



Reinsurance Group of America, Incorporated – Q2 2020

Financial Results and Business Highlights

On August 4, 2020, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the second quarter of 2020. “We would like to express our heartfelt sympathy to all who are suffering from the devastating effects of the pandemic,” said Anna Manning, President and Chief Executive Officer, RGA. “The health and safety of RGA’s employees and their families continue to be a top priority.

“We did experience a material level of excess mortality claims in the U.S. that we believe to be COVID-19 related; however, COVID-19 claims from the rest of the world were relatively modest. While our operating results were negatively impacted by the various effects of COVID-19, most of our segments reported results that were in line with or better than expectations. Our morbidity experience in all key markets was favorable and our Global Financial Solutions results were very strong. We were pleased with the resilience of our business in this challenging environment.

“During the quarter we took measured and proactive action to raise additional capital to further strengthen our balance sheet, and we ended the quarter with excess capital of approximately \$1.4 billion. With our strong balance sheet and diversified global platform, we believe that our global business is well positioned to successfully manage through this period of uncertainty.”

The board of directors declared a regular dividend of \$0.70, payable September 1 to shareholders of record as of August 14, 2020.

Q2 2020 Financial Results*

- Net income for the quarter totaled \$158 million, or \$2.48 per diluted share, versus net income of \$202 million, or \$3.18 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$87 million, or \$1.36 per diluted share, compared with \$211 million, or \$3.31 per diluted share, the year before.
- Consolidated net premiums totaled \$2.8 billion, up 1 percent from last year’s second quarter, with adverse net foreign currency effects of \$45 million.
- Book value per share was \$184.78, including accumulated other comprehensive income (AOCI), and \$128.82 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*:

- RGA's Q2 COVID-19 experience was significant but manageable given the strength of the underlying earnings
 - \$240 million of excess U.S. individual mortality claim costs are believed to be related to COVID-19
 - \$60 million of excess claim costs in all other operations are believed to be related to COVID-19, primarily in the U.K. and Canada
 - Investment performance and mortality impacts are tracking better than our previously discussed COVID-19 scenarios
 - Excess capital of \$1.4 billion reflects additional capital raised, net income, and nominal capital deployment into inforce transactions
 - RGA's results demonstrated the resilience of RGA's global franchise
 - Q2 Adjusted operating income** per share of \$1.36
 - Estimated COVID-19 claim costs of \$300 million
 - Segment results, other than U.S. and Latin America Traditional, were generally in line with or better than expectations
 - Australia was break-even
 - Q2 investment results reflect
 - Impairments of \$22 million
 - Variable investment income below average run rate
 - Non-spread portfolio yield of 4.07%, new money rate of 3.57%
 - We believe our balance sheet is strong, well-positioned to weather a range of scenarios
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- * All figures in U.S. dollars.
 - ** See "Use of Non-GAAP Financial Measures" at end of this document.

Additional News and Highlights from Q2 2020

- RGA announced in April that the RGA Foundation is donating \$1.5 million in support of COVID-19 relief efforts, specifically providing grants to support programs assisting healthcare professionals and frontline workers, as well as other individuals impacted directly by COVID-19.
- The Geneva Association, an insurance industry think tank, announced the election of RGA President and CEO Anna Manning to its board of directors. Anna was elected alongside two additional new members, Michael Khalaf, President and CEO of MetLife, and John Neal, CEO of Lloyd's of London. Anna has been a Geneva Association member since 2017. The appointments took effect June 10.



- On June 18, RGA announced that the Irish Data Protection Commission approved RGA’s Controller and Processor Global Binding Corporate Rules (BCRs), making RGA the first reinsurer to receive BCR approval as both a controller and processor of data since the General Data Protection Regulation went into effect in 2018.
- RGAX subsidiary TAI (Tindall Associates, Inc.) announced a new partnership with LIMRA and the Society of Actuaries (SOA) to conduct an experience study comparing individual life mortality involving COVID-19. The experience study will make use of the individual life insurance data stored in the TAI Reinsurance Administration system, which includes data from more than 90% of the top 50 life insurers in North America.

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 \$80.7 billion as of June 30, 2020. 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.



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,			
	2020		2019	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income (loss)	\$ 158	\$ 2.48	\$ 202	\$ 3.18
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	23	0.35	(16)	(0.25)
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(2)	(0.03)	(1)	(0.02)
Embedded derivatives:				
Included in investment related gains/losses, net	(85)	(1.33)	11	0.17
Included in interest credited	6	0.09	14	0.22
DAC offset, net	(16)	(0.25)	(3)	(0.05)
Investment (income) loss on unit-linked variable annuities	(12)	(0.19)	(3)	(0.05)
Interest credited on unit-linked variable annuities	12	0.19	3	0.05
Interest expense on uncertain tax positions	3	0.05	2	0.03
Non-investment derivatives and other	3	0.05	-	-
Uncertain tax positions and other tax related items	(3)	(0.05)	2	0.03
Adjusted operating income	\$ 87	\$ 1.36	\$ 211	\$ 3.31

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

(Unaudited)	At June 30,	
	2020	2019
Book value per share outstanding	\$184.78	\$170.64
Less effect of AOCI:		
Accumulated currency translation adjustments	(3.09)	(1.96)
Unrealized appreciation of securities	60.19	44.87
Pension and postretirement benefits	(1.14)	(0.81)
Book value per share outstanding, before impact of AOCI	\$128.82	\$128.54