



Reinsurance Group of America, Incorporated – Q2 2018

Financial Results and Business Highlights

On July 26, 2018, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the second quarter of 2018. “On balance, this was a good quarter as many of our key businesses reported strong or in line results,” said Anna Manning, President and Chief Executive Officer, RGA. “Our U.S. Individual Mortality business bounced back this quarter as mortality experience was in line with our expectations, while both EMEA and Asia performed very well overall. However, we did have disappointing results from parts of our U.S. Group business, and we will continue to take rate action in select areas as appropriate. Consolidated premium growth of 5 percent reflected a tough comparison with the year ago quarter that included some catch-up premiums, and our underlying momentum remains very good.

“After a strong first quarter, deployment into in-force and other transactions was on the light side in terms of capital usage, but we did close on a number of attractive transactions, and we remain optimistic about the environment and our pipeline. As indicated at our recent Investor Day, we were active in the quarter in regard to share repurchases, deploying \$150.0 million to repurchase approximately 991,000 shares. We ended the quarter with an excess capital position of approximately \$1.2 billion, down slightly from the previous quarter. We continue to pursue a balanced approach to capital management through deployment of capital into in-force and other attractive transactions, share repurchases and shareholder dividends.

“Overall, we remain optimistic about our business prospects, and in recognition of our ongoing earnings power, the board increased the common stock dividend by 20 percent, marking the ninth straight year of double-digit percentage increases.”

The board of directors increased the quarterly dividend to \$0.60 from \$0.50, payable August 28 to shareholders of record as of August 7.

Q2 2018 Financial Results*

- Net income for the quarter totaled \$204.4 million, or \$3.13 per diluted share, versus \$232.2 million, or \$3.54 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$202.1 million, or \$3.10 per diluted share, compared with \$193.7 million, or \$2.95 per diluted share, the year before.
- Consolidated net premiums totaled \$2.6 billion, up five percent from last year’s second quarter of \$2.5 billion, with favorable net foreign currency effects of \$40.9 million.
- Book value per share was \$135.09 including accumulated other comprehensive income (AOCI), and \$119.31 excluding AOCI.**

* All figures in U.S. dollars.

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



Q2 2018 News and Highlights

- RGA was ranked #234 on the 2018 Fortune 500 list, moving up 12 positions from its 2017 rank. The annual list, which ranks U.S.-based publicly held companies by total revenue, appeared in the May 21 issue of *Fortune* magazine.
- RGA appointed John J. Gauthier and Hazel M. McNeilage to its Board of Directors. The addition of Mr. Gauthier and Ms. McNeilage, who began their service in July 2018, increases the number of RGA directors to 11.
- RGAX, a wholly owned subsidiary and “transformation engine” of RGA, launched a comprehensive brand strategy to guide marketing and business development efforts moving forward and to further position RGAX as the industry leader in delivering innovative products, services, and solutions.

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 Limited	RGA Atlantic Reinsurance Company Ltd.
S&P Global Ratings	AA-	AA-	AA-	AA-	AA-	AA-	(not rated)
A.M. Best Company	A+	A+	A+	(not rated)	(not rated)	(not rated)	A+
Moody’s Investors Service	A1	(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 (RGA), a Fortune 500 company, is among the leading global providers of life reinsurance and financial solutions, with approximately \$3.3 trillion of life reinsurance in force and assets of \$59.8 billion as of June 30, 2018. 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, 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.

(See tables on next page)



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 June 30,			
	2018		2017	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income	\$ 204,374	\$ 3.13	\$ 232,190	\$ 3.54
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	29,195	0.45	(25,420)	(0.40)
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(10,349)	(0.16)	(2,771)	(0.04)
Embedded derivatives:				
Included in investment related gains/losses, net	(19,062)	(0.29)	(10,054)	(0.15)
Included in interest credited	447	0.01	(4,771)	(0.07)
DAC offset, net	1,386	0.02	4,462	0.07
Investment (income) loss on unit-linked variable annuities	(3,260)	(0.05)	189	-
Interest credited on unit-linked variable annuities	3,260	0.05	(189)	-
Non-investment derivatives	377	0.01	38	-
Effects of the Tax Cut and Jobs Act of 2017	(4,314)	(0.07)	-	-
Adjusted operating income	\$ 202,054	\$ 3.10	\$ 193,674	\$ 2.95

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

	At June 30,	
	2018	2017
Book value per share outstanding	\$ 135.09	\$123.60
Less effect of AOCI:		
Accumulated currency translation adjustments	(2.23)	(2.34)
Unrealized appreciation of securities	18.82	28.91
Pension and postretirement benefits	(0.81)	(0.65)
Book value per share outstanding, before impact of AOCI	\$ 119.31	\$ 97.68