



Reinsurance Group of America, Incorporated – Q2 2022

Financial Results and Business Highlights

On August 4, 2022, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the second quarter of 2022. “This was a record level of earnings for us, and importantly it included strong contributions from many of our business segments,” said Anna Manning, President and Chief Executive Officer, RGA. “In addition, growth in organic new business was good and we had another active quarter for capital deployment into in-force and other transactions. COVID-19 claim costs came down substantially this quarter, and our underlying non-COVID-19 mortality was favorable in many markets.

“On the capital front, we deployed \$121 million into in-force and other transactions, and increased our quarterly dividend 9.6% to \$0.80 per share. Our balance sheet remains strong, and we ended the quarter with excess capital of approximately \$1.0 billion. This quarter continues to demonstrate that our global platform can perform well in a range of economic environments.”

Effective August 2, 2022, the board of directors declared a regular quarterly dividend of \$0.80, payable August 30, 2022 to shareholders of record as of August 16, 2022.

In the first quarter of 2023, the Company will adopt Accounting Standards Update 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI). The Company estimates the adoption of LDTI will decrease:

- retained earnings by \$500 million to \$800 million, net of tax, as of December 31, 2021;
- retained earnings by \$1.0 billion to \$1.3 billion, net of tax, as of the transition date of January 1, 2021;
- accumulated other comprehensive income by \$3.2 billion to \$5.2 billion, net of tax, as of December 31, 2021; and
- accumulated other comprehensive income by \$5.1 billion to \$7.1 billion, net of tax, as of the transition date of January 1, 2021.

The LDTI adoption impacts, including the 24% tax rate assumed in the above figures, are estimates and subject to change due to ongoing review and refinement of actuarial assumptions and projection models, additional review of tax impacts across various tax jurisdictions and additional implementation guidance. Additionally, the ultimate impact on retained earnings and accumulated other comprehensive income upon adoption of LDTI on January 1, 2023, may differ materially from the above figures based on the performance of the Company’s business during 2022 and macroeconomic conditions, including changes in interest rates. Please see the Company’s quarterly earnings presentation furnished as Exhibit 99.3 to the Company’s Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on August 4, 2022, for additional details.



Q2 2022 Financial Results*

- Net income available for RGA shareholders for the quarter totaled \$198 million, or \$2.92 per diluted share, compared with net income of \$344 million, or \$5.02 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$391 million, or \$5.78 per diluted share, compared with an adjusted operating income of \$274 million, or \$4.00 per diluted share, the year before.
- Consolidated net premiums totaled \$3.2 billion, up 4.3% from last year's second quarter, with an adverse net foreign currency effect of \$119 million.
- Book value per share was \$87.14 including accumulated other comprehensive income (AOCI), and \$140.26 excluding AOCI.**

Q2 2022 News and Highlights

- RGA was ranked #222 on the 2022 Fortune 500 list, which ranks U.S.-based publicly held companies by total revenue.
- RGA announced the election of Khanh T. Tran to its Board of Directors. Mr. Tran retired as President and Chief Executive Officer of Aviation Capital Group LLC, a top 10 global commercial aviation leasing company. Prior to that role, he held various executive positions during his 25 years with Pacific Life, including president, chief investment officer, chief financial officer, and treasurer.
- For the fourth consecutive year, ceding companies most often identified RGA as best in class overall on NMG Consulting's 2021 Global Life & Health Reinsurance Study. RGA was also most identified best in class for mortality and medical.

* All figures in U.S. dollars.

** See "Use of Non-GAAP Financial Measures" at end of this document.



Financial strength ratings for RGA's principal operating subsidiaries remained unchanged, and are shown in the following chart:

	RGA Reinsurance Company	RGA Americas Reinsurance Company, Ltd.	RGA Life Reinsurance Company of Canada	RGA International Reinsurance Company dac	RGA Global Reinsurance Company, Ltd.	RGA Reinsurance Company of Australia Ltd.	RGA Atlantic Reinsurance Company Ltd.	Omnilife Insurance Company Limited	RGA Reinsurance Company (Barbados) Ltd.
S&P Global Ratings	AA-	AA-	AA-	AA-	AA-	AA-	not rated	A+	AA-
A.M. Best Company	A+	A+	A+	not rated	not rated	not rated	A+	not rated	not rated
Moody's Investors Service	A1	not rated	not rated	not rated	not rated	not rated	not rated	not rated	not rated

For more complete information and the full text of RGA's announcement of second quarter financial results, please refer to RGA's Investor Relations site at www.rgare.com.

About RGA

Reinsurance Group of America, Incorporated (NYSE: RGA) is a global industry leader specializing in life and health reinsurance and financial solutions that help clients effectively manage risk and optimize capital. Founded in 1973, RGA is one of the world's largest and most respected reinsurers and is guided by a fundamental purpose: to make financial protection accessible to all. RGA is widely recognized for superior risk management and underwriting expertise, innovative product design, and dedicated client focus. RGA serves clients and partners in key markets around the world and has approximately \$3.4 trillion of life reinsurance in force and assets of \$84.6 billion as of June 30, 2022. To learn more about RGA and its businesses, visit www.rgare.com. Follow RGA on [LinkedIn](#), [Twitter](#), and [Facebook](#).

** Use of Non-GAAP Financial Measures: RGA uses a non-GAAP financial measure called adjusted operating income as a basis for analyzing financial results. This measure also serves as a basis for establishing target levels and awards under RGA's management incentive programs. Management believes that adjusted operating income, on a pre-tax and after-tax basis, better measures the ongoing profitability and underlying trends of the company's continuing operations, primarily because that measure excludes the effect of net investment related gains and losses, as well as changes in the fair value of certain embedded derivatives and related deferred acquisition costs. These items can be volatile, primarily due to the credit market and interest rate environment and are not necessarily indicative of the performance of the company's underlying businesses. Additionally, adjusted operating income excludes any net gain or loss from discontinued operations and the cumulative effect of any accounting changes, which management believes are not indicative of the company's ongoing operations. The definition of adjusted operating income can vary by company and is not considered a substitute for GAAP net income.

Book value per share excluding the impact of AOCI is a non-GAAP financial measure that management believes is important in evaluating the balance sheet in order to ignore the effects of unrealized amounts primarily associated with mark-to-market adjustments on investments and foreign currency translation.

Adjusted operating income per diluted share is a non-GAAP financial measure calculated as adjusted operating income divided by weighted average diluted shares outstanding. Similar to adjusted operating income, management believes this non-GAAP financial measure better reflects the ongoing profitability and underlying trends of the Company's continuing operations. It also serves as a basis for establishing target levels and awards under RGA's management incentive programs.

Reconciliations from GAAP net income, book value per share, and net income per diluted share are provided in the accompanying tables. Additional financial information can be found in the Quarterly Financial Supplement on RGA's Investor Relations website at www.rgare.com in the "Earnings" section.



Reconciliation of Book Value Per Share to Book Value Per Share
Excluding Accumulated Other Comprehensive Income ("AOCI")

(Unaudited)	At June 30,	
	2022	2021
Book value per share outstanding	\$87.14	\$197.72
Less effect of AOCI:		
Accumulated currency translation adjustments	(0.58)	(0.29)
Unrealized appreciation of securities	(51.78)	60.78
Pension and postretirement benefits	(0.76)	(1.06)
Book value per share outstanding, before impact of AOCI	<u>\$140.26</u>	<u>\$138.29</u>

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
Reconciliation of Consolidated Net Income to Adjusted Operating Income
(Dollars in millions, except per share data)

(Unaudited)	Three Months Ended June 30,			
	2022		2021	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income available to RGA shareholders	\$ 198	\$ 2.92	\$ 344	\$ 5.02
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	151	2.25	(82)	(1.19)
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	7	0.10	(1)	(0.01)
Embedded derivatives:				
Included in investment related gains/losses, net	54	0.80	1	0.01
Included in interest credited	(22)	(0.33)	(2)	(0.03)
DAC offset, net	6	0.09	(1)	(0.01)
Investment (income) loss on unit-linked variable annuities	6	0.09	(2)	(0.03)
Interest credited on unit-linked variable annuities	(6)	(0.09)	2	0.03
Interest expense on uncertain tax positions	-	-	3	0.04
Non-investment derivatives and other	(7)	(0.10)	(12)	(0.18)
Uncertain tax positions and other tax related items	3	0.04	24	0.35
Net income attributable to noncontrolling interest	1	0.01	-	-
Adjusted operating income	<u>\$ 391</u>	<u>\$ 5.78</u>	<u>\$ 274</u>	<u>\$ 4.00</u>