively, from certain of its non-insurance subsidiaries and repaid $279 $369 million and $753 $945 million of such borrowings during the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. At June 30, 2023 September 30, 2023 and December 31, 2022, BHF had total obligations outstanding of $631 $713 million and $513 million, respectively, under such agreements.

Intercompany Liquidity Facilities

BHF has established intercompany liquidity facilities with certain of its insurance and non-insurance subsidiaries to provide short-term liquidity within and across the combined group of companies. Under these facilities, which are comprised of a series of revolving loan agreements among BHF and its participating subsidiaries, each company may lend to or borrow from each other, subject to certain maximum limits for a term of up to 364 days, depending on the agreement. During both the six nine months ended June 30, 2023 September 30, 2023 and 2022, there were no borrowings or repayments by BHF under these facilities and, at both June 30, 2023 September 30, 2023 and December 31, 2022, BHF had no obligations outstanding under such facilities.

Note Regarding Forward-Looking Statements

This report 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;

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- 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;

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- material differences between actual outcomes and the sensitivities calculated under certain scenarios that we may utilize in connection with our variable annuity risk management strategies;
- the impact of interest rates on our future ULSG policyholder obligations and net income volatility;
- the potential material adverse effect of changes in accounting standards, practices or policies applicable to us, including changes in the accounting for long-duration contracts;
- loss of business and other negative impacts resulting from a downgrade or a potential downgrade in our financial strength or credit ratings;
- the availability of reinsurance and the ability of the counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder;
- heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition;
- our ability to market and distribute our products through distribution channels;
- any failure of third parties to provide services we need, any failure of the practices and procedures of such third parties and any inability to obtain information or assistance we need from third parties;
- the ability of our subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders and repurchase our common stock;
- the risks associated with climate change;
- the adverse impact of public health crises, extreme mortality events or similar occurrences on our business and the economy in general;
- the impact of adverse capital and credit market conditions, including with respect to our ability to meet liquidity needs and access capital;
- the impact of economic conditions in the capital markets and the U.S. and global economy, as well as geopolitical events, military actions or catastrophic events, on our profitability measures as well as our investment portfolio, including on realized and unrealized losses and impairments, net investment spread and net investment income;
- the financial risks that our investment portfolio is subject to, including credit risk, interest rate risk, inflation risk, market valuation risk, liquidity risk, real estate risk, derivatives risk, and other factors outside our control;
- the impact of changes in regulation and in supervisory and enforcement policies or interpretations thereof on our insurance business or other operations;
- the potential material negative tax impact of potential future tax legislation that could make some of our products less attractive to consumers or increase our tax liability;

- the effectiveness of our policies, procedures and processes in managing risk;
- the loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively as a result of any failure in cyber- or other information security systems;
- whether all or any portion of the tax consequences of our separation from MetLife, Inc. (together with its subsidiaries and affiliates, "MetLife") are not as expected, leading to material additional taxes or material adverse consequences to tax attributes that impact us; and
- other factors described in this report and from time to time in documents that we file with 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 2022 Annual Report, 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.

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Corporate Information

We routinely use our Investor Relations website to provide presentations, press releases and other information that may be deemed material to investors. Accordingly, we encourage investors and others interested in the Company to review the information that we share at http://investor.brighthousefinancial.com. In addition, our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information. Information contained on or connected to any website referenced in this report or any of our other filings with the SEC is not incorporated by reference in this report or in any other report or document we file with the SEC, and any website references are intended to be inactive textual references only unless expressly noted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We regularly analyze our market risk exposure to interest rate, equity market price, credit spreads and foreign currency exchange rate risks. As a result of that analysis, we have determined that the estimated fair values of certain assets and liabilities are significantly exposed to changes in interest rates, and to a lesser extent, to changes in equity market prices and foreign currency exchange rates. We have exposure to market risk through our insurance and annuity operations and general account investment activities. For purposes of this discussion, "market risk" is defined as changes in estimated fair value resulting from changes in interest rates, equity market prices, credit spreads and foreign currency exchange rates. We may have additional financial impacts other than changes in estimated fair value, which are beyond the scope of this discussion. A description of our market risk exposures may be found under "Quantitative and Qualitative Disclosures About Market Risk" in our First Quarter Form 10-Q.

There have been no material changes to our market risk exposures from the market risk exposures previously disclosed in our First Quarter Form 10-Q. 10-Q with the exception of sensitivity to changes in interest rates. Sensitivity to a 100 basis point rise in interest rates decreased by $978 million, or 18%, to $4.4 billion as of September 30, 2023 from $5.4 billion as of March 31, 2023 primarily as a result of the impact of higher interest rates on the estimated fair value of fixed maturity securities, in line with management expectations.

Item 4. Controls and Procedures

Management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of June 30, 2023 September 30, 2023.

MetLife provides certain services to the Company on a transitional basis through services agreements. The Company continues to change business processes, implement systems and establish new third-party arrangements. We consider these in aggregate to be material changes in our internal control over financial reporting.

Other than as noted above, there were no changes to the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2023 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

See Note 12 13 of the Notes to the Interim Condensed Consolidated Financial Statements, as well as "Legal Proceedings" in our First Quarter Form 10-Q.

Item 1A. Risk Factors

We discuss in this report, in our 2022 Annual Report and in our other filings with the SEC, various risks that may materially affect our business. In addition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Note Regarding Forward-Looking Statements" included herein. There have been no material changes to our risk factors from the risk factors previously disclosed in our 2022 Annual Report.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Purchases of BHF common stock made by or on behalf of BHF or its affiliates during the three months ended June 30, 2023 September 30, 2023 are set forth below:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	
					(In millions)	
April 1 — April 30, 2023	450,365	$	42.99	449,706	$	211
May 1 — May 31, 2023	559,830	$	41.43	559,830	$	188
June 1 — June 30, 2023	475,734	$	44.09	475,132	$	167
Total	1,485,929			1,484,668		

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	
					(In millions)	
July 1 — July 31, 2023	402,893	$	49.16	403,671	$	147
August 1 — August 31, 2023	465,791	$	49.85	465,791	$	124
September 1 — September 30, 2023	413,725	$	49.84	413,884	$	104
Total	1,282,409			1,283,346		

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(1) Where applicable, total number of shares purchased includes shares of common stock withheld with respect to option exercise costs and tax withholding obligations associated with the exercise or vesting of share-based compensation awards under our publicly announced benefit plans or programs.

(2) See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Primary Uses of Liquidity and Capital — Common Stock Repurchases" and Note 9 10 of the Notes to the Interim Condensed Consolidated Financial Statements for more information on common stock repurchases.

Item 5. Other Information

Director and Officer 10b5-1 Plans

During the three months ended June 30, 2023 September 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Acts Act of 1933) 1933, as amended).

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Item 6. Exhibits

*(**Note Regarding Reliance on Statements in Our Contracts:** In reviewing the agreements included as exhibits herein, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about Brighthouse Financial, Inc. and its subsidiaries or affiliates or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about Brighthouse Financial, Inc. and its subsidiaries and affiliates may be found elsewhere herein and Brighthouse Financial, Inc.'s other public filings, which are available without charge through the U.S. Securities and Exchange Commission website at www.sec.gov.)*

Exhibit No.	Description
3.1	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Brighthouse Financial, Inc., dated June 9, 2023, is incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on June 13, 2023.
3.2	Amended and Restated Bylaws of Brighthouse Financial, Inc., effective June 9, 2023, is incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K, filed on June 13, 2023.
3.3*	Restated Certificate of Incorporation of Brighthouse Financial, Inc., dated July 11, 2023.
10.1#	Amendment Number Four to the Brighthouse Services, LLC Voluntary Deferred Compensation Plan, , is incorporated by reference to Exhibit 10.1 3.3 to our Quarterly Report on Form 10-Q, filed on May 9, 2023.
10.2#	Amendment Number One to the Brighthouse Services, LLC Deferred Compensation Plan for Non-Management Directors, is incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q, filed on May 9, 2023. August
10.3*#	Amendment Number One to the Brighthouse Services, LLC Amended and Restated Executive Severance Pay Plan.
10.4*#	Amendment Number One to the Brighthouse Services, LLC Change of Control Severance Pay Plan. 9, 2023.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104*	The cover page of Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023, formatted in Inline XBRL (included within the Exhibit 101 attachments).

* Filed herewith.

** Furnished herewith.

# Denotes management contracts or compensation plans or arrangements.

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SIGNATURE

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 thereunto duly authorized.

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Edward A. Spehar

Name: Edward A. Spehar

Title: Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

Date: August 9, 2023 November 8, 2023

Exhibit 3.3

RESTATED
CERTIFICATE OF INCORPORATION
OF
BRIGHTHOUSE FINANCIAL, INC.
(a Delaware corporation)

BRIGHTHOUSE FINANCIAL, INC., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The present name of the corporation is Brighthouse Financial, Inc. (the "Corporation").

2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 1, 2016.

3. This Restated Certificate of Incorporation of the Corporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of the Corporation as theretofore amended or supplemented and there is no discrepancy between the provisions of the Certificate of Incorporation of the Corporation as theretofore amended and supplemented and the provisions of this Restated Certificate of Incorporation.

4. This Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware.

5. The Certificate of Incorporation of the Corporation is hereby integrated and restated to read in its entirety as follows:

ARTICLE I
NAME OF CORPORATION

The name of the corporation is Brighthouse Financial, Inc. (the "Corporation").

ARTICLE II
REGISTERED OFFICE; REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, 19801, and the name of its registered agent in the State of Delaware at such address is The Corporation Trust Company.

ARTICLE III
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (as amended from time to time, the "DGCL").

ARTICLE IV
STOCK

SECTION 1. CAPITAL STOCK. (a) The total number of shares of capital stock which the Corporation shall have authority to issue is one billion one hundred million (1,100,000,000), which shall be divided into two classes, consisting of one billion (1,000,000,000) shares of Common Stock, par value of $0.01 per share (the "Common Stock"), and one hundred million (100,000,000) shares of Preferred Stock, par value of $0.01 per share (the "Preferred Stock").

(b) Subject to the rights of the holders of any outstanding series of Preferred Stock provided by this Amended and Restated Certificate of Incorporation (as the same may be amended from time to time, this "Certificate of Incorporation"), the number of authorized shares of any of the Common Stock or the Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL, and no vote of the holders of any of the Common Stock or Preferred Stock voting separately as a class shall be required therefor.

(c) Provisions Relating to the Common Stock.

(1) Except as otherwise provided in this Certificate of Incorporation or by the DGCL, each holder of shares of Common Stock shall be entitled, with respect to each share of Common Stock held by such holder, to one vote in person or by proxy on all matters submitted to a vote of the holders of Common Stock, whether voting separately as a class or otherwise.

(2) Subject to the preferences and rights, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property, stock or otherwise, as may be declared thereon by the Board of Directors at any time and from time to time out of assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in such dividends and distributions.

(3) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the preferences and rights, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

(4) The holders of shares of Common Stock shall not have cumulative voting rights.

(d) Provisions Relating to the Preferred Stock.

(1) Shares of Preferred Stock may be issued at any time and from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate of designation pursuant to the applicable provisions of the DGCL (hereinafter referred to as a "Preferred Stock Certificate of Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers (including the voting powers, whether full, limited or no voting powers), preferences and the relative participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of each such series, including, without limitation, dividend rights, dividend rates, conversion rights, exchange rights, voting rights, terms of redemption and liquidation preferences.

(2) The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof.

(3) Except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon pursuant to this Certificate of Incorporation or a Preferred Stock Certificate of Designation or pursuant to the DGCL as currently in effect or as the same may hereafter be amended.

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(4) Pursuant to the authority conferred by this Article IV upon the Board of Directors, the Board of Directors created:

(i)a series of 17,000 shares of Preferred Stock designated as 6.600% Non-cumulative Preferred Stock, Series A (the "Series A Preferred Stock") by filing a Certificate of Designations of the Corporation with the Secretary of State of the State of Delaware (the "Secretary of State") on March 20, 2019, and the powers (including voting powers), designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series A Preferred Stock are set forth in Annex A hereto and are incorporated herein by reference;

(ii)a series of 16,100 shares of Preferred Stock designated as 6.750% Non-cumulative Preferred Stock, Series B (the "Series B Preferred Stock") by filing a Certificate of Designations of the Corporation with the Secretary of State on May 19, 2020, and the powers (including voting powers), designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series B Preferred Stock are set forth in Annex B hereto and are incorporated herein by reference;

(iii)a series of 23,000 shares of Preferred Stock designated as 5.375% Non-cumulative Preferred Stock, Series C (the "Series C Preferred Stock") by filing a Certificate of Designations of the Corporation with the Secretary of State on November 18, 2020, and the powers (including voting powers), designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series C Preferred Stock are set forth in Annex C hereto and are incorporated herein by reference; and

(iv)a series of 14,000 shares of Preferred Stock designated as 4.625% Non-cumulative Preferred Stock, Series D (the "Series D Preferred Stock") by filing a Certificate of Designations of the Corporation with the Secretary of State on November 18, 2021, and the powers (including voting powers), designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Series D Preferred Stock are set forth in Annex D hereto and are incorporated herein by reference.

(e) For purposes hereof and the bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "Bylaws"), the term "Certificate of Incorporation" includes the Certificate of Incorporation as it may be amended by any Preferred Stock Certificate of Designation from time to time.

SECTION 2. VOTING IN ELECTION OF DIRECTORS. Except as may be required by law or as provided in this Certificate of Incorporation, (a) holders of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes and (b) holders of Preferred Stock shall not be entitled to vote on any matter or receive notice of any meeting of stockholders. Unless and except to the extent that the Bylaws shall so require, the election of directors need not be taken by written ballot.

SECTION 3. OWNER. The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

SECTION 4. SPECIAL MEETING OF STOCKHOLDERS. Special meetings of stockholders of the Corporation may be called for any purpose and may be held at such date, time and place either within or outside the State of Delaware as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called only by the Chairman of the Board of Directors or the Chief Executive Officer or pursuant to a resolution of the Board of Directors adopted by at least a majority of the directors then in office. The only matters that may be considered at any special meeting of the stockholders are the matters specified in the notice of the meeting.

SECTION 5. NO STOCKHOLDER ACTIONS BY WRITTEN CONSENT. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is specifically denied.

ARTICLE V
BOARD OF DIRECTORS

The following provisions are inserted for the management of the business, for the conduct of the affairs of the Corporation and for the purpose of creating, defining, limiting and regulating the powers of the Corporation and its directors and stockholders:

(a) Except as may otherwise be provided by this Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(b) The total number of directors constituting the Board of Directors shall be fixed from time to time exclusively by resolution of the Board of Directors; provided, however, that in no event shall the total number of directors constituting the Board of Directors be less than three (3) nor more than fifteen (15) directors.

(c) Subject to any rights granted to the holders of shares of any series of Preferred Stock then outstanding, any director may be removed at any time, either with or without cause, upon the affirmative vote of the holders of at least two-thirds (66 2/3%) of the outstanding shares of capital stock of the Corporation then entitled to vote thereon.

(d) Subject to any rights granted to the holders of shares of any series of Preferred Stock then outstanding, and except as otherwise expressly required by applicable law, vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the total number of directors constituting the Board of Directors, shall be filled by, and only by, a majority of the directors then in office, even if less than a quorum, or by the sole remaining director. Any director appointed to fill a vacancy or a newly created directorship shall hold office until his or her successor is elected and qualified or until his or her earlier death, resignation, retirement, disqualification, removal from office or other cause.

(e) Advance notice of nominations for the election of directors and other business proposed to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner and to the extent provided in the Bylaws.

ARTICLE VI
INDEMNIFICATION AND ADVANCEMENT;
LIMITATION OF LIABILITY OF DIRECTORS

SECTION 1. INDEMNIFICATION AND ADVANCEMENT OF EXPENSES. The Corporation, to the fullest extent permitted by law, shall indemnify and advance expenses to any person made or threatened to be made a party to an action, suit or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she is or was a director of the Corporation, or, while serving as a director of the Corporation, serves or served at any other enterprise as a director or officer at the request of the Corporation; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized in advance by the Board of Directors. Such rights to indemnification and advancement of expenses shall continue as to a person who has ceased to be a director of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person. The rights to indemnification and advancement of expenses provided for herein shall not be deemed exclusive of any other rights to which those seeking indemnification or an advancement of expenses hereunder may be entitled under the Bylaws, any agreement between the Corporation and such person, vote of stockholders or disinterested directors or otherwise.

SECTION 2. LIMITATION OF LIABILITY OF DIRECTORS. To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended after approval of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. No amendment, modification or repeal of this Article VI, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VI, shall adversely affect any right or protection of a director of the Corporation with respect to any acts or omissions of such director occurring prior to the time of such amendment, modification, repeal or adoptions of inconsistent provision.

ARTICLE VII
EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising out of or pursuant to any provision of the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery (including, without limitation, any action asserting a claim arising out of or pursuant to this Certificate of Incorporation or the Bylaws), or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity holding, purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VII.

ARTICLE VIII
AMENDMENTS TO THE CERTIFICATE OF INCORPORATION AND BYLAWS

SECTION 1. AMENDMENTS TO THE CERTIFICATE OF INCORPORATION. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by this Certificate of Incorporation and the DGCL, and all rights, preferences and privileges herein conferred upon stockholders by and pursuant to this Certificate of Incorporation in its current form or as hereafter amended are granted subject to the right reserved in this Article VIII.

SECTION 2. AMENDMENTS TO THE BYLAWS. The Board of Directors shall have the power without the assent or vote of the stockholders to adopt, amend, alter or repeal the Bylaws. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law or by this Certificate of Incorporation or the Bylaws, the affirmative vote of the holders of at least a majority of the voting power of all of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to alter, amend or repeal, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith.

ARTICLE IX
LIMITATION OF LIABILITY OF OFFICERS

To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended, an officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer. If the DGCL is amended after approval of this Article IX to authorize corporate action further eliminating or limiting the personal liability of officers, then the liability of an officer shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. No amendment, modification or repeal of this Article IX, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article IX, shall adversely affect any right or protection of an officer of the Corporation with respect to any acts or omissions of such officer occurring prior to the time of such amendment, modification, repeal or adoptions of inconsistent provision.

[Signature page on next page]

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be executed by its duly authorized officer on this 11th day of July, 2023.

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Allie Lin
Name: Allie Lin
Title: Executive Vice President and General Counsel

Annex A

CERTIFICATE OF DESIGNATIONS OF

6.600% NON-CUMULATIVE PREFERRED STOCK, SERIES A

OF

BRIGHTHOUSE FINANCIAL, INC.

Brighthouse Financial, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the “**Corporation**”), in accordance with the provisions of Sections 103 and 151 thereof, does hereby certify:

The board of directors of the Corporation (the “**Board of Directors**”), in accordance with the Certificate of Incorporation and Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock at a meeting duly convened and held on January 17, 2019 and authorized the formation of a Preferred Stock Terms Committee of the Board of Directors (the “**Committee**”), and pursuant to the authority conferred upon the Committee in accordance with Section 141(c) of the General Corporation Law of the State of Delaware and the resolutions of the Board of Directors, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the “6.600% Non-Cumulative Preferred Stock, Series A”:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 17, 2019, the provisions of the Certificate of Incorporation and Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the powers (including the voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of such series, are as follows:

Section 1. Designation. The distinctive serial designation of such series of Preferred Stock is “6.600% Non-Cumulative Preferred Stock, Series A” (the “**Series A Preferred Stock**”). Each share of Series A Preferred Stock shall be identical in all respects to every other share of Series A Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

Section 2. Number of Shares. The authorized number of shares of Series A Preferred Stock shall be 17,000. Shares of Series A Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Series A Preferred Stock.

Section 3. Definitions. As used herein with respect to Series A Preferred Stock:

(a) “**Board of Directors**” has the meaning specified in the preamble hereto.

(b) "**Business Day**" means any day other than a Saturday or Sunday, legal holiday or a day on which federal or state banking institutions in the Borough of Manhattan, The City of New York, are authorized or obligated by law, executive order or regulation to close.

(c) "**Bylaws**" means the Amended and Restated Bylaws of the Corporation, effective August 4, 2017, as the same may be amended or restated from time to time.

(d) "**Certificate of Designations**" means this Certificate of Designations relating to the Series A Preferred Stock, as it may be amended from time to time.

(e) "**Certificate of Incorporation**" shall mean the Amended and Restated Certificate of Incorporation of the Corporation, as the same may be amended or restated from time to time, and shall include this Certificate of Designations.

(f) "**Committee**" has the meaning specified in the preamble hereto.

(g) "**Common Stock**" means the common stock, par value $0.01 per share, of the Corporation.

(h) "**Corporation**" has the meaning specified in the preamble hereto.

(i) "**Dividend Payment Date**" has the meaning specified in Section 4(a).

(j) "**Dividend Period**" has the meaning specified in Section 4(a).

(k) "**Dividend Record Date**" has the meaning specified in Section 4(a).

(l) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(m) "**Junior Stock**" means the Common Stock, and any other class or series of capital stock of the Corporation that ranks junior to the Series A Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation.

(n) "**Liquidation Preference**" has the meaning specified in Section 5(b).

(o) "**Nonpayment Event**" has the meaning specified in Section 7(b).

(p) "**Parity Stock**" means any class or series of stock of the Corporation (other than Series A Preferred Stock) that ranks equally with the Series A Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) and in the distribution of assets on any liquidation, dissolution or winding-up of the Corporation.

(q) "**Person**" means a legal person, including any individual, corporation, estate, partnership (whether limited or general), joint venture, association, joint stock company, company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

(r) "**Preferred Stock**" means any and all series of preferred stock, having a par value of $0.01 per share, of the Corporation, including the Series A Preferred Stock.

(s) "**Preferred Stock Director**" has the meaning specified in Section 7(b).

(t) "**Rating Agency Event**" means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act, that then publishes a rating for the Corporation (a "**Rating Agency**") amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series A Preferred Stock, which amendment, clarification or change results in:

(i) the shortening of the length of time the Series A Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency or its predecessor on the initial issuance of the Series A Preferred Stock; or

(ii) the lowering of the equity credit (including up to a lesser amount) assigned to the Series A Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the initial issuance of the Series A Preferred Stock.

(u) "**Registrar**" means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as registrar for the Series A Preferred Stock.

(v) "**Regulatory Capital Event**" means that the Corporation becomes subject to capital adequacy supervision by a capital regulator and the capital adequacy guidelines that apply to the Corporation as a result of being so subject set forth criteria pursuant to which the aggregate Stated Amount of the Series A Preferred Stock would not qualify as capital under such capital adequacy guidelines, as the Corporation may determine at any time, in its sole discretion.

(w) "**Series A Preferred Stock**" has the meaning specified in Section 1.

(x) "**Series A Preferred Stock Certificate**" has the meaning specified in Section 12(b).

(y) "**Stated Amount**" means $25,000 per share of Series A Preferred Stock and, in respect of any other series of capital stock, the stated amount per share specified in the Certificate of Incorporation or applicable certificate of designations.

(z) "**Stock Exchange**" means The Nasdaq Stock Market LLC, or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded.

(aa) "**Transfer Agent**" means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as transfer agent for the Series A Preferred Stock.

(bb) "**Voting Preferred Stock**" means, with regard to any election or removal of a Preferred Stock Director or any other matter as to which the holders of Series A Preferred Stock are entitled to vote as specified in Section 7 of this Certificate of Designations, any and all series of Preferred Stock (other than Series A Preferred Stock) that rank equally with Series A Preferred Stock either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 4. Dividends.

(a) Rate. Holders of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of funds legally available for the payment of dividends under Delaware law, non-cumulative cash dividends per each share of Series A Preferred Stock at the rate determined as set forth below in this Section 4 applied to the Stated Amount per share of Series A Preferred Stock. Such dividends shall be payable in arrears (as provided below in this Section 4(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, on the 25th day of March, June, September and December of each year, commencing on June 25, 2019 (each such date, a "**Dividend Payment Date**"); *provided* that if any such Dividend Payment Date is a day that is not a Business Day, the dividend with respect to such Dividend Payment Date shall instead be payable on the immediately succeeding Business Day, without interest or other payment in respect of such delayed payment. Dividends on Series A Preferred Stock shall not be cumulative. Accordingly, if the Board of Directors (or a duly authorized committee of the Board of Directors), does not declare a dividend on the Series A Preferred Stock payable in respect of any Dividend Period, then the Corporation will have no obligation to pay a dividend for that Dividend Period and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Dividends that are payable on Series A Preferred Stock on any Dividend Payment Date will be payable to holders of record of Series A Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day before such Dividend Payment Date or such other record date fixed by the Board of Directors or a duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "**Dividend Record Date**"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a "**Dividend Period**") shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include March 25, 2019) and shall end on, but exclude, the next Dividend Payment Date. Dividends payable on the Series A Preferred Stock shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable in respect of a Dividend Period shall be payable in arrears—*i.e.*, on the Dividend Payment Date on which such Dividend Period ends, but excludes.

The dividend rate on the Series A Preferred Stock for each Dividend Period shall be a rate per annum equal to 6.600%.

(b) Priority of Dividends. So long as any shares of Series A Preferred Stock remain outstanding, unless the full dividends for the latest completed Dividend Period on all outstanding shares of Series A Preferred Stock and Parity Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside), (i) no dividend shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than a dividend payable solely in stock that ranks junior to the Series A Preferred

Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation), and (ii) no monies shall be paid or made available for a sinking fund for the redemption or retirement or Junior Stock, and no Common Stock or other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (x)(1) as a result of a reclassification or combination of Junior Stock, or (2) the exchange or conversion of one share of Junior Stock, in each case, for or into another share of stock that ranks junior to the Series A Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation or (y) through the use of the proceeds of a substantially contemporaneous sale of stock that ranks junior to the Series A Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation).

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside) in full on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) upon the Series A Preferred Stock or any shares of Parity Stock, if any dividends are declared on the Series A Preferred Stock and Parity Stock, all dividends so declared on the Series A Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the Series A Preferred Stock and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) bear to each other.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock or any other shares of Junior Stock from time to time out of any funds legally available for such payment, and the Series A Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series A Preferred Stock and all holders of any Parity Stock shall be entitled to receive, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or payment out of the assets of the Corporation may be made or set aside for the holders of Common Stock and any other Junior Stock, in full an amount equal to $25,000 per share, together with an amount equal to all dividends (if any) that have been declared but not paid prior to the date of payment of such distribution (but without any amount in respect of dividends that have not been declared prior to such payment date).

(b) Partial Payment. If in any distribution described in Section 5(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences (as defined below) in full to all holders of Series A Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series A Preferred Stock and to the holders of all such other Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series A Preferred Stock and the holders of all such other Parity Stock. In any such distribution, the "**Liquidation Preference**" of any holder of Preferred Stock of the Corporation shall mean the amount payable to such holder in such distribution (assuming no limitation on the assets of the Corporation available for such distribution), including an amount equal to any declared but unpaid dividends (and, in the case of any holder of stock (other than Series A Preferred Stock) on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued cumulative dividends, whether or not declared, as applicable).

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series A Preferred Stock and any Parity Stock, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets not Liquidation. For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series A Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding-up of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Series A Preferred Stock is perpetual and has no maturity date. The Corporation may, at its option, redeem the shares of Series A Preferred Stock at the time outstanding, upon notice given as provided in Section 6(c) below,

(i) in whole, but not in part, at any time prior to March 25, 2024 (within 90 days after the occurrence of a Rating Agency Event) at a redemption price equal to $25,500 per share of Series A Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series A Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption, or

(ii) (a) in whole, but not in part, at any time prior to March 25, 2024 (within 90 days after the occurrence of a Regulatory Capital Event) or (b) on or after March 25, 2024, in whole at any time or in part from time to time, in each case, at a redemption price equal to $25,000 per share of Series A Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series A Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption.

The redemption price for any shares of Series A Preferred Stock shall be payable on the date of redemption to the holder of any shares represented by certificates only upon surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a date of redemption that occurs subsequent to the Dividend Record Date for a Dividend Period shall not constitute a part of or be paid to the holder entitled to receive the redemption price as of the date of redemption, but rather shall be paid to the holder of record of the redeemed shares as of the Dividend Record Date on the applicable Dividend Payment Date as provided in Section 4 above.

(b) No Sinking Fund. The Series A Preferred Stock will not be subject to any mandatory redemption, sinking fund, retirement fund or purchase fund or other similar provisions. Holders of Series A Preferred Stock will have no right to require redemption, repurchase or retirement of any shares of Series A Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Series A Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 90 days before the date fixed for redemption. Any notice mailed as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series A Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series A Preferred Stock. Notwithstanding anything herein to the contrary, if the Series A Preferred Stock or any depositary shares representing interests in the Series A Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series A Preferred Stock at such time and in any manner permitted by such facility. Each such notice given to a holder of shares of Series A Preferred Stock shall state: (1) the date of redemption; (2) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series A Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or by lot (or, in the event the Series A Preferred Stock is in the form of global Series A Preferred Stock in accordance with the applicable procedures of The Depository Trust Company in compliance with the then-applicable rules of the Stock Exchange). Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series A Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof in accordance with the terms and conditions of this Section 6.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the date of redemption specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the date of redemption dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be outstanding and all rights with respect to such shares shall forthwith on such date of redemption cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest, upon the surrender of the certificate(s) evidencing such shares. Any funds unclaimed at the end of three years from the date of redemption shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series A Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Right to Elect Two Directors upon Nonpayment Events. If and whenever dividends on any shares of Series A Preferred Stock shall not have been declared and paid in an aggregate amount equal to full dividends for at least six Dividend Periods, whether or not consecutive (a “**Nonpayment Event**”), the number of directors then constituting the Board of Directors shall automatically be increased by two and the holders of Series A Preferred Stock, together with the holders of any outstanding shares of Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts), shall be entitled to elect the two additional directors (the “**Preferred Stock Directors**”), *provided* that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the Stock Exchange that listed or traded companies must have a majority of independent directors.

In the event that the holders of the Series A Preferred Stock, and such other holders of Voting Preferred Stock, shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event only at a special meeting called at the request of the holders of record of at least 20% of the Stated Amount of the Series A Preferred Stock or of any other such series of Voting Preferred Stock then outstanding (unless such request for a special meeting is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders of the Corporation, in which event such election shall be held only at such next annual or special meeting of stockholders), and at each subsequent annual meeting of stockholders of the Corporation. Such request to call a special meeting for the initial election of the Preferred Stock Directors after a Nonpayment Event shall be made by written notice, signed by the requisite holders of Series A Preferred Stock or Voting Preferred Stock, and delivered to the Secretary of the Corporation in such manner as provided for in Section 9 below, or as may otherwise be required by law.

If and when dividends have been paid in full on the Series A Preferred Stock for at least four consecutive Dividend Periods after a Nonpayment Event, then the right of the holders of Series A Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such voting rights in the case of any future Nonpayment Event pursuant to this Section 7), and, if and when any rights of holders of Series A Preferred Stock and Voting Preferred Stock to elect the Preferred Stock Directors shall have ceased, all the Preferred Stock Directors then in office shall automatically cease to be qualified as directors and each of their terms shall forthwith terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

So long as a Nonpayment Event has occurred and is continuing, any Preferred Stock Director may be removed at any time with or without cause by the holders of record of a majority of the outstanding shares of the Series A Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). So long as a Nonpayment Event shall have occurred and is continuing, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred Stock Directors after a Nonpayment Event) shall be filled by the written consent of the Preferred Stock Director remaining in office, or solely in the case where no Preferred Stock Director remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series A Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). Any such vote of stockholders to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting of such stockholders, called as provided above for an initial election of Preferred Stock Director after the occurrence of a Nonpayment Event (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Each Preferred Stock Director elected at any special meeting of stockholders or by written

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consent of the other Preferred Stock Director shall hold office until the next annual meeting of the stockholders if such office shall not have previously terminated as above provided.

(c) Other Voting Rights. So long as any shares of Series A Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series A Preferred Stock and any Voting Preferred Stock (subject to the last paragraph of this Section 7(c)) at the time outstanding and entitled to vote thereon, voting together as a single class (in proportion to their respective Stated Amounts), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation or this Certificate of Designation to authorize or create, or increase the authorized number of any shares of, any class or series or any securities convertible into shares of any class or series of capital stock of the Corporation ranking senior to the Series A Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding-up of the Corporation;

(ii) Amendment of Series A Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or this Certificate of Designation or the Bylaws so as to materially and adversely affect the special rights, preferences or voting powers of the Series A Preferred Stock, taken as a whole; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of (x) a binding share exchange or reclassification involving the Series A Preferred Stock, (y) a merger or consolidation of the Corporation with another corporation or other entity or (z) a conversion, transfer, domestication or continuance into another entity or an entity organized under the laws of another jurisdiction, unless in each case (1) the shares of Series A Preferred Stock remain outstanding following the consummation of such binding share exchange, reclassification or merger or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, are converted in such merger or consolidation into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and such surviving or resulting entity or ultimate parent, as the case may be, is organized under the laws of the United States of America, any State thereof, the District of Columbia, Bermuda, the Cayman Islands or any country or state that is a member of the Organization of Economic Cooperation and Development, and (2) such shares of Series A Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, and voting powers, and qualifications, limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences and voting powers, and qualifications, limitations and restrictions, of the Series A Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the number of authorized or issued shares of Series A Preferred Stock or the authorized number of shares of Preferred Stock, or the creation and issuance, or an increase in the authorized or issued number of shares of, any other series of Preferred Stock that does not rank senior to the Series A Preferred Stock with respect to either the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding-up of the Corporation will not be deemed to materially and adversely affect the special rights, preferences or voting powers, or the qualifications, limitations, or restrictions thereof, of the Series A Preferred Stock.

If any amendment, alteration, repeal, share exchange, reclassification, merger, consolidation, conversion, transfer, domestication or continuance specified in this Section 7(c) would materially and adversely affect the rights, preferences or voting powers of the Series A Preferred Stock and the rights, preferences or voting powers of one or more but not all other series of Voting Preferred Stock, then only the Series A Preferred Stock and such series of Voting Preferred Stock the rights, preferences and voting powers of which are materially and adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series A Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such subsections, all outstanding shares of Series A Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for the benefit of the holders of the Series A Preferred Stock to effect such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series A Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors or a duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility on which the Series A Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent for the Series A Preferred Stock may deem and treat the record holder of any share of Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such Transfer Agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Series A Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

Section 10. No Preemptive Rights. No share of Series A Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Other Rights. The shares of Series A Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

Section 12. Form.

(a) Uncertificated Series A Preferred Stock. The shares of the Series A Preferred Stock shall be uncertificated.

(b) Certificated Series A Preferred Stock. If the Board of Directors (or a duly authorized committee of the Board of Directors) shall determine that shares of the Series A Preferred Stock shall be represented by certificates, such certificates may be issued in the form of one or more definitive shares in fully registered form represented by certificates in substantially the form attached to the Certificate of Designations as Exhibit A (the "**Series A Preferred Stock Certificate**"), which is incorporated in and expressly made a part of the Certificate of Designations. Each Series A Preferred Stock Certificate shall reflect the number of shares of Series A Preferred Stock represented thereby, and may have notations, legends, or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (*provided* that any such notation, legend, or endorsement is in a form acceptable to the Corporation). Each Series A Preferred Stock Certificate shall be registered in the name or names of the Person or Persons specified by the Corporation in a written instrument to the Registrar.

Exhibit A

[FORM OF FACE OF CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF _______________, TO BRIGHTHOUSE FINANCIAL, INC. OR COMPUTERSHARE TRUST COMPANY, N.A., AS TRANSFER AGENT (THE "**TRANSFER AGENT**"), AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF ________________ OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF ______________________ (AND ANY PAYMENT IS MADE TO , OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, __________________________, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS [GLOBAL] SERIES A PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [GLOBAL] SERIES A PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE RELATED CERTIFICATE OF DESIGNATIONS. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

BRIGHTHOUSE FINANCIAL, INC.

Incorporated under the laws of the State of Delaware

CUSIP: 10922N 400	6.600% NON-CUMULATIVE SHARE
ISIN: US10922N4007	PREFERRED STOCK, SERIES A

THIS CERTIFICATE IS TRANSFERRABLE IN
NEW YORK, NY:

This is to certify that _______________ is the registered owner of ________ shares of fully paid and non-assessable 6.600% Non-Cumulative Preferred Stock, Series A, $0.01 par value and a stated amount of $25,000 per share of Brighthouse Financial, Inc., a Delaware corporation (the "**Corporation**"), transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

BRIGHTHOUSE FINANCIAL, INC.

By: ______________________________
Name:
Title:

By: _ ______________________________
Name:
Title:

[Impression of Corporation Seal]

Countersigned and registered
COMPUTERSHARE TRUST COMPANY, N.A.

By: ____

Authorized Officer

[FORM OF REVERSE OF CERTIFICATE]

BRIGHTHOUSE FINANCIAL, INC.

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. Such request should be addressed to the Corporation or the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with rights of survivorship and not as tenants in common
UNIF GIFT MIN ACT -	Custodian (Cust) ______________ (Minor) under Uniform Gift to Minors Act _____________ (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated:

NOTICE: THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

Annex B

CERTIFICATE OF DESIGNATIONS OF

6.750% NON-CUMULATIVE PREFERRED STOCK, SERIES B

OF

BRIGHTHOUSE FINANCIAL, INC.

Brighthouse Financial, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**Corporation**"), in accordance with the provisions of Sections 103 and 151 thereof, does hereby certify:

The board of directors of the Corporation (the "**Board of Directors**"), in accordance with the Certificate of Incorporation and Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock and authorized the formation of a Preferred Stock Terms Committee of the Board of Directors (the "**Committee**") by unanimous written consent on March 3, 2020, as ratified and supplemented by resolutions adopted at a meeting of the Board of Directors held on May 12, 2020, and pursuant to the authority conferred upon the Committee in accordance with Section 141(c) of the General Corporation Law of the State of Delaware and the resolutions of the Board of Directors, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the "6.750% Non-Cumulative Preferred Stock, Series B":

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the unanimous written consent of the Board of Directors dated March 3, 2020, as ratified and supplemented by resolutions adopted at a meeting of the Board of Directors held on May 12, 2020, the provisions of the Certificate of Incorporation and Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the powers (including the voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of such series, are as follows:

Section 1. Designation. The distinctive serial designation of such series of Preferred Stock is "6.750% Non-Cumulative Preferred Stock, Series B" (the "**Series B Preferred Stock**"). Each share of Series B Preferred Stock shall be identical in all respects to every other share of Series B Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

Section 2. Number of Shares. The authorized number of shares of Series B Preferred Stock shall be 16,100. Shares of Series B Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Series B Preferred Stock.

Section 3. Definitions. As used herein with respect to Series B Preferred Stock:

(a) "**Board of Directors**" has the meaning specified in the preamble hereto.

(b) "**Business Day**" means any day other than a Saturday or Sunday, legal holiday or a day on which federal or state banking institutions in the Borough of Manhattan, The City of New York, are authorized or obligated by law, executive order or regulation to close.

(c) "**Bylaws**" means the Amended and Restated Bylaws of the Corporation, effective August 4, 2017, as the same may be amended or restated from time to time.

(d) "**Certificate of Designations**" means this Certificate of Designations relating to the Series B Preferred Stock, as it may be amended from time to time.

(e) "**Certificate of Incorporation**" shall mean the Amended and Restated Certificate of Incorporation of the Corporation, as the same may be amended or restated from time to time, and shall include this Certificate of Designations.

(f) "**Committee**" has the meaning specified in the preamble hereto.

(g) "**Common Stock**" means the common stock, par value $0.01 per share, of the Corporation.

(h) "**Corporation**" has the meaning specified in the preamble hereto.

(i) "**Dividend Payment Date**" has the meaning specified in Section 4(a).

(j) "**Dividend Period**" has the meaning specified in Section 4(a).

(k) "**Dividend Record Date**" has the meaning specified in Section 4(a).

(l) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(m) "**Junior Stock**" means the Common Stock, and any other class or series of capital stock of the Corporation that ranks junior to the Series B Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation.

(n) "**Liquidation Preference**" has the meaning specified in Section 5(b).

(o) "**Nonpayment Event**" has the meaning specified in Section 7(b).

(p) "**Parity Stock**" means the Series A Preferred Stock and any other class or series of stock of the Corporation (other than Series B Preferred Stock) that ranks equally with the Series B Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) and in the distribution of assets on any liquidation, dissolution or winding-up of the Corporation.

(q) "**Person**" means a legal person, including any individual, corporation, estate, partnership (whether limited or general), joint venture, association, joint stock company, company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

(r) "**Preferred Stock**" means any and all series of preferred stock, having a par value of $0.01 per share, of the Corporation, including the Series B Preferred Stock and the Series A Preferred Stock.

(s) "**Preferred Stock Director**" has the meaning specified in Section 7(b).

(t) "**Rating Agency Event**" means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act, that then publishes a rating for the Corporation (a "**Rating Agency**") amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series B Preferred Stock, which amendment, clarification or change results in:

(i) the shortening of the length of time the Series B Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency or its predecessor on the initial issuance of the Series B Preferred Stock; or

(ii) the lowering of the equity credit (including up to a lesser amount) assigned to the Series B Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the initial issuance of the Series B Preferred Stock.

(u) "**Registrar**" means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as registrar for the Series B Preferred Stock.

(v) "**Regulatory Capital Event**" means that the Corporation becomes subject to capital adequacy supervision by a capital regulator and the capital adequacy guidelines that apply to the Corporation as a result of being so subject set forth criteria pursuant to which the aggregate Stated Amount of the Series B Preferred Stock would not qualify as capital under such capital adequacy guidelines, as the Corporation may determine at any time, in its sole discretion.

(w) **"Series A Preferred Stock"** means the Corporation's 6.600% Non-Cumulative Preferred Stock, Series A.

(x) "**Series B Preferred Stock**" has the meaning specified in Section 1.

(y) "**Series B Preferred Stock Certificate**" has the meaning specified in Section 12(b).

(z) "**Stated Amount**" means $25,000 per share of Series B Preferred Stock and, in respect of any other series of capital stock, the stated amount per share specified in the Certificate of Incorporation or applicable certificate of designations.

(aa) "**Stock Exchange**" means The Nasdaq Stock Market LLC, or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded.

(bb) "**Transfer Agent**" means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as transfer agent for the Series B Preferred Stock.

(cc) "**Voting Preferred Stock**" means, with regard to any election or removal of a Preferred Stock Director or any other matter as to which the holders of Series B Preferred Stock are entitled to vote as specified in Section 7 of this Certificate of Designations, any and all series of Preferred Stock (other than Series B Preferred Stock) that rank equally with Series B Preferred Stock either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 4. Dividends.

(a) Rate. Holders of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of funds legally available for the payment of dividends under Delaware law, non-cumulative cash dividends per each share of Series B Preferred Stock at the rate determined as set forth below in this Section 4 applied to the Stated Amount per share of Series B Preferred Stock. Such dividends shall be payable in arrears (as provided below in this Section 4(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, on the 25th day of March, June, September and December of each year, commencing on September 25, 2020 (each such date, a "**Dividend Payment Date**"); *provided* that if any such Dividend Payment Date is a day that is not a Business Day, the dividend with respect to such Dividend Payment Date shall instead be payable on the immediately succeeding Business Day, without interest or other payment in respect of such delayed payment. Dividends on Series B Preferred Stock shall not be cumulative. Accordingly, if the Board of Directors (or a duly authorized committee of the Board of Directors), does not declare a dividend on the Series B Preferred Stock payable in respect of any Dividend Period, then the Corporation will have no obligation to pay a dividend for that Dividend Period and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Dividends that are payable on Series B Preferred Stock on any Dividend Payment Date will be payable to holders of record of Series B Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day before such Dividend Payment Date or such other record date fixed by the Board of Directors or a duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "**Dividend Record Date**"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a "**Dividend Period**") shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include May 21, 2020) and shall end on, but exclude, the next Dividend Payment Date. Dividends payable on the Series B Preferred Stock shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable in respect of a Dividend Period shall be payable in arrears—*i.e.*, on the Dividend Payment Date on which such Dividend Period ends, but excludes.

The dividend rate on the Series B Preferred Stock for each Dividend Period shall be a rate per annum equal to 6.750%.

(b) Priority of Dividends. So long as any shares of Series B Preferred Stock remain outstanding, unless the full dividends for the latest completed Dividend Period on all outstanding shares of Series B Preferred Stock and Parity Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside), (i) no dividend shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than a dividend payable solely in stock that ranks junior to the Series B Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation), and (ii) no monies shall be paid or made available for a sinking fund for the redemption or retirement of Junior Stock, and no Common Stock or other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (x)(1) as a result of a reclassification or combination of Junior Stock, or (2) the exchange or conversion of one share of Junior Stock, in each case, for or into another share of stock that ranks junior to the Series B Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation or (y) through the use of the proceeds of a substantially contemporaneous sale of stock that ranks junior to the Series B Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation).

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside) in full on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) upon the Series B Preferred Stock or any shares of Parity Stock, if any dividends are declared on the Series B Preferred Stock and Parity Stock, all dividends so declared on the Series B Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the Series B Preferred Stock and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) bear to each other.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock or any other shares of Junior Stock from time to time out of any funds legally available for such payment, and the Series B Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series B Preferred Stock and all holders of any Parity Stock shall be entitled to receive, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or payment out of the assets of the Corporation may be made or set aside for the holders of Common Stock and any other Junior Stock, in full an amount equal to $25,000 per share, together with an amount equal to all dividends (if any) that have been declared but not paid prior to the date of payment of such distribution (but without any amount in respect of dividends that have not been declared prior to such payment date).

(b) Partial Payment. If in any distribution described in Section 5(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences (as defined below) in full to all holders of Series B Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series B Preferred Stock and to the holders of all such Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series B Preferred Stock and the holders of all such Parity Stock. In any such distribution, the "**Liquidation Preference**" of any holder of Preferred Stock of the Corporation shall mean the amount payable to such holder in such distribution (assuming no limitation on the assets of the Corporation available for such distribution), including an amount equal to any declared but unpaid dividends (and, in the case of any holder of stock (other than Series B Preferred Stock) on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued cumulative dividends, whether or not declared, as applicable).

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series B Preferred Stock and any Parity Stock, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets not Liquidation. For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series B Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding-up of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Series B Preferred Stock is perpetual and has no maturity date. The Corporation may, at its option, redeem the shares of Series B Preferred Stock at the time outstanding, upon notice given as provided in Section 6(c) below,

(i) in whole, but not in part, at any time prior to June 25, 2025 (within 90 days after the occurrence of a Rating Agency Event) at a redemption price equal to $25,500 per share of Series B Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series B Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption, or

(ii) (a) in whole, but not in part, at any time prior to June 25, 2025 (within 90 days after the occurrence of a Regulatory Capital Event) or (b) on or after June 25, 2025, in whole at any time or in part from time to time, in each case, at a redemption price equal to $25,000 per share of Series B Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series B Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption.

The redemption price for any shares of Series B Preferred Stock shall be payable on the date of redemption to the holder of any shares represented by certificates only upon surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a date of redemption that occurs subsequent to the Dividend Record Date for a Dividend Period shall not constitute a part of or be paid to the holder entitled to receive the redemption price as of the date of redemption, but rather shall be paid to the holder of record of the redeemed shares as of the Dividend Record Date on the applicable Dividend Payment Date as provided in Section 4 above.

(b) No Sinking Fund. The Series B Preferred Stock will not be subject to any mandatory redemption, sinking fund, retirement fund or purchase fund or other similar provisions. Holders of Series B Preferred Stock will have no right to require redemption, repurchase or retirement of any shares of Series B Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Series B Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 90 days before the date fixed for redemption. Any notice mailed as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series B Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series B Preferred Stock. Notwithstanding anything herein to the contrary, if the Series B Preferred Stock or any depositary shares representing interests in the Series B Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series B Preferred Stock at such time and in any manner permitted by such facility. Each such notice given to a holder of shares of Series B Preferred Stock shall state: (1) the date of redemption; (2) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series B Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or by lot (or, in the event the Series B Preferred Stock is in the form of global Series B Preferred Stock in accordance with the applicable procedures of The Depository Trust Company in compliance with the then-applicable rules of the Stock Exchange). Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series B Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof in accordance with the terms and conditions of this Section 6.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the date of redemption specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the date of redemption dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be outstanding and all rights with respect to such shares shall forthwith on such date of redemption cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest, upon the surrender of the certificate(s) evidencing such shares. Any funds unclaimed at the end of three years from the date of redemption shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series B Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Right to Elect Two Directors upon Nonpayment Events. If and whenever dividends on any shares of Series B Preferred Stock shall not have been declared and paid in an aggregate amount equal to full dividends for at least six Dividend Periods, whether or not consecutive (a “**Nonpayment Event**”), the number of directors then constituting the Board of Directors shall automatically be increased by two and the holders of Series B Preferred Stock, together with the holders of any outstanding shares of Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts), shall be entitled to elect the two additional directors (the “**Preferred Stock Directors**”), *provided* that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the Stock Exchange that listed or traded companies must have a majority of independent directors.

In the event that the holders of the Series B Preferred Stock, and such other holders of Voting Preferred Stock, shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event only at a special meeting called at the request of the holders of record of at least 20% of the Stated Amount of the Series B Preferred Stock or of any other such series of Voting Preferred Stock then outstanding (unless such request for a special meeting is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders of the Corporation, in which event such election shall be held only at such next annual or special meeting of stockholders), and at each subsequent annual meeting of stockholders of the Corporation. Such request to call a special meeting for the initial election of the Preferred Stock Directors after a Nonpayment Event shall be made by written notice, signed by the requisite holders of Series B Preferred Stock or Voting Preferred Stock, and delivered to the Secretary of the Corporation in such manner as provided for in Section 9 below, or as may otherwise be required by law.

If and when dividends have been paid in full on the Series B Preferred Stock for at least four consecutive Dividend Periods after a Nonpayment Event, then the right of the holders of Series B Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such voting rights in the case of any future Nonpayment Event pursuant to this Section 7), and, if and when any rights of holders of Series B Preferred Stock and Voting Preferred Stock to elect the Preferred Stock Directors shall have ceased, all the Preferred Stock Directors then in office shall automatically cease to be qualified as directors and each of their terms shall forthwith terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

So long as a Nonpayment Event has occurred and is continuing, any Preferred Stock Director may be removed at any time with or without cause by the holders of record of a majority of the outstanding shares of the Series B Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). So long as a Nonpayment Event shall have occurred and is continuing, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred Stock Directors after a Nonpayment Event) shall be filled by the written consent of the Preferred Stock Director remaining in office, or solely in the case where no Preferred Stock Director remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series B Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). Any such vote of stockholders to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting of such stockholders, called as provided above for an initial election of Preferred Stock Director after the occurrence of a Nonpayment Event (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Each Preferred Stock Director elected at any special meeting of stockholders or by written consent of the other Preferred Stock Director shall hold office until the next annual meeting of the stockholders if such office shall not have previously terminated as above provided.

(c) Other Voting Rights. So long as any shares of Series B Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series B Preferred Stock and any Voting Preferred Stock (subject to the last paragraph of this Section 7(c)) at the time outstanding and entitled to vote thereon, voting together as a single class (in proportion to their respective Stated Amounts), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation or this Certificate of Designation to authorize or create, or increase the authorized number of any shares of, any class or series or any securities convertible into shares of any class or series of capital stock of the Corporation ranking senior to the Series B Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding-up of the Corporation;

(ii) Amendment of Series B Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or this Certificate of Designation or the Bylaws so as to materially and adversely affect the special rights, preferences or voting powers of the Series B Preferred Stock, taken as a whole; or

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(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of (x) a binding share exchange or reclassification involving the Series B Preferred Stock, (y) a merger or consolidation of the Corporation with another corporation or other entity or (z) a conversion, transfer, domestication or continuance into another entity or an entity organized under the laws of another jurisdiction, unless in each case (1) the shares of Series B Preferred Stock remain outstanding following the consummation of such binding share exchange, reclassification or merger or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, are converted in such merger or consolidation into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and such surviving or resulting entity or ultimate parent, as the case may be, is organized under the laws of the United States of America, any State thereof, the District of Columbia, Bermuda, the Cayman Islands or any country or state that is a member of the Organization of Economic Cooperation and Development, and (2) such shares of Series B Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, and voting powers, and qualifications, limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences and voting powers, and qualifications, limitations and restrictions, of the Series B Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the number of authorized or issued shares of Series B Preferred Stock or the authorized number of shares of Preferred Stock, or the creation and issuance, or an increase in the authorized or issued number of shares of, any other series of Preferred Stock that does not rank senior to the Series B Preferred Stock with respect to either the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding-up of the Corporation will not be deemed to materially and adversely affect the special rights, preferences or voting powers, or the qualifications, limitations, or restrictions thereof, of the Series B Preferred Stock.

If any amendment, alteration, repeal, share exchange, reclassification, merger, consolidation, conversion, transfer, domestication or continuance specified in this Section 7(c) would materially and adversely affect the rights, preferences or voting powers of the Series B Preferred Stock and the rights, preferences or voting powers of one or more but not all other series of Voting Preferred Stock, then only the Series B Preferred Stock and such series of Voting Preferred Stock the rights, preferences and voting powers of which are materially and adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series B Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such subsections, all outstanding shares of Series B Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for the benefit of the holders of the Series B Preferred Stock to effect such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series B Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors or a duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility on which the Series B Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent for the Series B Preferred Stock may deem and treat the record holder of any share of Series B Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such Transfer Agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Series B Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

Section 10. No Preemptive Rights. No share of Series B Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Other Rights. The shares of Series B Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

Section 12. Form.

(a) Uncertificated Series B Preferred Stock. The shares of the Series B Preferred Stock shall be uncertificated.

(b) Certificated Series B Preferred Stock. If the Board of Directors (or a duly authorized committee of the Board of Directors) shall determine that shares of the Series B Preferred Stock shall be represented by certificates, such certificates may be issued in the form of one or more definitive shares in fully registered form represented by certificates in substantially the form attached to the Certificate of Designations as Exhibit A (the "**Series B Preferred Stock Certificate**"), which is incorporated in and expressly made a part of the Certificate of Designations. Each Series B Preferred Stock Certificate shall reflect the number of shares of Series B Preferred Stock represented thereby, and may have notations, legends, or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (*provided* that any such notation, legend, or endorsement is in a form acceptable to the Corporation). Each Series B Preferred Stock Certificate shall be registered in the name or names of the Person or Persons specified by the Corporation in a written instrument to the Registrar.

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Exhibit A

[FORM OF FACE OF CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF , TO BRIGHTHOUSE FINANCIAL, INC. OR COMPUTERSHARE TRUST COMPANY, N.A., AS TRANSFER AGENT (THE "**TRANSFER AGENT**"), AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF (AND ANY PAYMENT IS MADE TO , OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, , HAS AN INTEREST HEREIN.

TRANSFERS OF THIS [GLOBAL] SERIES B PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [GLOBAL] SERIES B PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE RELATED CERTIFICATE OF DESIGNATIONS. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

BRIGHTHOUSE FINANCIAL, INC.

Incorporated under the laws of the State of Delaware

CUSIP: 10922N 608	6.750% NON-CUMULATIVE SHARE
ISIN: US10922N6085	PREFERRED STOCK, SERIES B

THIS CERTIFICATE IS TRANSFERRABLE IN
NEW YORK, NY:

This is to certify that is the registered owner of shares of fully paid and non-assessable 6.750% Non-Cumulative Preferred Stock, Series B, $0.01 par value and a stated amount of $25,000 per share of Brighthouse Financial, Inc., a Delaware corporation (the "**Corporation**"), transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

BRIGHTHOUSE FINANCIAL, INC.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

[Impression of Corporation Seal]

Countersigned and registered

COMPUTERSHARE TRUST COMPANY, N.A.

By: ____

Authorized Officer

[FORM OF REVERSE OF CERTIFICATE]

BRIGHTHOUSE FINANCIAL, INC.

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. Such request should be addressed to the Corporation or the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with rights of survivorship and not as tenants in common
UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gift to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated:

NOTICE: THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES

Annex C

CERTIFICATE OF DESIGNATIONS OF

5.375% NON-CUMULATIVE PREFERRED STOCK, SERIES C

OF

BRIGHTHOUSE FINANCIAL, INC.

Brighthouse Financial, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**Corporation**"), in accordance with the provisions of Sections 103 and 151 thereof, does hereby certify:

The board of directors of the Corporation (the "**Board of Directors**"), in accordance with the Certificate of Incorporation and Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock and authorized the formation of a Preferred Stock Terms Committee of the Board of Directors (the "**Committee**") at a meeting duly convened and held on November 2, 2020, and pursuant to the authority conferred upon the Committee in accordance with Section 141(c) of the General Corporation Law of the State of Delaware and the resolutions of the Board of Directors, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the "5.375% Non-Cumulative Preferred Stock, Series C":

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions adopted by the Board of Directors at a meeting of the Board of Directors duly called and held on November 2, 2020, the provisions of the Certificate of Incorporation and Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the powers (including the voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of such series, are as follows:

Section 1. Designation. The distinctive serial designation of such series of Preferred Stock is "5.375% Non-Cumulative Preferred Stock, Series C" (the "**Series C Preferred Stock**"). Each share of Series C Preferred Stock shall be identical in all respects to every other share of Series C Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

Section 2. Number of Shares. The authorized number of shares of Series C Preferred Stock shall be 23,000. Shares of Series C Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Series C Preferred Stock.

Section 3. Definitions. As used herein with respect to Series C Preferred Stock:

(a) "**Board of Directors**" has the meaning specified in the preamble hereto.

(b) "**Business Day**" means any day other than a Saturday or Sunday, legal holiday or a day on which federal or state banking institutions in the Borough of Manhattan, The City of New York, are authorized or obligated by law, executive order or regulation to close.

(c) "**Bylaws**" means the Amended and Restated Bylaws of the Corporation, effective August 4, 2017, as the same may be amended or restated from time to time.

(d) "**Certificate of Designations**" means this Certificate of Designations relating to the Series C Preferred Stock, as it may be amended from time to time.

(e) "**Certificate of Incorporation**" shall mean the Amended and Restated Certificate of Incorporation of the Corporation, as the same may be amended or restated from time to time, and shall include this Certificate of Designations.

(f) "**Committee**" has the meaning specified in the preamble hereto.

(g) “**Common Stock**” means the common stock, par value $0.01 per share, of the Corporation.

(h) “**Corporation**” has the meaning specified in the preamble hereto.

(i) “**Dividend Payment Date**” has the meaning specified in Section 4(a).

(j) “**Dividend Period**” has the meaning specified in Section 4(a).

(k) “**Dividend Record Date**” has the meaning specified in Section 4(a).

(l) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(m) “**Junior Stock**” means the Common Stock, and any other class or series of capital stock of the Corporation that ranks junior to the Series C Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation.

(n) “**Liquidation Preference**” has the meaning specified in Section 5(b).

(o) “**Nonpayment Event**” has the meaning specified in Section 7(b).

(p) “**Parity Stock**” means the Series A Preferred Stock, Series B Preferred Stock and any other class or series of stock of the Corporation (other than Series C Preferred Stock) that ranks equally with the Series C Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) and in the distribution of assets on any liquidation, dissolution or winding-up of the Corporation.

(q) “**Person**” means a legal person, including any individual, corporation, estate, partnership (whether limited or general), joint venture, association, joint stock company, company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

(r) “**Preferred Stock**” means any and all series of preferred stock, having a par value of $0.01 per share, of the Corporation, including the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

(s) “**Preferred Stock Director**” has the meaning specified in Section 7(b).

(t) “**Rating Agency Event**” means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act, that then publishes a rating for the Corporation (a “**Rating Agency**”) amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series C Preferred Stock, which amendment, clarification or change results in:

(i) the shortening of the length of time the Series C Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency or its predecessor on the initial issuance of the Series C Preferred Stock; or

(ii) the lowering of the equity credit (including up to a lesser amount) assigned to the Series C Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the initial issuance of the Series C Preferred Stock.

(u) “**Registrar**” means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as registrar for the Series C Preferred Stock.

(v) “**Regulatory Capital Event**” means that the Corporation becomes subject to capital adequacy supervision by a capital regulator and the capital adequacy guidelines that apply to the Corporation as a result of being so subject set forth criteria pursuant to which the aggregate Stated Amount of the Series C Preferred Stock would not qualify as capital under such capital adequacy guidelines, as the Corporation may determine at any time, in its sole discretion.

(w) **“Series A Preferred Stock”** means the Corporation’s 6.600% Non-Cumulative Preferred Stock, Series A.

(x) **“Series B Preferred Stock”** means the Corporation’s 6.750% Non-Cumulative Preferred Stock, Series B.

(y) “**Series C Preferred Stock**” has the meaning specified in Section 1.

(z) “**Series C Preferred Stock Certificate**” has the meaning specified in Section 12(b).

(aa) “**Stated Amount**” means $25,000 per share of Series C Preferred Stock and, in respect of any other series of capital stock, the stated amount per share specified in the Certificate of Incorporation or applicable certificate of designations.

(bb) “**Stock Exchange**” means The Nasdaq Stock Market LLC, or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded.

(cc) “**Transfer Agent**” means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as transfer agent for the Series C Preferred Stock.

(dd) “**Voting Preferred Stock**” means, with regard to any election or removal of a Preferred Stock Director or any other matter as to which the holders of Series C Preferred Stock are entitled to vote as specified in Section 7 of this Certificate of Designations, any and all series of Preferred Stock (other than Series C Preferred Stock) that rank equally with Series C Preferred Stock either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 4. Dividends.

(a) Rate. Holders of Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of funds legally available for the payment of dividends under Delaware law, non-cumulative cash dividends per each share of Series C Preferred Stock at the rate determined as set forth below in this Section 4 applied to the Stated Amount per share of Series C Preferred Stock. Such dividends shall be payable in arrears (as provided below in this Section 4(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, on the 25th day of March, June, September and December of each year, commencing on March 25, 2021 (each such date, a “**Dividend Payment Date**”); *provided* that if any such Dividend Payment Date is a day that is not a Business Day, the dividend with respect to such Dividend Payment Date shall instead be payable on the immediately succeeding Business Day, without interest or other payment in respect of such delayed payment. Dividends on Series C Preferred Stock shall not be cumulative. Accordingly, if the Board of Directors (or a duly authorized committee of the Board of Directors), does not declare a dividend on the Series C Preferred Stock payable in respect of any Dividend Period, then the Corporation will have no obligation to pay a dividend for that Dividend Period and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Dividends that are payable on Series C Preferred Stock on any Dividend Payment Date will be payable to holders of record of Series C Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day before such Dividend Payment Date or such other record date fixed by the Board of Directors or a duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “**Dividend Record Date**”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a “**Dividend Period**”) shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include November 20, 2020) and shall end on, but exclude, the next Dividend Payment Date. Dividends payable on the Series C Preferred Stock shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable in respect of a Dividend Period shall be payable in arrears—*i.e.*, on the Dividend Payment Date on which such Dividend Period ends, but excludes.

The dividend rate on the Series C Preferred Stock for each Dividend Period shall be a rate per annum equal to 5.375%.

(b) Priority of Dividends. So long as any shares of Series C Preferred Stock remain outstanding, unless the full dividends for the latest completed Dividend Period on all outstanding shares of Series C Preferred Stock and Parity Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside), (i) no dividend shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than a dividend payable solely in stock that ranks junior to the Series C Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation), and (ii) no monies shall be paid or made available for a sinking fund for the redemption or retirement of Junior Stock, and no Common Stock or other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (x)(1) as a result of a reclassification or combination of Junior Stock, or (2) the exchange or conversion of one share of Junior Stock, in each case, for or into another share of stock that ranks junior to the Series C Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation or (y) through the use of the proceeds of a substantially contemporaneous sale of stock that ranks junior to the Series C Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation).

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside) in full on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) upon the Series C Preferred Stock or any shares of Parity Stock, if any dividends are declared on the Series C Preferred Stock and Parity Stock, all dividends so declared on the Series C Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the Series C Preferred Stock and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) bear to each other.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock or any other shares of Junior Stock from time to time out of any funds legally available for such payment, and the Series C Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series C Preferred Stock and all holders of any Parity Stock shall be entitled to receive, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or payment out of the assets of the Corporation may be made or set aside for the holders of Common Stock and any other Junior Stock, in full an amount equal to $25,000 per share, together with an amount equal to all dividends (if any) that have been declared but not paid prior to the date of payment of such distribution (but without any amount in respect of dividends that have not been declared prior to such payment date).

(b) Partial Payment. If in any distribution described in Section 5(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences (as defined below) in full to all holders of Series C Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series C Preferred Stock and to the holders of all such Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series C Preferred Stock and the holders of all such Parity Stock. In any such distribution, the "**Liquidation Preference**" of any holder of Preferred Stock of the Corporation shall mean the amount payable to such holder in such distribution (assuming no limitation on the assets of the Corporation available for such distribution), including an amount equal to any declared but unpaid dividends (and, in the case of any holder of stock (other than Series C Preferred Stock) on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued cumulative dividends, whether or not declared, as applicable).

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series C Preferred Stock and any Parity Stock, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets not Liquidation. For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series C Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding-up of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Series C Preferred Stock is perpetual and has no maturity date. The Corporation may, at its option, redeem the shares of Series C Preferred Stock at the time outstanding, upon notice given as provided in Section 6(c) below,

(i) in whole, but not in part, at any time prior to December 25, 2025 (within 90 days after the occurrence of a Rating Agency Event) at a redemption price equal to $25,500 per share of Series C Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series C Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption, or

(ii) (a) in whole, but not in part, at any time prior to December 25, 2025 (within 90 days after the occurrence of a Regulatory Capital Event) or (b) on or after December 25, 2025, in whole at any time or in part from time to time, in each case, at a redemption price equal to $25,000 per share of Series C Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series C Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption.

The redemption price for any shares of Series C Preferred Stock shall be payable on the date of redemption to the holder of any shares represented by certificates only upon surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a date of redemption that occurs subsequent to the Dividend Record Date for a Dividend Period shall not constitute a part of or be paid to the holder entitled to receive the redemption price as of the date of redemption, but rather shall be paid to the holder of record of the redeemed shares as of the Dividend Record Date on the applicable Dividend Payment Date as provided in Section 4 above.

(b) No Sinking Fund. The Series C Preferred Stock will not be subject to any mandatory redemption, sinking fund, retirement fund or purchase fund or other similar provisions. Holders of Series C Preferred Stock will have no right to require redemption, repurchase or retirement of any shares of Series C Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Series C Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 90 days before the date fixed for redemption. Any notice mailed as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series C Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series C Preferred Stock. Notwithstanding anything herein to the contrary, if the Series C Preferred Stock or any depositary shares representing interests in the Series C Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series C Preferred Stock at such time and in any manner permitted by such facility. Each such notice given to a holder of shares of Series C Preferred Stock shall state: (1) the date of redemption; (2) the number of shares of Series C Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series C Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or by lot (or, in the event the Series C Preferred Stock is in the form of global Series C Preferred Stock in accordance with the applicable procedures of The Depository Trust Company in compliance with the then-applicable rules of the Stock Exchange). Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series C Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof in accordance with the terms and conditions of this Section 6.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the date of redemption specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the date of redemption dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be outstanding and all rights with respect to such shares shall forthwith on such date of redemption cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest, upon the surrender of the certificate(s) evidencing such shares. Any funds unclaimed at the end of three years from the date of redemption shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series C Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Right to Elect Two Directors upon Nonpayment Events. If and whenever dividends on any shares of Series C Preferred Stock shall not have been declared and paid in an aggregate amount equal to full dividends for at least six Dividend Periods, whether or not consecutive (a "**Nonpayment Event**"), the number of directors then constituting the Board of Directors shall automatically be increased by two and the holders of Series C Preferred Stock, together with the holders of any outstanding shares of Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts), shall be entitled to elect the two additional directors (the "**Preferred Stock Directors**"), *provided* that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the Stock Exchange that listed or traded companies must have a majority of independent directors.

In the event that the holders of the Series C Preferred Stock, and such other holders of Voting Preferred Stock, shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event only at a special meeting called at the request of the holders of record of at least 20% of the Stated Amount of the Series C Preferred Stock or of any other such series of Voting Preferred Stock then outstanding (unless such request for a special meeting is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders of the Corporation, in which event such election shall be held only at such next annual or special meeting of stockholders), and at each subsequent annual meeting of stockholders of the Corporation. Such request to call a special meeting for the initial election of the Preferred Stock Directors after a Nonpayment Event shall be made by written notice, signed by the requisite holders of Series C Preferred Stock or Voting Preferred Stock, and delivered to the Secretary of the Corporation in such manner as provided for in Section 9 below, or as may otherwise be required by law.

If and when dividends have been paid in full on the Series C Preferred Stock for at least four consecutive Dividend Periods after a Nonpayment Event, then the right of the holders of Series C Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such voting rights in the case of any future Nonpayment Event pursuant to this Section 7), and, if and when any rights of holders of Series C Preferred Stock and Voting Preferred Stock to elect the Preferred Stock Directors shall have ceased, all the Preferred Stock Directors then in office shall automatically cease to be qualified as directors and each of their terms shall forthwith terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

So long as a Nonpayment Event has occurred and is continuing, any Preferred Stock Director may be removed at any time with or without cause by the holders of record of a majority of the outstanding shares of the Series C Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). So long as a Nonpayment Event shall have occurred and is continuing, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred Stock Directors after a Nonpayment Event) shall be filled by the written consent of the Preferred Stock Director remaining in office, or solely in the case where no Preferred Stock Director remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series C Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). Any such vote of stockholders to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting of such stockholders, called as provided above for an initial election of Preferred Stock Director after the occurrence of a Nonpayment Event (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Each Preferred Stock Director elected at any special meeting of stockholders or by written consent of the other Preferred Stock Director shall hold office until the next annual meeting of the stockholders if such office shall not have previously terminated as above provided.

(c) Other Voting Rights. So long as any shares of Series C Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series C Preferred Stock and any Voting Preferred Stock (subject to the last paragraph of this Section 7(c)) at the time outstanding and entitled to vote thereon, voting together as a single class (in proportion to their respective Stated Amounts), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation or this Certificate of Designation to authorize or create, or increase the authorized number of any shares of, any class or series or any securities convertible into shares of any class or series of capital stock of the Corporation ranking senior to the Series C Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding-up of the Corporation;

(ii) Amendment of Series C Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or this Certificate of Designation or the Bylaws so as to materially and adversely affect the special rights, preferences or voting powers of the Series C Preferred Stock, taken as a whole; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of (x) a binding share exchange or reclassification involving the Series C Preferred Stock, (y) a merger or consolidation of the Corporation with another corporation or other entity or (z) a conversion, transfer, domestication or continuance into another entity or an entity organized under the laws of another jurisdiction, unless in each case (1) the shares of Series C Preferred Stock remain outstanding following the consummation of such binding share exchange, reclassification or merger or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, are converted in such merger or consolidation into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and such surviving or resulting entity or ultimate parent, as the case may be, is organized under the laws of the United States of America, any State thereof, the District of Columbia, Bermuda, the Cayman Islands or any country or state that is a member of the Organization of Economic Cooperation and Development, and (2) such shares of Series C Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, and voting powers, and qualifications, limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences and voting powers, and qualifications, limitations and restrictions, of the Series C Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the number of authorized or issued shares of Series C Preferred Stock or the authorized number of shares of Preferred Stock, or the creation and issuance, or an increase in the authorized or issued number of shares of, any other series of Preferred Stock that does not rank senior to the Series C Preferred Stock with respect to either the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding-

up of the Corporation will not be deemed to materially and adversely affect the special rights, preferences or voting powers, or the qualifications, limitations, or restrictions thereof, of the Series C Preferred Stock.

If any amendment, alteration, repeal, share exchange, reclassification, merger, consolidation, conversion, transfer, domestication or continuance specified in this Section 7(c) would materially and adversely affect the rights, preferences or voting powers of the Series C Preferred Stock and the rights, preferences or voting powers of one or more but not all other series of Voting Preferred Stock, then only the Series C Preferred Stock and such series of Voting Preferred Stock the rights, preferences and voting powers of which are materially and adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series C Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such subsections, all outstanding shares of Series C Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for the benefit of the holders of the Series C Preferred Stock to effect such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series C Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors or a duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility on which the Series C Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent for the Series C Preferred Stock may deem and treat the record holder of any share of Series C Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such Transfer Agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Series C Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

Section 10. No Preemptive Rights. No share of Series C Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Other Rights. The shares of Series C Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

Section 12. Form.

(a) Uncertificated Series C Preferred Stock. The shares of the Series C Preferred Stock shall be uncertificated.

(b) Certificated Series C Preferred Stock. If the Board of Directors (or a duly authorized committee of the Board of Directors) shall determine that shares of the Series C Preferred Stock shall be represented by certificates, such certificates may be issued in the form of one or more definitive shares in fully registered form represented by certificates in substantially the form attached to the Certificate of Designations as Exhibit A (the "**Series C Preferred Stock Certificate**"), which is incorporated in and expressly made a part of the Certificate of Designations. Each Series C Preferred Stock Certificate shall reflect the number of shares of Series C Preferred Stock represented thereby, and may have notations, legends, or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (*provided* that any such notation, legend, or endorsement is in a form acceptable to the Corporation). Each Series C Preferred Stock Certificate shall be registered in the name or names of the Person or Persons specified by the Corporation in a written instrument to the Registrar.

[*Remainder of Page Intentionally Left Blank*]

Exhibit A

[FORM OF FACE OF CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF , TO BRIGHTHOUSE FINANCIAL, INC. OR COMPUTERSHARE TRUST COMPANY, N.A., AS TRANSFER AGENT (THE "**TRANSFER AGENT**"), AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF (AND ANY PAYMENT IS MADE TO , OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, , HAS AN INTEREST HEREIN.

TRANSFERS OF THIS [GLOBAL] SERIES C PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [GLOBAL] SERIES C PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE RELATED CERTIFICATE OF DESIGNATIONS. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

BRIGHTHOUSE FINANCIAL, INC.

Incorporated under the laws of the State of Delaware

CUSIP: 10922N 806	5.375% NON-CUMULATIVE SHARE
ISIN: US10922N8065	PREFERRED STOCK, SERIES C

THIS CERTIFICATE IS TRANSFERRABLE IN
NEW YORK, NY:

This is to certify that is the registered owner of shares of fully paid and non-assessable 5.375% Non-Cumulative Preferred Stock, Series C, $0.01 par value and a stated amount of $25,000 per share of Brighthouse Financial, Inc., a Delaware corporation (the "**Corporation**"), transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

BRIGHTHOUSE FINANCIAL, INC.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

[Impression of Corporation Seal]

Countersigned and registered

COMPUTERSHARE TRUST COMPANY, N.A.

By: ______________________________
Authorized Officer

[FORM OF REVERSE OF CERTIFICATE]

BRIGHTHOUSE FINANCIAL, INC.

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. Such request should be addressed to the Corporation or the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with rights of survivorship and not as tenants in common
UNIF GIFT MIN ACT -	Custodian (Cust) (Minor) under Uniform Gift to Minors Act
	(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated:

NOTICE: THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

Annex D

CERTIFICATE OF DESIGNATIONS OF

4.625% NON-CUMULATIVE PREFERRED STOCK, SERIES D

OF

BRIGHTHOUSE FINANCIAL, INC.

Brighthouse Financial, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "**Corporation**"), in accordance with the provisions of Sections 103 and 151 thereof, does hereby certify:

The board of directors of the Corporation (the "**Board of Directors**"), in accordance with the Certificate of Incorporation and Bylaws of the Corporation and applicable law, authorized the issuance and sale by the Corporation of shares of its Preferred Stock and authorized the formation of a Preferred Stock Terms Committee of the Board of Directors (the "**Committee**") at a meeting duly convened and held on November 1, 2021, and pursuant to the authority conferred upon the Committee in accordance with Section 141(c) of the General Corporation Law of the State of Delaware and the resolutions of the Board of Directors, the Committee adopted the following resolution creating and setting forth the terms of a series of Preferred Stock of the Corporation designated as the "4.625% Non-Cumulative Preferred Stock, Series D":

RESOLVED,that pursuant to the authority vested in the Committee and in accordance with the resolutions adopted by the Board of Directors at a meeting of the Board of Directors duly called and held on November 1, 2021, the provisions of the Certificate of Incorporation and Bylaws of the Corporation and applicable law, a series of Preferred Stock, par value $0.01 per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the powers (including the voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of such series, are as follows:

Section 1. Designation. The distinctive serial designation of such series of Preferred Stock is "4.625% Non-Cumulative Preferred Stock, Series D" (the "**Series D Preferred Stock**"). Each share of Series D Preferred Stock shall be identical in all respects to every other share of Series D Preferred Stock, except as to the respective dates from which dividends thereon shall accrue, to the extent such dates may differ as permitted pursuant to Section 4(a) below.

Section 2. Number of Shares. The authorized number of shares of Series D Preferred Stock shall be 14,000. Shares of Series D Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Series D Preferred Stock.

Section 3. Definitions. As used herein with respect to Series D Preferred Stock:

(a) "**Board of Directors**" has the meaning specified in the preamble hereto.

(b) "**Business Day**" means any day other than a Saturday or Sunday, legal holiday or a day on which federal or state banking institutions in the Borough of Manhattan, The City of New York, are authorized or obligated by law, executive order or regulation to close.

(c) "**Bylaws**" means the Amended and Restated Bylaws of the Corporation, effective August 4, 2017, as the same may be amended or restated from time to time.

(d) "**Certificate of Designations**" means this Certificate of Designations relating to the Series D Preferred Stock, as it may be amended from time to time.

(e) "**Certificate of Incorporation**" shall mean the Amended and Restated Certificate of Incorporation of the Corporation, as the same may be amended or restated from time to time, and shall include this Certificate of Designations.

(f) “**Committee**” has the meaning specified in the preamble hereto.

(g) “**Common Stock**” means the common stock, par value $0.01 per share, of the Corporation.

(h) “**Corporation**” has the meaning specified in the preamble hereto.

(i) “**Dividend Payment Date**” has the meaning specified in Section 4(a).

(j) “**Dividend Period**” has the meaning specified in Section 4(a).

(k) “**Dividend Record Date**” has the meaning specified in Section 4(a).

(l) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(m) “**Junior Stock**” means the Common Stock, and any other class or series of capital stock of the Corporation that ranks junior to the Series D Preferred Stock either as to the payment of dividends (whether such dividends are cumulative or non-cumulative) or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation.

(n) “**Liquidation Preference**” has the meaning specified in Section 5(b).

(o) “**Nonpayment Event**” has the meaning specified in Section 7(b).

(p) “**Parity Stock**” means the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and any other class or series of stock of the Corporation (other than Series D Preferred Stock) that ranks equally with the Series D Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) and in the distribution of assets on any liquidation, dissolution or winding-up of the Corporation.

(q) “**Person**” means a legal person, including any individual, corporation, estate, partnership (whether limited or general), joint venture, association, joint stock company, company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

(r) “**Preferred Stock**” means any and all series of preferred stock, having a par value of $0.01 per share, of the Corporation, including the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock.

(s) “**Preferred Stock Director**” has the meaning specified in Section 7(b).

(t) “**Rating Agency Event**” means that any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act, that then publishes a rating for the Corporation (a “**Rating Agency**”) amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Series D Preferred Stock, which amendment, clarification or change results in:

(i) the shortening of the length of time the Series D Preferred Stock is assigned a particular level of equity credit by that Rating Agency as compared to the length of time they would have been assigned that level of equity credit by that Rating Agency or its predecessor on the initial issuance of the Series D Preferred Stock; or

(ii) the lowering of the equity credit (including up to a lesser amount) assigned to the Series D Preferred Stock by that Rating Agency as compared to the equity credit assigned by that Rating Agency or its predecessor on the initial issuance of the Series D Preferred Stock.

(u) “**Registrar**” means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as registrar for the Series D Preferred Stock.

(v) “**Regulatory Capital Event**” means that the Corporation becomes subject to capital adequacy supervision by a capital regulator and the capital adequacy guidelines that apply to the Corporation as a result of being so subject set forth criteria pursuant to which the aggregate Stated Amount of the Series D Preferred Stock would not qualify as capital under such capital adequacy guidelines, as the Corporation may determine at any time, in its sole discretion.

(w) **“Series A Preferred Stock”** means the Corporation’s 6.600% Non-Cumulative Preferred Stock, Series A.

(x) **“Series B Preferred Stock”** means the Corporation’s 6.750% Non-Cumulative Preferred Stock, Series B.

(y) **“Series C Preferred Stock”** means the Corporation’s 5.375% Non-Cumulative Preferred Stock, Series C.

(z) “**Series D Preferred Stock**” has the meaning specified in Section 1.

(aa) “**Series D Preferred Stock Certificate**” has the meaning specified in Section 12(b).

(bb) “**Stated Amount**” means $25,000 per share of Series D Preferred Stock and, in respect of any other series of capital stock, the stated amount per share specified in the Certificate of Incorporation or applicable certificate of designations.

(cc) “**Stock Exchange**” means The Nasdaq Stock Market LLC, or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded.

(dd) “**Transfer Agent**” means Computershare Trust Company, N.A. (or any successor thereto), in its capacity as transfer agent for the Series D Preferred Stock.

(ee) “**Voting Preferred Stock**” means, with regard to any election or removal of a Preferred Stock Director or any other matter as to which the holders of Series D Preferred Stock are entitled to vote as specified in Section 7 of this Certificate of Designations, any and all series of Preferred Stock (other than Series D Preferred Stock) that rank equally with Series D Preferred Stock either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding-up of the Corporation and upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 4. Dividends.

(a) Rate. Holders of Series D Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of funds legally available for the payment of dividends under Delaware law, non-cumulative cash dividends per each share of Series D Preferred Stock at the rate determined as set forth below in this Section 4 applied to the Stated Amount per share of Series D Preferred Stock. Such dividends shall be payable in arrears (as provided below in this Section 4(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, on the 25th day of March, June, September and December of each year, commencing on March 25, 2022 (each such date, a “**Dividend Payment Date**”); *provided* that if any such Dividend Payment Date is a day that is not a Business Day, the dividend with respect to such Dividend Payment Date shall instead be payable on the immediately succeeding Business Day, without interest or other payment in respect of such delayed payment. Dividends on Series D Preferred Stock shall not be cumulative. Accordingly, if the Board of Directors (or a duly authorized committee of the Board of Directors), does not declare a dividend on the Series D Preferred Stock payable in respect of any Dividend Period, then the Corporation will have no obligation to pay a dividend for that Dividend Period and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.

Dividends that are payable on Series D Preferred Stock on any Dividend Payment Date will be payable to holders of record of Series D Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day before such Dividend Payment Date or such other record date fixed by the Board of Directors or a duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a “**Dividend Record Date**”). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Each dividend period (a “**Dividend Period**”) shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include November 22, 2021) and shall end on, but exclude, the next Dividend Payment Date. Dividends payable on the Series D Preferred Stock shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable in respect of a Dividend Period shall be payable in arrears—*i.e.*, on the Dividend Payment Date on which such Dividend Period ends, but excludes.

The dividend rate on the Series D Preferred Stock for each Dividend Period shall be a rate per annum equal to 4.625%.

(b) Priority of Dividends. So long as any shares of Series D Preferred Stock remain outstanding, unless the full dividends for the latest completed Dividend Period on all outstanding shares of Series D Preferred Stock and Parity Stock have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside), (i) no dividend shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than a dividend payable solely in stock that ranks junior to the Series D Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation), and (ii) no monies shall be paid or made available for a sinking fund for the redemption or retirement of Junior Stock, and no Common Stock or other Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (x)(1) as a result of a reclassification or combination of Junior Stock, or (2) the exchange or conversion of one share of Junior Stock, in each case, for or into another share of stock that ranks junior to the Series D Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation or (y) through the use of the proceeds of a substantially contemporaneous sale of stock that ranks junior to the Series D Preferred Stock in the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Corporation).

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside) in full on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) upon the Series D Preferred Stock or any shares of Parity Stock, if any dividends are declared on the Series D Preferred Stock and Parity Stock, all dividends so declared on the Series D Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as all accrued but unpaid dividends per share on the Series D Preferred Stock and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) bear to each other.

Subject to the foregoing, dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock or any other shares of Junior Stock from time to time out of any funds legally available for such payment, and the Series D Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, holders of Series D Preferred Stock and all holders of any Parity Stock shall be entitled to receive, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, and after satisfaction of all liabilities and obligations to creditors of the Corporation, before any distribution of such assets or payment out of the assets of the Corporation may be made or set aside for the holders of Common Stock and any other Junior Stock, in full an amount equal to $25,000 per share, together with an amount equal to all dividends (if any) that have been declared but not paid prior to the date of payment of such distribution (but without any amount in respect of dividends that have not been declared prior to such payment date).

(b) Partial Payment. If in any distribution described in Section 5(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay the Liquidation Preferences (as defined below) in full to all holders of Series D Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series D Preferred Stock and to the holders of all such Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Liquidation Preferences of the holders of Series D Preferred Stock and the holders of all such Parity Stock. In any such distribution, the "**Liquidation Preference**" of any holder of Preferred Stock of the Corporation shall mean the amount payable to such holder in such distribution (assuming no limitation on the assets of the Corporation available for such distribution), including an amount equal to any declared but unpaid dividends (and, in the case of any holder of stock (other than Series D Preferred Stock) on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued cumulative dividends, whether or not declared, as applicable).

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Series D Preferred Stock and any Parity Stock, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets not Liquidation. For purposes of this Section 5, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Series D Preferred Stock receive cash, securities or other property for their

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shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding-up of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. The Series D Preferred Stock is perpetual and has no maturity date. The Corporation may, at its option, redeem the shares of Series D Preferred Stock at the time outstanding, upon notice given as provided in Section 6(c) below,

(i) in whole, but not in part, at any time prior to December 25, 2026 (within 90 days after the occurrence of a Rating Agency Event) at a redemption price equal to $25,500 per share of Series D Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series D Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption, or

(ii) (a) in whole, but not in part, at any time prior to December 25, 2026 (within 90 days after the occurrence of a Regulatory Capital Event) or (b) on or after December 25, 2026, in whole at any time or in part from time to time, in each case, at a redemption price equal to $25,000 per share of Series D Preferred Stock, plus (except as provided below) an amount equal to any dividends per share of Series D Preferred Stock that have accrued but not been declared and paid for the then-current Dividend Period to, but excluding, the date of redemption.

The redemption price for any shares of Series D Preferred Stock shall be payable on the date of redemption to the holder of any shares represented by certificates only upon surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a date of redemption that occurs subsequent to the Dividend Record Date for a Dividend Period shall not constitute a part of or be paid to the holder entitled to receive the redemption price as of the date of redemption, but rather shall be paid to the holder of record of the redeemed shares as of the Dividend Record Date on the applicable Dividend Payment Date as provided in Section 4 above.

(b) No Sinking Fund. The Series D Preferred Stock will not be subject to any mandatory redemption, sinking fund, retirement fund or purchase fund or other similar provisions. Holders of Series D Preferred Stock will have no right to require redemption, repurchase or retirement of any shares of Series D Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Series D Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 90 days before the date fixed for redemption. Any notice mailed as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series D Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series D Preferred Stock. Notwithstanding anything herein to the contrary, if the Series D Preferred Stock or any depositary shares representing interests in the Series D Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series D Preferred Stock at such time and in any manner permitted by such facility. Each such notice given to a holder of shares of Series D Preferred Stock shall state: (1) the date of redemption; (2) the number of shares of Series D Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series D Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or by lot (or, in the event the Series D Preferred Stock is in the form of global Series D Preferred Stock in accordance with the applicable procedures of The Depository Trust Company in compliance with the then-applicable rules of the Stock Exchange). Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series D Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof in accordance with the terms and conditions of this Section 6.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the date of redemption specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the date of redemption dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be outstanding and all rights with respect to such shares shall forthwith on such date of redemption cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest, upon the surrender of the certificate(s) evidencing such shares. Any funds unclaimed at the end of three years from the date of redemption shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 7. Voting Rights.

(a) General. The holders of Series D Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Right to Elect Two Directors upon Nonpayment Events. If and whenever dividends on any shares of Series D Preferred Stock shall not have been declared and paid in an aggregate amount equal to full dividends for at least six Dividend Periods, whether or not consecutive (a "**Nonpayment Event**"), the number of directors then constituting the Board of Directors shall automatically be increased by two and the holders of Series D Preferred Stock, together with the holders of any outstanding shares of Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts), shall be entitled to elect the two additional directors (the "**Preferred Stock Directors**"), *provided* that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the Stock Exchange that listed or traded companies must have a majority of independent directors.

In the event that the holders of the Series D Preferred Stock, and such other holders of Voting Preferred Stock, shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event only at a special meeting called at the request of the holders of record of at least 20% of the Stated Amount of the Series D Preferred Stock or of any other such series of Voting Preferred Stock then outstanding (unless such request for a special meeting is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders of the Corporation, in which event such election shall be held only at such next annual or special meeting of stockholders), and at each subsequent annual meeting of stockholders of the Corporation. Such request to call a special meeting for the initial election of the Preferred Stock Directors after a Nonpayment Event shall be made by written notice, signed by the requisite holders of Series D Preferred Stock or Voting Preferred Stock, and delivered to the Secretary of the Corporation in such manner as provided for in Section 9 below, or as may otherwise be required by law.

If and when dividends have been paid in full on the Series D Preferred Stock for at least four consecutive Dividend Periods after a Nonpayment Event, then the right of the holders of Series D Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such voting rights in the case of any future Nonpayment Event pursuant to this Section 7), and, if and when any rights of holders of Series D Preferred Stock and Voting Preferred Stock to elect the Preferred Stock Directors shall have ceased, all the Preferred Stock Directors then in office shall automatically cease to be qualified as directors and each of their terms shall forthwith terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

So long as a Nonpayment Event has occurred and is continuing, any Preferred Stock Director may be removed at any time with or without cause by the holders of record of a majority of the outstanding shares of the Series D Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). So long as a Nonpayment Event shall have occurred and is continuing, any vacancy in the office of a Preferred Stock Director (other than prior to the initial election of Preferred

Stock Directors after a Nonpayment Event) shall be filled by the written consent of the Preferred Stock Director remaining in office, or solely in the case where no Preferred Stock Director remains in office, by a vote of the holders of record of a majority of the outstanding shares of the Series D Preferred Stock and Voting Preferred Stock, voting together as a single class (in proportion to their respective Stated Amounts). Any such vote of stockholders to remove, or to fill a vacancy in the office of, a Preferred Stock Director may be taken only at a special meeting of such stockholders, called as provided above for an initial election of Preferred Stock Director after the occurrence of a Nonpayment Event (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the stockholders, in which event such election shall be held at such next annual or special meeting of stockholders). The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Each Preferred Stock Director elected at any special meeting of stockholders or by written

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consent of the other Preferred Stock Director shall hold office until the next annual meeting of the stockholders if such office shall not have previously terminated as above provided.

(c) Other Voting Rights. So long as any shares of Series D Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Certificate of Incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series D Preferred Stock and any Voting Preferred Stock (subject to the last paragraph of this Section 7(c)) at the time outstanding and entitled to vote thereon, voting together as a single class (in proportion to their respective Stated Amounts), given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Incorporation or this Certificate of Designation to authorize or create, or increase the authorized number of any shares of, any class or series or any securities convertible into shares of any class or series of capital stock of the Corporation ranking senior to the Series D Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding-up of the Corporation;

(ii) Amendment of Series D Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or this Certificate of Designation or the Bylaws so as to materially and adversely affect the special rights, preferences or voting powers of the Series D Preferred Stock, taken as a whole; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of (x) a binding share exchange or reclassification involving the Series D Preferred Stock, (y) a merger or consolidation of the Corporation with another corporation or other entity or (z) a conversion, transfer, domestication or continuance into another entity or an entity organized under the laws of another jurisdiction, unless in each case (1) the shares of Series D Preferred Stock remain outstanding following the consummation of such binding share exchange, reclassification or merger or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, or any such conversion, transfer, domestication or continuance, are converted in such merger or consolidation into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and such surviving or resulting entity or ultimate parent, as the case may be, is organized under the laws of the United States of America, any State thereof, the District of Columbia, Bermuda, the Cayman Islands or any country or state that is a member of the Organization of Economic Cooperation and Development, and (2) such shares of Series D Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, and voting powers, and qualifications, limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences and voting powers, and qualifications, limitations and restrictions, of the Series D Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the number of authorized or issued shares of Series D Preferred Stock or the authorized number of shares of Preferred Stock, or the creation and issuance, or an increase in the authorized or issued number of shares of, any other series of Preferred Stock that does not rank senior to the Series D Preferred Stock with respect to either the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding-up of the Corporation will not be deemed to materially and adversely affect the special rights, preferences or voting powers, or the qualifications, limitations, or restrictions thereof, of the Series D Preferred Stock.

If any amendment, alteration, repeal, share exchange, reclassification, merger, consolidation, conversion, transfer, domestication or continuance specified in this Section 7(c) would materially and adversely affect the rights, preferences or voting powers of the Series D Preferred Stock and the rights, preferences or voting powers of one or more but not all other series of Voting Preferred Stock, then only the Series D Preferred Stock and such series of Voting Preferred Stock the rights, preferences and voting powers of which are materially and adversely affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of Preferred Stock).

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series D Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such subsections, all outstanding shares of Series D Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for the benefit of the holders of the Series D Preferred Stock to effect such redemption, in each case pursuant to Section 6 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series D Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors or a duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility on which the Series D Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent for the Series D Preferred Stock may deem and treat the record holder of any share of Series D Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such Transfer Agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Series D Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Certificate of Incorporation or Bylaws or by applicable law.

Section 10. No Preemptive Rights. No share of Series D Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Other Rights. The shares of Series D Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as provided by applicable law.

Section 12. Form.

(a) Uncertificated Series D Preferred Stock. The shares of the Series D Preferred Stock shall be uncertificated.

(b) Certificated Series D Preferred Stock. If the Board of Directors (or a duly authorized committee of the Board of Directors) shall determine that shares of the Series D Preferred Stock shall be represented by certificates, such certificates may be issued in the form of one or more definitive shares in fully registered form represented by certificates in substantially the form attached to the Certificate of Designations as Exhibit A (the "**Series D Preferred Stock Certificate**"), which is incorporated in and expressly made a part of the Certificate of Designations. Each Series D Preferred Stock Certificate shall reflect the number of shares of Series D Preferred Stock represented thereby, and may have notations, legends, or endorsements required by law, stock exchange rules, agreements to which the Corporation is subject, if any, or usage (*provided* that any such notation, legend, or endorsement is in a form acceptable to the Corporation). Each Series D Preferred Stock Certificate shall be registered in the name or names of the Person or Persons specified by the Corporation in a written instrument to the Registrar.

[*Remainder of Page Intentionally Left Blank*]

Exhibit A

[FORM OF FACE OF CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF _______________, TO BRIGHTHOUSE FINANCIAL, INC. OR COMPUTERSHARE TRUST COMPANY, N.A., AS TRANSFER AGENT (THE "**TRANSFER AGENT**"), AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF ________________ OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF _____________________ (AND ANY PAYMENT IS MADE TO , OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, _________________________, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS [GLOBAL] SERIES D PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [GLOBAL] SERIES D PREFERRED STOCK SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE RELATED CERTIFICATE OF DESIGNATIONS. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

BRIGHTHOUSE FINANCIAL, INC.

Incorporated under the laws of the State of Delaware

CUSIP: 10922N 871
ISIN: US10922N8719

4.625% NON-CUMULATIVE SHARE
PREFERRED STOCK, SERIES D

THIS CERTIFICATE IS TRANSFERRABLE IN
NEW YORK, NY:

This is to certify that ______________ is the registered owner of _______ shares of fully paid and non-assessable 4.625% Non-Cumulative Preferred Stock, Series D, $0.01 par value and a stated amount of $25,000 per share of Brighthouse Financial, Inc., a Delaware corporation (the "**Corporation**"), transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

BRIGHTHOUSE FINANCIAL, INC.

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

[Impression of Corporation Seal]

Countersigned and registered

COMPUTERSHARE TRUST COMPANY, N.A.

By: ________________________________
Authorized Officer

[FORM OF REVERSE OF CERTIFICATE]

BRIGHTHOUSE FINANCIAL, INC.

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or special rights of each class of stock or series thereof of the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights. Such request should be addressed to the Corporation or the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with rights of survivorship and not as tenants in common
UNIF GIFT MIN ACT -	Custodian (Cust) ______________ (Minor) under Uniform Gift to Minors Act
______________	(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, the undersigned hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS,
INCLUDING ZIP CODE OF ASSIGNEE)

Shares of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated:

NOTICE: THE SIGNATURE TO THE ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

Exhibit 10.3

AMENDMENT NUMBER ONE
TO THE
BRIGHTHOUSE SERVICES, LLC
AMENDED AND RESTATED EXECUTIVE SEVERANCE PAY PLAN

The BRIGHTHOUSE SERVICES, LLC AMENDED AND RESTATED EXECUTIVE SEVERANCE PAY PLAN (the “Plan”) is hereby amended, effective as of the date this amendment was executed, as set forth below:

Section 7.10 of the Plan is hereby amended by restating it in its entirety to read as follows:

“Recoupment. All Severance Benefits payable hereunder shall be subject to any compensation recoupment policy of the Company or any of its affiliates in effect from time to time.”

IN WITNESS WHEREOF, this amendment has been executed by the Plan Administrator on this 10th day of May 2023.

Plan Administrator

/s/ Micah Dowling
Micah Dowling

Witness: /s/ Tracy Kidd

Exhibit 10.4

AMENDMENT NUMBER ONE
TO THE
BRIGHTHOUSE SERVICES, LLC
CHANGE OF CONTROL SEVERANCE PAY PLAN

The BRIGHTHOUSE SERVICES, LLC CHANGE OF CONTROL SEVERANCE PAY PLAN (the “Plan”) is hereby amended, effective as of the date this amendment was executed, as set forth below:

Section 7.10 of the Plan is hereby amended by restating it in its entirety to read as follows:

“Recoupment. All Severance Benefits payable hereunder shall be subject to any compensation recoupment policy of the Company or any of its affiliates in effect from time to time.”

IN WITNESS WHEREOF, this amendment has been executed by the Plan Administrator on this 10th day of May 2023.

Plan Administrator

/s/ Micah Dowling
Micah Dowling

Witness: /s/ Tracy Kidd

Exhibit 31.1

CERTIFICATIONS

I, Eric T. Steigerwalt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023 November 8, 2023

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Edward A. Spehar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Brighthouse Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023 November 8, 2023

/s/ Edward A. Spehar

Edward A. Spehar

Executive Vice President and Chief Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Eric T. Steigerwalt, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: August 9, 2023 November 8, 2023

/s/ Eric T. Steigerwalt

Eric T. Steigerwalt

President and Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

SECTION 906 CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Edward A. Spehar, certify that, to my knowledge, (i) Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 September 30, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Brighthouse Financial, Inc.

Date: August 9, 2023 November 8, 2023

/s/ Edward A. Spehar

Edward A. Spehar

Executive Vice President and Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Brighthouse Financial, Inc. (the "Company") for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV