



Reinsurance Group of America, Incorporated – Q2 2019

Financial Results and Business Highlights

On July 29, 2019, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the second quarter of 2019. “This was a solid quarter for us, with a number of positives,” said Anna Manning, President and Chief Executive Officer. “Income slightly exceeded our expectations and we experienced strong momentum both from organic growth and in-force transactions. The benefits from our global operating platform helped to deliver diverse earnings in the quarter, as strong results in U.S. Financial Solutions, EMEA, and Canada offset some modest weakness elsewhere.

“This quarter we deployed \$185 million of capital into a number of in-force and other transactions across a range of product areas and geographies, bringing our year to date total to \$236 million. We ended the quarter with an excess capital position of approximately \$1.0 billion.

“We are optimistic about our business, and in recognition of our ongoing earnings power, the board increased the common stock dividend by 17%, marking the tenth straight year of double digit percentage increases. RGA is well-positioned for expanding opportunities, we have a proven strategy and proven track record of execution, and we expect to continue to produce attractive financial returns.”

The quarterly dividend will be payable August 29 to shareholders of record as of August 8, 2019.

Q2 2019 Financial Results*

- Net income for the quarter totaled \$202.7 million, or \$3.18 per diluted share, versus \$204.4 million, or \$3.13 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$210.8 million, or \$3.31 per diluted share, compared with \$202.1 million, or \$3.10 per diluted share, the year before.
- Consolidated net premiums totaled \$2.8 billion, up 7% from last year’s second quarter of \$2.6 billion, with adverse net foreign currency effects of \$60.0 million.
- Book value per share was \$170.64 including accumulated other comprehensive income (AOCI), and \$128.54 excluding AOCI.**

Q2 2019 News and Highlights

- RGA announced the completion of a \$2.9 billion asset-intensive transaction with Horace Mann Life Insurance Company to reinsure a seasoned block of U.S. annuity policies that Horace Mann will continue to service and administer. Horace Mann specializes in providing America's educators and school employees with insurance and retirement solutions.
- RGA partnered with MIB Group, Inc., the industry's most trusted and secure resource for data-driven risk management services, to launch an electronic health record underwriting solution. By combining MIB's data network and RGA's Digital Health Data scoring, carriers will benefit from the synergies of a new data source and a powerful risk assessment tool for use in underwriting.
- Ceding companies most often identified RGA as best in class overall on NMG Consulting's 2018 Global Life & Health Reinsurance Study. RGA was also most identified best in class for mortality, critical illness, 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:

	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 \$72.0 billion as of June 30, 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, 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,	
	2019	2018
Book value per share outstanding	\$ 170.64	\$135.09
Less effect of AOCI:		
Accumulated currency translation adjustments	(1.96)	(2.23)
Unrealized appreciation of securities	44.87	18.82
Pension and postretirement benefits	(0.81)	(0.81)
Book value per share outstanding, before impact of AOCI	<u>\$ 128.54</u>	<u>\$ 119.31</u>

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,			
	2019		2018	
	\$	Diluted Earnings Per Share	\$	Diluted Earnings Per Share
Net income	\$ 202,698	\$ 3.18	\$ 204,374	\$ 3.13
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	(17,719)	(0.27)	29,195	0.45
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(389)	(0.01)	(10,349)	(0.16)
Embedded derivatives:				
Included in investment related gains/losses, net	10,098	0.16	(19,062)	(0.29)
Included in interest credited	14,646	0.23	447	0.01
DAC offset, net	(3,199)	(0.05)	1,386	0.02
Investment (income) loss on unit-linked variable annuities	(1,801)	(0.03)	(3,260)	(0.05)
Interest credited on unit-linked variable annuities	1,801	0.03	3,260	0.05
Interest expense on uncertain tax positions	2,158	0.03	-	-
Non-investment derivatives	9	-	377	0.01
Uncertain tax positions and other tax related items	2,544	0.04	(4,314)	(0.07)
Adjusted operating income	<u>\$ 210,846</u>	<u>\$ 3.31</u>	<u>\$ 202,054</u>	<u>\$ 3.10</u>