



## Reinsurance Group of America, Incorporated – Q1 2021

### Financial Results and Business Highlights

On May 6, 2021, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the first quarter of 2021. “Our first quarter was negatively impacted by a significant level of COVID-19 mortality claims in a range of geographies,” said Anna Manning, President and Chief Executive Officer, RGA. “Beyond the effect of COVID-19, our results were solid and continued to show resilience. Our underlying earnings power remains strong as a number of our segments performed well, and we deployed \$100 million into in-force transactions.

“Our balance sheet remains strong, and we ended the quarter with excess capital of approximately \$1.2 billion. While we expect our results to continue to reflect additional COVID-19 claims, we expect that impact to diminish in the coming quarters, and believe that our strong financial condition and global business platform will deliver improved results as the year progresses.”

Effective May 6, 2021, the board of directors declared a regular quarterly dividend of \$0.70, payable June 1, 2021, to shareholders of record as of May 18, 2021.

### Q1 2021 Financial Results\*

- Net income for the quarter totaled \$139 million, or \$2.03 per diluted share, versus net loss of \$88 million, or \$1.41 per diluted share, in the prior-year quarter
- Adjusted operating loss\*\* totaled \$84 million, or \$1.24 per diluted share, compared with adjusted operating income of \$89 million, or \$1.41 per diluted share, the year before
- Consolidated net premiums totaled \$2.9 billion, up 3 percent from last year’s first quarter, with favorable net foreign currency effects of \$78 million
- Book value per share was \$177.83, including accumulated other comprehensive income (AOCI), and \$133.67 excluding AOCI\*\*

\* All figures in U.S. dollars.

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

### COVID-19-Related Key Messages

- Q1 COVID-19 claim costs
  - \$340 million of estimated COVID-19 U.S. individual mortality claim costs
  - \$145 million of estimated COVID-19 claim costs in all other operations
- Expect vaccination roll-out to lower our mortality claim costs for the remainder of 2021
- COVID-19 impacts are consistent with higher general population reported deaths
- Although overall COVID-19 claim costs were higher than previous quarters, they continue to be within our expected range
- Longevity experience impact was lower than expected due to longer reporting lags

### Additional News and Highlights from Q1 2021

- For the 10th consecutive year, RGA was ranked #1 on NMG Consulting’s 2020 Global All Respondent Business Capability Index (BCI), based on feedback from insurance executives worldwide. RGA has earned this recognition every year since the inception of NMG Consulting’s Global Life & Health Reinsurance Study.



- RGA also ranked #1 on NMG’s All Respondent BCI in Indonesia, Italy, Japan, Mexico, Poland, Singapore, South Africa, Taiwan, and Vietnam, as well as in regional aggregates in Asia, Southeast Asia, and EMEA.
- On January 6, RGA announced the appointment of Shundrawn A. Thomas to its Board of Directors. Mr. Thomas brings more than 25 years of experience in the financial services industry and is currently a member of the Northern Trust Management Group and serves as President of Northern Trust Asset Management, a leading global investment manager with over \$1 trillion in assets under management. The addition of Mr. Thomas increases the number of RGA directors to 12.
- RGA announced that it has agreed to acquire 100% of the share capital of Hodge Life Assurance Company Limited (HLAC), the PRA authorized life insurance company of Hodge Limited. HLAC has annuity liabilities of approximately £570 million (\$780 million U.S.).

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 first quarter financial results, please refer to RGA’s Investor Relations site at [www.rgare.com](http://www.rgare.com).

### **About RGA**

Reinsurance Group of America, Incorporated (RGA), a Fortune 500 company, is among the leading global providers of life and health reinsurance and financial solutions, with approximately \$3.4 trillion of life reinsurance in force and assets of \$84.8 billion as of March 31, 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](http://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](http://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,	
	2021	2020
Book value per share outstanding	\$177.83	\$150.88
Less effect of AOCI:		
Accumulated currency translation adjustments	(0.57)	(3.62)
Unrealized appreciation of securities	45.79	23.14
Pension and postretirement benefits	(1.06)	(1.19)
Book value per share outstanding, before impact of AOCI	\$133.67	\$132.55

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 March 31,			
	2021		2020	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income (loss)	\$ 139	\$ 2.03	\$ (88)	\$ (1.41)
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	(179)	(2.63)	(51)	(0.81)
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	(54)	(0.79)	283	4.49
Included in interest credited	(24)	(0.35)	9	0.14
DAC offset, net	9	0.13	(69)	(1.09)
Investment (income) loss on unit-linked variable annuities	1	0.01	13	0.21
Interest credited on unit-linked variable annuities	(1)	(0.01)	(13)	(0.21)
Interest expense on uncertain tax positions	2	0.03	3	0.05
Non-investment derivatives and other	9	0.13	(2)	(0.03)
Uncertain tax positions and other tax related items	15	0.22	6	0.10
Adjusted operating income (loss)	\$ (84)	\$ (1.24)	\$ 89	\$ 1.41