METLIFE INC
Form 10-Q
May 08, 2018

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 MARCH 31, 2018
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, a smaller reporting company, or 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 April 30, 2018, 1,016,530,764 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,” “will be,” “will not,” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future 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) adverse effects which may arise in connection with the material weaknesses in our internal control over financial reporting or our failure to promptly remediate them; (2) difficult conditions in the global capital markets; (3) 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; (4) exposure to global financial and capital market risks, including as a result of the United Kingdom’s notice of withdrawal from the European Union or other disruption in global political, security or economic conditions; (5) impact on us of comprehensive financial services regulation reform; (6) 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; (7) 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; (8) adverse results or other consequences from litigation, arbitration or regulatory investigations; (9) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (10) investment losses and defaults, and changes to investment valuations; (11) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (12) impairments of goodwill and realized losses or market value impairments to illiquid assets; (13) defaults on our mortgage loans; (14) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (15) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (16) downgrades in our claims paying ability, financial strength or credit ratings; (17) a deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (18) availability and effectiveness of reinsurance, hedging or indemnification arrangements, as well as any default or failure of counterparties to perform; (19) differences between actual claims experience and underwriting and reserving assumptions; (20) ineffectiveness of risk management policies and procedures; (21) catastrophe losses; (22) increasing cost and limited market capacity for statutory life insurance reserve financings; (23) 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; (24) 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; (25) 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; (26) unanticipated or adverse developments that could adversely affect our achieving expected operational or other benefits from the separation of Brighthouse Financial, Inc. and its subsidiaries (“Brighthouse”); (27) our equity market exposure to Brighthouse Financial, Inc.; (28) liabilities, losses or indemnification obligations arising from our transitional services, investment management or tax arrangements or other agreements with Brighthouse; (29) failure of the separation of Brighthouse to qualify for intended tax-free treatment; (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 subsidiaries to meet 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 that 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; (41) the impact of technological changes on our businesses; and (42) 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 “Exhibits — 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
March 31, 2018 (Unaudited) and December 31, 2017
(In millions, except share and per share data)

	March 31, 2018	December 31, 2017
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $287,099 and $286,069, respectively)	$304,711	$ 308,931
Equity securities, at estimated fair value	1,544	2,513
Contractholder-directed equity securities and fair value option securities, at estimated fair value (includes $6 and $6, respectively, relating to variable interest entities)	16,444	16,745
Mortgage loans (net of valuation allowances of $327 and $314, respectively; includes $438 and $520, respectively, under the fair value option)	71,055	68,731
Policy loans	9,744	9,669
Real estate and real estate joint ventures (includes $699 and $25, respectively, of real estate held-for-sale)	9,862	9,637
Other limited partnership interests	5,876	5,708
Short-term investments, principally at estimated fair value	5,121	4,870
Other invested assets (includes $123 and $125, respectively, relating to variable interest entities)	17,486	17,263
Total investments	441,843	444,067
Cash and cash equivalents, principally at estimated fair value (includes $7 and $12, respectively, relating to variable interest entities)	13,927	12,701
Accrued investment income	3,638	3,524
Premiums, reinsurance and other receivables (includes $2 and $3, respectively, relating to variable interest entities)	19,368	18,423
Deferred policy acquisition costs and value of business acquired	19,330	18,419
Goodwill	9,733	9,590
Other assets (includes $3 and $2, respectively, relating to variable interest entities)	8,387	8,167
Separate account assets	196,358	205,001
Total assets	$712,584	$ 719,892
Liabilities and Equity		
Liabilities		
Future policy benefits	$180,348	$ 177,974
Policyholder account balances	184,289	182,518
Other policy-related balances	16,023	15,515
Policyholder dividends payable	672	682
Policyholder dividend obligation	1,277	2,121
Payables for collateral under securities loaned and other transactions	26,151	25,723
Short-term debt	526	477
Long-term debt (includes $5 and $6, respectively, at estimated fair value, relating to variable interest entities)	15,707	15,686
Collateral financing arrangement	1,108	1,121
Junior subordinated debt securities	3,145	3,144

Current income tax payable	155	311
Deferred income tax liability	6,304	6,767
Other liabilities (includes $2 and $3, respectively, relating to variable interest entities)	24,013	23,982
Separate account liabilities	196,358	205,001
Total liabilities	656,076	661,022
Contingencies, Commitments and Guarantees (Note 14)		
Equity		
MetLife, Inc.'s stockholders' equity:		
Preferred stock, par value $0.01 per share; $2,600 and $2,100 aggregate liquidation preference, respectively	—	—
Common stock, par value $0.01 per share; 3,000,000,000 shares authorized; 1,170,644,215 and 1,168,710,101 shares issued, respectively; 1,024,117,183 and 1,043,588,396 shares outstanding, respectively	12	12
Additional paid-in capital	31,653	31,111
Retained earnings	26,453	26,527
Treasury stock, at cost; 146,527,032 and 125,121,705 shares, respectively	(7,442)	(6,401)
Accumulated other comprehensive income (loss)	5,634	7,427
Total MetLife, Inc.'s stockholders' equity	56,310	58,676
Noncontrolling interests	198	194
Total equity	56,508	58,870
Total liabilities and equity	$712,584	$ 719,892

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 Ended March 31, 2018 and 2017 (Unaudited)

(In millions, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenues		
Premiums	$9,178	$8,965
Universal life and investment-type product policy fees	1,392	1,360
Net investment income	3,745	4,421
Other revenues	474	342
Net investment gains (losses)	(333)	88
Net derivative gains (losses)	349	(212)
Total revenues	14,805	14,964
Expenses		
Policyholder benefits and claims	8,718	8,863
Interest credited to policyholder account balances	769	1,451
Policyholder dividends	297	310
Other expenses	3,365	3,268
Total expenses	13,149	13,892
Income (loss) from continuing operations before provision for income tax	1,656	1,072
Provision for income tax expense (benefit)	399	120
Income (loss) from continuing operations, net of income tax	1,257	952
Income (loss) from discontinued operations, net of income tax	—	(76)
Net income (loss)	1,257	876
Less: Net income (loss) attributable to noncontrolling interests	4	3
Net income (loss) attributable to MetLife, Inc.	1,253	873
Less: Preferred stock dividends	6	6
Net income (loss) available to MetLife, Inc.'s common shareholders	$1,247	$867
Comprehensive income (loss)	$(1,448)	$1,907
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of income tax	4	4
Comprehensive income (loss) attributable to MetLife, Inc.	$(1,452)	$1,903
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc.'s common shareholders:		
Basic	$1.20	$0.87
Diluted	$1.19	$0.86
Net income (loss) available to MetLife, Inc.'s common shareholders per common share:		
Basic	$1.20	$0.80
Diluted	$1.19	$0.79
Cash dividends declared per common share	$0.400	$0.400

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity
For the Three Months Ended March 31, 2018 and 2017 (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, 2017	$ —	$ 12	$ 31,111	$ 26,527	$ (6,401)	$ 7,427	$ 58,676	$ 194	$ 58,870
Cumulative effects of changes in accounting principles, net of income tax (Note 1)	—	—	—	(905)	—	912	7	—	7
Balance at January 1, 2018	—	12	31,111	25,622	(6,401)	8,339	58,683	194	58,877
Preferred stock issuance	—		494				494		494
Treasury stock acquired in connection with share repurchases					(1,041)		(1,041)		(1,041)
Stock-based compensation			48				48		48
Dividends on preferred stock				(6)			(6)		(6)
Dividends on common stock				(416)			(416)		(416)
Change in equity of noncontrolling interests							—	—	—
Net income (loss)				1,253			1,253	4	1,257
Other comprehensive income (loss), net of income tax						(2,705)	(2,705)	—	(2,705)
Balance at March 31, 2018	$ —	$ 12	$ 31,653	$ 26,453	$ (7,442)	$ 5,634	$ 56,310	$ 198	$ 56,508

	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, as previously reported	$ —	$ 12	$ 30,944	$ 34,480	$ (3,474)	$ 5,347	$ 67,309	$ 171	$ 67,480
Prior period revisions (Note 1)	—	—	—	203	—	19	222	—	222
Balance at December 31, 2016	—	12	30,944	34,683	(3,474)	5,366	67,531	171	67,702
Treasury stock acquired in connection with share repurchases					(858)		(858)		(858)
Stock-based compensation			46				46		46
Dividends on preferred stock				(6)			(6)		(6)
Dividends on common stock				(437)			(437)		(437)

Change in equity of noncontrolling interests							—	4	4
Net income (loss)				873			873	3	876
Other comprehensive income (loss), net of income tax						1,030	1,030	1	1,031
Balance at March 31, 2017	$ —	$ 12	$ 30,990	$ 35,113	$ (4,332)	$ 6,396	$ 68,179	$ 179	$ 68,358

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 Three Months Ended March 31, 2018 and 2017
(Unaudited)
(In millions)

	Three Months Ended March 31,	
	2018	2017
Net cash provided by (used in) operating activities	$1,296	$2,098
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	26,053	23,086
Equity securities	187	188
Mortgage loans	2,076	1,776
Real estate and real estate joint ventures	128	39
Other limited partnership interests	139	461
Purchases of:		
Fixed maturity securities	(24,220)	(22,484)
Equity securities	(51)	(299)
Mortgage loans	(4,024)	(3,430)
Real estate and real estate joint ventures	(242)	(341)
Other limited partnership interests	(260)	(362)
Cash received in connection with freestanding derivatives	1,974	2,515
Cash paid in connection with freestanding derivatives	(2,192)	(3,372)
Net change in policy loans	(25)	(20)
Net change in short-term investments	(160)	(1,892)
Net change in other invested assets	46	(43)
Other, net	86	(98)
Net cash provided by (used in) investing activities	(485)	(4,276)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	24,861	21,271
Withdrawals	(24,447)	(19,100)
Net change in payables for collateral under securities loaned and other transactions	667	391
Long-term debt issued	14	—
Long-term debt repaid	(32)	(4)
Collateral financing arrangements repaid	(13)	(12)
Financing element on certain derivative instruments and other derivative related transactions, net	37	188
Treasury stock acquired in connection with share repurchases	(1,041)	(858)
Preferred stock issued, net of issuance costs	494	—
Dividends on preferred stock	(6)	(6)
Dividends on common stock	(416)	(437)
Other, net	100	66
Net cash provided by (used in) financing activities	218	1,499
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	197	213
Change in cash and cash equivalents	1,226	(466)
Cash and cash equivalents, beginning of period	12,701	17,877

Cash and cash equivalents, end of period	$13,927	$17,411
Cash and cash equivalents, of disposed subsidiary, beginning of period	$—	$5,226
Cash and cash equivalents, of disposed subsidiary, end of period	$—	$5,810
Cash and cash equivalents, from continuing operations, beginning of period	$12,701	$12,651
Cash and cash equivalents, from continuing operations, end of period	$13,927	$11,601
Supplemental disclosures of cash flow information		
Net cash paid (received) for:		
Interest	$243	$255
Income tax	$146	$109

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 one of the world's leading financial services companies, providing insurance, annuities, employee benefits and asset management. MetLife is organized into five segments: U.S.; Asia; Latin America; Europe, the Middle East and Africa ("EMEA"); and MetLife Holdings.

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. Subsequent to the adoption of guidance relating to the recognition and measurement of financial instruments on January 1, 2018, the Company accounts for interests in unconsolidated entities that are not accounted for under the equity method, at estimated fair value. Such investments were previously accounted for under the cost method of accounting. See "— Adoption of New Accounting Pronouncements."

Discontinued Operations

The results of operations of a component of the Company that has either been disposed of or is classified as held-for-sale are reported in discontinued operations if certain criteria are met. A disposal of a component is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results.

On August 4, 2017, MetLife, Inc. completed the separation of Brighthouse Financial, Inc. and its subsidiaries ("Brighthouse") through a distribution of 96,776,670 shares of Brighthouse Financial, Inc. common stock to the MetLife, Inc. common shareholders (the "Separation"). The results of Brighthouse are reflected in MetLife, Inc.'s interim condensed consolidated financial statements as discontinued operations and, therefore, are presented as income (loss) from discontinued operations on the consolidated statements of operations and comprehensive income (loss). Prior period results have been revised to reflect discontinued operations. Intercompany transactions between the Company and Brighthouse prior to the Separation have been eliminated. Transactions between the Company and Brighthouse after the Separation are reflected in continuing operations for the Company. See Note 3 for information on discontinued operations and transactions with Brighthouse.

Reclassifications

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform to the 2018 presentation as discussed throughout the Notes to the Interim Condensed 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)

Revisions
As discussed in Note 1 of the Notes to the Consolidated Financial Statements included in MetLife, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017 (the "2017 Annual Report"), the Company made adjustments for group annuity reserves and assumed variable annuity guarantee reserves for which amounts previously reported have been immaterially restated. In addition, the Company has corrected other unrelated immaterial errors which were previously recorded in the periods the Company identified them.
A summary of the revisions to prior period net income (loss) available to MetLife, Inc.'s common shareholders is shown in the table below:

	Three Months Ended March 31, 2017 (In millions)
Assumed variable annuity guarantee reserves	$ 14
Group annuity reserves	(9)
Other revisions to continuing operations, net	63
Impact to income (loss) from continuing operations before provision for income tax	68
Provision for income tax expense (benefit)	24
Impact to income (loss) from continuing operations, net of income tax	44
Other revisions to discontinued operations, net of income tax	3
Impact to net income (loss) available to MetLife, Inc.'s common shareholders	$ 47

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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)

The impact of the revisions is shown in the tables below:

Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)	Three Months Ended March 31, 2017			
	As Previously Reported	Discontinued Operations (1)	Revisions	As Revised
	(In millions, except per share data)			
Revenues				
Other net investment gains (losses)	$8	$ 55	$ 25	$88
Net investment gains (losses)	$8	$ 55	$ 25	$88
Net derivatives gains (losses)	$(926)	$ 700	$ 14	$(212)
Total revenues	$16,269	$ (1,344)	$ 39	$14,964
Expenses				
Policyholder benefits and claims	$9,859	$ (1,002)	$ 6	$8,863
Other expenses	$3,564	$ (261)	$ (35)	$3,268
Total expenses	$15,452	$ (1,531)	$ (29)	$13,892
Income (loss) from continuing operations before provision for income tax	$817	$ 187	$ 68	$1,072
Provision for income tax expense (benefit)	$(12)	$ 108	$ 24	$120
Income (loss) from continuing operations, net of income tax	$829	$ 79	$ 44	$952
Income (loss) from discontinued operations, net of income tax	$—	$ (79)	$ 3	$(76)
Net income (loss)	$829	$ —	$ 47	$876
Net income (loss) attributable to MetLife, Inc.	$826	$ —	$ 47	$873
Net income (loss) available to MetLife, Inc.'s common shareholders	$820	$ —	$ 47	$867
Comprehensive income (loss)	$1,879	$ —	$ 28	$1,907
Comprehensive income (loss) attributable to MetLife, Inc.	$1,875	$ —	$ 28	$1,903
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc.'s common shareholders:				
Basic	$0.75	$ 0.07	$ 0.05	$0.87
Diluted	$0.75	$ 0.07	$ 0.04	$0.86
Net income (loss) available to MetLife, Inc.'s common shareholders per common share:				
Basic	$0.75	$ —	$ 0.05	$0.80
Diluted	$0.75	$ —	$ 0.04	$0.79

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(1) See Note 3 for additional information on discontinued operations. Revisions include $5 million and $2 million of net investment gains (losses) and provision for income tax expense (benefit), respectively, related to discontinued operations.

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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)

Interim Condensed Consolidated Statements of Equity	As Previously Reported	Revisions	As Revised
	(In millions)		
Retained Earnings			
Balance at December 31, 2016	$34,480	$ 203	$34,683
Net income (loss)	$826	$ 47	$873
Balance at March 31, 2017	$34,863	$ 250	$35,113
Accumulated Other Comprehensive Income (Loss)			
Balance at December 31, 2016	$5,347	$ 19	$5,366
Other comprehensive income (loss), net of income tax	$1,049	$ (19)	$1,030
Balance at March 31, 2017	$6,396	$ —	$6,396
Total MetLife, Inc.'s Stockholders' Equity			
Balance at December 31, 2016	$67,309	$ 222	$67,531
Balance at March 31, 2017	$67,929	$ 250	$68,179
Total Equity			
Balance at December 31, 2016	$67,480	$ 222	$67,702
Balance at March 31, 2017	$68,108	$ 250	$68,358

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, 2017 consolidated balance sheet data was derived from audited consolidated financial statements included in the 2017 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 2017 Annual Report.

Adoption of New Accounting Pronouncements

Effective January 1, 2018, the Company early adopted guidance relating to income taxes. The new guidance was applied in the period of adoption. Current GAAP guidance requires that the effect of a change in tax laws or rates on deferred tax liabilities or assets to be included in income from continuing operations in the reporting period that includes the enactment date, even if the related income tax effects were originally charged or credited directly to accumulated other comprehensive income ("AOCI"). The Company's accounting policy for the release of stranded tax effects in AOCI is on an aggregate portfolio basis. The new guidance allows a reclassification of AOCI to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 ("U.S. Tax Reform"). Due to U.S. Tax Reform and the change in corporate tax rates, at December 22, 2017, the Company reported stranded tax effects in AOCI related to unrealized gains and losses on available-for-sale ("AFS") securities, cumulative foreign translation adjustments and deferred costs on pension benefit plans. With the adoption of the guidance, the Company released these stranded tax effects in AOCI resulting in a decrease to retained earnings as of January 1, 2018 of $1.2 billion with a corresponding increase to AOCI.

Effective January 1, 2018, the Company prospectively adopted guidance relating to stock compensation. The new guidance includes guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting under Accounting Standards Codification ("ASC") Topic 718, Compensation - Stock Compensation. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2018 the Company retrospectively adopted guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new 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. The other components of net periodic 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. If a separate line item is not used, the line item used in the income statement to present the other components of net periodic benefit cost must be disclosed. In addition, the guidance allows only the service cost component to be eligible for capitalization when applicable. The adoption of the guidance did not have a material impact on the Company’s consolidated financial statements.

Effective January 1, 2018, the Company adopted, using a modified retrospective approach, guidance relating to de-recognition of nonfinancial assets. 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 new guidance also adds guidance for partial sales of nonfinancial assets. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2018, the Company retrospectively adopted guidance relating to restricted cash. 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 adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2018, the Company adopted, using a modified retrospective approach, guidance relating to tax accounting for intra-entity transfers of assets. Prior guidance prohibited 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. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2018, the Company retrospectively adopted guidance relating to cash flow statement presentation. The new guidance addresses diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

Effective January 1, 2018, the Company adopted, using a modified retrospective approach, guidance relating to recognition and measurement of financial instruments. The 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. Effective January 1, 2018, 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. Additionally, there will no longer be a requirement to assess equity securities for embedded derivatives requiring bifurcation. The adoption of this guidance resulted in a $328 million, net of income tax, increase to retained earnings largely offset by a decrease to AOCI that was primarily attributable to $1.7 billion of equity securities previously classified and measured as equity securities AFS. At December 31, 2017, equity securities of $16.0 billion primarily associated with contractholder-directed investments are accounted for using the FVO and therefore were unaffected by the new guidance. The Company has included the required disclosures related to equity securities held at March 31, 2018 within Note 6.

Effective January 1, 2018, the Company adopted, using a modified retrospective approach, guidance relating to revenue recognition. The new guidance supersedes nearly all existing revenue recognition guidance under U.S. GAAP. However, it does not impact the accounting for insurance and investment contracts within the scope of ASC Topic 944, Financial Services - Insurance, leases, financial instruments and certain guarantees. For those contracts that are impacted, the new guidance requires 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. The adoption of the guidance did not have a material impact on the Company's consolidated financial statements.

For the three months ended March 31, 2018, the Company identified $322 million of revenue streams within the scope of the guidance that are all included within other revenues on the interim condensed consolidated statements of

operations and comprehensive income (loss). Such amount primarily consists of prepaid legal plans and administrative-only contracts within the U.S. segment of $129 million, distribution and administrative services fees within the MetLife Holdings segment of $58 million and fee-based investment management services within Corporate & Other of $71 million.

Substantially all of the revenue from these services is recognized over time as the applicable services are provided or are made available to the customers and control is transferred continuously. The consideration received for these services is variable and constrained to the amount not probable of a significant revenue reversal.

Other

Effective January 16, 2018, the London Clearing House ("LCH") 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 LCH serves as the central clearing party. As of the effective date, the application of the amended rulebook reduced gross derivative assets by $369 million, gross derivative liabilities by $203 million, accrued investment income by $14 million, collateral receivables recorded within premiums, reinsurance and other receivables by $184 million, and collateral payables recorded within payables for collateral under securities loaned and other transactions by $365 million. The application of the amended rulebook increased accrued investment expense recorded within other liabilities by $1 million.

Future Adoption of New Accounting Pronouncements

In August 2017, the Financial Accounting Standards Board ("FASB") issued new guidance on hedging activities (Accounting Standards Update ("ASU") 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities). 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 to retained earnings. Early adoption is permitted. The new guidance simplifies the application of hedge accounting in certain situations and amends the hedge accounting model to enable entities to better portray the economics of their risk management activities in their financial statements. The Company is currently evaluating the impact of the new 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 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 the new 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. See Note 11 of the Notes to the Consolidated Financial Statements included in the 2017 Annual Report for a description of the two-step 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 expects the adoption of this new guidance will reduce the complexity involved with the evaluation of goodwill for impairment. The impact of the new guidance will depend on the outcomes of future goodwill impairment tests.

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 currently evaluating the impact of the new 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 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, identification of other contracts that may fall under the scope of the new guidance, and performing a gap analysis on the current state of lease-related activities compared with the future state of lease-related activities. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

2. Segment Information

MetLife is organized into five segments: U.S.; Asia; Latin America; EMEA; and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other.

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, 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 stable value and pension risk transfer products, institutional income annuities, tort settlements, capital market investment products, as well as postretirement benefits and company-, bank- or trust-owned life insurance.
- 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 and term life, endowments, universal and variable life, accident & health insurance and fixed and variable annuities.

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, retirement and savings products, accident & health insurance and credit insurance.

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, retirement and savings products and credit insurance.

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, such as variable, universal, term and whole life insurance, variable, fixed and index-linked annuities, long-term care insurance, as well as the assumed variable annuity guarantees from the Company's former operating joint venture in Japan.

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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 the investment management business through which the Company offers fee-based investment management services to institutional clients). Additionally, Corporate & Other includes run-off businesses such 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
Adjusted earnings is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, adjusted earnings is also the Company's GAAP measure of segment performance and is reported below. Adjusted earnings should not be viewed as a substitute for income (loss) from continuing operations, net of income tax. The Company believes the presentation of adjusted 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.
Adjusted earnings is defined as adjusted revenues less adjusted expenses, net of income tax.
The financial measures of adjusted revenues and adjusted 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 certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations under GAAP and other businesses that have been or will be sold or exited by MetLife but do not meet the discontinued operations criteria under GAAP and are referred to as divested businesses. Divested businesses also includes the net impact of transactions with exited businesses that have been eliminated in consolidation under GAAP and costs relating to businesses that have been or will be sold or exited by MetLife that do not meet the criteria to be included in results of discontinued operations under GAAP. Adjusted revenues also excludes net investment gains (losses) and net derivative gains (losses). Adjusted expenses also excludes goodwill impairments.
The following additional adjustments are made to revenues, in the line items indicated, in calculating adjusted 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 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 adjusted earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iii) excludes certain amounts related to contractholder-directed unit-linked investments, (iv) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP and (v) includes distributions of profits from certain other limited partnerships that were previously accounted for under the cost method, but are now accounted for at estimated fair value, where the change in fair value is recognized in net investment gains (losses) for GAAP; and
- Other revenues are adjusted for settlements of foreign currency earnings hedges and excludes fees received in association with services provided under transition service agreements ("TSA fees").

The following additional adjustments are made to expenses, in the line items indicated, in calculating adjusted 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. Other expenses includes TSA fees.

Adjusted 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 ended March 31, 2018 and 2017. The segment accounting policies are the same as those used to prepare the Company's consolidated financial statements, except for adjusted 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, 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 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, income (loss) from continuing operations, net of income tax, or adjusted earnings.

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 March 31, 2018	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)								
Revenues									
Premiums	$5,217	$1,748	$699	$551	$950	$13	$9,178	$ —	$9,178
Universal life and investment-type product policy fees	258	394	282	112	314	—	1,360	32	1,392
Net investment income	1,662	795	276	75	1,352	59	4,219	(474)	3,745
Other revenues	204	15	8	16	67	81	391	83	474
Net investment gains (losses)	—	—	—	—	—	—	—	(333)	(333)
Net derivative gains (losses)	—	—	—	—	—	—	—	349	349
Total revenues	7,341	2,952	1,265	754	2,683	153	15,148	(343)	14,805
Expenses									
Policyholder benefits and claims and policyholder dividends	5,138	1,343	646	294	1,550	(3)	8,968	47	9,015
Interest credited to policyholder account balances	407	351	98	25	236	—	1,117	(348)	769
Capitalization of DAC	(106)	(465)	(94)	(118)	(10)	(2)	(795)	(1)	(796)
Amortization of DAC and VOBA	115	314	60	106	100	2	697	(4)	693
Amortization of negative VOBA	—	(15)	—	(6)	—	—	(21)	(1)	(22)
Interest expense on debt	2	—	2	—	2	280	286	—	286
Other expenses	961	952	338	351	276	232	3,110	94	3,204
Total expenses	6,517	2,480	1,050	652	2,154	509	13,362	(213)	13,149
Provision for income tax expense (benefit)	171	145	75	21	104	(159)	357	42	399
Adjusted earnings	$653	$327	$140	$81	$425	$(197)	1,429		
Adjustments to:									
Total revenues							(343)		
Total expenses							213		
Provision for income tax (expense) benefit							(42)		
Income (loss) from continuing operations, net of income tax							$1,257		$1,257

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

Three Months Ended March 31, 2017	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)								
Revenues									
Premiums	$5,185	$1,708	$647	$502	$1,059	$38	$9,139	$(174)	$8,965
Universal life and investment-type product policy fees	265	366	260	95	362	—	1,348	12	1,360
Net investment income	1,612	702	303	74	1,441	40	4,172	249	4,421
Other revenues	204	10	9	17	96	59	395	(53)	342
Net investment gains (losses)	—	—	—	—	—	—	—	88	88
Net derivative gains (losses)	—	—	—	—	—	—	—	(212)	(212)
Total revenues	7,266	2,786	1,219	688	2,958	137	15,054	(90)	14,964
Expenses									
Policyholder benefits and claims and policyholder dividends	5,244	1,315	633	269	1,733	25	9,219	(46)	9,173
Interest credited to policyholder account balances	351	321	82	24	257	1	1,036	415	1,451
Capitalization of DAC	(100)	(420)	(82)	(92)	(34)	(1)	(729)	16	(713)
Amortization of DAC and VOBA	114	291	78	87	74	1	645	18	663
Amortization of negative VOBA	—	(37)	—	(3)	—	—	(40)	(3)	(43)
Interest expense on debt	2	—	1	—	15	277	295	(12)	283
Other expenses	909	875	326	316	340	175	2,941	137	3,078
Total expenses	6,520	2,345	1,038	601	2,385	478	13,367	525	13,892
Provision for income tax expense (benefit)	249	146	38	12	186	(271)	360	(240)	120
Adjusted earnings	$497	$295	$143	$75	$387	$(70)	1,327		
Adjustments to:									
Total revenues							(90)		
Total expenses							(525)		
Provision for income tax (expense) benefit							240		
Income (loss) from continuing operations, net of income tax							$952		$952

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

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

	March 31, 2018	December 31, 2017
	(In millions)	
U.S.	$251,496	$ 255,428
Asia	143,458	136,928
Latin America	78,638	79,670
EMEA	30,546	30,500
MetLife Holdings	175,817	183,160
Corporate & Other	32,629	34,206
Total	$712,584	$ 719,892

3. Dispositions
2018 Disposition
On February 20, 2018, the Company completed the sale of MetLife Afore, S.A. de C.V., its pension fund management business in Mexico. See Note 3 of the Notes to the Consolidated Financial Statement included in the 2017 Annual Report for further information.
2017 Separation of Brighthouse
On August 4, 2017, MetLife, Inc. completed the separation of Brighthouse. MetLife, Inc. retained the remaining ownership interest of 22,996,436 shares, or 19.2%, of Brighthouse Financial, Inc. common stock and recognized its investment in Brighthouse Financial, Inc. common stock based on the NASDAQ reported market price. The Company elected to record the investment under the FVO as an observable measure of estimated fair value that is aligned with the Company's intent to divest of the retained shares as soon as practicable. Subsequent changes in estimated fair value of the investment are recorded to net investment gains (losses). The estimated fair value of the Brighthouse Financial, Inc. common stock held by the Company ("FVO Brighthouse Common Stock") at March 31, 2018 and December 31, 2017 was $1.2 billion and $1.3 billion, respectively, reported within contractholder-directed equity securities and fair value option securities. In the first quarter of 2018, the Company recorded a $168 million mark-to-market loss on its retained investment in Brighthouse Financial, Inc. to net investment gains (losses).
The Company incurred pre-tax Separation-related transaction costs of $77 million for the three months ended March 31, 2017, primarily related to third party staffing costs. Separation-related transaction costs are recorded in other expenses and reported within continuing operations.
See Note 3 of the Notes to the Consolidated Financial Statements included in the 2017 Annual Report for further information regarding the Separation, including Separation-related agreements and ongoing transactions with Brighthouse.

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Agreements

Tax Agreements

Immediately prior to the Separation, MetLife entered into tax agreements with Brighthouse.

In accordance with the tax separation agreement, at both March 31, 2018 and December 31, 2017, the Company's current income tax receivable and corresponding payable to Brighthouse, reported in other liabilities, were $726 million.

As part of the tax receivable agreement, MetLife Inc. has the right to receive future payments from Brighthouse for a tax asset that Brighthouse received as a result of restructuring prior to the Separation. Included in other assets at both March 31, 2018 and December 31, 2017, is a receivable from Brighthouse of $333 million related to these future payments.

Ongoing Transactions with Brighthouse

The Company considered all of its continuing involvement with Brighthouse in determining whether to deconsolidate and present Brighthouse results as discontinued operations, including the agreements entered into between MetLife and Brighthouse and the ongoing transactions described below.

The Company entered into reinsurance, committed facility, structured settlement, and contract administrative services transactions with Brighthouse in the normal course of business and such transactions will continue based upon business needs. In addition, prior to and in connection with the Separation, the Company entered into various other agreements with Brighthouse for services necessary for both the Company and Brighthouse to conduct their activities. Intercompany transactions prior to the Separation between the Company and Brighthouse are eliminated and excluded from the interim condensed consolidated statements of operations and comprehensive income (loss). Transactions between the Company and Brighthouse that continue after the Separation are included on the Company's interim condensed consolidated statements of operations and comprehensive income (loss) and interim condensed consolidated balance sheets.

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

Reinsurance
The Company entered into reinsurance transactions with Brighthouse in the normal course of business and such transactions will continue based upon business needs. Information regarding the significant effects of reinsurance transactions with Brighthouse was as follows:

	Included on Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)	Excluded from Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
	Three Months Ended March 31,	
	2018	2017
	(In millions)	
Premiums		
Reinsurance assumed	$ 96	$ 97
Reinsurance ceded	(3)	(3)
Net premiums	$ 93	$ 94
Universal life and investment-type product policy fees		
Reinsurance assumed	$ 1	$ (4)
Reinsurance ceded	(24)	(24)
Net universal life and investment-type product policy fees	$ (23)	$ (28)
Policyholder benefits and claims		
Reinsurance assumed	$ 78	$ 75
Reinsurance ceded	(10)	(6)
Net policyholder benefits and claims	$ 68	$ 69
Interest credited to policyholder account balances		
Reinsurance assumed	$ 4	$ 4
Reinsurance ceded	(18)	(18)
Net interest credited to policyholder account balances	$ (14)	$ (14)
Other expenses		
Reinsurance assumed	$ 34	$ (30)
Reinsurance ceded	(14)	(21)
Net other expenses	$ 20	$ (51)

Information regarding the significant effects of reinsurance transactions with Brighthouse included on the interim condensed consolidated balance sheets was as follows at:

	March 31, 2018		December 31, 2017	
	Assumed	Ceded	Assumed	Ceded
	(In millions)			
Assets				
Premiums, reinsurance and other receivables	$154	$1,802	$167	$1,793
Deferred policy acquisition costs and value of business acquired	390	(40)	384	(40)
Total assets	$544	$1,762	$551	$1,753
Liabilities				
Future policy benefits	$1,788	$—	$1,734	$—
Other policy-related balances	116	25	119	28
Other liabilities	1,447	25	1,458	19
Total liabilities	$3,351	$50	$3,311	$47

Investment Management

In connection with the Separation, the Company entered into investment management services agreements with Brighthouse. During the three months ended March 31, 2018, the Company recognized $29 million in other revenues for services provided under such investment management services agreements. Prior to the Separation, during the three months ended March 31, 2017, the Company charged Brighthouse $25 million, for services provided under the agreements, which were intercompany transactions and eliminated and excluded from the interim condensed consolidated statements of operations and comprehensive income (loss).

Committed Facility

MetLife Reinsurance Company of Vermont and MetLife, Inc. have a $2.9 billion committed facility which is used as collateral for certain affiliated reinsurance liabilities. At March 31, 2018, Brighthouse was a beneficiary of $2.4 billion of letters of credit issued under this committed facility and, in consideration, Brighthouse reimbursed MetLife, Inc. for a portion of the letter of credit fees. Prior to the Separation, the Company entered into the committed facility with Brighthouse in the normal course of business and such transactions will continue based upon business needs.

Transition Services

In connection with the Separation, the Company entered into a transition services agreement with Brighthouse for services necessary for Brighthouse to conduct its activities. During the three months ended March 31, 2018, the Company recognized $79 million as other revenue for transitional services provided under the agreement. Prior to the Separation, during the three months ended March 31, 2017, the Company charged Brighthouse $81 million, for services provided under the agreement, which were intercompany transactions and eliminated and excluded from the interim condensed consolidated statements of operations and comprehensive income (loss).

Other

The Company has existing assumed structured settlement claim obligations as an assignment company for Brighthouse. These liabilities are measured at the present value of the periodic claims to be provided and reported as other policy-related balances. The Company receives a fee for assuming these claim obligations and, as the assignee of the claim, is legally obligated to ensure periodic payments are made to the claimant. The Company purchased annuities from Brighthouse to fund these obligations and designates payments to be made directly to the claimant by Brighthouse as the annuity writer. The aggregate contract values of annuities funding structured settlement claims are recorded as an asset for which the Company has also recorded an unpaid claim obligation reported in other policy-related balances. Such aggregated contract values were $1.3 billion at both March 31, 2018 and December 31, 2017. The Company entered into these transactions with Brighthouse in the normal course of business and such

transactions will continue based upon business needs.

The Company provides services necessary for Brighthouse to conduct its business, which primarily include contract administrative services for certain Brighthouse investment-type products. During the three months ended March 31, 2018, the Company recognized revenue of $32 million for administrative services provided to Brighthouse. Prior to the Separation, during the three months ended March 31, 2017, the Company provided administrative services to Brighthouse for $31 million, which were intercompany transactions and eliminated and excluded from the interim condensed consolidated statements of operations and comprehensive income (loss). The Company entered into these transactions with Brighthouse in the normal course of business and such transactions will continue based upon business needs.

In connection with the Separation, the Company entered into an employee matters agreement with Brighthouse to allocate obligations and responsibilities relating to employee compensation and benefit plans and other related matters. The employee matters agreement provides that MetLife will reimburse Brighthouse for certain pension benefit payments, retiree health and life benefit payments and deferred compensation payments. Included in other liabilities at both March 31, 2018 and December 31, 2017, is a payable to Brighthouse of $186 million related to these future payments.

At March 31, 2018, the Company had a receivable from Brighthouse of $87 million related to services provided and a payable to Brighthouse of $48 million related to services received. At December 31, 2017, the Company had a receivable from Brighthouse of $97 million related to services provided and a payable to Brighthouse of $50 million related to services received.

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Discontinued Operations

The following table presents the amounts related to the operations of Brighthouse that have been reflected in discontinued operations:

	Three Months Ended March 31, 2017 (In millions)
Revenues	
Premiums	$ 350
Universal life and investment-type product policy fees	942
Net investment income	775
Other revenues	32
Total net investment gains (losses)	(50)
Net derivative gains (losses)	(700)
Total revenues	1,349
Expenses	
Policyholder benefits and claims	1,002
Interest credited to policyholder account balances	261
Policyholder dividends	7
Goodwill impairment	—
Other expenses	261
Total expenses	1,531
Income (loss) from discontinued operations before provision for income tax	(182)
Provision for income tax expense (benefit)	(106)
Income (loss) from discontinued operations, net of income tax	$ (76)

In the interim condensed consolidated statements of cash flows, the cash flows from discontinued operations are not separately classified. The following table presents selected financial information regarding cash flows of the discontinued operations.

	Three Months Ended March 31, 2017
	(In millions)
Net cash provided by (used in):	
Operating activities	$ 302
Investing activities	$ 16
Financing activities	$ 266

4. Insurance

Guarantees

As discussed in Notes 1 and 4 of the Notes to the Consolidated Financial Statements included in the 2017 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:

	March 31, 2018				December 31, 2017			
	In the Event of Death		At Annuitization		In the Event of Death		At Annuitization	
	(Dollars in millions)							
Annuity Contracts:								
Variable Annuity Guarantees:								
Total account value (1), (2), (3)	$64,728		$ 25,169		$66,724		$ 26,223	
Separate account value (1)	$43,714		$ 23,302		$45,431		$ 24,336	
Net amount at risk (2)	$1,587	(4)	$ 510	(5)	$1,238	(4)	$ 525	(5)
Average attained age of contractholders	66 years		66 years		65 years		65 years	
Other Annuity Guarantees:								
Total account value (1), (3)	N/A		$ 1,437		N/A		$ 1,424	
Net amount at risk	N/A		$ 559	(6)	N/A		$ 569	(6)
Average attained age of contractholders	N/A		50 years		N/A		50 years	

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

	March 31, 2018		December 31, 2017	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(Dollars in millions)			
Universal and Variable Life Contracts:				
Total account value (1), (3)	$9,089	$ 3,171	$9,036	$ 3,207
Net amount at risk (7)	$66,762	$ 16,332	$66,956	$ 16,615
Average attained age of policyholders	57 years	63 years	56 years	63 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.

(2) Includes amounts, which are not reported on the interim condensed consolidated balance sheets, from assumed variable annuity guarantees 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.

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

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:

	Three Months Ended March 31,	
	2018	2017 (1)
	(In millions)	
Balance, beginning of period	$17,094	$16,157
Less: Reinsurance recoverables	2,198	1,968
Net balance, beginning of period	14,896	14,189
Incurred related to:		
Current period	6,504	6,637
Prior periods (2)	(148)	(127)
Total incurred	6,356	6,510
Paid related to:		
Current period	(3,339)	(3,723)
Prior periods	(2,719)	(2,604)
Total paid	(6,058)	(6,327)
Net balance, end of period	15,194	14,372
Add: Reinsurance recoverables	2,237	2,123
Balance, end of period (included in future policy benefits and other policy-related balances)	$17,431	$16,495

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(1) As discussed in Note 4 of the Notes to the Consolidated Financial Statements included in the 2017 Annual Report, at December 31, 2016, the Net balance decreased and the Reinsurance recoverables increased from those amounts previously reported. Additionally, at March 31, 2017, the Net balance decreased by $131 million and the Reinsurance recoverables increased by $144 million from those amounts previously reported in MetLife, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017. These adjustments to the Net balance and the Reinsurance recoverables, at both periods, are primarily to correct for improper classification of reinsurance recoverables.

(2) During both the three months ended March 31, 2018 and 2017, 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 decreased due to favorable 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:

	March 31, 2018	December 31, 2017
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$40,285	$ 40,463
Other policy-related balances	213	222
Policyholder dividends payable	462	437
Policyholder dividend obligation	1,277	2,121
Other liabilities	285	212
Total closed block liabilities	42,522	43,455
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	26,815	27,904
Equity securities, at estimated fair value	68	70
Mortgage loans	6,040	5,878
Policy loans	4,532	4,548
Real estate and real estate joint ventures	595	613
Other invested assets	607	731
Total investments	38,657	39,744
Accrued investment income	475	477
Premiums, reinsurance and other receivables; cash and cash equivalents	208	14
Current income tax recoverable	40	35
Deferred income tax assets	23	36
Total assets designated to the closed block	39,403	40,306
Excess of closed block liabilities over assets designated to the closed block	3,119	3,149
Amounts included in AOCI:		
Unrealized investment gains (losses), net of income tax	1,711	1,863
Unrealized gains (losses) on derivatives, net of income tax	(57)	(7)
Allocated to policyholder dividend obligation, net of income tax	(1,009)	(1,379)
Total amounts included in AOCI	645	477
Maximum future earnings to be recognized from closed block assets and liabilities	$3,764	$ 3,626

See Note 1 for discussion of new accounting guidance related to U.S. Tax Reform.
Information regarding the closed block policyholder dividend obligation was as follows:

	Three Months Ended March 31, 2018	Year Ended December 31, 2017
	(In millions)	
Balance, beginning of period	$2,121	$ 1,931
Change in unrealized investment and derivative gains (losses)	(844)	190
Balance, end of period	$1,277	$ 2,121

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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 March 31,	
	2018	2017
	(In millions)	
Revenues		
Premiums	$387	$402
Net investment income	444	466
Net investment gains (losses)	(29)	(8)
Net derivative gains (losses)	(3)	(8)
Total revenues	799	852
Expenses		
Policyholder benefits and claims	571	568
Policyholder dividends	244	250
Other expenses	29	32
Total expenses	844	850
Revenues, net of expenses before provision for income tax expense (benefit)	(45)	2
Provision for income tax expense (benefit)	(10)	—
Revenues, net of expenses and provision for income tax expense (benefit)	$(35)	$2

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 Securities Available-for-Sale

Fixed Maturity Securities Available-for-Sale by Sector

The following table presents the fixed maturity securities AFS by sector. Redeemable preferred stock is reported within U.S. corporate and foreign corporate fixed maturity securities. Included within fixed maturity securities AFS are structured securities including residential mortgage-backed securities ("RMBS"), asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS") (collectively, "Structured Securities").

	March 31, 2018					December 31, 2017				
	Amortized Cost	Gross Unrealized			Estimated Fair Value	Amortized Cost	Gross Unrealized			Estimated Fair Value
		Gains	Temporary Losses	OTTI Losses (1)			Gains	Temporary Losses	OTTI Losses (1)	
	(In millions)									
Fixed maturity securities:										
U.S. corporate	$77,786	$5,105	$ 1,057	$—	$81,834	$76,005	$7,007	$ 351	$—	$82,661
Foreign government	58,423	6,484	397	—	64,510	55,351	6,495	312	—	61,534
Foreign corporate	52,894	3,366	797	—	55,463	52,409	3,836	676	—	55,569
U.S. government and agency	40,989	3,395	557	—	43,827	43,446	4,227	279	—	47,394
RMBS	26,858	999	481	(35)	27,411	27,846	1,145	233	(42)	28,800
State and political subdivision	10,762	1,473	43	—	12,192	10,752	1,717	13	1	12,455
ABS	11,695	111	41	1	11,764	12,213	116	39	(1)	12,291
CMBS	7,692	112	94	—	7,710	8,047	222	42	—	8,227
Total fixed maturity securities	$287,099	$21,045	$ 3,467	$(34)	$304,711	$286,069	$24,765	$ 1,945	$(42)	$308,931

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(1) Noncredit OTTI losses included in AOCI in an unrealized gain position are 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 $24 million and $6 million, and unrealized gains (losses) of ($1) million and ($4) million, at March 31, 2018 and December 31, 2017, 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 March 31, 2018:

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Structured Securities	Total Fixed Maturity Securities
	(In millions)					
Amortized cost	$12,620	$60,639	$61,373	$106,222	$ 46,245	$287,099
Estimated fair value	$12,674	$62,809	$63,919	$118,424	$ 46,885	$304,711

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

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

Continuous Gross Unrealized Losses for Fixed Maturity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity 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 at:

	March 31, 2018				December 31, 2017			
	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
	(Dollars in millions)							
Fixed maturity securities:								
U.S. corporate	$20,465	$ 642	$4,426	$ 415	$5,604	$ 92	$4,115	$ 259
Foreign government	4,510	137	3,297	260	4,234	83	3,251	229
Foreign corporate	8,932	259	5,835	538	4,422	99	6,802	577
U.S. government and agency	19,105	224	3,378	333	18,273	93	3,560	186
RMBS	10,855	237	3,713	209	6,359	50	4,159	141
State and political subdivision	774	24	302	19	182	2	346	12
ABS	2,593	15	551	27	1,695	7	729	31
CMBS	3,069	48	478	46	1,174	9	413	33
Total fixed maturity securities	$70,303	$ 1,586	$21,980	$ 1,847	$41,943	$ 435	$23,375	$ 1,468
Total number of securities in an unrealized loss position	5,111		1,887		2,598		1,955	

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 2017 Annual Report, the Company performs a regular evaluation of all investment classes for impairment, including fixed maturity 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 concluded that these securities were not other-than-temporarily impaired at March 31, 2018. Future OTTI will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), 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 increased $1.5 billion during the three months ended March 31, 2018 to $3.4 billion. The increase in gross unrealized losses for the three months ended March 31, 2018 was primarily attributable to widening credit spreads and increases in interest rates, partially offset by strengthening foreign currencies on non-functional currency denominated fixed maturity securities.

At March 31, 2018, $85 million of the total $3.4 billion of gross unrealized losses were from 28 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 $85 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, $40 million, or 47%, were related to gross unrealized losses on 11 investment grade fixed maturity securities. Unrealized losses on investment grade fixed maturity securities are

principally related to widening credit spreads since purchase and, with respect to fixed-rate fixed maturity securities, rising interest rates since purchase.

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

Below Investment Grade Fixed Maturity Securities

Of the $85 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, $45 million, or 53%, were related to gross unrealized losses on 17 below investment grade fixed maturity securities. Unrealized losses on below investment grade fixed maturity securities are principally related to U.S. and foreign corporate securities (primarily industrial and utility securities) and CMBS and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainty including concerns over lower oil prices in the energy sector. Management evaluates U.S. and foreign corporate securities based on factors such as expected cash flows and the financial condition and near-term and long-term prospects of the issuers and evaluates CMBS based on actual and projected cash flows after considering the quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, 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 are summarized as follows at:

	March 31, 2018		December 31, 2017	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(Dollars in millions)			
Equity securities:				
Common stock	$1,046	67.7 %	$2,035	81.0 %
Non-redeemable preferred stock	498	32.3	478	19.0
Total equity securities	$1,544	100.0%	$2,513	100.0%

In connection with the adoption of new guidance related to the recognition and measurement of financial instruments (see Note 1), effective January 1, 2018, the Company has reclassified its investment in common stock in regional banks of the Federal Home Loan Bank ("FHLB") system from equity securities to other invested assets. These investments are carried at redemption value and are considered restricted investments until redeemed by the respective FHLB regional banks. The carrying value of these investments at December 31, 2017 was $791 million.

Contractholder-Directed Equity Securities and Fair Value Option Securities

Contractholder-directed equity securities and fair value option securities (collectively, "Unit-linked and FVO Securities"), are investments for which the FVO has been elected, or are otherwise required to be carried at estimated fair value, and include:

- contractholder-directed investments supporting unit-linked variable annuity type liabilities which do not qualify for presentation and reporting as separate account summary total assets and liabilities. These investments are primarily equity securities (including mutual funds) and, to a lesser extent, fixed maturity securities, short-term investments and cash and cash equivalents. The investment returns on these investments inure to contractholders and are offset by a corresponding change in policyholder account balances through interest credited to policyholder account balances ("Unit-linked investments");
- FVO Brighthouse Common Stock (see Note 3);
- fixed maturity and equity securities held-for-investment by the general account to support asset and liability management strategies for certain insurance products and investments in certain separate accounts ("FVO general account securities"); and
- FVO securities held by consolidated securitization entities.

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

Mortgage Loans
Mortgage Loans by Portfolio Segment
Mortgage loans are summarized as follows at:

	March 31, 2018		December 31, 2017	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Mortgage loans:				
Commercial	$46,690	65.7 %	$44,375	64.6 %
Agricultural	13,098	18.4	13,014	18.9
Residential	11,156	15.7	11,136	16.2
Subtotal (1)	70,944	99.8	68,525	99.7
Valuation allowances	(327)	(0.4)	(314)	(0.5)
Subtotal mortgage loans, net	70,617	99.4	68,211	99.2
Residential — FVO	438	0.6	520	0.8
Total mortgage loans, net	$71,055	100.0 %	$68,731	100.0 %

(1) Purchases of mortgage loans, primarily residential mortgage loans, were $307 million and $762 million for the three months ended March 31, 2018 and 2017, respectively.

Information on commercial, agricultural and residential mortgage loans is presented in the tables below. Information on residential mortgage loans — FVO is presented in Note 8. The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis.

Mortgage Loans, Valuation Allowance and Impaired Loans by Portfolio Segment

Mortgage loans by portfolio segment, by method of evaluation of credit loss, impaired mortgage loans including those modified in a troubled debt restructuring, and the related valuation allowances, were as follows at:

	Evaluated Individually for Credit Losses					Evaluated Collectively for Credit Losses		Impaired Loans
	Impaired Loans with a Valuation Allowance			Impaired Loans without a Valuation Allowance				
	Unpaid Principal Balance	Recorded Investment	Valuation Allowances	Unpaid Principal Balance	Recorded Investment	Recorded Investment	Valuation Allowances	Carrying Value
	(In millions)							
March 31, 2018								
Commercial	$—	$ —	$ —	$—	$ —	$46,690	$ 228	$ —
Agricultural	22	21	2	101	100	12,977	39	119
Residential	—	—	—	376	339	10,817	58	339
Total	$22	$ 21	$ 2	$477	$ 439	$70,484	$ 325	$ 458
December 31, 2017								
Commercial	$—	$ —	$ —	$—	$ —	$44,375	$ 214	$ —
Agricultural	22	21	2	27	27	12,966	39	46
Residential	—	—	—	358	324	10,812	59	324

Total	$22	$ 21	$ 2	$385	$ 351	$68,153	$ 312	$ 370

The average recorded investment for impaired commercial, agricultural and residential mortgage loans was $0, $84 million and $331 million, respectively, for the three months ended March 31, 2018; and $12 million, $25 million and $253 million, respectively, for the three months ended March 31, 2017.

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

Valuation Allowance Rollforward by Portfolio Segment
The changes in the valuation allowance, by portfolio segment, were as follows:

	Three Months Ended March 31,							
	2018				2017			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
	(In millions)							
Balance, beginning of period	$214	$ 41	$ 59	$314	$202	$ 39	$ 63	$304
Provision (release)	14	—	—	14	5	—	5	10
Charge-offs, net of recoveries	—	—	(1)	(1)	—	—	(4)	(4)
Balance, end of period	$228	$ 41	$ 58	$327	$207	$ 39	$ 64	$310

Credit Quality of Commercial Mortgage Loans
The credit quality of commercial mortgage loans was as follows at:

	Recorded Investment					Estimated Fair Value	% of Total
	Debt Service Coverage Ratios				% of Total		
	> 1.20x	1.00x - 1.20x	< 1.00x	Total			
	(Dollars in millions)						
March 31, 2018							
Loan-to-value ratios:							
Less than 65%	$39,705	$ 1,023	$ 186	$40,914	87.6 %	$ 41,327	87.9 %
65% to 75%	4,280	98	143	4,521	9.7	4,504	9.6
76% to 80%	265	210	126	601	1.3	574	1.2
Greater than 80%	401	176	77	654	1.4	613	1.3
Total	$44,651	$ 1,507	$ 532	$46,690	100.0%	$ 47,018	100.0%
December 31, 2017							
Loan-to-value ratios:							
Less than 65%	$37,073	$ 1,483	$ 201	$38,757	87.4 %	$ 39,528	87.7 %
65% to 75%	4,183	98	119	4,400	9.9	4,408	9.8
76% to 80%	235	210	57	502	1.1	476	1.0
Greater than 80%	401	168	147	716	1.6	672	1.5
Total	$41,892	$ 1,959	$ 524	$44,375	100.0%	$ 45,084	100.0%

Credit Quality of Agricultural Mortgage Loans
The credit quality of agricultural mortgage loans was as follows at:

	March 31, 2018		December 31, 2017	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(Dollars in millions)			
Loan-to-value ratios:				
Less than 65%	$12,433	94.9 %	$12,347	94.9 %
65% to 75%	616	4.7	618	4.7
76% to 80%	40	0.3	40	0.3
Greater than 80%	9	0.1	9	0.1
Total	$13,098	100.0%	$13,014	100.0%

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

The estimated fair value of agricultural mortgage loans was $13.0 billion and $13.1 billion at March 31, 2018 and December 31, 2017, respectively.

Credit Quality of Residential Mortgage Loans

The credit quality of residential mortgage loans was as follows at:

	March 31, 2018		December 31, 2017	
	Recorded Investment	% of Total	Recorded Investment	% of Total
	(Dollars in millions)			
Performance indicators:				
Performing	$10,748	96.3 %	$10,622	95.4 %
Nonperforming	408	3.7	514	4.6
Total	$11,156	100.0%	$11,136	100.0%

The estimated fair value of residential mortgage loans was $11.8 billion and $11.6 billion at March 31, 2018 and December 31, 2017, respectively.

Past Due and Nonaccrual Mortgage Loans

The Company has a high quality, well performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both March 31, 2018 and December 31, 2017. The Company defines delinquency consistent with industry practice, when mortgage loans are past due as follows: commercial and residential mortgage loans — 60 days and agricultural mortgage loans — 90 days. The past due and nonaccrual mortgage loans at recorded investment, prior to valuation allowances, by portfolio segment, were as follows at:

	Past Due		Greater than 90 Days Past Due and Still Accruing Interest		Nonaccrual	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
	(In millions)					
Commercial	$1	$ —	$—	$ —	$1	$ —
Agricultural	219	134	114	125	106	36
Residential	408	514	42	33	366	481
Total	$628	$ 648	$156	$ 158	$473	$ 517

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 $6.3 billion and $6.2 billion at March 31, 2018 and December 31, 2017, respectively.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity securities AFS and equity securities and the effect on DAC, VOBA, deferred sales inducements (“DSI”), future policy benefits and the policyholder dividend obligation, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

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

	March 31, 2018	December 31, 2017
	(In millions)	
Fixed maturity securities	$17,545	$ 22,645

Fixed maturity securities with noncredit OTTI losses included in AOCI	35	41
Total fixed maturity securities	17,580	22,686
Equity securities	—	421
Derivatives	936	1,453
Other	136	46
Subtotal	18,652	24,606
Amounts allocated from:		
Future policy benefits	(138)	(77)
DAC, VOBA and DSI	(1,304)	(1,768)
Policyholder dividend obligation	(1,277)	(2,121)
Subtotal	(2,719)	(3,966)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	(5)	(12)
Deferred income tax benefit (expense)	(4,372)	(6,958)
Net unrealized investment gains (losses)	11,556	13,670
Net unrealized investment gains (losses) attributable to noncontrolling interests	(9)	(8)
Net unrealized investment gains (losses) attributable to MetLife, Inc.	$11,547	$ 13,662

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

	Three Months Ended March 31, 2018
	(In millions)
Balance, beginning of period	$ 13,662
Cumulative effects of changes in accounting principles, net of income tax (Note 1)	1,258
Fixed maturity securities on which noncredit OTTI losses have been recognized	(6)
Unrealized investment gains (losses) during the period	(5,523)
Unrealized investment gains (losses) relating to:	
Future policy benefits	(61)
DAC, VOBA and DSI	464
Policyholder dividend obligation	844
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in AOCI	7
Deferred income tax benefit (expense)	903
Net unrealized investment gains (losses)	11,548
Net unrealized investment gains (losses) attributable to noncontrolling interests	(1)
Balance, end of period	$ 11,547
Change in net unrealized investment gains (losses)	$ (2,114)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	(1)
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	$ (2,115)

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MetLife, Inc.

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

6. Investments (continued)

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 $30.7 billion and $27.5 billion at March 31, 2018 and December 31, 2017, respectively, and in fixed income securities of the South Korean government and its agencies with an estimated fair value of $6.4 billion and $6.5 billion at March 31, 2018 and December 31, 2017, respectively.

Securities Lending

Elements of the Company's securities lending program are presented below at:

	March 31, 2018	December 31, 2017
	(In millions)	
Securities on loan: (1)		
Amortized cost	$17,047	$ 17,801
Estimated fair value	$17,812	$ 19,028
Cash collateral received from counterparties (2)	$18,111	$ 19,417
Security collateral received from counterparties (3)	$41	$ 19
Reinvestment portfolio — estimated fair value	$18,149	$ 19,508

(1) Included within fixed maturity securities.

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

(3) Security collateral received from counterparties may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the consolidated financial statements.

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

	March 31, 2018 Remaining Tenor of Securities Lending Agreements				December 31, 2017 Remaining Tenor of Securities Lending Agreements			
	Open (1)	1 Month or Less	Over 1 to 6 Months	Total	Open (1)	1 Month or Less	Over 1 to 6 Months	Total
	(In millions)							
Cash collateral liability by loaned security type:								
U.S. government and agency	$3,493	$ 6,282	$ 7,269	$17,044	$3,753	$6,031	$ 8,607	$18,391
Foreign government	—	312	755	1,067	—	192	834	1,026
Total	$3,493	$ 6,594	$ 8,024	$18,111	$3,753	$6,223	$ 9,441	$19,417

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

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than what otherwise would have been realized under normal market conditions, or both. The estimated fair value of the securities on loan related to the cash collateral on open at March 31, 2018 was $3.4 billion, all of which were U.S. government and agency securities which, if put back to the Company, could be immediately sold to satisfy the cash requirement.

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

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including U.S. government and agency securities, agency RMBS, ABS and U.S. corporate securities) and short-term investments, with 60% invested in U.S. government and agency securities, agency RMBS, short-term investments, cash equivalents or held in cash. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

Repurchase Agreements

Elements of the Company's short-term repurchase agreements are presented below at:

	March 31, 2018	December 31, 2017
	(In millions)	
Securities on loan: (1)		
Amortized cost	$2,796	$ 994
Estimated fair value	$2,927	$ 1,141
Cash collateral received from counterparties (2)	$2,861	$ 1,102
Reinvestment portfolio — estimated fair value	$2,854	$ 1,102

(1) Included within fixed maturity securities, cash equivalents and short-term investments.
(2) Included within payables for collateral under securities loaned and other transactions and other liabilities.

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

	March 31, 2018 Remaining Tenor of Repurchase Agreements			December 31, 2017 Remaining Tenor of Repurchase Agreements		
	1 Month or Less	Over 1 to 6 Months	Total	1 Month or Less	Over 1 to 6 Months	Total
	(In millions)					
Cash collateral liability by loaned security type:						
U.S. government and agency	$2,760	$ 5	$2,765	$1,005	$ —	$1,005
All other corporate and government	—	96	96	44	53	97
Total	$2,760	$ 101	$2,861	$1,049	$ 53	$1,102

The reinvestment portfolio acquired with the cash collateral consisted principally of fixed maturity securities (including U.S. government and agency securities, agency RMBS, ABS and U.S. corporate securities) and short-term investments, with 64% invested in U.S. government and agency securities, agency RMBS, short-term investments, cash equivalents or held in cash. If the securities on loan or the reinvestment portfolio become less liquid, the Company has the liquidity resources of most of its general account available to meet any potential cash demands when securities on loan are put back to the Company.

FHLB of Boston Advance Agreements

At March 31, 2018 and December 31, 2017, a subsidiary of the Company had pledged fixed maturity securities with an estimated fair value of $1.3 billion and $564 million, respectively, as collateral and received $800 million and $300 million, respectively, in cash advances under short-term advance agreements with the FHLB of Boston. The liability to return the cash advances is included within payables for collateral under securities loaned and other transactions. The estimated fair value of the reinvestment portfolio acquired with the cash advances was $804 million and $300 million at March 31, 2018 and December 31, 2017, respectively, and consisted primarily of U.S. government and

agency fixed maturity securities and Structured Securities. The subsidiary is permitted to withdraw any portion of the pledged collateral over the minimum collateral requirement at any time, other than in the event of a default by the subsidiary.

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

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

	March 31, 2018				December 31, 2017			
	Remaining Tenor of Advance Agreements				Remaining Tenor of Advance Agreements			
	1 Month or Less	Over 1 to 6 Months	6 Months to 1 Year	Total	1 Month or Less	Over 1 to 6 Months	6 Months to 1 Year	Total
	(In millions)							
Cash advance liability by loaned security type:								
State and political subdivision	$100	$ 625	$ 75	$800	$—	$ 300	$ —	$300

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 all asset classes, except mortgage loans, which are presented at carrying value, at:

	March 31, 2018	December 31, 2017
	(In millions)	
Invested assets on deposit (regulatory deposits)	$2,079	$ 1,879
Invested assets held in trust (collateral financing arrangement and reinsurance agreements)	2,586	2,490
Invested assets pledged as collateral	25,198	24,174
Total invested assets on deposit, held in trust and pledged as collateral	$29,863	$ 28,543

The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 4 of the Notes to the Consolidated Financial Statements included in the 2017 Annual Report) and derivative transactions (see Note 7). Amounts in the table above include invested assets and cash and cash equivalents.

See "— Securities Lending" and "— Repurchase Agreements" for information regarding securities on loan, Note 5 for information regarding investments designated to the closed block and "— Equity Securities" for information on common stock holdings in regional banks of the FHLB system, which are considered restricted investments.

Variable Interest Entities

The Company has invested in legal entities 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.

Consolidated VIEs

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.

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

The following table presents the total assets and total liabilities relating to investment-related VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at:

	March 31, 2018		December 31, 2017	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
	(In millions)			
Renewable energy partnership (1)	$ 109	$ 1	$ 116	$ 3
Other investments	32	6	32	6
Total	$ 141	$ 7	$ 148	$ 9

(1) Assets of the renewable energy partnership primarily consisted of other invested assets.

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:

	March 31, 2018		December 31, 2017	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
	(In millions)			
Fixed maturity securities AFS:				
Structured Securities (2)	$ 45,555	$ 45,555	$ 47,614	$ 47,614
U.S. and foreign corporate	1,355	1,355	1,560	1,560
Other limited partnership interests	4,941	9,187	4,834	8,543
Other invested assets	2,300	2,557	2,291	2,625
Other investments	41	46	82	87
Total	$ 54,192	$ 58,700	$ 56,381	$ 60,429

(1) The maximum exposure to loss relating to fixed maturity 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 and real estate joint ventures is equal to the carrying amounts plus any unfunded commitments. 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 $113 million and $117 million at March 31, 2018 and December 31, 2017, 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 in mortgage-backed or asset-backed securities issued by trusts that do not have substantial equity.

As described in Note 14, 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 both the three months ended March 31, 2018 and 2017.

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

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

	Three Months Ended March 31,	
	2018	2017
	(In millions)	
Investment income:		
Fixed maturity securities	$2,896	$2,825
Equity securities	16	31
FVO general account securities (1)	6	29
Mortgage loans	792	736
Policy loans	124	127
Real estate and real estate joint ventures	168	153
Other limited partnership interests	207	240
Cash, cash equivalents and short-term investments	72	51
Operating joint ventures	13	2
Other	106	72
Subtotal	4,400	4,266
Less: Investment expenses	302	261
Subtotal, net	4,098	4,005
Unit-linked investments (1)	(353)	416
Net investment income	$3,745	$4,421

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(1) Changes in estimated fair value subsequent to purchase for investments still held as of the end of the respective periods included in net investment income were principally from Unit-linked investments, and were ($373) million and $340 million for the three months ended March 31, 2018 and 2017, respectively.

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

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

	Three Months Ended March 31, 2018	2017
	(In millions)	
Total gains (losses) on fixed maturity securities:		
OTTI losses on fixed maturity securities recognized in earnings	$ —	$ —
Fixed maturity securities — net gains (losses) on sales and disposals	(95)	(2)
Total gains (losses) on fixed maturity securities	(95)	(2)
Total gains (losses) on equity securities:		
OTTI losses recognized — by security type:		
Common stock	—	(7)
Non-redeemable preferred stock	—	(1)
Total OTTI losses on equity securities recognized in earnings	—	(8)
Equity securities — net gains (losses) on sales and disposals	102	43
Change in estimated fair value of equity securities (1)	(133)	—
Total gains (losses) on equity securities	(31)	35
Mortgage loans	(21)	(12)
Real estate and real estate joint ventures	25	(3)
Other limited partnership interests	—	(7)
Other	(130)	(26)
Subtotal	(252)	(15)
Change in estimated fair value of other limited partnership interests and	(5)	—

real estate joint ventures		
Non-investment portfolio gains (losses) (2)	(76)	103
Subtotal	(81)	103
Total net investment gains (losses)	$ (333)	$ 88

(1) Changes in estimated fair value subsequent to purchase for equity securities still held as of the end of the period included in net investment gains (losses) were ($37) million for the three months ended March 31, 2018. See Note 1.

(2) Non-investment portfolio gains (losses) for the three months ended March 31, 2018 includes a loss of $168 million which represents the change in estimated fair value of FVO Brighthouse Common Stock held by the Company. See Note 3.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were $65 million and $80 million for the three months ended March 31, 2018 and 2017, respectively.

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

Sales or Disposals and Impairments of Fixed Maturity Securities AFS
Investment gains and losses on sales of securities are determined on a specific identification basis. Proceeds from sales or disposals of fixed maturity securities AFS and the components of fixed maturity securities AFS net investment gains (losses) were as shown in the table below:

	Three Months Ended March 31,	
	2018	2017
	Fixed Maturity Securities	
	(In millions)	
Proceeds	$ 19,070	$ 14,461
Gross investment gains	$ 106	$ 142
Gross investment losses	(201)	(144)
OTTI losses	—	—
Net investment gains (losses)	$ (95)	$ (2)

Credit Loss Rollforward
The table below presents a rollforward of the cumulative credit loss component of OTTI loss recognized in earnings on fixed maturity securities still held for which a portion of the OTTI loss was recognized in other comprehensive income (loss) (“OCI”):

	Three Months Ended March 31,	
	2018	2017
	(In millions)	
Balance, beginning of period	$ 138	$ 187
Sales (maturities, pay downs or prepayments) of securities previously impaired as credit loss OTTI	(9)	(17)
Increase in cash flows — accretion of previous credit loss OTTI	(1)	—
Balance, end of period	$ 128	$ 170

7. Derivatives
Accounting for Derivatives
Freestanding Derivatives
Freestanding derivatives are carried on the Company's balance sheet either as assets within other invested assets or as liabilities within other liabilities at estimated fair value. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.
Accruals on derivatives are generally recorded in accrued investment income or within other liabilities. However, accruals that are not scheduled to settle within one year are included with the derivative's carrying value in other invested assets or other liabilities.
If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in net derivative gains (losses) except as follows:

Statement of Operations Presentation:	Derivative:
Policyholder benefits and claims	• Economic hedges of variable annuity guarantees included in future policy benefits
Net investment income	• Economic hedges of equity method investments in joint ventures
	• Derivatives held within Unit-linked investments

Hedge Accounting
To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge. Hedge designation and financial statement presentation of changes in estimated fair value of the hedging derivatives are as follows:

- Fair value hedge (a hedge of the estimated fair value of a recognized asset or liability) - in net derivative gains (losses), consistent with the change in estimated fair value of the hedged item attributable to the designated risk being hedged.
- Cash flow hedge (a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability) - effectiveness in OCI (deferred gains or losses on the derivative are reclassified into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item); ineffectiveness in net derivative gains (losses).
- Net investment in a foreign operation hedge - effectiveness in OCI, consistent with the translation adjustment for the hedged net investment in the foreign operation; ineffectiveness in net derivative gains (losses).

The changes in estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported on the statement of operations within interest income or interest expense to match the location of the hedged item. Accruals on derivatives in net investment hedges are recognized in OCI.
In its hedge documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method that will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and at least quarterly throughout the life of the designated hedging relationship. Assessments of hedge effectiveness and measurements of ineffectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.
The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

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When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried on the balance sheet at its estimated fair value, with changes in estimated fair value recognized in net derivative gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in estimated fair value of derivatives recorded in OCI related to discontinued cash flow hedges are released into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried on the balance sheet at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). Deferred gains and losses of a derivative recorded in OCI pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in net derivative gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value on the balance sheet, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

Embedded Derivatives

The Company sells variable annuities and issues certain insurance products and investment contracts and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

Such embedded derivatives are carried on the balance sheet at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income. Additionally, the Company may elect to carry an entire contract on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income if that contract contains an embedded derivative that requires bifurcation. At inception, the Company attributes to the embedded derivative a portion of the projected future guarantee fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. Any additional fees represent "excess" fees and are reported in universal life and investment-type product policy fees.

See Note 8 for information about the fair value hierarchy for derivatives.

Derivative Strategies

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of strategies to manage these risks, including the use of derivatives.

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

clearing counterparties ("OTC-cleared"), while others are bilateral contracts between two counterparties ("OTC-bilateral"). The types of derivatives the Company uses include swaps, forwards, futures and option contracts. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash markets.

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7. Derivatives (continued)

Interest Rate Derivatives
The Company uses a variety of interest rate derivatives to reduce its exposure to changes in interest rates, including interest rate swaps, interest rate total return swaps, caps, floors, swaptions, futures and forwards.
Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. The Company utilizes interest rate swaps in fair value, cash flow and nonqualifying hedging relationships.
The Company uses structured interest rate swaps to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and a cash instrument such as a U.S. government and agency, or other fixed maturity security. Structured interest rate swaps are included in interest rate swaps and are not designated as hedging instruments.
Interest rate total return swaps are swaps whereby the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and the London Interbank Offered Rate (“LIBOR”), calculated by reference to an agreed notional amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. Interest rate total return swaps are used by the Company to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). The Company utilizes interest rate total return swaps in nonqualifying hedging relationships.
The Company purchases interest rate caps primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities, and interest rate floors primarily to protect its minimum rate guarantee liabilities against declines in interest rates below a specified level. In certain instances, the Company locks in the economic impact of existing purchased caps and floors by entering into offsetting written caps and floors. The Company utilizes interest rate caps and floors in nonqualifying hedging relationships.
In exchange-traded interest rate (Treasury and swap) futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate securities, to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts and to pledge initial margin based on futures exchange requirements. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange.
Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring, to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance, and to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded interest rate futures in nonqualifying hedging relationships.
Swaptions are used by the Company to hedge interest rate risk associated with the Company’s long-term liabilities and invested assets. A swaption is an option to enter into a swap with a forward starting effective date. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium for purchased swaptions and receives a premium for written swaptions. The Company utilizes swaptions in nonqualifying hedging relationships. Swaptions are included in interest rate options.
The Company enters into interest rate forwards to buy and sell securities. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. The Company utilizes interest rate forwards in cash flow and nonqualifying hedging relationships.

A synthetic guaranteed interest contract ("GIC") is a contract that simulates the performance of a traditional GIC through the use of financial instruments. Under a synthetic GIC, the contractholder owns the underlying assets. The Company guarantees a rate of return on those assets for a premium. Synthetic GICs are not designated as hedging instruments.

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7. Derivatives (continued)

Foreign Currency Exchange Rate Derivatives

The Company uses foreign currency exchange rate derivatives, including foreign currency swaps, foreign currency forwards, currency options and exchange-traded currency futures, to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. The Company also uses foreign currency derivatives to hedge the foreign currency exchange rate risk associated with certain of its net investments in foreign operations.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon notional amount. The notional amount of each currency is exchanged at the inception and termination of the currency swap by each party. The Company utilizes foreign currency swaps in fair value, cash flow and nonqualifying hedging relationships.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company utilizes foreign currency forwards in fair value, net investment in foreign operations and nonqualifying hedging relationships.

The Company enters into currency options that give it the right, but not the obligation, to sell the foreign currency amount in exchange for a functional currency amount within a limited time at a contracted price. The contracts may also be net settled in cash, based on differentials in the foreign currency exchange rate and the strike price. The Company uses currency options to hedge against the foreign currency exposure inherent in certain of its variable annuity products. The Company also uses currency options as an economic hedge of foreign currency exposure related to the Company’s international subsidiaries. The Company utilizes currency options in net investment in foreign operations and nonqualifying hedging relationships.

To a lesser extent, the Company uses exchange-traded currency futures to hedge currency mismatches between assets and liabilities, and to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded currency futures in nonqualifying hedging relationships.

Credit Derivatives

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party to pay, at specified intervals, a premium to hedge credit risk. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional amount in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. Credit events vary by type of issuer but typically include bankruptcy, failure to pay debt obligations and involuntary restructuring for corporate obligors, as well as repudiation, moratorium or governmental intervention for sovereign obligors. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association, Inc. (“ISDA”) deems that a credit event has occurred. The Company utilizes credit default swaps in nonqualifying hedging relationships.

The Company enters into written credit default swaps to synthetically create credit investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments, such as U.S. government and agency securities, or other fixed maturity securities. These credit default swaps are not designated as hedging instruments.

The Company enters into forwards to lock in the price to be paid for forward purchases of certain securities. The price is agreed upon at the time of the contract and payment for the contract is made at a specified future date. When the primary purpose of entering into these transactions is to hedge against the risk of changes in purchase price due to changes in credit spreads, the Company designates these transactions as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

Equity Derivatives

The Company uses a variety of equity derivatives to reduce its exposure to equity market risk, including equity index options, equity variance swaps, exchange-traded equity futures and equity total return swaps.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the underlying equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at the time of exercise and the strike price. Certain of these contracts may also contain settlement provisions linked to interest rates. In certain instances, the Company may enter into a combination of transactions to hedge adverse changes in equity indices within a pre-determined range through the purchase and sale of options. The Company utilizes equity index options in nonqualifying hedging relationships.

Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. The Company utilizes equity variance swaps in nonqualifying hedging relationships.

In exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of equity securities, to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts and to pledge initial margin based on futures exchange requirements. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded equity futures are used primarily to hedge minimum guarantees embedded in certain variable annuity products offered by the Company. The Company utilizes exchange-traded equity futures in nonqualifying hedging relationships.

In an equity total return swap, the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and LIBOR, calculated by reference to an agreed notional amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. The Company uses equity total return swaps to hedge its equity market guarantees in certain of its insurance products. Equity total return swaps can be used as hedges or to synthetically create investments. The Company utilizes equity total return swaps in nonqualifying hedging relationships.

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7. Derivatives (continued)

Primary Risks Managed by Derivatives
The following table presents the primary underlying risk exposure, gross notional amount, and estimated fair value of the Company's derivatives, excluding embedded derivatives, held at:

		March 31, 2018			December 31, 2017		
		Gross	Estimated Fair Value		Gross	Estimated Fair Value	
	Primary Underlying Risk Exposure	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
		(In millions)					
Derivatives Designated as Hedging Instruments:							
Fair value hedges:							
Interest rate swaps	Interest rate	$2,521	$ 2,111	$ 2	$3,843	$ 2,289	$ 3
Foreign currency swaps	Foreign currency exchange rate	1,146	65	36	1,116	50	18
Foreign currency forwards	Foreign currency exchange rate	3,477	97				