METLIFE INC
Form 10-Q
August 04, 2017

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 JUNE 30, 2017
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) 578-9500
(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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

At July 31, 2017, 1,062,868,893 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, or are tied to future periods, 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. These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the global 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 global financial and capital market risks, including as a result of the United Kingdom's notice of withdrawal from the European Union, other disruption in Europe and possible withdrawal of one or more countries from the Euro zone; (4) impact on us of comprehensive financial services regulation reform, including potential regulation of MetLife, Inc. as a 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) unanticipated or adverse developments that could delay, prevent or otherwise adversely affect the separation of Brighthouse Financial, Inc. ("Brighthouse"), or our achieving expected operational or other benefits of such separation; (9) our equity market exposure to Brighthouse following the Separation; (10) liabilities, losses or indemnification obligations arising from our transitional services, investment management or tax arrangements or other agreements with Brighthouse or its subsidiaries; (11) delay or failure to complete the separation of Brighthouse which may require us to fund the redemption of certain Brighthouse debt obligations; (12) failure of the separation of Brighthouse to qualify for intended tax-free treatment; (13) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from (a) business acquisitions and integrating and managing the growth of such acquired businesses, (b) dispositions of businesses via sale, initial public offering, spin-off or otherwise, including failure to achieve projected operational benefit from such transactions and any restrictions, liabilities, losses or indemnification obligations arising from any transitional services or tax arrangements related to the separation of any business, or from the failure of such a separation to qualify for any intended tax-free treatment, (c) entry into joint ventures, or (d) legal entity reorganizations; (14) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions, including any separated business' incurrence of debt in connection with such a separation; (15) investment losses and defaults, and changes to investment valuations; (16) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (17) impairments of goodwill and realized losses or market value impairments to illiquid assets; (18) defaults on our mortgage loans; (19) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (20) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (21) downgrades in our claims paying ability, financial strength or credit ratings; (22) a deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (23) availability and effectiveness of reinsurance, hedging or indemnification arrangements, as well as any default or failure of counterparties to perform; (24) differences between actual claims experience and underwriting and reserving assumptions; (25) ineffectiveness of risk management policies and procedures; (26) catastrophe losses; (27) increasing cost and limited market capacity for statutory life insurance reserve financings; (28) 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; (29) 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 any adjustment for nonperformance risk; (30) legal, regulatory and other restrictions affecting MetLife, Inc.'s ability to pay dividends and repurchase common stock; (31) MetLife, Inc.'s and its subsidiary holding companies' primary reliance, as holding companies, on dividends from its subsidiaries to meet its free cash flow targets and debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (32) the possibility that MetLife, Inc.'s Board of Directors may influence the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; (33) changes in accounting standards, practices and/or policies; (34) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (35) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (36) difficulties in marketing and distributing products through our distribution channels; (37) provisions of laws and our incorporation documents may delay, deter or prevent takeovers and corporate combinations involving MetLife; (38) 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; (39) any failure to protect the confidentiality of client information; (40) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (41) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the U.S. Securities and Exchange Commission.

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 U.S. Securities and Exchange Commission.

Corporate Information

We announce financial and other information about MetLife to our investors through the MetLife Investor Relations web page at www.metlife.com, as well as U.S. Securities and Exchange Commission filings, news releases, public conference calls and webcasts. MetLife encourages investors to visit the Investor Relations web page from time to time, as information is updated and new information is posted. The information found on our website is not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the U.S. Securities and Exchange Commission, and any references to our website are intended to be inactive textual references only.

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
June 30, 2017 (Unaudited) and December 31, 2016
(In millions, except share and per share data)

	June 30, 2017	December 31, 2016
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $338,030 and $330,354, respectively; includes $0 and $3,422, respectively, relating to variable interest entities)	$364,084	$ 350,889
Equity securities available-for-sale, at estimated fair value (cost: $2,983 and $2,744, respectively)	3,415	3,194
Fair value option securities, at estimated fair value (includes $7 and $8, respectively, relating to variable interest entities)	14,762	13,923
Mortgage loans (net of valuation allowances of $356 and $344, respectively; includes $123 and $136, respectively, at estimated fair value, relating to variable interest entities; includes $615 and $566, respectively, under the fair value option)	77,572	74,545
Policy loans	11,072	11,028
Real estate and real estate joint ventures (includes $44 and $59, respectively, of real estate held-for-sale)	9,484	9,041
Other limited partnership interests (includes $13 and $14, respectively, relating to variable interest entities)	6,874	6,778
Short-term investments, principally at estimated fair value	7,177	7,810
Other invested assets, principally at estimated fair value (includes $31 and $31, respectively, relating to variable interest entities)	19,596	23,185
Total investments	514,036	500,393
Cash and cash equivalents, principally at estimated fair value (includes $1 and $1, respectively, relating to variable interest entities)	17,319	17,877
Accrued investment income (includes $1 and $1, respectively, relating to variable interest entities)	3,970	3,988
Premiums, reinsurance and other receivables (includes $6 and $2, respectively, relating to variable interest entities)	26,487	26,081
Deferred policy acquisition costs and value of business acquired	25,408	24,798
Current income tax recoverable	66	20
Goodwill	9,385	9,220
Other assets (includes $3 and $3, respectively, relating to variable interest entities)	8,073	7,767
Separate account assets	320,455	308,620
Total assets	$925,199	$ 898,764
Liabilities and Equity		
Liabilities		
Future policy benefits	$205,836	$ 199,971
Policyholder account balances	216,257	210,235
Other policy-related balances	14,708	14,386
Policyholder dividends payable	722	708
Policyholder dividend obligation	2,237	1,931

Payables for collateral under securities loaned and other transactions	33,725	33,264
Short-term debt	235	242
Long-term debt (includes $28 and $35, respectively, at estimated fair value, relating to variable interest entities)	19,508	16,502
Collateral financing arrangements	1,235	4,071
Junior subordinated debt securities	3,169	3,169
Deferred income tax liability	10,383	9,367
Other liabilities	27,060	28,818
Separate account liabilities	320,455	308,620
Total liabilities	855,530	831,284
Contingencies, Commitments and Guarantees (Note 14)		
Equity		
MetLife, Inc.’s stockholders’ equity:		
Preferred stock, par value $0.01 per share; $2,100 aggregate liquidation preference	—	—
Common stock, par value $0.01 per share; 3,000,000,000 shares authorized; 1,166,331,934 and 1,164,029,985 shares issued, respectively; 1,063,465,987 and 1,095,519,005 shares outstanding, respectively	12	12
Additional paid-in capital	31,021	30,944
Retained earnings	35,270	34,480
Treasury stock, at cost; 102,865,947 and 68,510,980 shares, respectively	(5,284)	(3,474)
Accumulated other comprehensive income (loss)	8,436	5,347
Total MetLife, Inc.’s stockholders’ equity	69,455	67,309
Noncontrolling interests	214	171
Total equity	69,669	67,480
Total liabilities and equity	$925,199	$ 898,764

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 Six Months Ended June 30, 2017 and 2016 (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues				
Premiums	$9,935	$9,417	$19,250	$19,110
Universal life and investment-type product policy fees	2,302	2,286	4,604	4,630
Net investment income	4,959	4,887	10,155	9,446
Other revenues	382	487	756	974
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(3)	(8)	(3)	(86)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	—	(6)	—	(6)
Other net investment gains (losses)	107	280	115	373
Total net investment gains (losses)	104	266	112	281
Net derivative gains (losses)	(437)	(2,099)	(1,363)	(764)
Total revenues	17,245	15,244	33,514	33,677
Expenses				
Policyholder benefits and claims	10,302	10,274	20,161	19,952
Interest credited to policyholder account balances	1,562	1,500	3,274	2,826
Policyholder dividends	320	324	637	639
Other expenses	4,059	3,246	7,623	7,438
Total expenses	16,243	15,344	31,695	30,855
Income (loss) before provision for income tax	1,002	(100)	1,819	2,822
Provision for income tax expense (benefit)	115	(214)	103	505
Net income (loss)	887	114	1,716	2,317
Less: Net income (loss) attributable to noncontrolling interests	3	4	6	6
Net income (loss) attributable to MetLife, Inc.	884	110	1,710	2,311
Less: Preferred stock dividends	46	46	52	52
Net income (loss) available to MetLife, Inc.’s common shareholders	$838	$64	$1,658	$2,259
Comprehensive income (loss)	$2,926	$3,884	$4,805	$12,272
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of income tax	2	7	6	100
Comprehensive income (loss) attributable to MetLife, Inc.	$2,924	$3,877	$4,799	$12,172
Net income (loss) available to MetLife, Inc.’s common shareholders per common share:				
Basic	$0.78	$0.06	$1.53	$2.05
Diluted	$0.77	$0.06	$1.52	$2.04
Cash dividends declared per common share	$0.400	$0.400	$0.800	$0.775

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity
For the Six Months Ended June 30, 2017 and 2016 (Unaudited)
(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2016	$ —	$ 12	$ 30,944	$ 34,480	$ (3,474)	$ 5,347	$ 67,309	$ 171	$ 67,480
Treasury stock acquired in connection with share repurchases					(1,810)		(1,810)		(1,810)
Stock-based compensation			77				77		77
Dividends on preferred stock				(52)			(52)		(52)
Dividends on common stock				(868)			(868)		(868)
Change in equity of noncontrolling interests							—	37	37
Net income (loss)				1,710			1,710	6	1,716
Other comprehensive income (loss), net of income tax						3,089	3,089	—	3,089
Balance at June 30, 2017	$ —	$ 12	$ 31,021	$ 35,270	$ (5,284)	$ 8,436	$ 69,455	$ 214	$ 69,669

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2015	$ —	$ 12	$ 30,749	$ 35,519	$ (3,102)	$ 4,771	$ 67,949	$ 470	$ 68,419
Treasury stock acquired in connection with share repurchases					(70)		(70)		(70)
Stock-based compensation			34				34		34
Dividends on preferred stock				(52)			(52)		(52)
Dividends on common stock				(854)			(854)		(854)
Change in equity of noncontrolling interests							—	(376)	(376)
Net income (loss)				2,311			2,311	6	2,317
Other comprehensive income (loss), net of income tax						9,861	9,861	94	9,955
Balance at June 30, 2016	$ —	$ 12	$ 30,783	$ 36,924	$ (3,172)	$ 14,632	$ 79,179	$ 194	$ 79,373

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 Six Months Ended June 30, 2017 and 2016 (Unaudited)
(In millions)

	Six Months Ended June 30, 2017	2016
Net cash provided by (used in) operating activities	$5,499	$6,204
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	47,120	67,505
Equity securities	452	893
Mortgage loans	4,354	6,751
Real estate and real estate joint ventures	490	171
Other limited partnership interests	689	450
Purchases of:		
Fixed maturity securities	(49,995)	(74,049)
Equity securities	(616)	(776)
Mortgage loans	(7,126)	(9,088)
Real estate and real estate joint ventures	(602)	(674)
Other limited partnership interests	(682)	(401)
Cash received in connection with freestanding derivatives	3,945	2,478
Cash paid in connection with freestanding derivatives	(5,698)	(2,709)
Purchases of investments in operating joint ventures	—	(39)
Net change in policy loans	6	107
Net change in short-term investments	914	(415)
Net change in other invested assets	(206)	133
Other, net	(194)	(245)
Net cash provided by (used in) investing activities	(7,149)	(9,908)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	44,854	41,348
Withdrawals	(42,387)	(39,893)
Net change in payables for collateral under securities loaned and other transactions	1,205	8,594
Long-term debt issued	2,989	—
Long-term debt repaid	(9)	(1,264)
Collateral financing arrangements repaid	(2,836)	(26)
Financing element on certain derivative instruments and other derivative related transactions, net	(94)	(194)
Treasury stock acquired in connection with share repurchases	(1,810)	(70)
Dividends on preferred stock	(52)	(52)
Dividends on common stock	(868)	(854)
Other, net	(186)	78
Net cash provided by (used in) financing activities	806	7,667
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	286	352
Change in cash and cash equivalents	(558)	4,315
Cash and cash equivalents, beginning of period	17,877	12,752
Cash and cash equivalents, end of period	$17,319	$17,067

Supplemental disclosures of cash flow information		
Net cash paid (received) for:		
Interest	$574	$623
Income tax	$505	$393
Non-cash transactions:		
Reduction of fixed maturity securities in connection with a reinsurance transaction	$—	$224
Deconsolidation of operating joint venture:		
Reduction of fixed maturity securities	$—	$917
Reduction of noncontrolling interests	$—	$373

See accompanying notes to the interim condensed consolidated financial statements.

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

1. Business, Basis of Presentation and Summary of Significant Accounting Policies
Business
"MetLife" and the "Company" refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates. MetLife is a global provider of life insurance, annuities, employee benefits and asset management. As previously announced, in the third quarter of 2016, MetLife reorganized its businesses into six segments: U.S.; Asia; Latin America; Europe, the Middle East and Africa ("EMEA"); MetLife Holdings; and Brighthouse Financial, as a result of the Company's plan to separate a substantial portion of its former Retail segment, as well as certain portions of its former Corporate Benefit Funding segment and Corporate & Other (the "Separation"). See Note 2 for further information on the reorganization, which was applied retrospectively. See Note 3 for further information on the Separation.
Basis of Presentation
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from these estimates.
Consolidation
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.
The Company uses the equity method of accounting for equity securities when it has significant influence or at least 20% interest and for real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than a minor influence over the investee's operations. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations.
Reclassifications
Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform to the 2017 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, 2016 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, 2016 (the "2016 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2016 Annual Report.
Adoption of New Accounting Pronouncements
Effective January 1, 2017, the Company early adopted guidance relating to business combinations. The new guidance clarifies the definition of a business and requires that an entity apply certain criteria in order to determine when a set of assets and activities qualifies as a business. The adoption of this standard will result in fewer acquisitions qualifying as businesses and, accordingly, acquisition costs for those acquisitions that do not qualify as businesses will be

capitalized rather than expensed. The adoption did not have an impact on the Company’s consolidated financial statements.

Effective January 1, 2017, the Company retrospectively adopted guidance relating to consolidation. The new guidance does not change the characteristics of a primary beneficiary under current GAAP. It changes how a reporting entity evaluates whether it is the primary beneficiary of a VIE by changing how a reporting entity that is a single decisionmaker of a VIE handles indirect interests in the entity held through related parties that are under common control with the reporting entity. The adoption of this new guidance did not have a material impact on the Company’s consolidated financial statements.

Effective January 1, 2017, the Company adopted guidance related to stock-based compensation. The new guidance changes several aspects of the accounting for share-based payment and award transactions, including (i) income tax consequences when awards vest or are settled; (ii) classification as either equity or liability due to statutory tax withholding requirements; and (iii) classification on the statement of cash flows. In addition, the new guidance provides an accounting policy election to account for forfeitures as they occur, rather than to account for them based on an estimate of expected forfeitures. The Company has elected to continue to account for forfeitures based on an estimate of expected forfeitures. In addition, the Company elected to apply the change in presentation in the statement of cash flows related to excess tax benefits prospectively and prior periods have not been adjusted. The change in presentation for cash paid to a taxing authority when directly withholding equivalent shares has been classified as a financing activity in the statement of cash flows. The change was applied retrospectively and thus the directly withheld share equivalent amount was reclassified from an operating activity to a financing activity in the consolidated statements of cash flows. The adoption of this new guidance did not have a material impact on the Company's consolidated financial statements.

Other

Effective January 3, 2017, the Chicago Mercantile Exchange ("CME") amended its rulebook, resulting in the characterization of variation margin transfers as settlement payments, as opposed to adjustments to collateral. These amendments impacted the accounting treatment of the Company's centrally cleared derivatives for which the CME serves as the central clearing party. As of the effective date, the application of the amended rulebook reduced gross derivative assets by $1.8 billion, gross derivative liabilities by $2.0 billion, accrued investment income by $101 million, accrued investment expense recorded within other liabilities by $14 million, collateral receivables recorded within premiums, reinsurance and other receivables of $991 million, and collateral payables recorded within payables for collateral under securities loaned and other transactions of $816 million.

Future Adoption of New Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued new guidance on share-based payment awards (Accounting Standards Update ("ASU") 2017-09, Compensation - Stock Compensation (Topic 718) - Scope of Modification Accounting). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The new guidance should be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted. The ASU includes guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting under Topic 718. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In March 2017, the FASB issued new guidance on purchased callable debt securities (ASU 2017-08, Receivables -Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities). The new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years and should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings. Early adoption is permitted. The ASU shortens the amortization period for certain callable debt securities held at a premium and requires the premium to be amortized to the earliest call date. However, the new guidance does not require an accounting change for securities held at a discount whose discount continues to be amortized to maturity. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In March 2017, the FASB issued new guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost (ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost). The new guidance is effective for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance. The guidance requires that an employer that offers to its employees defined benefit pension or other postretirement benefit plans report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The guidance should be applied retrospectively for the presentation of the service cost component in the income statement and allows a practical expedient for the estimation basis for applying the retrospective presentation requirements. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

In February 2017, the FASB issued new guidance on derecognition of nonfinancial assets (ASU 2017-05, Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted for interim or annual reporting periods beginning after December 15, 2016. The guidance may be applied retrospectively for all periods presented or retrospectively with a cumulative-effect adjustment at the date of adoption. The new guidance clarifies the scope and accounting of a financial asset that meets the definition of an “in-substance nonfinancial asset” and defines the term, “in-substance nonfinancial asset.” The ASU also adds guidance for partial sales of nonfinancial assets. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In January 2017, the FASB issued new guidance on goodwill impairment (ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment). The new guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The new guidance simplifies the current two-step goodwill impairment test by eliminating Step 2 of the test. The new guidance requires a one-step impairment test in which an entity compares the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value, if any. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In November 2016, the FASB issued new guidance on restricted cash (ASU 2016-18, Statement of Cash Flows (Topic 230): a consensus of the FASB Emerging Issues Task Force). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and should be applied on a retrospective basis. Early adoption is permitted. The new guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, the new guidance requires that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance does not provide a definition of restricted cash or restricted cash equivalents. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In October 2016, the FASB issued new guidance on tax accounting for intra-entity transfers of assets (ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and should be applied on a modified retrospective basis. Early adoption is permitted in the first interim or annual reporting period. Current guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. The new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Also, the guidance eliminates the exception for an intra-entity transfer of an asset other than inventory. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued new guidance on cash flow statement presentation (ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments). The new guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and should be applied retrospectively to all periods presented. Early adoption is permitted in any interim or annual period. This ASU addresses diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

In June 2016, the FASB issued new guidance on measurement of credit losses on financial instruments (ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments). The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. This ASU replaces the incurred loss impairment methodology with one that reflects expected credit losses. The measurement of expected credit losses should be based on historical loss information, current conditions, and reasonable and supportable forecasts. The new guidance requires that an other-than-temporary impairment ("OTTI") on a debt security will be recognized as an allowance going forward, such that improvements in expected future cash flows after an impairment will no longer be reflected as a prospective yield adjustment through net investment income, but rather a reversal of the previous impairment and recognized through realized investment gains and losses. The guidance also requires enhanced disclosures. The Company has assessed the asset classes impacted by the new guidance and is currently assessing the accounting and reporting system changes that will be required to comply with the new guidance. The Company believes that the most significant impact upon adoption will be to its mortgage loan investments. The Company is continuing to evaluate the overall impact of the new guidance on its consolidated financial statements.
In February 2016, the FASB issued new guidance on leasing transactions (ASU 2016-02, Leases - Topic 842). The new guidance is effective for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and requires a modified retrospective transition approach. Early adoption is permitted. The new guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than 12 months. Leases would be classified as finance or operating leases and both types of leases will be recognized on the balance sheet. Lessor accounting will remain largely unchanged from current guidance except for certain targeted changes. The new guidance will also require new qualitative and quantitative disclosures. The Company's implementation efforts are primarily focused on the review of its existing lease contracts as well as identification of other contracts that may fall under the scope of the new guidance. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.
In January 2016, the FASB issued new guidance (ASU 2016-01, Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities) on the recognition and measurement of financial instruments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the instrument-specific credit risk provision. The new guidance changes the current accounting guidance related to (i) the classification and measurement of certain equity investments, (ii) the presentation of changes in the fair value of financial liabilities measured under the fair value option ("FVO") that are due to instrument-specific credit risk, and (iii) certain disclosures associated with the fair value of financial instruments. Additionally, there will no longer be a requirement to assess equity securities for impairment since such securities will be measured at fair value through net income. The Company has assessed the population of financial instruments that are subject to the new guidance and has determined that the most significant impact will be the requirement to report changes in fair value in net income each reporting period for all equity securities currently classified as available-for-sale ("AFS") and to a lesser extent, other limited partnership interests and real estate joint ventures that are currently accounted for under the cost method. The population of these investments accounted for under the cost method is not material. The Company is continuing to evaluate the overall impact of this guidance on its consolidated financial statements.
In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014-09, Revenue from Contracts with Customers (Topic 606)), effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company currently plans to apply this guidance retrospectively with a cumulative-effect adjustment as of January 1, 2018. The new guidance will supersede nearly all existing revenue recognition guidance under U.S. GAAP; however, it will not impact the accounting for insurance and investment contracts within the scope of Financial Services insurance (Topic 944), leases, financial instruments and guarantees.

For those contracts that are impacted, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. Given the scope of the new revenue recognition guidance, the Company does not expect the adoption to have a material impact on its consolidated revenues or statements of operations, with the Company’s implementation efforts primarily focused on other revenues within the U.S., MetLife Holdings, and Corporate & Other segments. Other revenues on the consolidated statements of operations represents less than 3% of consolidated total revenues for the six months ended June 30, 2017.

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2. Segment Information

As previously announced, in the third quarter of 2016, MetLife reorganized its businesses into six segments: U.S.; Asia; Latin America; EMEA; MetLife Holdings; and Brighthouse Financial, in anticipation of the planned Separation. In addition, the Company reports certain of its results of operations in Corporate & Other. Prior period results have been revised in connection with the reorganization and did not have an impact on total consolidated net income (loss) or operating earnings.

U.S.

The U.S. segment offers a broad range of protection products and services aimed at serving the financial needs of customers throughout their lives. These products are sold to corporations and their respective employees, other institutions and their respective members, as well as individuals. The U.S. segment is organized into three businesses: Group Benefits, Retirement and Income Solutions and Property & Casualty.

- The Group Benefits business offers insurance products and services which include life, dental, group short- and long-term disability, individual disability, accidental death and dismemberment, critical illness, vision and accident & health coverages, as well as prepaid legal plans. This business also sells administrative services-only arrangements to some employers.
- The Retirement and Income Solutions business offers a broad range of annuity and investment products, including guaranteed interest contracts and other stable value products, institutional income annuities and separate account contracts for the investment management of defined benefit and defined contribution plan assets. This business also includes structured settlements and certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance nonqualified benefit programs for executives.
- The Property & Casualty business offers personal and commercial lines of property and casualty insurance, including private passenger automobile, homeowners' and personal excess liability insurance. In addition, Property & Casualty offers small business owners property, liability and business interruption insurance.

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 & health insurance, fixed and variable annuities, credit insurance and endowment products.

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 & health insurance, group medical, dental, credit insurance, endowment and retirement and savings 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 & health insurance, credit insurance, annuities, endowment and retirement and savings products.

MetLife Holdings

The MetLife Holdings segment consists of operations relating to products and businesses no longer actively marketed by the Company in the United States. These products and businesses include variable, universal, term and whole life, as well as variable, fixed and index-linked annuities. The MetLife Holdings segment also includes the Company's discontinued long-term care business and the assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan.

Brighthouse Financial

The Brighthouse Financial segment offers a broad range of products and services which include variable, fixed, index-linked and income annuities, as well as variable, universal, term and whole life products. These products and services are actively marketed through various third party retail distribution channels in the United States. In addition, the Brighthouse Financial segment includes certain run-off businesses which are not actively marketed.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
2. Segment Information (continued)

Corporate & Other
Corporate & Other contains the excess capital, as well as certain charges and activities, not allocated to the segments, including external integration and disposition costs, internal resource costs for associates committed to acquisitions and dispositions, enterprise-wide strategic initiative restructuring charges and various start-up businesses (including expatriate benefits insurance and the investment management business through which the Company offers fee-based investment management services to institutional clients, as well as the direct to consumer portion of the U.S. Direct business). Corporate & Other also includes interest expense related to the majority of the Company's outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes the elimination of intersegment amounts, which generally relate to affiliated reinsurance and intersegment loans, which bear interest rates commensurate with related borrowings.
Financial Measures and Segment Accounting Policies
Operating earnings is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is also the Company's GAAP measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for net income (loss).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 allows analysis of the Company's performance relative to the Company's business plan and facilitates comparisons to industry results.
Operating earnings is defined as operating revenues less operating expenses, both net of income tax.
The financial measures of operating revenues and operating expenses focus on the Company's primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and divested businesses and certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. In addition, for the three months ended March 31, 2016 and the six months ended June 30, 2016, operating revenues and operating expenses exclude the financial impact of converting the Company's Japan operations to calendar year-end reporting without retrospective application of this change to prior periods and is referred to as lag elimination. 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 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"); and
- Net investment income: (i) includes earned income on derivatives 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) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iii) excludes certain amounts related to contractholder-directed unit-linked investments and (iv) 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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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
2. Segment Information (continued)

The following additional adjustments are made to 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 and other pass through adjustments, (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 earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances 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, integration and other 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.

The tax impact of the adjustments mentioned above are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate. Additionally, the provision for income tax (expense) benefit also includes the impact related to the timing of certain tax credits, as well as certain tax reforms.

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 six months ended June 30, 2017 and 2016. 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, with the exception of the Brighthouse Financial segment, for which equity is reflective of the historical equity of the legal entities which comprise Brighthouse and related companies, which will be eliminated upon Separation. The Brighthouse Financial segment equity is not indicative of Brighthouse and related companies' equity on a combined standalone basis.

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, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-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 while applying an industry standard method for the inclusion of diversification benefits among risk types. The Company's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

Segment net investment income, with the exception of the Brighthouse Financial segment, 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, net income (loss) or operating earnings. As noted above, the Brighthouse Financial segment's net investment income represents that of the legal entities which comprise Brighthouse and related companies on a historical basis, however, Brighthouse Financial segment's net investment income may not be indicative of that on a combined standalone basis.

Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios 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)
2. Segment Information (continued)

Three Months Ended June 30, 2017	Operating Results									
	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Brighthouse Financial	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)									
Revenues										
Premiums	$5,877	$1,659	$645	$505	$1,022	$217	$10	$9,935	$ —	$9,935
Universal life and investment-type product policy fees	251	375	275	92	345	885	(32)	2,191	111	2,302
Net investment income	1,575	729	289	78	1,401	791	21	4,884	75	4,959
Other revenues	199	11	8	28	37	162	(68)	377	5	382
Net investment gains (losses)	—	—	—	—	—	—	—	—	104	104
Net derivative gains (losses)	—	—	—	—	—	—	—	—	(437)	(437)
Total revenues	7,902	2,774	1,217	703	2,805	2,055	(69)	17,387	(142)	17,245
Expenses										
Policyholder benefits and claims and policyholder dividends	5,878	1,247	596	270	1,720	654	(15)	10,350	272	10,622
Interest credited to policyholder account balances	359	333	94	25	255	283	—	1,349	213	1,562
Capitalization of DAC	(116)	(428)	(88)	(100)	(23)	(63)	(3)	(821)	—	(821)
Amortization of DAC and VOBA	114	290	68	95	139	136	2	844	(140)	704
Amortization of negative VOBA	—	(30)	—	(5)	—	—	—	(35)	(3)	(38)
Interest expense on debt	4	—	2	—	5	26	257	294	1	295
Other expenses	914	895	357	332	370	647	61	3,576	343	3,919
Total expenses	7,153	2,307	1,029	617	2,466	1,683	302	15,557	686	16,243
Provision for income tax expense (benefit)	250	157	34	14	104	89	(271)	377	(262)	115
Operating earnings	$499	$310	$154	$72	$235	$283	$(100)	1,453		
Adjustments to:										
Total revenues								(142)		
Total expenses								(686)		
Provision for income tax (expense) benefit								262		
Net income (loss)								$887		$887

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
2. Segment Information (continued)

Three Months Ended June 30, 2016	Operating Results U.S.	Asia	Latin America	EMEA	MetLife Holdings	Brighthouse Financial	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)									
Revenues										
Premiums	$5,171	$1,681	$631	$519	$1,122	$280	$13	$9,417	$ —	$9,417
Universal life and investment-type product policy fees	248	370	269	95	361	861	(31)	2,173	113	2,286
Net investment income	1,565	678	243	83	1,477	870	(35)	4,881	6	4,887
Other revenues	193	16	8	19	203	346	(301)	484	3	487
Net investment gains (losses)	—	—	—	—	—	—	—	—	266	266
Net derivative gains (losses)	—	—	—	—	—	—	—	—	(2,099)	(2,099)
Total revenues	7,177	2,745	1,151	716	3,163	2,357	(354)	16,955	(1,711)	15,244
Expenses										
Policyholder benefits and claims and policyholder dividends	5,270	1,324	583	283	1,927	1,008	(10)	10,385	213	10,598
Interest credited to policyholder account balances	323	324	84	30	261	291	1	1,314	186	1,500
Capitalization of DAC	(121)	(426)	(80)	(106)	(96)	(83)	(3)	(915)	—	(915)
Amortization of DAC and VOBA	118	304	66	103	269	152	3	1,015	(894)	121
Amortization of negative VOBA	—	(57)	—	(4)	—	—	—	(61)	(6)	(67)
Interest expense on debt	3	—	—	—	14	32	254	303	3	306
Other expenses	918	877	323	336	864	555	(214)	3,659	142	3,801
Total expenses	6,511	2,346	976	642	3,239	1,955	31	15,700	(356)	15,344
Provision for income tax expense (benefit)	223	140	38	10	(43)	105	(188)	285	(499)	(214)
Operating earnings	$443	$259	$137	$64	$(33)	$297	$(197)	970		
Adjustments to:										
Total revenues								(1,711)		
Total expenses								356		
Provision for income tax (expense) benefit								499		
Net income (loss)								$114		$114

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
2. Segment Information (continued)

Six Months Ended June 30, 2017	Operating Results U.S.	Asia	Latin America	EMEA	MetLife Holdings	Brighthouse Financial	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)									
Revenues										
Premiums	$11,062	$3,367	$1,292	$1,007	$2,081	$394	$47	$19,250	$—	$19,250
Universal life and investment-type product policy fees	516	741	535	187	707	1,769	(63)	4,392	212	4,604
Net investment income	3,187	1,431	592	152	2,842	1,649	26	9,879	276	10,155
Other revenues	403	21	17	45	133	236	(110)	745	11	756
Net investment gains (losses)	—	—	—	—	—	—	—	—	112	112
Net derivative gains (losses)	—	—	—	—	—	—	—	—	(1,363)	(1,363)
Total revenues	15,168	5,560	2,436	1,391	5,763	4,048	(100)	34,266	(752)	33,514
Expenses										
Policyholder benefits and claims and policyholder dividends	11,113	2,562	1,229	539	3,456	1,285	(6)	20,178	620	20,798
Interest credited to policyholder account balances	710	654	176	49	512	558	—	2,659	615	3,274
Capitalization of DAC	(216)	(848)	(170)	(192)	(57)	(130)	(4)	(1,617)	—	(1,617)
Amortization of DAC and VOBA	228	581	146	182	213	336	3	1,689	(452)	1,237
Amortization of negative VOBA	—	(67)	—	(8)	—	—	—	(75)	(6)	(81)
Interest expense on debt	6	—	3	—	20	58	503	590	1	591
Other expenses	1,823	1,770	683	648	710	1,259	151	7,044	449	7,493
Total expenses	13,664	4,652	2,067	1,218	4,854	3,366	647	30,468	1,227	31,695
Provision for income tax expense (benefit)	502	303	72	26	289	155	(554)	793	(690)	103
Operating earnings	$1,002	$605	$297	$147	$620	$527	$(193)	3,005		
Adjustments to:										
Total revenues								(752)		
Total expenses								(1,227)		
Provision for income tax (expense) benefit								690		
Net income (loss)								$1,716		$1,716

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
2. Segment Information (continued)

Six Months Ended June 30, 2016	Operating Results									
	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Brighthouse Financial	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)									
Revenues										
Premiums	$10,191	$3,339	$1,232	$1,019	$2,219	$673	$11	$18,684	$426	$19,110
Universal life and investment-type product policy fees	498	720	537	190	716	1,719	(56)	4,324	306	4,630
Net investment income	3,025	1,296	498	163	2,952	1,683	(30)	9,587	(141)	9,446
Other revenues	397	33	15	39	407	432	(352)	971	3	974
Net investment gains (losses)	—	—	—	—	—	—	—	—	281	281
Net derivative gains (losses)	—	—	—	—	—	—	—	—	(764)	(764)
Total revenues	14,111	5,388	2,282	1,411	6,294	4,507	(427)	33,566	111	33,677
Expenses										
Policyholder benefits and claims and policyholder dividends	10,316	2,560	1,133	544	3,750	1,711	(36)	19,978	613	20,591
Interest credited to policyholder account balances	645	643	164	59	519	580	5	2,615	211	2,826
Capitalization of DAC	(232)	(811)	(153)	(207)	(196)	(185)	(7)	(1,791)	(105)	(1,896)
Amortization of DAC and VOBA	236	590	129	205	417	314	5	1,896	(780)	1,116
Amortization of negative VOBA	—	(121)	—	(7)	—	—	—	(128)	(38)	(166)
Interest expense on debt	5	—	—	—	28	64	518	615	3	618
Other expenses	1,860	1,728	633	669	1,460	1,179	(160)	7,369	397	7,766
Total expenses	12,830	4,589	1,906	1,263	5,978	3,663	325	30,554	301	30,855
Provision for income tax expense (benefit)	432	235	88	21	82	220	(371)	707	(202)	505
Operating earnings	$849	$564	$288	$127	$234	$624	$(381)	2,305		
Adjustments to:										
Total revenues								111		
Total expenses								(301)		
Provision for income tax (expense) benefit								202		
Net income (loss)								$2,317		$2,317

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

	June 30, 2017	December 31, 2016
	(In millions)	
U.S.	$257,676	$ 253,683
Asia	130,363	120,656
Latin America	72,458	67,233
EMEA	28,219	25,596
MetLife Holdings	184,817	184,276
Brighthouse Financial	224,933	222,681
Corporate & Other	26,733	24,639
Total	$925,199	$ 898,764

3. Separation

Spin-off of Brighthouse

In January 2016, MetLife, Inc. announced its plan to pursue the Separation. MetLife, Inc. subsequently re-segmented the business to be separated and rebranded it as "Brighthouse Financial."

On June 29, 2017, MetLife, Inc. announced that its Board of Directors had approved the spin-off of its wholly-owned subsidiary, Brighthouse Financial, Inc. ("Brighthouse"). MetLife, Inc. common shareholders will receive a distribution of one share of Brighthouse common stock for every 11 shares of MetLife, Inc. common stock they own. Shareholders of MetLife, Inc. who own less than 11 shares of common stock, or others who would otherwise receive fractional shares, will receive cash. The record date for the distribution was 5:00 p.m., New York City time, on July 19, 2017, and the distribution date will be 5:00 p.m., New York City time, on August 4, 2017. On August 3, 2017, MetLife, Inc. announced that it expects to distribute 96,776,670 of the 119,773,106 shares of Brighthouse common stock, representing approximately 80.8% of those shares. Certain MetLife affiliates hold MetLife common stock and, as a result, will participate in the distribution.

On July 6, 2017, MetLife, Inc. announced that the U.S. Securities and Exchange Commission ("SEC") has declared Brighthouse's registration statement on Form 10 effective. Additionally, all required state regulatory approvals have been granted. The Separation remains subject to continuing validity of a ruling from the Internal Revenue Service and an opinion from MetLife's tax advisor regarding certain U.S. federal income tax matters.

Transactions in Connection with the Spin-off

In connection with the spin-off, the Company completed the following transactions in 2017:

Contributions of Entities, Mergers and Dividend

In April 2017, following receipt of applicable regulatory approvals, MetLife contributed certain captive reinsurance companies to Brighthouse Life Insurance Company ("Brighthouse Insurance"), which were merged into Brighthouse Reinsurance Company of Delaware ("BRCD"), a newly-formed captive reinsurance company that is wholly-owned by Brighthouse Insurance.

On July 27, 2017, MetLife, Inc. contributed the voting common interests of Brighthouse Holdings, LLC, a subsidiary of MetLife, Inc., to Brighthouse. Brighthouse Holdings, LLC is an intermediate holding company, which owns of all of the subsidiaries within Brighthouse.

On August 3, 2017, Brighthouse paid a cash dividend to MetLife, Inc. of $1.8 billion in connection with the Separation.

Termination of Financing Arrangements

In April 2017, MetLife, Inc. and MetLife Reinsurance Company of South Carolina ("MRSC") terminated the MRSC collateral financing arrangement associated with secondary guarantees. As a result, the $2.8 billion collateral financing arrangement liability outstanding was extinguished utilizing $2.8 billion of assets held in trust with the remaining $590 million of assets held in trust returned to MetLife, Inc. as a cash return of capital from a subsidiary.

Total fees associated with the termination were $37 million and were included in other expenses.

In April 2017, MetLife, Inc. and MetLife Reinsurance Company of Vermont terminated the $4.3 billion committed facility, and MetLife, Inc. and MRSC terminated the $3.5 billion committed facility. Total fees associated with the terminations were $257 million and were included in other expenses.

In June 2017, MetLife, Inc. forgave Brighthouse Insurance's obligation to pay the principal amount of $750 million affiliated surplus notes held by MetLife, Inc. This transaction was a non-cash contribution to Brighthouse Holdings, LLC with a corresponding non-cash capital contribution to Brighthouse Insurance and had no impact on the consolidated financial statements of MetLife. See Note 9.

New Financing Arrangements

In April 2017, BRCD entered into a new financing arrangement with a pool of highly rated third-party reinsurers with a total capacity of $10.0 billion. This financing arrangement consists of credit-linked notes that each has a term of 20 years. At June 30, 2017, there were no drawdowns and there was $8.1 billion of funding available under this financing arrangement.

In June 2017, Brighthouse Holdings, LLC issued 50,000 units of 6.50% fixed rate cumulative preferred units to MetLife, Inc. and in turn MetLife, Inc. sold the preferred units to third-party investors, for net proceeds of $49 million, and recorded the subsidiary preferred units in noncontrolling interests.

In June 2017, Brighthouse issued $1.5 billion of senior notes due in June 2027 (the "2027 Senior Notes") which bear interest at a fixed rate of 3.70%, payable semi-annually. Also in June 2017, Brighthouse issued $1.5 billion of senior notes due in June 2047 (the "2047 Senior Notes," and together with the 2027 Senior Notes, the "Senior Notes") which bear interest at a fixed rate of 4.70%, payable semi-annually. Brighthouse incurred $25 million of related costs which have been capitalized and are being amortized over the terms of the Senior Notes. See "— Senior Notes Guarantee" below for additional information.

In June 2017, subsequent to the issuance of the Senior Notes, the borrowing capacity under Brighthouse's three-year senior unsecured delayed draw term loan agreement (the "2016 Term Loan Agreement") was decreased from $3.0 billion to $536 million. On July 21, 2017, concurrently with entering into a new term loan agreement described below, Brighthouse terminated the 2016 Term Loan Agreement without penalty. Brighthouse will expense $7 million of capitalized costs related to the termination in the third quarter of 2017.

On July 21, 2017, Brighthouse entered into a new $600 million senior unsecured delayed draw term loan agreement (the "2017 Term Loan Agreement"). Under the 2017 Term Loan Agreement, Brighthouse may borrow up to a maximum of $600 million which may be used for general corporate purposes, including in connection with the Separation, of which $500 million is available prior to the Separation. The 2017 Term Loan Agreement contains certain covenants that could restrict the operations and use of funds of Brighthouse. On August 2, 2017, Brighthouse borrowed $500 million under the 2017 Term Loan Agreement in connection with the Separation.

Senior Notes Guarantee

In connection with the issuance of the Senior Notes, MetLife, Inc. has initially guaranteed the Senior Notes on a senior unsecured basis (the "Guarantee"). Under the Guarantee, MetLife, Inc. fully and unconditionally guaranteed to each holder of the Senior Notes the full and prompt payment of principal of the Senior Notes, the premium on the Senior Notes, if any, and the interest on the Senior Notes, and all other obligations of Brighthouse under the Senior Notes, when the same become due. The Guarantee will be automatically and unconditionally released upon the completion of both (i) the contribution by MetLife, Inc. of all the voting common interests in Brighthouse Holdings, LLC, including its direct and indirect subsidiaries, to Brighthouse and (ii) the consummation of the transfer by MetLife, Inc. of at least 80.1% of the shares of Brighthouse's common stock to one or more persons, other than MetLife, Inc. or any of its affiliates, through a spin-off to the holders of MetLife Inc.'s common stock, a public offering of shares in an independent publicly traded company, or a sale ((i) and (ii) together, a "Brighthouse Stock Distribution Event").

If a Brighthouse Stock Distribution Event has not occurred on or prior to December 31, 2017, Brighthouse must redeem the Senior Notes, in whole, on the tenth business day following December 31, 2017 (the "special mandatory redemption date"). In the event of such a redemption, Brighthouse must redeem the Senior Notes at a special mandatory redemption price of 101% of the then-outstanding aggregate principal amount of the Senior Notes, together with accrued and unpaid interest from the last date on which interest has been paid up to, but excluding, the special mandatory redemption date.

The Senior Notes are direct financial obligations of Brighthouse and the Guarantee is a direct financial obligation of MetLife, Inc.

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

Termination of Support Agreements
In April 2017, in connection with the contribution of entities, mergers and financing transactions discussed above, MetLife, Inc. terminated various support agreements with the captive reinsurance companies merged into BRCD. See Schedule II included in the 2016 Annual Report for information on the support agreements that were terminated.

4. Insurance

Guarantees

As discussed in Notes 1 and 4 of the Notes to the Consolidated Financial Statements included in the 2016 Annual Report, the Company issues directly and assumes through reinsurance variable annuity products with guaranteed minimum benefits. Guaranteed minimum accumulation benefits ("GMABs") and the portions of both non-life-contingent guaranteed minimum withdrawal benefits ("GMWBs") and the GMIBs that do not require annuitization are accounted for as embedded derivatives in policyholder account balances and are further discussed in Note 7.

The Company also issues other 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. These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Certain other annuity contracts contain guaranteed annuitization benefits that may be above what would be provided by the current account value of the contract. 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.

Information regarding the Company's guarantee exposure, which includes direct and assumed business, but excludes offsets from hedging or ceded reinsurance, if any, was as follows at:

	June 30, 2017				December 31, 2016			
	In the Event of Death		At Annuitization		In the Event of Death		At Annuitization	
	(Dollars in millions)							
Annuity Contracts (1):								
Variable Annuity Guarantees:								
Total account value (2), (3)	$ 181,810		$ 91,863		$ 177,895		$ 89,839	
Separate account value	$ 154,498		$ 88,450		$ 150,118		$ 86,355	
Net amount at risk (2)	$ 7,382	(4)	$ 3,896	(5)	$ 8,679	(4)	$ 3,834	(5)
Average attained age of contractholders	67 years		67 years		66 years		66 years	
Other Annuity Guarantees:								
Total account value (3)	N/A		$ 1,397		N/A		$ 1,393	
Net amount at risk	N/A		$ 491	(6)	N/A		$ 490	(6)
Average attained age of contractholders	N/A		51 years		N/A		50 years	

	June 30, 2017		December 31, 2016	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(Dollars in millions)			
Universal and Variable Life Contracts (1):				
Total account value (3)	$ 18,147	$ 3,270	$ 17,689	$ 3,337
Net amount at risk (7)	$ 170,470	$ 17,186	$ 172,860	$ 17,785
Average attained age of policyholders	58 years	63 years	58 years	62 years

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(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.

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(2) Includes amounts, which are not reported on the consolidated balance sheets, from assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan.

(3) Includes the contractholder's investments in the general account and separate account, if applicable.

(4) Defined as the death benefit less the total 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.

(5) Defined as the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents 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.

(6) Defined as either the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date or the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. These amounts represent the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date.

(7) 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.

Liabilities for Unpaid Claims and Claim Expenses

Rollforward of Claims and Claim Adjustment Expenses

Information regarding the liabilities for unpaid claims and claim adjustment expenses was as follows:

	Six Months Ended June 30,	
	2017	2016
	(In millions)	
Balance at December 31 of prior period	$18,159	$11,388
Less: Reinsurance recoverables	3,058	2,042
Net Balance at December 31 of prior period	15,101	9,346
Cumulative adjustment (1)	—	4,988
Net balance, beginning of period	15,101	14,334
Incurred related to:		
Current period	13,126	12,985
Prior periods (2)	14	28
Total incurred	13,140	13,013
Paid related to:		
Current period	(8,850)	(8,351)
Prior periods	(3,811)	(3,772)
Total paid	(12,661)	(12,123)
Net balance, end of period	15,580	15,224
Add: Reinsurance recoverables	3,182	2,873
Balance, end of period (included in future policy benefits and other policy-related balances)	$18,762	$18,097

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(1) Reflects the accumulated adjustment, net of reinsurance, upon implementation of the new short-duration contracts guidance which clarified the requirement to include claim information for long-duration contracts. The accumulated adjustment primarily reflects unpaid claim liabilities, net of reinsurance, for long-duration contracts as of the beginning of the period presented.

(2) During both the six months ended June 30, 2017 and 2016, as a result of changes in estimates of insured events in the respective prior periods, the claims and claim adjustment expenses associated with prior periods increased due to unfavorable claims experience.

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 of Reorganization"). 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.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
5. Closed Block (continued)

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

	June 30, 2017	December 31, 2016
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$40,567	$ 40,834
Other policy-related balances	187	257
Policyholder dividends payable	476	443
Policyholder dividend obligation	2,237	1,931
Current income tax payable	—	4
Other liabilities	240	196
Total closed block liabilities	43,707	43,665
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	27,474	27,220
Equity securities available-for-sale, at estimated fair value	292	100
Mortgage loans	5,919	5,935
Policy loans	4,541	4,553
Real estate and real estate joint ventures	634	655
Other invested assets	809	1,246
Total investments	39,669	39,709
Cash and cash equivalents	99	18
Accrued investment income	466	467
Premiums, reinsurance and other receivables	138	68
Deferred income tax assets	158	177
Total assets designated to the closed block	40,530	40,439
Excess of closed block liabilities over assets designated to the closed block	3,177	3,226
Amounts included in accumulated other comprehensive income (loss) (“AOCI”):		
Unrealized investment gains (losses), net of income tax	1,814	1,517
Unrealized gains (losses) on derivatives, net of income tax	57	95
Allocated to policyholder dividend obligation, net of income tax	(1,454)	(1,255)
Total amounts included in AOCI	417	357
Maximum future earnings to be recognized from closed block assets and liabilities	$3,594	$ 3,583

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

	Six Months Ended June 30, 2017	Year Ended December 31, 2016
	(In millions)	
Balance, beginning of period	$1,931	$ 1,783
Change in unrealized investment and derivative gains (losses)	306	148
Balance, end of period	$2,237	$ 1,931

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (continued)
5. Closed Block (continued)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In millions)			
Revenues				
Premiums	$432	$444	$834	$861
Net investment income	452	469	918	949
Net investment gains (losses)	(2)	12	(10)	(16)
Net derivative gains (losses)	(10)	4	(18)	(7)
Total revenues	872	929	1,724	1,787
Expenses				
Policyholder benefits and claims	614	632	1,182	1,242
Policyholder dividends	247	246	497	491
Other expenses	32	35	64	67
Total expenses	893	913	1,743	1,800
Revenues, net of expenses before provision for income tax expense (benefit)	(21)	16	(19)	(13)
Provision for income tax expense (benefit)	(8)	6	(8)	(5)
Revenues, net of expenses and provision for income tax expense (benefit)	$(13)	$10	$(11)	$(8)

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

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

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 AFS by sector. 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"), asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS") (collectively, "Structured Securities").

	June 30, 2017					December 31, 2016				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	OTTI Losses (1)	Estimated Fair Value	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Temporary Losses	OTTI Losses (1)	Estimated Fair Value
	(In millions)									
Fixed maturity securities:										
U.S. corporate	$94,759	$8,426	$ 586	$ —	$102,599	$94,558	$7,351	$ 1,056	$ —	$100,853