



Reinsurance Group of America, Incorporated – Q3 2019

Financial Results and Business Highlights

On October 30, 2019, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the third quarter of 2019. “This was a very good quarter for us in many respects, as bottom-line results, premium growth and capital deployment were all strong,” said Anna Manning, President and CEO of RGA. “We continue to benefit from earnings diversity that comes from our global operating platform. Outstanding performances by several of our key businesses helped us to deliver strong bottom-line results in spite of earnings variability by segment and ongoing macroeconomic headwinds including lower interest rates and a strong U.S. dollar.

“Highlights for the quarter included strong results in EMEA, Canada and U.S. Asset-Intensive, and the U.S. Group business performed above expectations. Investment results were very good, as alternative investments produced strong returns. These areas of strength more than offset a loss in Australia and unfavorable U.S. Individual Mortality experience.

“We had another successful quarter with \$150 million of capital deployed into in-force and other transactions, bringing the year-to-date total to \$385 million. We also repurchased \$30 million of common shares during the quarter for a year-to-date total of \$80 million. We ended the quarter with an excess capital position of approximately \$1.0 billion.

“Looking forward, we remain optimistic about the future and our business prospects, as RGA is well-positioned in its markets, and we have a proven strategy. Ours is a long-term business and can be best judged by results over longer periods of time. We point to a long track record of successful execution and strong financial results, and we expect to continue to deliver attractive financial returns into the future.”

The quarterly dividend of \$0.70 will be payable December 3, 2019 to shareholders of record as of November 12, 2019.

Q3 2019 Financial Results*

- Net income for the quarter totaled \$262.8 million, or \$4.12 per diluted share, versus \$301.2 million, or \$4.68 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$256.3 million, or \$4.02 per diluted share, compared with \$259.4 million, or \$4.03 per diluted share, the year before.
- Consolidated net premiums totaled \$2.8 billion, up 10% from last year’s third quarter of \$2.6 billion, with adverse net foreign currency effects of \$34.9 million.
- Book value per share was \$184.06 including accumulated other comprehensive income (AOCI), and \$132.02 excluding AOCI.**

Q3 2019 News and Highlights

- In August, RGA hosted its seventh annual Fraud Conference in St. Louis. The event, which was the largest yet, has become a leading industry gathering on this increasingly important topic.
- On September 23, CEO Anna Manning was named to *Fortune* magazine’s “50 Most Powerful Women” list for the third consecutive year. The list is compiled by *Fortune* editors who consider four criteria: the size and importance of the woman’s business in the global economy, the health and direction of the business, the arc of the woman’s career, and social and cultural influence.



- On September 26, RGA was named “Life Reinsurer of the Year” at the 2019 *Reactions* North America Awards for the second consecutive year. The awards honor the achievements of companies and individuals who help to raise standards across the insurance industry.
- RGA appointed Pina Albo to its Board of Directors effective October 1, 2019. Ms. Albo is Chief Executive Officer of Hamilton Insurance Group and a respected leader in the insurance industry. The addition of Ms. Albo increases female representation on RGA’s Board to five 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:

	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 third 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 \$75.8 billion as of September 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 September 30,	
	2019	2018
Book value per share outstanding	\$ 184.06	\$136.29
Less effect of AOCI:		
Accumulated currency translation adjustments	(2.51)	(1.90)
Unrealized appreciation of securities	55.46	15.61
Pension and postretirement benefits	(0.91)	(0.79)
Book value per share outstanding, before impact of AOCI	\$ 132.02	\$ 123.37

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 September 30,			
	2019		2018	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income	\$ 262,765	\$ 4.12	\$ 301,199	\$ 4.68
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	(61,098)	(0.95)	41,548	0.65
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(120)	-	485	0.01
Embedded derivatives:				
Included in investment related gains/losses, net	26,643	0.42	(23,741)	(0.37)
Included in interest credited	28,348	0.44	(1,266)	(0.02)
DAC offset, net	(10,257)	(0.16)	(86)	-
Investment (income) loss on unit-linked variable annuities	(9,414)	(0.15)	(1,898)	(0.03)
Interest credited on unit-linked variable annuities	9,414	0.15	1,898	0.03
Interest expense on uncertain tax positions	6,650	0.10	-	-
Non-investment derivatives	91	-	(437)	(0.01)
Uncertain tax positions and other tax related items	3,269	0.05	(58,285)	(0.91)
Adjusted operating income	\$ 256,291	\$ 4.02	\$ 259,417	\$ 4.03