METLIFE INC
Form 10-Q
November 07, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

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: 001-15787

MetLife, Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-4075851
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 Park Avenue, New York, N.Y.	10166-0188
(Address of principal executive offices)	(Zip Code)

(212) 578-2211
(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes þ No ¨

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

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

At October 31, 2013, 1,121,056,612 shares of the registrant's common stock, $0.01 par value per share, were outstanding.

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As used in this Form 10-Q, “MetLife,” the “Company,” “we,” “our” and “us” refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations 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 MetLife, Inc., its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They 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. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.’s filings with the U.S. Securities and Exchange Commission (the “SEC”). These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the capital and credit markets, which may affect our ability to meet liquidity needs and access capital, including through our credit facilities, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets, including assets supporting risks ceded to certain of our captive reinsurers or hedging arrangements associated with those risks; (3) exposure to financial and capital market risks, including as a result of the disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (4) impact of comprehensive financial services regulation reform on us, as a potential non-bank systemically important financial institution, or otherwise; (5) numerous rulemaking initiatives required or permitted by the Dodd-Frank Wall Street Reform and Consumer Protection Act which may impact how we conduct our business, including those compelling the liquidation of certain financial institutions; (6) regulatory, legislative or tax changes relating to our insurance, international, or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (7) adverse results or other consequences from litigation, arbitration or regulatory investigations; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (11) impairments of goodwill and realized losses or market value impairments to illiquid assets; (12) defaults on our mortgage loans; (13) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength or credit ratings; (16) a deterioration in the experience of the “closed block” established in connection with the reorganization of Metropolitan Life Insurance Company; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as any default or failure of counterparties to perform; (18) differences between actual claims experience and underwriting and reserving assumptions; (19) ineffectiveness of risk management policies and procedures; (20) catastrophe losses; (21) increasing cost and limited market capacity for statutory life insurance reserve financings; (22) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (23) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (24) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from business acquisitions, including our acquisition of American Life Insurance Company and Delaware American Life Insurance Company, and integrating and managing the growth of such acquired businesses, or arising from dispositions of businesses or legal entity reorganizations; (25) the dilutive impact on our stockholders resulting from the settlement of our outstanding common equity units; (26) regulatory and other restrictions affecting MetLife, Inc.'s ability to pay dividends and repurchase common stock; (27) MetLife, Inc.'s primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (28) the possibility that MetLife, Inc.'s Board of Directors may control the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; (29) changes in accounting standards, practices and/or policies; (30) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (31) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (32) inability to attract and retain sales representatives; (33) provisions of laws and our incorporation documents may delay, deter or prevent takeovers and corporate combinations involving MetLife; (34) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on the value of our investment portfolio, our disaster recovery systems, cyber- or other information security systems and management continuity planning; (35) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (36) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the SEC.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the SEC.

Note Regarding Reliance on Statements in Our Contracts

See "Exhibit Index — Note Regarding Reliance on Statements in Our Contracts" for information regarding agreements included as exhibits to this Quarterly Report on Form 10-Q.

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Part I — Financial Information
Item 1. Financial Statements
MetLife, Inc.
Interim Condensed Consolidated Balance Sheets
September 30, 2013 (Unaudited) and December 31, 2012
(In millions, except share and per share data)

	September 30, 2013	December 31, 2012
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $330,900 and $340,870, respectively: includes $3,940 and $3,378, respectively, relating to variable interest entities)	$348,787	$374,266
Equity securities available-for-sale, at estimated fair value (cost: $2,978 and $2,838, respectively)	3,241	2,891
Fair value option and trading securities, at estimated fair value (includes $636 and $659, respectively, of actively traded securities; and $91 and $112, respectively, relating to variable interest entities)	16,646	16,348
Mortgage loans:		
Held-for-investment, principally at amortized cost (net of valuation allowances of $326 and $347, respectively; includes $2,119 and $2,715, respectively, at estimated fair value, relating to variable interest entities)	57,508	56,592
Held-for-sale, principally at estimated fair value (includes $0 and $49, respectively, under the fair value option)	225	414
Mortgage loans, net	57,733	57,006
Policy loans (includes $3 and $0, respectively, relating to variable interest entities)	11,782	11,884
Real estate and real estate joint ventures (includes $9 and $10, respectively, relating to variable interest entities)	10,053	9,918
Other limited partnership interests (includes $151 and $274, respectively, relating to variable interest entities)	7,253	6,688
Short-term investments, principally at estimated fair value (includes $6 and $0, respectively, relating to variable interest entities)	12,664	16,906
Other invested assets, principally at estimated fair value (includes $78 and $81, respectively, relating to variable interest entities)	16,766	21,145
Total investments	484,925	517,052
Cash and cash equivalents, principally at estimated fair value (includes $64 and $99, respectively, relating to variable interest entities)	11,376	15,738
Accrued investment income (includes $27 and $13, respectively, relating to variable interest entities)	4,519	4,374
Premiums, reinsurance and other receivables (includes $19 and $5, respectively, relating to variable interest entities)	23,473	21,634
Deferred policy acquisition costs and value of business acquired (includes $251 and $0, respectively, relating to variable interest entities)	25,639	24,761
Goodwill	9,509	9,953
	7,952	7,876

Other assets (includes $133 and $5, respectively, relating to variable interest entities)		
Separate account assets (includes $984 and $0, respectively, relating to variable interest entities)	255,250	235,393
Total assets	$822,643	$836,781
Liabilities and Equity		
Liabilities		
Future policy benefits (includes $468 and $0, respectively, relating to variable interest entities)	$186,528	$192,351
Policyholder account balances (includes $55 and $0, respectively, relating to variable interest entities)	214,512	225,821
Other policy-related balances (includes $124 and $0, respectively, relating to variable interest entities)	15,530	15,463
Policyholder dividends payable	769	728
Policyholder dividend obligation	2,013	3,828
Payables for collateral under securities loaned and other transactions	31,866	33,687
Bank deposits	—	6,416
Short-term debt	100	100
Long-term debt (includes $1,946 and $2,527, respectively, at estimated fair value, relating to variable interest entities)	18,252	19,062
Collateral financing arrangements	4,196	4,196
Junior subordinated debt securities	3,193	3,192
Current income tax payable	199	401
Deferred income tax liability	5,955	8,693
Other liabilities (includes $89 and $40, respectively, relating to variable interest entities)	22,902	22,492
Separate account liabilities (includes $984 and $0, respectively, relating to variable interest entities)	255,250	235,393
Total liabilities	761,265	771,823
Contingencies, Commitments and Guarantees (Note 15)		
Redeemable noncontrolling interests in partially-owned consolidated subsidiaries	110	121
Equity		
MetLife, Inc.'s stockholders' equity:		
Preferred stock, par value $0.01 per share; 200,000,000 shares authorized: 84,000,000 shares issued and outstanding; $2,100 aggregate liquidation preference	1	1
Common stock, par value $0.01 per share; 3,000,000,000 shares authorized; 1,124,039,249 and 1,094,880,623 shares issued at September 30, 2013 and December 31, 2012, respectively; 1,120,845,362 and 1,091,686,736 shares outstanding at September 30, 2013 and December 31, 2012, respectively	11	11
Additional paid-in capital	29,221	28,011
Retained earnings	26,766	25,205
Treasury stock, at cost; 3,193,887 shares at September 30, 2013 and December 31, 2012	(172)	(172)
Accumulated other comprehensive income (loss)	5,100	11,397
Total MetLife, Inc.'s stockholders' equity	60,927	64,453
Noncontrolling interests	341	384
Total equity	61,268	64,837
Total liabilities and equity	$822,643	$836,781

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months and Nine Months Ended September 30, 2013 and 2012 (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
Premiums	$9,094	$9,096	$27,403	$27,386
Universal life and investment-type product policy fees	2,372	2,131	7,034	6,306
Net investment income	5,026	5,517	16,385	16,436
Other revenues	476	455	1,446	1,445
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(13)	(57)	(77)	(310)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(21)	10	(56)	39
Other net investment gains (losses)	(51)	69	472	119
Total net investment gains (losses)	(85)	22	339	(152)
Net derivative gains (losses)	(546)	(718)	(2,866)	(604)
Total revenues	16,337	16,503	49,741	50,817
Expenses				
Policyholder benefits and claims	9,472	8,943	27,827	26,958
Interest credited to policyholder account balances	1,600	2,102	6,036	5,681
Policyholder dividends	312	355	954	1,050
Goodwill impairment	—	1,868	—	1,868
Other expenses	3,977	4,245	12,140	13,341
Total expenses	15,361	17,513	46,957	48,898
Income (loss) from continuing operations before provision for income tax	976	(1,010)	2,784	1,919
Provision for income tax expense (benefit)	3	(53)	308	710
Income (loss) from continuing operations, net of income tax	973	(957)	2,476	1,209
Income (loss) from discontinued operations, net of income tax	2	—	1	17
Net income (loss)	975	(957)	2,477	1,226
Less: Net income (loss) attributable to noncontrolling interests	3	(3)	17	29
Net income (loss) attributable to MetLife, Inc.	972	(954)	2,460	1,197
Less: Preferred stock dividends	30	30	91	91
Net income (loss) available to MetLife, Inc.'s common shareholders	$942	$(984)	$2,369	$1,106
Comprehensive income (loss)	$(188)	$1,655	$(3,891)	$6,474
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of income tax	(58)	19	(54)	35
Comprehensive income (loss) attributable to MetLife, Inc.	$(130)	$1,636	$(3,837)	$6,439
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc.'s common shareholders per common share:				
Basic	$0.85	$(0.92)	$2.15	$1.02

Diluted	$0.84	$(0.92)	$2.14	$1.01
Net income (loss) available to MetLife, Inc.’s common shareholders per common share:				
Basic	$0.85	$(0.92)	$2.15	$1.04
Diluted	$0.84	$(0.92)	$2.14	$1.03
Cash dividends declared per common share	$—	$—	$0.735	$—

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity
For the Nine Months Ended September 30, 2013 (Unaudited)
(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2012	$1	$11	$28,011	$25,205	$(172)	$14,642	$(223)	$(533)	$(2,489)	$64,453	$384	$64,837
Common stock issuance — newly issued shares			1,000							1,000		1,000
Stock-based compensation			249							249		249
Dividends on preferred stock				(91)						(91)		(91)
Dividends on common stock				(808)						(808)		(808)
Change in equity of noncontrolling interests			(39)							(39)	11	(28)
Net income (loss)				2,460						2,460	17	2,477
Other comprehensive income (loss), net of income tax						(5,389)	70	(1,085)	107	(6,297)	(71)	(6,368)
Balance at September 30, 2013	$1	$11	$29,221	$26,766	$(172)	$9,253	$(153)	$(1,618)	$(2,382)	$60,927	$341	$61,268

(1) Net income (loss) attributable to noncontrolling interests excludes gains (losses) of redeemable noncontrolling interests in partially-owned consolidated subsidiaries of less than $1 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity — (Continued)
For the Nine Months Ended September 30, 2012 (Unaudited)
(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2011	$1	$11	$26,782	$24,814	$(172)	$9,115	$(441)	$(648)	$(1,943)	$57,519	$370	$57,889
Stock-based compensation			182							182		182
Dividends on preferred stock				(91)						(91)		(91)
Change in equity of noncontrolling interests											(56)	(56)
Net income (loss)				1,197						1,197	24	1,221
Other comprehensive income (loss), net of income tax						4,908	170	89	75	5,242	11	5,253
Balance at September 30, 2012	$1	$11	$26,964	$25,920	$(172)	$14,023	$(271)	$(559)	$(1,868)	$64,049	$349	$64,398

(1) Net income (loss) attributable to noncontrolling interests excludes gains (losses) of redeemable noncontrolling interests in partially-owned consolidated subsidiaries of $5 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2013 and 2012 (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2013	2012
Net cash provided by (used in) operating activities	$9,984	$15,288
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	95,972	78,296
Equity securities	567	1,011
Mortgage loans	8,000	6,696
Real estate and real estate joint ventures	323	669
Other limited partnership interests	546	690
Purchases of:		
Fixed maturity securities	(93,304)	(91,998)
Equity securities	(812)	(499)
Mortgage loans	(9,570)	(7,585)
Real estate and real estate joint ventures	(991)	(595)
Other limited partnership interests	(1,077)	(1,017)
Cash received in connection with freestanding derivatives	1,333	1,560
Cash paid in connection with freestanding derivatives	(5,593)	(2,534)
Net change in securitized reverse residential mortgage loans	—	(1,198)
Sales of businesses, net of cash and cash equivalents disposed of $13 and $0, respectively	386	—
Sale of bank deposits	(6,395)	—
Net change in policy loans	(93)	(116)
Net change in short-term investments	4,272	2,825
Net change in other invested assets	(121)	(206)
Other, net	(18)	(74)
Net cash provided by (used in) investing activities	(6,575)	(14,075)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	60,168	69,438
Withdrawals	(65,141)	(64,718)
Net change in payables for collateral under securities loaned and other transactions	(1,821)	4,777
Net change in bank deposits	8	(4,052)
Net change in short-term debt	—	(586)
Long-term debt issued	—	750
Long-term debt repaid	(765)	(1,106)
Collateral financing arrangements repaid	—	(349)
Cash received (paid) in connection with collateral financing arrangements	—	(44)
Net change in liability for securitized reverse residential mortgage loans	—	1,198
Common stock issued, net of issuance costs	1,000	—
Dividends on preferred stock	(91)	(91)
Dividends on common stock	(808)	—

Other, net	(134)	35
Net cash provided by (used in) financing activities	(7,584)	5,252
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	(187)	24
Change in cash and cash equivalents	(4,362)	6,489
Cash and cash equivalents, beginning of period	15,738	10,461
Cash and cash equivalents, end of period	$11,376	$16,950
Supplemental disclosures of cash flow information:		
Net cash paid (received) for:		
Interest	$891	$946
Income tax	$539	$442
Non-cash transactions:		
Real estate and real estate joint ventures acquired in satisfaction of debt	$55	$334
Collateral financing arrangements repaid	$—	$102
Redemption of advances agreements in long-term debt (1)	$—	$3,806
Issuance of funding agreements in policyholder account balances (1)	$—	$3,806

(1) See Note 3 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report.

See accompanying notes to the interim condensed consolidated financial statements.

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

Business

"MetLife" or the "Company" refers to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates. MetLife is a leading global provider of insurance, annuities and employee benefit programs throughout the United States, Japan, Latin America, Asia, Europe and the Middle East. MetLife offers life insurance, annuities, property & casualty insurance, and other financial services to individuals, as well as group insurance and retirement & savings products and services to corporations and other institutions.

MetLife is organized into six segments: Retail; Group, Voluntary & Worksite Benefits; Corporate Benefit Funding; and Latin America (collectively, the "Americas"); Asia; and Europe, the Middle East and Africa ("EMEA").

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 in 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 estimates.

The accompanying interim condensed consolidated financial statements include the accounts of MetLife, Inc. and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

Certain international subsidiaries have a fiscal year-end of November 30. Accordingly, the Company's interim condensed consolidated financial statements reflect the assets and liabilities of such subsidiaries as of August 31, 2013 and November 30, 2012 and the operating results of such subsidiaries for the three months and nine months ended August 31, 2013 and 2012.

The Company uses the equity method of accounting for investments in equity securities when it has significant influence or at least a 20% interest and for investments in real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than minor influence over the investee's operations, but does not have a controlling financial interest. 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. The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations.

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2013 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements.

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, 2012 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, (the "2012 Annual Report"), filed with the U.S. Securities and Exchange Commission ("SEC"), 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 2012 Annual Report.

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Adoption of New Accounting Pronouncements

Effective July 17, 2013, the Company adopted new guidance regarding derivatives that permits the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) to be used as a U.S. benchmark interest rate for hedge accounting purposes, in addition to the United States Treasury and London Interbank Offered Rate ("LIBOR"). Also, this new guidance removes the restriction on using different benchmark rates for similar hedges. The new guidance did not have a material impact on the consolidated financial statements upon adoption, but may impact the selection of benchmark interest rates for hedging relationships in the future.

Effective January 1, 2013, the Company adopted new guidance regarding comprehensive income that requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (loss) ("AOCI") by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The adoption was prospectively applied and resulted in additional disclosures in Note 11.

Effective January 1, 2013, the Company adopted new guidance regarding balance sheet offsetting disclosures which requires an entity to disclose information about offsetting and related arrangements for derivatives, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing and lending transactions, to enable users of its financial statements to understand the effects of those arrangements on its financial position. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The adoption was retrospectively applied and resulted in additional disclosures related to derivatives in Note 7.

Future Adoption of New Accounting Pronouncements

In March 2013, the Financial Accounting Standards Board ("FASB") issued new guidance regarding foreign currency (Accounting Standards Update ("ASU") 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity), effective prospectively for fiscal years and interim reporting periods within those years beginning after December 15, 2013. The amendments require an entity that ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity to apply the guidance in Subtopic 830-30, Foreign Currency Matters — Translation of Financial Statements, to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. For an equity method investment that is a foreign entity, the partial sale guidance in section 830-30-40, Derecognition, still applies. As such, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2013, the FASB issued new guidance regarding liabilities (ASU 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date), effective retrospectively for fiscal years beginning after December 15, 2013 and interim periods within those years. The amendments require an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. In addition, the amendments require an entity to disclose the nature and amount of the obligation, as well as other information about the obligation. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In July 2011, the FASB issued new guidance on other expenses (ASU 2011-06, Other Expenses (Topic 720): Fees Paid to the Federal Government by Health Insurers), effective for calendar years beginning after December 31, 2013. The objective of this standard is to address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Segment Information

MetLife is organized into six segments, reflecting three broad geographic regions: Retail; Group, Voluntary & Worksite Benefits; Corporate Benefit Funding; and Latin America (collectively, the “Americas”); Asia; and EMEA. In addition, the Company reports certain of its results of operations in Corporate & Other, which includes MetLife Home Loans LLC (“MLHL”), the surviving, non-bank entity of the merger of MetLife Bank, National Association (“MetLife Bank”) with and into MLHL (see Note 3) and other business activities.

Americas

The Americas consists of the following segments:

Retail

The Retail segment offers a broad range of protection products and services and a variety of annuities to individuals and employees of corporations and other institutions, and is organized into two businesses: Life & Other and Annuities. Life & Other insurance products and services include variable life, universal life, term life and whole life products. Additionally, through broker-dealer affiliates, the Company offers a full range of mutual funds and other securities products. Life & Other products and services also include individual disability income products and personal lines property & casualty insurance, including private passenger automobile, homeowners and personal excess liability insurance. Annuities includes a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs.

Group, Voluntary & Worksite Benefits

The Group, Voluntary & Worksite Benefits segment offers a broad range of protection products and services to individuals and corporations, as well as other institutions and their respective employees, and is organized into two businesses: Group and Voluntary & Worksite. Group insurance products and services include variable life, universal life and term life products. Group insurance products and services also include dental, group short- and long-term disability and accidental death & dismemberment coverages. The Voluntary & Worksite business includes personal lines property & casualty insurance, including private passenger automobile, homeowners and personal excess liability insurance offered to employees on a voluntary basis. The Voluntary & Worksite business also includes long-term care, prepaid legal plans and critical illness products.

Corporate Benefit Funding

The Corporate Benefit Funding segment offers a broad range of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This segment also includes certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

Latin America

The Latin America segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include life insurance, accident and health insurance, group medical, dental, credit insurance, endowment and retirement & savings products written in Latin America. Starting in the first quarter of 2013, the Latin America segment includes U.S. sponsored direct business, comprised of group products sold through sponsoring organizations and affinity groups. Products included are life, dental, group shortand long-term disability, accidental death & dismemberment coverages, property & casualty and critical illness.

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Asia
The Asia segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include whole life, term life, variable life, universal life, accident and health insurance, fixed and variable annuities and endowment products.
EMEA
The EMEA segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include life insurance, accident and health insurance, credit insurance, annuities, endowment and retirement & savings products.
Corporate & Other
Corporate & Other contains the excess capital not allocated to the segments, external integration costs, internal resource costs for associates committed to acquisitions, enterprise-wide strategic initiative restructuring charges, and various start-up and certain run-off businesses. Start-up businesses include expatriate benefits insurance, as well as direct and digital marketing products. Corporate & Other also includes assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan. Under this in-force reinsurance agreement, the Company reinsures living and death benefit guarantees issued in connection with variable annuity products. Additionally, Corporate & Other includes interest expense related to the majority of the Company's outstanding debt and expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.
Financial Measures and Segment Accounting Policies
Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is the Company's measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for income (loss) from continuing operations, net of income tax. The Company believes the presentation of operating earnings as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.
Operating earnings is defined as operating revenues less operating expenses, both net of income tax.
Operating revenues and operating expenses exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife. Operating revenues also excludes net investment gains (losses) and net derivative gains (losses). Operating expenses also excludes goodwill impairments.
The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits ("GMIBs") fees ("GMIB Fees");
- Net investment income: (i) includes amounts for scheduled periodic settlement payments 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, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iv) excludes certain amounts related to contractholder-directed unit-linked investments, and (v) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other revenues are adjusted for settlements of foreign currency earnings hedges.

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The following additional adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) inflation-indexed benefit adjustments associated with contracts backed by inflation-indexed investments and amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets, (iii) benefits and hedging costs related to GMIBs ("GMIB Costs"), and (iv) market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments");
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances ("PABs") but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;
- Amortization of deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;
- Amortization of negative VOBA excludes amounts related to Market Value Adjustments;
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other expenses excludes costs related to: (i) noncontrolling interests, (ii) implementation of new insurance regulatory requirements, and (iii) acquisition and integration costs.

Operating earnings also excludes the recognition of certain contingent assets and liabilities that could not be recognized at acquisition or adjusted for during the measurement period under GAAP business combination accounting guidance.

Set forth in the tables below is certain financial information with respect to the Company's segments, as well as Corporate & Other, for the three months and nine months ended September 30, 2013 and 2012. The segment accounting policies are the same as those used to prepare the Company's consolidated financial statements, except for operating earnings adjustments as defined above. In addition, segment accounting policies include the method of capital allocation described below.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in the Company's business.

The Company's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistical based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon and applying an industry standard method for the inclusion of diversification benefits among risk types.

Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or income (loss) from continuing operations, net of income tax.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolio adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Three Months Ended September 30, 2013	Operating Earnings										
	Americas										
	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)										
Revenues											
Premiums	$1,607	$3,767	$490	$692	$6,556	$1,922	$586	$30	$9,094	$—	$9,094
Universal life and investment-type product policy fees	1,257	171	54	222	1,704	438	100	34	2,276	96	2,372
Net investment income	1,928	459	1,424	354	4,165	696	124	58	5,043	(17)	5,026
Other revenues	267	103	68	—	438	22	21	5	486	(10)	476
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	(85)	(85)
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(546)	(546)
Total revenues	5,059	4,500	2,036	1,268	12,863	3,078	831	127	16,899	(562)	16,337
Expenses											
Policyholder benefits and claims and policyholder dividends	2,234	3,527	1,144	637	7,542	1,506	243	25	9,316	468	9,784
Interest credited to policyholder account balances	582	38	292	106	1,018	407	37	10	1,472	128	1,600
Goodwill impairment	—	—	—	—	—	—	—	—	—	—	—
Capitalization of DAC	(318)	(37)	(2)	(103)	(460)	(515)	(173)	(5)	(1,153)	—	(1,153)
Amortization of DAC and VOBA	315	37	4	63	419	393	166	1	979	(138)	841
Amortization of negative VOBA	—	—	—	(1)	(1)	(99)	(13)	—	(113)	(13)	(126)
Interest expense on debt	(1)	—	3	—	2	—	—	286	288	29	317
Other expenses	1,245	595	134	395	2,369	1,040	443	179	4,031	67	4,098
Total expenses	4,057	4,160	1,575	1,097	10,889	2,732	703	496	14,820	541	15,361
Provision for income tax expense (benefit)	343	114	161	38	656	89	43	(239)	549	(546)	3
Operating earnings	$659	$226	$300	$133	$1,318	$257	$85	$(130)	1,530		
Adjustments to:											
Total revenues									(562)		
Total expenses									(541)		
Provision for income tax (expense) benefit									546		
Income (loss) from continuing operations, net of income tax									$973		$973

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Three Months Ended September 30, 2012	Operating Earnings Americas Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjustments	Total Consolida
	(In millions)										
Revenues											
Premiums	$1,604	$3,753	$450	$610	$6,417	$2,112	$536	$15	$9,080	$16	$9,096
Universal life and investment-type product policy fees	1,132	166	53	189	1,540	388	82	38	2,048	83	2,131
Net investment income	1,930	450	1,421	299	4,100	709	122	117	5,048	469	5,517
Other revenues	221	100	64	3	388	4	35	8	435	20	455
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	22	22
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(718)	(718)
Total revenues	4,887	4,469	1,988	1,101	12,445	3,213	775	178	16,611	(108)	16,503
Expenses											
Policyholder benefits and claims and policyholder dividends	2,228	3,449	1,070	507	7,254	1,455	255	31	8,995	303	9,298
Interest credited to policyholder account balances	598	42	339	99	1,078	468	32	11	1,589	513	2,102
Goodwill impairment	—	—	—	—	—	—	—	—	—	1,868	1,868
Capitalization of DAC	(430)	(38)	(13)	(83)	(564)	(579)	(158)	—	(1,301)	(1)	(1,302)
Amortization of DAC and VOBA	438	40	4	42	524	396	130	1	1,051	(43)	1,008
Amortization of negative VOBA	—	—	—	(1)	(1)	(128)	(26)	—	(155)	(15)	(170)
Interest expense on debt	—	1	2	(4)	(1)	—	2	285	286	40	326
Other expenses	1,308	547	120	353	2,328	1,206	440	146	4,120	263	4,383
Total expenses	4,142	4,041	1,522	913	10,618	2,818	675	474	14,585	2,928	17,513
Provision for income tax expense (benefit)	253	145	163	36	597	136	38	(192)	579	(632)	(53)
Operating earnings	$492	$283	$303	$152	$1,230	$259	$62	$(104)	1,447		
Adjustments to:											
Total revenues									(108)		
Total expenses									(2,928)		
Provision for income tax (expense) benefit									632		
Income (loss) from continuing operations, net of income tax									$(957)		$(957)

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

	Operating Earnings										
	Americas										
Nine Months Ended September 30, 2013	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjus[illegible]	[illegible]
	(In millions)										
Revenues											
Premiums	$4,735	$11,438	$1,457	$2,077	$19,707	$5,900	$1,711	$84	$27,402	$1	$
Universal life and investment-type product policy fees	3,662	521	187	682	5,052	1,324	287	105	6,768	266	7
Net investment income	5,876	1,384	4,302	912	12,474	2,151	372	282	15,279	1,106	1
Other revenues	767	316	208	9	1,300	63	82	22	1,467	(21)	1
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	339	3
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(2,866)	[illegible]
Total revenues	15,040	13,659	6,154	3,680	38,533	9,438	2,452	493	50,916	(1,175)	[illegible]
Expenses											
Policyholder benefits and claims and policyholder dividends	6,659	10,681	3,352	1,792	22,484	4,354	736	52	27,626	1,155	2
Interest credited to policyholder account balances	1,750	116	940	313	3,119	1,286	109	33	4,547	1,489	6
Goodwill impairment	—	—	—	—	—	—	—	—	—	—	—
Capitalization of DAC	(1,036)	(105)	(25)	(316)	(1,482)	(1,583)	(542)	(14)	(3,621)	—	(3
Amortization of DAC and VOBA	1,042	104	21	220	1,387	1,186	526	1	3,100	(477)	2
Amortization of negative VOBA	—	—	—	(2)	(2)	(325)	(41)	—	(368)	(42)	(4
Interest expense on debt	—	1	7	—	8	—	—	855	863	96	9
Other expenses	3,788	1,761	398	1,157	7,104	3,188	1,351	489	12,132	457	1
Total expenses	12,203	12,558	4,693	3,164	32,618	8,106	2,139	1,416	44,279	2,678	4
Provision for income tax expense (benefit)	971	370	512	115	1,968	412	73	(635)	1,818	(1,510)	[illegible]
Operating earnings	$1,866	$731	$949	$401	$3,947	$920	$240	$(288)	4,819		
Adjustments to:											
Total revenues									(1,175)		
Total expenses									(2,678)		
Provision for income tax (expense) benefit									1,510		
Income (loss) from continuing operations, net of income tax									$2,476		$

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MetLife, Inc.

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

Nine Months Ended September 30, 2012	Operating Earnings Americas Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjus
	(In millions)									
Revenues										
Premiums	$4,804	$11,021	$1,480	$1,948	$19,253	$6,215	$1,815	$43	$27,326	$60
Universal life and investment-type product policy fees	3,365	497	161	581	4,604	1,102	233	117	6,056	250
Net investment income	5,735	1,325	4,253	881	12,194	2,150	406	547	15,297	1,139
Other revenues	647	320	193	11	1,171	17	98	27	1,313	132
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	(152)
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(604)
Total revenues	14,551	13,163	6,087	3,421	37,222	9,484	2,552	734	49,992	825
Expenses										
Policyholder benefits and claims and policyholder dividends	6,668	10,153	3,293	1,667	21,781	4,250	941	94	27,066	942
Interest credited to policyholder account balances	1,784	127	1,016	289	3,216	1,323	91	23	4,653	1,028
Goodwill impairment	—	—	—	—	—	—	—	—	—	1,868
Capitalization of DAC	(1,352)	(102)	(28)	(238)	(1,720)	(1,721)	(535)	—	(3,976)	(5)
Amortization of DAC and VOBA	1,319	98	18	151	1,586	1,188	456	1	3,231	(30)
Amortization of negative VOBA	—	—	—	(4)	(4)	(387)	(65)	—	(456)	(50)
Interest expense on debt	—	1	6	(3)	4	5	3	886	898	128
Other expenses	4,060	1,692	368	1,002	7,122	3,550	1,333	409	12,414	1,187
Total expenses	12,479	11,969	4,673	2,864	31,985	8,208	2,224	1,413	43,830	5,068
Provision for income tax expense (benefit)	703	401	495	122	1,721	437	116	(516)	1,758	(1,048
Operating earnings	$1,369	$793	$919	$435	$3,516	$839	$212	$(163)	4,404	
Adjustments to:										
Total revenues									825	
Total expenses									(5,068)	
Provision for income tax (expense) benefit									1,048	
Income (loss) from continuing operations, net of income tax									$1,209	

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MetLife, Inc.
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The following table presents total assets with respect to the Company’s segments, as well as Corporate & Other, at:

	September 30, 2013	December 31, 2012
	(In millions)	
Retail	$342,665	$332,387
Group, Voluntary & Worksite Benefits	43,648	44,138
Corporate Benefit Funding	218,819	217,352
Latin America	24,116	23,272
Asia	119,742	131,138
EMEA	24,203	23,474
Corporate & Other	49,450	65,020
Total	$822,643	$836,781

3. Acquisitions and Disposition

2013 Acquisition

Provida

On October 1, 2013, MetLife, Inc. completed its previously announced acquisition of Administradora de Fondos de Pensiones Provida S.A. (“Provida”), the largest private pension fund administrator in Chile based on assets under management and number of pension fund contributors. The acquisition of Provida supports the Company's growth strategy in emerging markets and further strengthens the Company's overall position in Chile. A subsidiary of MetLife, Inc. conducted a public cash tender offer for all of the outstanding shares of Provida, and under the terms of the acquisition agreement with Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") and BBVA Inversiones Chile S.A (together with BBVA, the "BBVA Sellers"), acquired 64.32% of the outstanding shares of Provida from the BBVA Sellers. An additional 27.06% of remaining publicly traded shares were acquired through the public cash tender offer, resulting in a 91.38% total ownership in Provida by MetLife as of October 1, 2013, for a total acquisition price of $1.9 billion. Due to limited access to Provida's financial information prior to the acquisition and limited time since the transaction closing, initial accounting for the acquisition is incomplete. The Company is unable to provide its valuation of assets and liabilities acquired, intangible assets associated with the acquired business and goodwill. The Company will complete the allocation of the acquisition price to identifiable assets and liabilities in the fourth quarter of 2013 and provide required disclosures in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2013.

2013 Disposition

MetLife Bank

On January 11, 2013, MetLife Bank and MetLife, Inc. completed the sale of MetLife Bank’s $6.4 billion of deposits to GE Capital Retail Bank for $6.4 billion in net consideration paid. On February 14, 2013, MetLife, Inc. announced that it had received the required approvals from both the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) to de-register as a bank holding company. Subsequently, MetLife Bank terminated its deposit insurance and MetLife, Inc. de-registered as a bank holding company. In August 2013, MetLife Bank merged with and into MLHL, its former subsidiary, with MLHL as the surviving, non-bank entity.

MetLife Bank has sold or has otherwise committed to exit substantially all of its operations. In conjunction with exiting its businesses (the “MetLife Bank Divestiture”), the Company recorded net losses of $22 million and $96 million, net of income tax, for the three months and nine months ended September 30, 2013, respectively, related to the gain on disposal of the depository business and other costs related to MetLife Bank’s businesses. For the three months and nine months ended September 30, 2012, the Company recorded net losses of $45 million and $155 million, respectively, net of income tax, related to the loss on disposal of mortgage servicing rights (“MSRs”), gains (losses) on securities and mortgage loans sold and other costs related to MetLife Bank’s businesses. See Note 3 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report. The Company expects to incur additional charges of $40 million to $65 million, net of income tax, exclusive of incremental legal settlements, related to the MetLife Bank Divestiture. See Note 15.

Each of the businesses that were exited as part of the MetLife Bank Divestiture could not be separated from the rest of the operations since the Company did not separately manage the businesses as a reportable segment, operating segment, or reporting unit. As a result, the businesses have not been reported as discontinued operations in the consolidated financial statements.

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2010 Acquisition

American Life Insurance Company

Branch Restructuring

During the first quarter of 2013, and in accordance with the closing agreement, American Life Insurance Company ("American Life") entered into on March 4, 2010 (the "Closing Agreement") with the Commissioner of the Internal Revenue Service (see Note 3 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report), the Company transferred the business of American Life in Portugal and Spain to wholly-owned subsidiaries. The deferred tax asset valuation allowance associated with this branch restructuring was reduced from $25 million at December 31, 2012 to $0 at September 30, 2013. For further information, see Note 19 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report.

A liability of $277 million was recognized in purchase accounting at November 1, 2010 for the anticipated and estimated costs associated with restructuring American Life's foreign branches into subsidiaries in connection with the Closing Agreement. This liability has been reduced based on payments and revised estimates through September 30, 2013 resulting in a liability of $42 million at September 30, 2013.

Japan Income Tax Refund

In December 2012, the Tokyo District Court ruled in favor of the Japan branch of American Life in a tax case related to the deduction of unrealized foreign exchange losses on certain securities held by American Life prior to its acquisition by MetLife. See Note 3 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report. During the first quarter of 2013, American Life received a refund of ¥16 billion ($176 million) related to income tax, interest and penalties. Under the indemnification provisions of the stock purchase agreement dated March 7, 2010, as amended, by and among MetLife, Inc., American International Group, Inc. ("AIG") and AM Holdings LLC (formerly known as ALICO Holdings LLC), MetLife, Inc. has remitted the refund to AIG, net of certain amounts it can retain as a counter claim. The receipt of the refund, net of obligations to AIG with related foreign currency exchange impact and corresponding U.S. tax effects, resulted in a net charge of $16 million in the interim condensed consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2013, which was comprised of a $154 million charge included in other expenses, a $19 million gain included in other net investment gains (losses) and a $119 million benefit included in provision for income tax expense (benefit).

4. Insurance

Guarantees

As discussed in Notes 1 and 4 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report, the Company issues variable annuity products with guaranteed minimum benefits. The non-life-contingent portion of guaranteed minimum withdrawal benefits ("GMWBs") and the portion of certain GMIBs that does not require annuitization are accounted for as embedded derivatives in PABs and are further discussed in Note 7.

The Company also issues annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize ("two tier annuities"). These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

Based on the type of guarantee, the Company defines net amount at risk as listed below. These amounts include direct and assumed business, but exclude offsets from hedging or reinsurance, if any.

Variable Annuity Guarantees

In the Event of Death

Defined as the guaranteed minimum death benefit less the total contract account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed 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.

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At Annuitization
Defined as the amount (if any) that would be required to be added to the total contract 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 the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.
Two Tier Annuities
Defined as the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date. These contracts apply a lower rate of funds if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize.
Universal and Variable Life Contracts
Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.
Information regarding the types of guarantees relating to annuity contracts and universal and variable life contracts was as follows at:

	September 30, 2013		December 31, 2012	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Variable Annuity Guarantees				
Total contract account value (2)	$195,725	$97,145	$184,095	$89,137
Separate account value	$157,974	$92,961	$143,893	$84,354
Net amount at risk	$5,543	$1,405	$9,501	$4,593
Average attained age of contractholders	63 years	63 years	62 years	62 years
Two Tier Annuities				
General account value	N/A	$862	N/A	$848
Net amount at risk	N/A	$229	N/A	$232
Average attained age of contractholders	N/A	50 years	N/A	51 years

	September 30, 2013		December 31, 2012	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(In millions)			
Universal and Variable Life Contracts (1)				
Account value (general and separate account)	$15,394	$3,727	$14,256	$3,828
Net amount at risk	$187,686	$22,084	$189,197	$23,276
Average attained age of policyholders	55 years	60 years	54 years	60 years

(1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.
(2) Includes amounts, which are not reported in the consolidated balance sheets, from assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan.

5. Closed Block

On April 7, 2000 (the “Demutualization Date”), Metropolitan Life Insurance Company (“MLIC”) converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving MLIC’s plan of reorganization, as amended (the “Plan”). On the Demutualization Date, MLIC established a closed block for the benefit of holders of certain individual life insurance policies of MLIC.

Experience within the closed block, in particular mortality and investment yields, as well as realized and unrealized gains and losses, directly impact the policyholder dividend obligation. Amortization of the closed block DAC, which resides outside of the closed block, is based upon cumulative actual and expected earnings within the closed block. Accordingly, the Company’s net income continues to be sensitive to the actual performance of the closed block.

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

Information regarding the closed block liabilities and assets designated to the closed block was as follows:

	September 30, 2013	December 31, 2012
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$42,105	$42,586
Other policy-related balances	301	298
Policyholder dividends payable	507	466
Policyholder dividend obligation	2,013	3,828
Other liabilities	724	602
Total closed block liabilities	45,650	47,780
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	28,124	30,546
Equity securities available-for-sale, at estimated fair value	87	41
Mortgage loans	6,520	6,192
Policy loans	4,669	4,670
Real estate and real estate joint ventures	481	459
Other invested assets	923	953
Total investments	40,804	42,861
Cash and cash equivalents	404	381
Accrued investment income	497	481
Premiums, reinsurance and other receivables	101	107
Current income tax recoverable	15	2
Deferred income tax assets	292	319
Total assets designated to the closed block	42,113	44,151
Excess of closed block liabilities over assets designated to the closed block	3,537	3,629
Amounts included in AOCI:		
Unrealized investment gains (losses), net of income tax	1,682	2,891
Unrealized gains (losses) on derivatives, net of income tax	2	9
Allocated to policyholder dividend obligation, net of income tax	(1,309)	(2,488)
Total amounts included in AOCI	375	412
Maximum future earnings to be recognized from closed block assets and liabilities	$3,912	$4,041

Information regarding the closed block policyholder dividend obligation was as follows:

	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
	(In millions)	
Balance, beginning of period	$3,828	$2,919
Change in unrealized investment and derivative gains (losses)	(1,815)	909
Balance, end of period	$2,013	$3,828

Information regarding the closed block revenues and expenses was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In millions)			
Revenues				
Premiums	$478	$512	$1,431	$1,538
Net investment income	514	555	1,576	1,644
Net investment gains (losses)	(7)	6	20	30
Net derivative gains (losses)	(16)	(9)	(1)	(7)
Total revenues	969	1,064	3,026	3,205
Expenses				
Policyholder benefits and claims	651	654	1,963	2,016
Policyholder dividends	251	278	740	821
Other expenses	39	45	124	136
Total expenses	941	977	2,827	2,973
Revenues, net of expenses before provision for income tax expense (benefit)	28	87	199	232
Provision for income tax expense (benefit)	10	30	70	82
Revenues, net of expenses and provision for income tax expense (benefit) from continuing operations	18	57	129	150
Revenues, net of expenses and provision for income tax expense (benefit) from discontinued operations	—	—	—	4
Revenues, net of expenses and provision for income tax expense (benefit)	$18	$57	$129	$154

MLIC charges the closed block with federal income taxes, state and local premium taxes and other additive state or local taxes, as well as investment management expenses relating to the closed block as provided in the Plan. MLIC also charges the closed block for expenses of maintaining the policies included in the closed block.

6. Investments
Fixed Maturity and Equity Securities Available-for-Sale
Fixed Maturity and Equity Securities Available-for-Sale by Sector
The following table presents the fixed maturity and equity securities available-for-sale (“AFS”) by sector. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairments (“OTTI”) losses. Redeemable preferred stock is reported within U.S. corporate and foreign corporate fixed maturity securities and non-redeemable preferred stock is reported within equity securities. Included within fixed maturity securities are structured securities including residential mortgage-backed securities (“RMBS”), commercial mortgage-backed securities (“CMBS”) and asset-backed securities (“ABS”).

	September 30, 2013					December 31, 2012				
	Cost or Amortized Cost	Gross Unrealized Gains	Temporary Losses	OTTI Losses	Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Temporary Losses	OTTI Losses	Estimated Fair Value
	(In millions)									
Fixed maturity securities:										
U.S. corporate	$101,107	$7,650	$1,266	$—	$107,491	$102,669	$11,887	$430	$—	$114,126
Foreign corporate (1)	60,374	3,871	597	—	63,648	61,806	5,654	277	(1)	67,184
Foreign government	49,400	3,969	365	—	53,004	51,967	5,440	71	—	57,336
U.S. Treasury and agency	41,926	2,967	739	—	44,154	41,874	6,104	11	—	47,967
RMBS	34,412	1,698	403	229	35,478	35,666	2,477	315	349	37,479
CMBS	16,425	635	164	—	16,896	18,177	1,009	57	—	19,129
ABS	14,023	296	146	12	14,161	15,762	404	156	13	15,997
State and political subdivision	13,233	985	263	—	13,955	12,949	2,169	70	—	15,048
Total fixed maturity securities	$330,900	$22,071	$3,943	$241	$348,787	$340,870	$35,144	$1,387	$361	$374,266
Equity securities:										
Common stock	$1,948	$336	$14	$—	$2,270	$2,034	$147	$19	$—	$2,162
Non-redeemable preferred stock	1,030	60	119	—	971	804	65	140	—	729
Total equity securities	$2,978	$396	$133	$—	$3,241	$2,838	$212	$159	$—	$2,891

(1) OTTI losses, as presented above, represent the noncredit portion of OTTI losses that is included in AOCI. OTTI losses include both the initial recognition of noncredit losses, and the effects of subsequent increases and decreases in estimated fair value for those fixed maturity securities that were previously noncredit loss impaired. The noncredit loss component of OTTI losses for foreign corporate securities was in an unrealized gain position of $1 million at December 31, 2012, due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also “— Net Unrealized Investment Gains (Losses).”

The Company held non-income producing fixed maturity securities with an estimated fair value of $60 million and $85 million with unrealized gains (losses) of $25 million and $11 million at September 30, 2013 and December 31, 2012, respectively.

Maturities of Fixed Maturity Securities

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

	September 30, 2013		December 31, 2012	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(In millions)			
Due in one year or less	$13,648	$13,890	$24,177	$24,394
Due after one year through five years	72,766	76,296	66,973	70,759
Due after five years through ten years	77,195	82,484	82,376	91,975
Due after ten years	102,431	109,582	97,739	114,533
Subtotal	266,040	282,252	271,265	301,661
Structured securities (RMBS, CMBS and ABS)	64,860	66,535	69,605	72,605
Total fixed maturity securities	$330,900	$348,787	$340,870	$374,266

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. RMBS, CMBS and ABS are shown separately, as they are not due at a single maturity.

Continuous Gross Unrealized Losses for Fixed Maturity and Equity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity and equity securities AFS in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position. The unrealized loss amounts include the noncredit component of OTTI loss.

	September 30, 2013				December 31, 2012			
	Less than 12 Months		Equal to or Greater than 12 Months		Less than 12 Months		Equal to or Greater than 12 Months	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(In millions, except number of securities)							
Fixed maturity securities:								
U.S. corporate	$17,625	$978	$2,427	$288	$3,799	$88	$3,695	$342
Foreign corporate	10,709	484	1,491	113	2,783	96	2,873	180
Foreign government	6,431	332	247	33	1,431	22	543	49
U.S. Treasury and agency	11,326	734	47	5	1,951	11	—	—
RMBS	8,457	263	2,357	369	735	31	4,098	633
CMBS	3,893	147	228	17	842	11	577	46
ABS	2,949	70	695	88	1,920	30	1,410	139
State and political subdivision	2,801	198	225	65	260	4	251	66
Total fixed maturity securities	$64,191	$3,206	$7,717	$978	$13,721	$293	$13,447	$1,455
Equity securities:								
Common stock	$92	$13	$15	$1	$201	$18	$14	$1
Non-redeemable preferred stock	361	59	198	60	—	—	295	140
Total equity securities	$453	$72	$213	$61	$201	$18	$309	$141
Total number of securities in an unrealized loss position	4,868		807		1,941		1,335	

Evaluation of AFS Securities for OTTI and Evaluating Temporarily Impaired AFS Securities

As described more fully in Notes 1 and 8 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report, the Company performs a regular evaluation of all investment classes for impairment, including fixed maturity securities, equity securities and perpetual hybrid securities, in accordance with its impairment policy, in order to evaluate whether such investments are other-than-temporarily impaired.

Current Period Evaluation

Based on the Company’s current evaluation of its AFS securities in an unrealized loss position in accordance with its impairment policy, and the Company’s current intentions and assessments (as applicable to the type of security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired at September 30, 2013. Future OTTI will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), and changes in credit ratings, collateral valuation, interest rates and credit spreads. If economic fundamentals deteriorate or if there are adverse changes in the above factors, OTTI may be incurred in upcoming periods.

Gross unrealized losses on fixed maturity securities in an unrealized loss position increased $2.5 billion during the nine months ended September 30, 2013 from $1.7 billion to $4.2 billion. The increase in gross unrealized losses for the nine months ended September 30, 2013, was primarily attributable to an increase in interest rates.

At September 30, 2013, $282 million of the total $4.2 billion of gross unrealized losses were from 95 fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for six months or greater.

Investment Grade Fixed Maturity Securities

Of the $282 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $129 million, or 46%, are related to gross unrealized losses on 48 investment grade fixed maturity securities. Unrealized losses on investment grade fixed maturity securities are principally related to widening credit spreads and, with respect to fixed rate fixed maturity securities, rising interest rates since purchase.

Below Investment Grade Fixed Maturity Securities

Of the $282 million of gross unrealized losses on fixed maturity securities with an unrealized loss of 20% or more of amortized cost for six months or greater, $153 million, or 54%, are related to gross unrealized losses on 47 below investment grade fixed maturity securities. Unrealized losses on below investment grade fixed maturity securities are principally related to non-agency RMBS (primarily alternative residential mortgage loans), ABS (primarily foreign ABS) and foreign government securities (primarily European sovereign bonds) and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainties including concerns over unemployment levels, sovereign debt levels and valuations of residential real estate supporting non-agency RMBS. Management evaluates foreign government securities based on factors such as expected cash flows and the financial condition and near-term and long-term prospects of the issuer; and evaluates non-agency RMBS and ABS based on actual and projected cash flows after considering the quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security.

Equity Securities

Equity securities in an unrealized loss position decreased $26 million during the nine months ended September 30, 2013 from $159 million to $133 million. Of the $133 million, $46 million were from 13 equity securities with gross unrealized losses of 20% or more of cost for 12 months or greater, all of which were financial services industry investment grade non-redeemable preferred stock, of which 63% were rated A or better.

Fair Value Option and Trading Securities

See Note 8 for tables that present the categories of securities that comprise fair value option (“FVO”) and trading securities. See “— Net Investment Income” and “— Net Investment Gains (Losses)” for the net investment income recognized on FVO and trading securities and the related changes in estimated fair value subsequent to purchase included in net investment income and net investment gains (losses) for securities still held as of the end of the respective periods, as applicable.

Mortgage Loans

Mortgage Loans Held-for-Investment and Held-for-Sale by Portfolio Segment

Mortgage loans are summarized as follows at:

	September 30, 2013		December 31, 2012	
	Carrying Value (In millions)	% of Total	Carrying Value (In millions)	% of Total
Mortgage loans held-for-investment:				
Commercial	$40,262	69.8 %	$40,472	71.0 %
Agricultural	12,830	22.2	12,843	22.5
Residential	2,434	4.2	958	1.7
Subtotal (1)	55,526	96.2	54,273	95.2
Valuation allowances	(326)	(0.6)	(347)	(0.6)
Subtotal mortgage loans held-for-investment, net	55,200	95.6	53,926	94.6
Residential — FVO	212	0.4	—	—
Commercial mortgage loans held by CSEs	2,096	3.6	2,666	4.7
Total mortgage loans held-for-investment, net	57,508	99.6	56,592	99.3
Mortgage loans held-for-sale	225	0.4	414	0.7

Total mortgage loans, net	$57,733	100.0 %	$57,006	100.0 %

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(1) Purchases of mortgage loans were $676 million and $1.6 billion for the three months and nine months ended September 30, 2013, respectively, and $100 million for both the three months and nine months ended September 30, 2012.

See "— Variable Interest Entities" for discussion of consolidated securitization entities ("CSEs").

Mortgage Loans and Valuation Allowance by Portfolio Segment

The carrying value prior to valuation allowance ("recorded investment") in mortgage loans held-for-investment, by portfolio segment, by method of evaluation of credit loss, and the related valuation allowances, by type of credit loss, were as follows at:

	September 30, 2013				December 31, 2012			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Mortgage loans:								
Evaluated individually for credit losses	$520	$170	$14	$704	$539	$181	$13	$733
Evaluated collectively for credit losses	39,742	12,660	2,420	54,822	39,933	12,662	945	53,540
Total mortgage loans	40,262	12,830	2,434	55,526	40,472	12,843	958	54,273
Valuation allowances:								
Specific credit losses	62	12	2	76	94	21	2	117
Non-specifically identified credit losses	197	38	15	250	199	31	—	230
Total valuation allowances	259	50	17	326	293	52	2	347
Mortgage loans, net of valuation allowances	$40,003	$12,780	$2,417	$55,200	$40,179	$12,791	$956	$53,926

Valuation Allowance Rollforward by Portfolio Segment

The changes in the valuation allowance, by portfolio segment, were as follows:

	Three Months Ended September 30,							
	2013				2012			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Balance, beginning of period	$242	$49	$11	$302	$300	$59	$2	$361
Provision (release)	17	1	6	24	2	6	—	8
Charge-offs, net of recoveries	—	—	—	—	(2)	(8)	—	(10)
Transfers to held-for-sale (1)	—	—	—	—	—	(5)	—	(5)
Balance, end of period	$259	$50	$17	$326	$300	$52	$2	$354

	Nine Months Ended September 30,							
	2013				2012			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Balance, beginning of period	$293	$52	$2	$347	$398	$81	$2	$481
Provision (release)	(34)	8	15	(11)	(96)	—	6	(90)
Charge-offs, net of recoveries	—	(10)	—	(10)	(2)	(24)	—	(26)
Transfers to held-for-sale (1)	—	—	—	—	—	(5)	(6)	(11)
Balance, end of period	$259	$50	$17	$326	$300	$52	$2	$354

(1) The valuation allowance on and the related carrying value of certain residential mortgage loans held-for-investment were transferred to mortgage loans held-for-sale in connection with the MetLife Bank Divestiture. See Note 3 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report.

Credit Quality of Commercial Mortgage Loans

Information about the credit quality of commercial mortgage loans held-for-investment is presented below at:

	Recorded Investment								
	Debt Service Coverage Ratios								
	> 1.20x	1.00x - 1.20x	< 1.00x	Total	% of Total		Estimated Fair Value	% of Total	
	(In millions)						(In millions)		
September 30, 2013:									
Loan-to-value ratios:									
Less than 65%	$29,992	$ 751	$746	$31,489	78.2	%	$ 33,188	79.0	%
65% to 75%	6,029	501	199	6,729	16.7		6,860	16.3	
76% to 80%	290	192	258	740	1.8		737	1.7	
Greater than 80%	902	261	141	1,304	3.3		1,246	3.0	
Total	$37,213	$ 1,705	$1,344	$40,262	100.0	%	$ 42,031	100.0	%
December 31, 2012:									
Loan-to-value ratios:									
Less than 65%	$29,839	$ 730	$722	$31,291	77.3	%	$ 33,730	78.3	%
65% to 75%	5,057	672	153	5,882	14.6		6,129	14.2	
76% to 80%	938	131	316	1,385	3.4		1,436	3.3	
Greater than 80%	1,085	552	277	1,914	4.7		1,787	4.2	
Total	$36,919	$ 2,085	$1,468	$40,472	100.0	%	$ 43,082	100.0	%

Credit Quality of Agricultural Mortgage Loans

Information about the credit quality of agricultural mortgage loans held-for-investment is presented below at:

	September 30, 2013			December 31, 2012		
	Recorded Investment	% of Total		Recorded Investment	% of Total	
	(In millions)			(In millions)		
Loan-to-value ratios:						
Less than 65%	$12,024	93.7	%	$11,908	92.7	%
65% to 75%	560	4.4		590	4.6	
76% to 80%	132	1.0		92	0.7	
Greater than 80%	114	0.9		253	2.0	
Total	$12,830	100.0	%	$12,843	100.0	%

The estimated fair value of agricultural mortgage loans held-for-investment was $13.2 billion and $13.3 billion at September 30, 2013 and December 31, 2012, respectively.

Credit Quality of Residential Mortgage Loans

Information about the credit quality of residential mortgage loans held-for-investment is presented below at:

	September 30, 2013			December 31, 2012		
	Recorded Investment	% of Total		Recorded Investment	% of Total	
	(In millions)			(In millions)		
Performance indicators:						
Performing	$2,381	97.8	%	$929	97.0	%
Nonperforming	53	2.2		29	3.0	
Total	$2,434	100.0	%	$958	100.0	%

The estimated fair value of residential mortgage loans held-for-investment was $2.4 billion and $1.0 billion at September 30, 2013 and December 31, 2012, respectively.

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Past Due and Interest Accrual Status of Mortgage Loans

The Company has a high quality, well performing, mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both September 30, 2013 and December 31, 2012. The Company defines delinquency consistent with industry practice, when the mortgage loan is past due as follows: commercial and residential mortgage loans — 60 days and agricultural mortgage loans — 90 days. The recorded investment in mortgage loans held-for-investment, prior to valuation allowances, past due according to these aging categories, greater than 90 days past due and still accruing interest and in nonaccrual status, by portfolio segment, were as follows at:

	Past Due		Greater than 90 Days Past Due and Still Accruing Interest		Nonaccrual Status	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
	(In millions)					
Commercial	$12	$2	$11	$—	$196	$84
Agricultural	93	116	2	53	106	67
Residential	53	29	11	—	18	18
Total	$158	$147	$24	$53	$320	$169

Impaired Mortgage Loans

Information regarding impaired mortgage loans held-for-investment, including those modified in a troubled debt restructuring, by portfolio segment, was as follows at:

	Loans with a Valuation Allowance				Loans without a Valuation Allowance		All Impaired Loans	
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Carrying Value	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Carrying Value
	(In millions)							
September 30, 2013:								
Commercial	$230	$224	$ 62	$162	$303	$296	$533	$458
Agricultural	85	82	12	70	93	88	178	158
Residential	12	12	2	10	2	2	14	12
Total	$327	$318	$ 76	$242	$398	$386	$725	$628
December 31, 2012:								
Commercial	$445	$436	$ 94	$342	$103	$103	$548	$445
Agricultural	110	107	21	86	79	74	189	160
Residential	13	13	2	11	—	—	13	11
Total	$568	$556	$ 117	$439	$182	$177	$750	$616

Unpaid principal balance is generally prior to any charge-offs.

The average recorded investment in impaired mortgage loans held-for-investment, including those modified in a troubled debt restructuring, and the related interest income, which is primarily recognized on a cash basis, by portfolio segment, was:

	Impaired Mortgage Loans							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
	Average Recorded	Interest Income	Average Recorded	Interest Income	Average Recorded	Interest Income	Average Recorded	Interest Income

	Investment		Investment		Investment		Investment	
	(In millions)							
Commercial	$525	$4	$395	$1	$530	$11	$334	$4
Agricultural	165	5	191	2	167	8	210	5
Residential	14	—	12	—	14	—	13	—
Total	$704	$9	$598	$3	$711	$19	$557	$9

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

Mortgage Loans Modified in a Troubled Debt Restructuring
The number of mortgage loans and carrying value after specific valuation allowance of mortgage loans modified during the period in a troubled debt restructuring were as follows:

	Three Months Ended September 30, 2013			2012		
	Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance		Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance	
		Pre-Modification	Post-Modification		Pre-Modification	Post-Modification
		(In millions)			(In millions)	
Commercial	1	$49	$49	—	$—	$—
Agricultural	2	24	24	5	17	16
Residential	5	1	1	—	—	—
Total	8	$74	$74	5	$17	$16

	Nine Months Ended September 30, 2013			2012		
	Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance		Number of Mortgage Loans	Carrying Value after Specific Valuation Allowance	
		Pre-Modification	Post-Modification		Pre-Modification	Post-Modification
		(In millions)			(In millions)	
Commercial	1	$49	$49	—	$—	$—
Agricultural	3	28	28	5	17	16
Residential	11	2	2	—	—	—
Total	15	$79	$79	5	$17	$16

During the three months and nine months ended September 30, 2013 and 2012, the Company had no mortgage loans with subsequent payment defaults that were modified in a troubled debt restructuring during the previous 12 months. Payment default is determined in the same manner as delinquency status as described above.

Cash Equivalents
The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was $5.6 billion and $6.1 billion at September 30, 2013 and December 31, 2012, respectively.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Net Unrealized Investment Gains (Losses)
The components of net unrealized investment gains (losses), included in AOCI, were as follows at:

	September 30, 2013	December 31, 2012
	(In millions)	
Fixed maturity securities	$18,075	$33,641
Fixed maturity securities with noncredit OTTI losses in AOCI	(241)	(361)
Total fixed maturity securities	17,834	33,280
Equity securities	262	97
Derivatives	624	1,274
Other	(21)	(30)
Subtotal	18,699	34,621
Amounts allocated from:		
Insurance liability loss recognition	(1,099)	(6,049)
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	7	19
DAC and VOBA	(1,306)	(2,485)
Policyholder dividend obligation	(2,013)	(3,828)
Subtotal	(4,411)	(12,343)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	81	119
Deferred income tax benefit (expense)	(5,299)	(7,973)
Net unrealized investment gains (losses)	9,070	14,424
Net unrealized investment gains (losses) attributable to noncontrolling interests	30	(5)
Net unrealized investment gains (losses) attributable to MetLife, Inc.	$9,100	$14,419

The changes in fixed maturity securities with noncredit OTTI losses included in AOCI were as follows:

	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
	(In millions)	
Balance, beginning of period	$(361)	$(724)
Noncredit OTTI losses and subsequent changes recognized (1)	56	(29)
Securities sold with previous noncredit OTTI loss	132	177
Subsequent changes in estimated fair value	(68)	215
Balance, end of period	$(241)	$(361)

(1) Noncredit OTTI losses and subsequent changes recognized, net of DAC, were $47 million and ($21) million for the nine months ended September 30, 2013 and year ended December 31, 2012, respectively.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

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

	Nine Months Ended September 30, 2013
	(In millions)
Balance, beginning of period	$14,419
Fixed maturity securities on which noncredit OTTI losses have been recognized	120
Unrealized investment gains (losses) during the period	(16,042)
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	4,950
DAC and VOBA related to noncredit OTTI losses recognized in AOCI	(12)
DAC and VOBA	1,179
Policyholder dividend obligation	1,815
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(38)
Deferred income tax benefit (expense)	2,674
Net unrealized investment gains (losses)	9,065
Net unrealized investment gains (losses) attributable to noncontrolling interests	35
Balance, end of period	$9,100
Change in net unrealized investment gains (losses)	$(5,354)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	35
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	$(5,319)

Concentrations of Credit Risk

Investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, were in fixed income securities of the Japanese government and its agencies with an estimated fair value of $21.2 billion and $22.4 billion at September 30, 2013 and December 31, 2012, respectively. The Company's investment in fixed maturity and equity securities to counterparties that primarily conduct business in Japan, including Japan government and agency fixed maturity securities, was $26.4 billion and $28.7 billion at September 30, 2013 and December 31, 2012, respectively.

Securities Lending

The Company participates in a securities lending program. Elements of the securities lending program are presented below at:

	September 30, 2013	December 31, 2012
	(In millions)	
Securities on loan: (1)		
Amortized cost	$27,781	$23,380
Estimated fair value	$28,810	$27,077
Cash collateral on deposit from counterparties (2)	$29,416	$27,727
Security collateral on deposit from counterparties (3)	$18	$104
Reinvestment portfolio — estimated fair value	$29,676	$28,112

(1) Included within fixed maturity securities, cash and cash equivalents, short-term investments and equity securities.
(2) Included within payables for collateral under securities loaned and other transactions.
(3) Security collateral on deposit from counterparties may not be sold or repledged, unless the counterparty is in default, and is not reflected in the consolidated financial statements.

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

Invested assets on deposit, held in trust and pledged as collateral are presented below at estimated fair value for cash and cash equivalents, short-term investments, fixed maturity and equity securities, and FVO and trading securities, and at carrying value for mortgage loans.

	September 30, 2013	December 31, 2012
	(In millions)	
Invested assets on deposit (regulatory deposits)	$2,229	$2,362
Invested assets held in trust (collateral financing arrangements and reinsurance agreements)	10,928	12,434
Invested assets pledged as collateral (1)	22,927	23,251
Total invested assets on deposit, held in trust and pledged as collateral	$36,084	$38,047

(1) The Company has pledged fixed maturity securities, mortgage loans and cash and cash equivalents in connection with various agreements and transactions, including funding agreements (see Notes 4 and 12 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report), collateral financing arrangements (see Note 13 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report) and derivative transactions (see Note 7).

Variable Interest Entities

The Company has invested in certain structured transactions (including CSEs), formed trusts to invest proceeds from certain collateral financing arrangements and has insurance operations, that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity.

The determination of the VIE’s primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party’s relationship with or involvement in the entity, an estimate of the entity’s expected losses and expected residual returns and the allocation of such estimates to each party involved in the entity. The Company generally uses a qualitative approach to determine whether it is the primary beneficiary. However, for VIEs that are investment companies or apply measurement principles consistent with those utilized by investment companies, the primary beneficiary is based on a risks and rewards model and is defined as the entity that will absorb a majority of a VIE’s expected losses, receive a majority of a VIE’s expected residual returns if no single entity absorbs a majority of expected losses, or both. The Company reassesses its involvement with VIEs on a quarterly basis. The use of different methodologies, assumptions and inputs in the determination of the primary beneficiary could have a material effect on the amounts presented within the consolidated financial statements.

Consolidated VIEs

The following table presents the total assets and total liabilities relating to VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at September 30, 2013 and December 31, 2012. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company’s obligation to the VIEs is limited to the amount of its committed investment.

	September 30, 2013		December 31, 2012	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
MRSC (collateral financing arrangement (primarily securities)) (1)	$3,430	$—	$3,439	$—
CSEs (assets (primarily loans) and liabilities (primarily debt)) (2)	2,130	1,953	2,730	2,545
Operating joint venture (3)	1,982	1,681	—	—

Investments:				
Other limited partnership interests	172	10	356	8
FVO and trading securities	69	—	71	—
Other invested assets	82	7	85	—
Real estate joint ventures	10	15	11	14
Total	$7,875	$3,666	$6,692	$2,567

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MetLife, Inc.

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

(1) See Note 13 of the Notes to the Consolidated Financial Statements included in the 2012 Annual Report for a description of the MetLife Reinsurance Company of South Carolina ("MRSC") collateral financing arrangement. These assets primarily consist of fixed maturity securities.

(2) The Company consolidates former qualified special purpose entities ("QSPEs") that are structured as CMBS and as collateralized debt obligations. The assets of these entities can only be used to settle their respective liabilities, and under no circumstances is the Company liable for any principal or interest shortfalls should any arise. The assets and liabilities of these CSEs are primarily commercial mortgage loans held-for-investment and long-term debt, respectively. The Company's exposure was limited to that of its remaining investment in the former QSPEs of $158 million and $168 million at estimated fair value at September 30, 2013 and December 31, 2012, respectively. The long-term debt bears interest primarily at fixed rates ranging from 2.25% to 5.57%, payable primarily on a monthly basis. Interest expense related to these obligations, included in other expenses, was $29 million and $96 million for the three months and nine months ended September 30, 2013, respectively, and $40 million and $125 million for the three months and nine months ended September 30, 2012, respectively.

(3) Assets of the operating joint venture are primarily fixed maturity securities and separate account assets. Liabilities of the operating joint venture are primarily future policy benefits, other policyholder funds and separate account liabilities. The assets and liabilities of the operating joint venture were consolidated in earlier periods; however, as a result of the quarterly reassessment in the first quarter of 2013, it was determined to be a consolidated VIE.

Unconsolidated VIEs

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

	September 30, 2013		December 31, 2012	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities AFS:				
Structured securities (RMBS, CMBS and ABS) (2)	$66,535	$66,535	$72,605	$72,605
U.S. and foreign corporate	4,437	4,437	5,287	5,287
Other limited partnership interests	4,925	6,782	4,436	5,908
Other invested assets	1,348	1,607	1,117	1,431
FVO and trading securities	598	598	563	563
Mortgage loans	162	162	351	351
Real estate joint ventures	106	110	150	157
Equity securities AFS:				
Non-redeemable preferred stock	32	32	32	32
Total	$78,143	$80,263	$84,541	$86,334

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(1) The maximum exposure to loss relating to fixed maturity securities AFS, FVO and trading securities and equity securities AFS is equal to their carrying amounts or the carrying amounts of retained interests. The maximum exposure to loss relating to other limited partnership interests, mortgage loans and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments of the Company. For certain of its investments in other invested assets, the Company's return is in the form of income tax credits which are guaranteed by creditworthy third parties. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of $271 million and $318 million at September 30, 2013 and December 31, 2012, respectively. Such a maximum loss would be expected to occur only upon bankruptcy of the issuer or investee.

(2) For these variable interests, the Company's involvement is limited to that of a passive investor.

As described in Note 15, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs during the nine months ended September 30, 2013 and 2012.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Net Investment Income
The components of net investment income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In millions)			
Investment income:				
Fixed maturity securities	$3,784	$3,825	$11,319	$11,370
Equity securities	28	26	88	96
FVO and trading securities — Actively Traded Securities and FVO general account securities (1)	14	24	24	68
Mortgage loans	725	811	2,179	2,405
Policy loans	158	157	465	471
Real estate and real estate joint ventures	227	173	663	630
Other limited partnership interests	144	145	665	593
Cash, cash equivalents and short-term investments	42	40	136	115
International joint ventures	16	7	7	11
Other	25	27	137	148
Subtotal	5,163	5,235	15,683	15,907
Less: Investment expenses	302	276	889	793
Subtotal, net	4,861	4,959	14,794	15,114
FVO and trading securities — FVO contractholder-directed unit-linked investments (1)	132	512	1,485	1,010
Securitized reverse residential mortgage loans	—	3	—	177
FVO CSEs — interest income:				
Commercial mortgage loans	33	42	104	131
Securities	—	1	2	4
Subtotal	165	558	1,591	1,322
Net investment income	$5,026	$5,517	$16,385	$16,436

(1) Changes in estimated fair value subsequent to purchase for securities still held as of the end of the respective periods included in net investment income were:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In millions)			
Actively Traded Securities and FVO general account securities	$2	$6	$(14)	$36
FVO contractholder-directed unit-linked investments	$(9)	$247	$1,069	$741

See “— Variable Interest Entities” for discussion of CSEs.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

Net Investment Gains (Losses)
Components of Net Investment Gains (Losses)
The components of net investment gains (losses) were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In millions)			
Total gains (losses) on fixed maturity securities:				
Total OTTI losses recognized — by sector and industry:				
U.S. and foreign corporate securities — by industry:				
Utility	$(1)	$(10)	$(33)	$(61)
Finance	—	—	(10)	(32)
Consumer	(3)	(4)	(11)	(16