

# QUALITY



# MetLife

## METROPOLITAN LIFE INSURANCE COMPANY

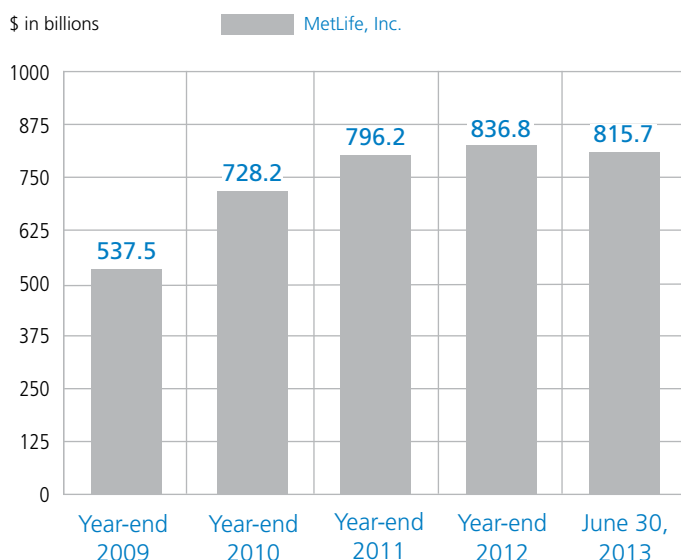
A Wholly-Owned Subsidiary of MetLife, Inc.

Mid-Year Review 2013

### OVERVIEW OF METLIFE, INC.

- MetLife, Inc. is a leading global provider of insurance, annuities and employee benefit programs serving 90 million customers. Through its subsidiaries and affiliates, MetLife holds leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.
- The financial strength of the MetLife enterprise has been built upon, and is sustained through, its diversity of businesses, conservative risk management expertise and focus on investment fundamentals.
- MetLife, Inc. had \$815.7 billion in total assets and \$755.1 billion in total liabilities as of June 30, 2013.<sup>1</sup> Group life and group annuity contracts are principally issued through Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut, both wholly-owned operating subsidiaries of MetLife, Inc.

### TOTAL ASSETS (GAAP)<sup>1</sup>

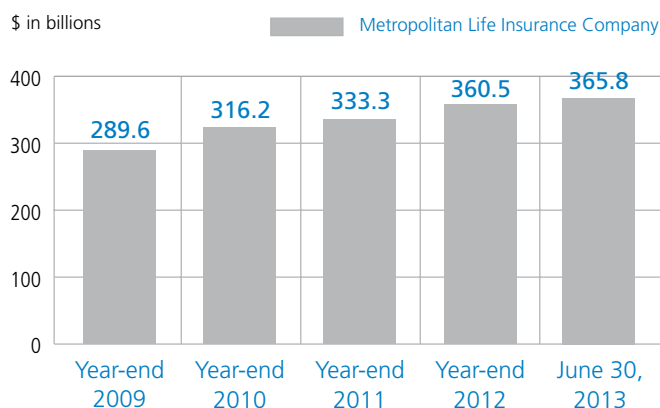


FOR OVER 140 YEARS,  
METLIFE HAS BEEN ONE OF  
THE COUNTRY'S MOST TRUSTED  
FINANCIAL INSTITUTIONS.

## OVERVIEW OF METROPOLITAN LIFE INSURANCE COMPANY

- Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. and is recognized in the market for its financial strength.<sup>2</sup>
- In accordance with statutory reporting principles,<sup>3</sup> Metropolitan Life Insurance Company reported \$365.8 billion in total assets and \$352.0 billion in total liabilities as of June 30, 2013.<sup>4</sup>

## TOTAL ASSETS (STATUTORY)

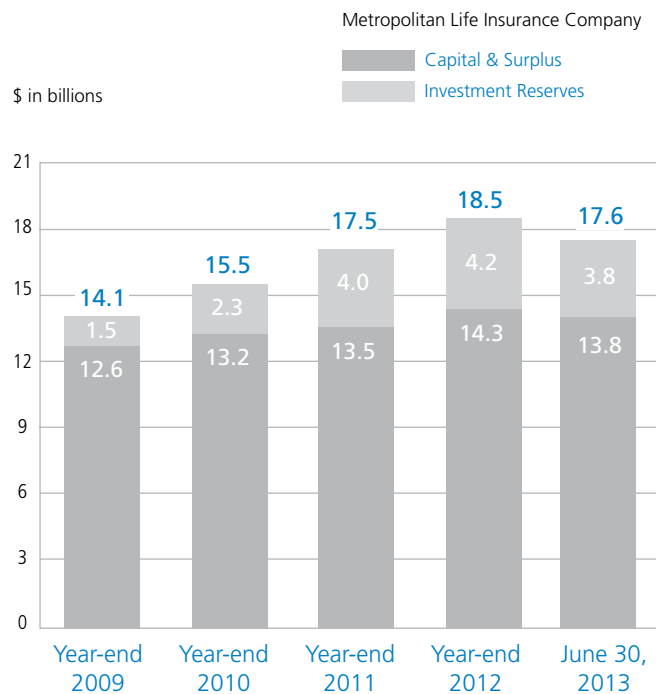


## PROFITABILITY

- Year-to-date as of June 30, 2013, Metropolitan Life Insurance Company's net gain from operations (after taxes and dividends) amounted to \$897 million.<sup>5,6</sup>
- We manage our investment portfolio using disciplined asset-liability management principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing risk-adjusted net investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities.

## TOTAL CAPITAL<sup>5</sup>

- As of June 30, 2013, Metropolitan Life Insurance Company's total capital was \$17.6 billion. Total capital is comprised of capital & surplus and investment reserves. Capital & surplus totaled \$13.8 billion and investment reserves totaled \$3.8 billion as of June 30, 2013.
- Metropolitan Life Insurance Company's Capital Adequacy Ratio (total capital ÷ general account total cash and invested assets) was 7.48% as of June 30, 2013.



## RATING AGENCY ASSESSMENTS

Metropolitan Life Insurance Company's financial strength and claims-paying ability is currently rated "Superior," "Excellent" or "Very Strong" by the major rating agencies.

AGENCY <sup>7</sup>	FINANCIAL STRENGTH RATING
A.M. Best	A+ (Superior)
Fitch	AA- (Very Strong)
Moody's*	Aa3 (Excellent)
Standard & Poor's	AA- (Very Strong)

Ratings are current as of September 10, 2013.<sup>2</sup> Ratings last required modification February 5, 2013.

\*Negative outlook by Moody's.

## INVESTMENT PORTFOLIO OF GENERAL ACCOUNT<sup>5</sup>

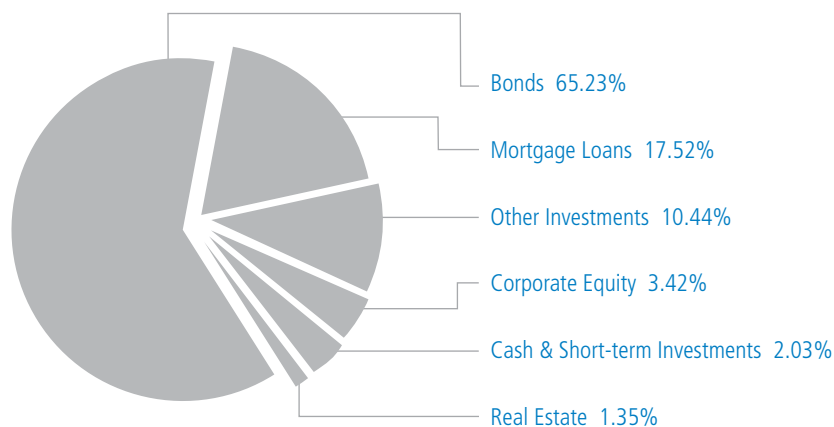
- Metropolitan Life Insurance Company's portfolio management approach has emphasized the following factors:

- Diversity
- Liquidity
- Asset/Liability Matching
- Quality
- Total Return

**Metropolitan Life Insurance Company  
General Account Total Cash and Invested  
Assets: \$235.9 billion<sup>5</sup>**

## Portfolio Allocation (Total Cash and Invested Assets)<sup>5</sup>

As of June 30, 2013, bonds comprised nearly two-thirds of Metropolitan Life Insurance Company's general account portfolio, with the rest diversified among several investment sectors.



## Bond Quality Distribution<sup>8</sup>

QUALITY (MOODY'S INVESTORS SERVICE)	NAIC RATING	% <sup>9</sup>	AMOUNT (\$ Millions)
Aaa/Aa/A (highest quality/high quality/upper medium quality)	1	62.91	\$96,803
Baa (medium grade)	2	24.90	\$38,319
Ba (somewhat speculative)	3	6.87	\$10,577
B (low grade, speculative)	4	4.10	\$6,306
Caa (lower quality)	5	0.97	\$1,491
Ca and Lower (in/near default)	6	0.24	\$373
<b>Total</b>			<b>\$153,869</b>

- As of June 30, 2013, 87.81% of Metropolitan Life Insurance Company's bond portfolio was investment grade.

## ***Real Estate and Mortgage Loan Portfolios***

- Metropolitan Life Insurance Company manages a diversified real estate portfolio that includes real estate equity and commercial, agricultural and residential mortgage loans.
- Metropolitan Life Insurance Company maintains a high quality, well-performing mortgage loan portfolio that is collateralized with high quality properties, the majority of which have a low loan-to-value ratio of less than 65%.

## ***Liquidity***

- Metropolitan Life Insurance Company has maintained a high level of liquidity in its investment portfolios.
- Metropolitan Life Insurance Company has access to credit directly through the capital markets and via MetLife Funding, Inc.

## **CONCLUSION**

- Metropolitan Life Insurance Company's understanding of the risks associated with its core businesses has enabled the company to have a long tradition of financial strength. It is this financial strength that has enabled Metropolitan Life Insurance Company to capitalize on strategic opportunities and strengthen its position within the marketplace.
- As supported by a combination of key financial and investment indicators, Metropolitan Life Insurance Company is a company of high financial quality in solid financial health.

<sup>1</sup> Total assets include general account and separate account assets and are reported under accounting principles generally accepted in the United States of America (GAAP). GAAP is a set of accounting rules not specific to a particular type of entity (public or private) or to a particular business sector. These rules are the standard framework of guidelines for financial accounting in the United States of America.

<sup>2</sup> For current ratings information and a more complete analysis of the financial strength of Metropolitan Life Insurance Company, please go to [www.metlife.com](http://www.metlife.com) and click on "About MetLife," "Ratings."

<sup>3</sup> Statutory Accounting Principles is a set of accounting rules for insurance companies developed by the National Association of Insurance Commissioners (NAIC). These rules are used to prepare the statutory financial statements of insurance companies; with minor state-by-state variations, they are the basis for state regulation of insurance company solvency throughout the United States of America.

<sup>4</sup> Total assets include general account and separate account assets and are reported on a statutory basis.

<sup>5</sup> Reported on a statutory basis.

<sup>6</sup> Net gain from operations (after taxes and dividends) excludes realized capital gains or (losses). For more detailed information, please see the statutory filings available in the "Investor Relations," "Financial Information" section of [www.metlife.com](http://www.metlife.com).

<sup>7</sup> Metropolitan Life Insurance Company has obtained financial strength ratings from various rating agencies. Insurer financial strength ratings represent the opinions of rating agencies regarding the ability of an insurance company to pay obligations under insurance policies and contracts in accordance with their terms, and are not evaluations directed toward the protection of investors in MetLife, Inc.'s securities. Each rating should be evaluated independently of any other rating.

An A.M. Best's Financial Strength Rating is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile. The A+ rating is the second highest rating on this 16-step scale and indicates that the company has superior ability to meet their ongoing obligations to policyholders. Ratings explanations can be found at: [www.ambest.com](http://www.ambest.com).

A Fitch's Insurer Financial Strength Rating provides an assessment of the financial strength of an insurance organization. The rating is assigned to the company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts. The AA- rating is the fourth highest rating on this 21-step scale and indicates a very strong capacity to meet policyholder and contract obligations on a timely basis. Ratings explanations can be found at: [www.fitchratings.com](http://www.fitchratings.com).

A Moody's Insurance Financial Strength Rating is an opinion of the ability of insurance companies to repay punctually senior policyholder claims and obligations. The Aa3 rating is the fourth highest rating on this 21-step scale, and indicates that the company offers excellent financial security. Ratings explanations can be found at: [www.moody.com](http://www.moody.com).

A Standard & Poor's Insurer Financial Strength Rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. The AA- rating is the fourth highest rating on this 21-step scale and indicates that the insurer has very strong financial security characteristics, differing only slightly from those rated higher. Ratings explanations can be found at: [www.standardandpoors.com](http://www.standardandpoors.com).

<sup>8</sup> Amounts and percentages presented based on final NAIC rating. Quality rating scale is provided as a reference and is based on the equivalent rating to the NAIC scale.

<sup>9</sup> Due to rounding, numbers may not equal 100%.

# **MetLife**

**Metropolitan Life Insurance Company**  
200 Park Avenue, New York, NY 10166  
[www.metlife.com](http://www.metlife.com)

1309-2630

L0913341457[exp0914][All States][DC]

© 2013 METLIFE, INC. PEANUTS © 2013 Peanuts Worldwide