



Reinsurance Group of America, Incorporated – Q1 2019

Financial Results and Business Highlights

On April 29, 2019, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the first quarter of 2019. “This was a good quarter for us, as income exceeded our expectations and we experienced strong momentum in terms of organic growth and in-force transactions,” said Anna Manning, President and Chief Executive Officer, RGA. “We continued to benefit from earnings diversity that comes with our global operating platform, as strong results in Asia and Canada more than offset some modest weakness elsewhere.

“We executed a number of in-force and other transactions across a range of product areas and geographies, putting to work \$50 million of capital. We also repurchased \$50 million of shares, and we ended the quarter with an excess capital position of approximately \$0.9 billion.

“We are off to a good start in 2019, and we remain optimistic about our business overall. Our organic growth opportunities remain strong, the transaction pipeline remains very active, and we expect to continue to produce attractive financial returns.”

The board of directors declared a regular dividend of \$0.60, payable May 30 to shareholders of record as of May 9, 2019.

Q1 2019 Financial Results*

- Net income for the quarter totaled \$169.5 million, or \$2.65 per diluted share, versus \$100.2 million, or \$1.52 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$167.2 million, or \$2.61 per diluted share, compared with \$105.7 million, or \$1.61 per diluted share, the year before.
- Consolidated net premiums totaled \$2.7 billion, up 6 percent from last year’s fourth quarter of \$2.6 billion, with adverse net foreign currency effects of \$78.8 million.
- Book value per share was \$154.61, including accumulated other comprehensive income (AOCI), and \$126.38 excluding AOCI.**

Q1 2019 News and Highlights

- For the eighth consecutive year, RGA was ranked #1 on NMG Consulting’s 2018 Global All Respondent Business Capability Index (BCI), based on feedback from insurance executives in more than 50 countries.
- In 2018, RGA also ranked #1 on NMG’s All Respondent BCI in Canada, Germany, Indonesia, Italy, Malaysia, Mexico, Philippines, Portugal, Singapore, South Africa, South Korea, Taiwan, Thailand, and the United States (group life and disability), as well as in regional aggregates in Asia, Southeast Asia, EMEA, and Central and Eastern Europe.
- RGA announced the completion of a transaction with The Manufacturers Life Insurance Company (Manulife) to reinsure longevity risk from an in-force block of Canadian group payout annuities. In aggregate, RGA Canada will reinsure the longevity risk in respect of approximately 45,000 annuitants.



- RGA's Managed Care Stop Loss Turnkey solution for the U.S. group health insurance market launched on January 1, 2019. The innovative solution enables healthcare clients to enter the stop loss market and assists them in developing the resources and capabilities to achieve long-term success.
- RGA announced that it has received another three-year accreditation from the National Committee for Quality Assurance (NCQA) for RGA's ROSEBUD® Perinatal and Neonatal Case Management programs. This is the second consecutive NCQA Case Management accreditation ROSEBUD has earned.
- RGA appointed Steven C. Van Wyk to its Board of Directors effective February 1, 2019. Mr. Van Wyk is Chief Information Officer and Head of Technology & Innovation at PNC Financial Services Group, Inc. (PNC) in Pittsburgh. The addition of Mr. Van Wyk increases the size of RGA's Board of Directors to 12 members.

* 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, except for the addition of Omnilife Insurance Company Limited, 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 Limited	RGA Atlantic Reinsurance Company Ltd.	Omnilife Insurance Company Limited
S&P Global Ratings	AA-	AA-	AA-	AA-	AA-	AA-	(not rated)	A+
A.M. Best Company	A+	A+	A+	(not rated)	(not rated)	(not rated)	A+	(not rated)
Moody's Investors Service	A1	(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 first quarter financial results, please refer to RGA's Investor Relations site at www.rgare.com.

About RGA

Reinsurance Group of America, Incorporated (RGA), a Fortune 500 company, is among the leading global providers of life reinsurance and financial solutions, with approximately \$3.4 trillion of life reinsurance in force and assets of \$66.7 billion as of March 31, 2019. Founded in 1973, RGA today is recognized for its deep technical expertise in risk and capital management, innovative solutions, and commitment to serving its clients. With headquarters in St. Louis, Missouri, and operations around the world, RGA delivers expert solutions in individual life reinsurance, individual living benefits reinsurance, group reinsurance, health reinsurance, facultative underwriting, product development, and financial solutions. To learn more about RGA and its businesses, visit the company's website at www.rgare.com.



** 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, uncertain tax positions and other tax related items, and other items that 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 March 31,	
	2019	2018
Book value per share outstanding	\$ 154.61	\$139.64
Less effect of AOCI:		
Accumulated currency translation adjustments	(2.36)	(1.36)
Unrealized appreciation of securities	31.41	24.29
Pension and postretirement benefits	(0.82)	(0.78)
Book value per share outstanding, before impact of AOCI	\$ 126.38	\$ 117.49



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

(Unaudited)

	Three Months Ended March 31,			
	2019		2018	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income	\$ 169,507	\$ 2.65	\$ 100,230	\$ 1.52
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	10,669	0.16	24,702	0.38
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	4,585	0.07	8,131	0.12
Embedded derivatives:				
Included in investment related gains/losses, net	(12,695)	(0.20)	(22,433)	(0.34)
Included in interest credited	1,199	0.02	(22,565)	(0.34)
DAC offset, net	(9,117)	(0.14)	16,846	0.26
Investment (income) loss on unit-linked variable annuities	(9,750)	(0.15)	2,095	0.03
Interest credited on unit-linked variable annuities	9,750	0.15	(2,095)	(0.03)
Interest expense on uncertain tax positions	2,107	0.03	-	
Non-investment derivatives	340	0.01	60	-
Uncertain tax positions and other tax related items	560	0.01	775	0.01
Adjusted operating income	<u>\$ 167,155</u>	<u>\$ 2.61</u>	<u>\$ 105,746</u>	<u>\$ 1.61</u>