



Reinsurance Group of America, Incorporated – Q3 2020

Financial Results and Business Highlights

On November 5, 2020, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the third quarter of 2020. “We are very pleased with our third quarter results and we continue to be proud of the resilience of our business in this challenging environment,” said Anna Manning, President and Chief Executive Officer. “While we experienced a material level of COVID-19 claims, the impact was manageable, and many of our segments reported strong results. Excluding COVID-19 claim costs, our U.S. individual mortality performance was very favorable in the quarter driven by positive large claims volatility.

“Estimated COVID-19 individual mortality claim costs in the U.S. were \$100 million, at the low end of our range, while COVID-19 claim costs elsewhere totaled \$40 million. This was partially offset by an estimated \$30 million of favorable longevity experience, which is believed to be COVID-19 related.

“Our balance sheet remains strong, and we ended the quarter with excess capital of approximately \$1.5 billion. While there remains uncertainty as to the ongoing and ultimate impact of COVID-19 on our business, we believe that our strong financial condition and global business platform position us to successfully manage through this period.”

The board of directors declared a regular dividend of \$0.70, payable December 3 to shareholders of record as of November 17, 2020.

Q3 2020 Financial Results*

- Net income for the quarter totaled \$213 million, or \$3.12 per diluted share, versus net income of \$263 million, or \$4.12 per diluted share, in the prior-year quarter
- Adjusted operating income** totaled \$239 million, or \$3.51 per diluted share, compared with \$256 million, or \$4.02 per diluted share, the year before
- Consolidated net premiums totaled \$2.8 billion, up 1 percent from last year’s third quarter, with favorable net foreign currency effect of \$11 million
- Book value per share was \$194.49, including accumulated other comprehensive income (AOCI), and \$131.36 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 Q3 results demonstrated continued resilience of the company's global franchise
 - Adjusted operating EPS of \$3.51** were strong even after absorbing the impact of COVID-19
 - Strong results from many key segments and businesses: EMEA, Asia, U.S., and Latin America Asset-Intensive; Australia was profitable
 - Favorable U.S. Individual Mortality experience, excluding COVID-19
 - Strong balance sheet, well-positioned to weather a range of scenarios; excess capital of \$1.5 billion with ample liquidity
- Q3 COVID-19 claim costs were at the low end of our internal model range
- \$100 million of estimated COVID-19 U.S. individual mortality claim costs
- \$40 million of estimated COVID-19 claim costs in all other operations
- Low level of investment impairments tracking below the low end of our internal model range
- Favorable longevity experience

* All figures in U.S. dollars.

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

Additional News and Highlights from Q3 2020

- In August, RGA hosted its eighth annual Fraud Conference, a leading industry gathering on this increasingly important topic; the 2020 event, which was held virtually this year, was the largest yet with more than 800 registrations
- On September 9, RGA announced the appointment of Stephen T. O'Hearn and Ng Keng Hooi to its board of directors; Mr. O'Hearn began his service on October 1, 2020; Mr. Ng will join the RGA Board mid-2021 following the completion of a previous post-retirement commitment
- On September 24, RGA was named "Life Reinsurer of the Year" at the 2020 *Reactions* North America Awards for the third consecutive year; the awards honor the achievements of companies and individuals who help raise standards across the insurance industry



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 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 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 \$82.1 billion as of September 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 September 30,			
	2020		2019	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income (loss)	\$ 213	\$ 3.12	\$ 263	\$ 4.12
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	13	0.20	(61)	(0.95)
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(1)	(0.01)	-	-
Embedded derivatives:				
Included in investment related gains/losses, net	(69)	(1.01)	26	0.41
Included in interest credited	5	0.07	28	0.44
DAC offset, net	62	0.91	(10)	(0.16)
Investment (income) loss on unit-linked variable annuities	1	0.01	(9)	(0.14)
Interest credited on unit-linked variable annuities	(1)	(0.01)	9	0.14
Interest expense on uncertain tax positions	1	0.01	7	0.11
Non-investment derivatives and other	1	0.01	-	-
Uncertain tax positions and other tax related items	14	0.21	3	0.05
Adjusted operating income	\$ 239	\$ 3.51	\$ 256	\$ 4.02

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

(Unaudited)	At September 30,	
	2020	2019
Book value per share outstanding	\$194.49	\$184.06
Less effect of AOCI:		
Accumulated currency translation adjustments	(2.51)	(2.51)
Unrealized appreciation of securities	66.86	55.46
Pension and postretirement benefits	(1.22)	(0.91)
Book value per share outstanding, before impact of AOCI	\$131.36	\$132.02