RGA

Reinsurance Group of America, Incorporated – Q2 2021

Financial Results and Business Highlights

On August 3, 2021, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the second quarter of 2021. "We are very pleased with the Company's strong performance in the second quarter, as the earnings contribution was broad-based by geography and lines of business, the impact of COVID-19 was significantly reduced, and our investment results were very favorable," said Anna Manning, President and Chief Executive Officer, RGA. "Notably, our U.S. Traditional segment had a very good quarter, and our GFS business performed extremely well across all our regions and lines of business. Reported premium growth was very good, organic growth was solid, and new business momentum has picked up and is encouraging. We deployed approximately $200 million of capital into in-force transactions, and the pipeline is active.

"Our balance sheet remains strong, and we ended the quarter with excess capital of approximately $1.2 billion. We expect our results to continue to reflect some additional COVID-19 claims, but at manageable and decreasing levels. We expect our underlying earnings power to be sustained and to continue to deliver attractive financial results over time."

Effective August 3, 2021, the board of directors increased the quarterly dividend 4%, to $0.73 from $0.70, payable August 31, 2021, to shareholders of record as of August 17, 2021.

"Recognizing our strong underlying business fundamentals, our excess capital position, and the expectation of reducing levels of COVID-19 costs going forward, we have increased the dividend and are lifting the existing suspension on share repurchases," noted Todd C. Larson, Senior Executive Vice President and Chief Financial Officer.

Q2 2021 Financial Results*

- Net income for the quarter totaled $344 million, or $5.02 per diluted share, versus net income of $158 million, or $2.48 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled $274 million, or $4.00 per diluted share, compared with $87 million, or $1.36 per diluted share, the year before.
- Consolidated net premiums totaled $3.1 billion, up 11 percent from last year's second quarter, with favorable net foreign currency effects of $124 million.
- Book value per share was $197.72, including accumulated other comprehensive income (AOCI), and $138.29 excluding AOCI.**

* All figures in U.S. dollars.

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

News and Highlights from Q2 2021

- RGA moved up 18 places to rank #207 on the 2021 Fortune 500 list, which ranks U.S.-based publicly held companies by total revenue.
- RGA announced that it reached an agreement with The Dai-ichi Life Insurance Company, Limited to reinsure 200 billion JPY of statutory reserves through coinsurance.
- RGA completed an annuity reinsurance transaction with Modern Woodmen of America (Modern Woodmen), a member-owned fraternal financial services organization. Under the agreement, an RGA subsidiary will reinsure a seasoned block of U.S. annuity business. Modern Woodmen will continue to service and administer the contracts.

COVID-19-Related Key Messages

Significantly Reduced COVID-19 Impact; Sizable Longevity Benefit

- Q2 COVID-19 claim costs of approximately $168 million*
    - $45 million in U.S. individual mortality
    - $123 million in all other operations
- Longevity benefit of approximately $38 million
- Expect COVID-19 mortality impacts to decline through the remainder of 2021
    - Relatively high vaccination rates in the U.S., U.K., and Canada are mitigating mortality impact from recent infections
    - Manageable ongoing impacts in India, South Africa

* All figures in U.S. dollars.

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 (RGA), a Fortune 500 company, is among the leading global providers of life reinsurance and financial solutions, with approximately $3.5 trillion of life reinsurance in force and assets of $88.9 billion as of June 30, 2021. 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.

Cautionary Note Regarding Forward-Looking Statements

This summary contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others, statements relating to projections of the future operations, strategies, earnings, revenues, income or loss, ratios, financial performance and growth potential of the Company. Forward-looking statements often contain words and phrases such as "intend," "expect," "project," "estimate," "predict," "anticipate," "should," "believe" and other similar expressions. Forwardlooking statements are based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Forward-looking statements are not a guarantee of future performance and are subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results, performance, and achievements could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. The effects of the COVID-19 pandemic and the response thereto on economic conditions, the financial markets and insurance risks, and the resulting effects on the Company's financial results, liquidity, capital resources, financial metrics, investment portfolio and stock price, could cause actual results and events to differ materially from those expressed or implied by forward-looking statements. Further, any estimates, projections, illustrative scenarios or frameworks used to plan for potential effects of the pandemic are dependent on numerous underlying assumptions and estimates that may not materialize. Additionally, numerous other important factors (whether related to, resulting from or exacerbated by the COVID-19 pandemic or otherwise) could also cause results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation: (1) adverse changes in mortality, morbidity, lapsation or claims experience, (2) inadequate risk analysis and underwriting, (3) adverse capital and credit market conditions and their impact on the Company's liquidity, access to capital and cost of capital, (4) changes in the Company's financial strength and credit ratings and the effect of such changes on the Company's future results of operations and financial condition, (5) the availability and cost of collateral necessary for regulatory reserves and capital, (6) requirements to post collateral or make payments due to declines in market value of assets subject to the Company's collateral arrangements, (7) action by regulators who have authority over the Company's reinsurance operations in the jurisdictions in which it operates, (8) the effect of the Company parent's status as an insurance holding company and regulatory restrictions on its ability to pay principal of and interest on its debt obligations, (9) general economic conditions or a prolonged economic downturn affecting the demand for insurance and reinsurance in the Company's current and planned markets, (10) the impairment of other financial institutions and its effect on the Company's business, (11) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (12) market or economic conditions that adversely affect the value of the Company's investment securities or result in the impairment of all or a portion of the value of certain of the Company's investment securities, that in turn could affect regulatory capital, (13) market or economic conditions that adversely affect the Company's ability to make timely sales of investment securities, (14) risks inherent in the Company's risk management and investment strategy, including changes in investment portfolio yields due to interest rate or credit quality changes, (15) the fact that the determination of allowances and impairments taken on the Company's investments is highly subjective, (16) the stability of and actions by governments and economies in the markets in which the Company operates, including ongoing uncertainties regarding the amount of U.S. sovereign debt and the credit ratings thereof, (17) the Company's dependence on third parties, including those insurance companies and reinsurers to which the Company cedes some reinsurance, third-party investment managers and others, (18) financial performance of the Company's clients, (19) the threat of natural disasters, catastrophes, terrorist attacks, epidemics or pandemics anywhere in the world where the Company or its clients do business, (20) competitive factors and competitors' responses to the Company's initiatives, (21) development and introduction of new products and distribution opportunities, (22) execution of the Company's entry into new markets, (23) integration of acquired blocks of business and entities, (24) interruption or failure of the Company's telecommunication, information technology or other operational systems, or the Company's failure to maintain adequate security to protect the confidentiality or privacy of personal or sensitive data and intellectual property stored on such systems, (25) adverse litigation or arbitration results, (26) the adequacy of reserves, resources and accurate information relating to settlements, awards and terminated and discontinued lines of business, (27) changes in laws, regulations, and accounting standards applicable to the Company or its business, (28) the effects of the Tax Cuts and Jobs Act of 2017 may be different than expected and (29) other risks and uncertainties described in this document and in the Company's other filings with the Securities and Exchange Commission ("SEC"). Forward-looking statements should be evaluated together with the many risks and uncertainties that affect the Company's business, including those mentioned in this document and described in the periodic reports the Company files with the SEC. These forward-looking statements speak only as of the date on which they are made. The Company does not undertake any obligation to update these forward-looking statements, even though the Company's situation may change in the future. For a discussion of these risks and uncertainties that could cause actual results to differ materially from those contained in the forwardlooking statements, you are advised to see Item 1A - "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, as may be supplemented by Item 1A - "Risk Factors" in the Company's subsequent Quarterly Reports on Form 10-Q.

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

(Unaudited)	At June 30, 2021	At June 30, 2020
Book value per share outstanding	$197.72	$184.78
Less effect of AOCI:		
Accumulated currency translation adjustments	(0.29)	(3.09)
Unrealized appreciation of securities	60.78	60.19
Pension and postretirement benefits	(1.06)	(1.14)
Book value per share outstanding, before impact of AOCI	$138.29	$128.82

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, 2021		Three Months Ended June 30, 2020	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income	$ 344	$ 5.02	$ 158	$ 2.48
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	(82)	(1.19)	23	0.35
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(1)	(0.01)	(2)	(0.03)
Embedded derivatives:				
Included in investment related gains/losses, net	1	0.01	(85)	(1.33)
Included in interest credited	(2)	(0.03)	6	0.09
DAC offset, net	(1)	(0.01)	(16)	(0.25)
Investment (income) loss on unit-linked variable annuities	(2)	(0.03)	(12)	(0.19)
Interest credited on unit-linked variable annuities	2	0.03	12	0.19
Interest expense on uncertain tax positions	3	0.04	3	0.05
Non-investment derivatives and other	(12)	(0.18)	3	0.05
Uncertain tax positions and other tax related items	24	0.35	(3)	(0.05)
Adjusted operating income	$ 274	$ 4.00	$ 87	$ 1.36