



Reinsurance Group of America, Incorporated – Q1 2020

Financial Results and Business Highlights

On May 5, 2020, Reinsurance Group of America, Incorporated (NYSE: RGA) reported financial results for the first quarter of 2020. “These are extremely challenging times for all of us, particularly for those on the front lines of the crisis,” said Anna Manning, President and Chief Executive Officer, RGA. “Our thoughts are with those most affected by this crisis. At RGA, we are focused on the health and well-being of our employees, and on supporting our clients and communities. Millions of families around the world rely on the financial protection that insurance companies provide in times of uncertainty. Although we don’t know how this crisis will ultimately unfold, we are part of an industry that provides support in times like these. RGA remains committed to helping our clients meet our shared responsibilities.

“Moving to first quarter results, our operating results were below our expectations, reflecting the impact of the COVID-19 virus and the turmoil in the financial markets. The net loss was primarily due to the movement in embedded derivatives, which reflected the disruption in the financial markets and the impact on credit spreads. The U.S. Individual Mortality business had elevated claims, attributable to an above-average frequency of claims. While cause of death and definitive COVID-19 impacts are difficult to establish at this time, we believe that some of these additional claims may have been COVID-19 related. The Asia Pacific Traditional segment was negatively affected by some catch-up in reporting of morbidity claims, primarily from one client. On a positive note, many of our segments/businesses performed well, including the Traditional segments in Canada and EMEA, U.S. Group, and Asia financial solutions business. Our Australia business performed better than expected and produced a modest profit. Premium growth was 3%, negatively influenced by foreign currency and some slowdown of growth in Asia given the pandemic.

“Despite the challenging environment, we continue to support our clients, and we executed on a number of in-force transactions, deploying \$55 million of capital during the quarter. We repurchased \$153 million in stock earlier in the quarter. We ended the quarter with an excess capital position of approximately \$700 million.

“COVID-19 and its related effects will present challenges in terms of the potential for higher claims and increased investment credit losses. While it is premature to accurately predict the ultimate impact of this virus on RGA, we believe that we can manage through the environment, given our strong balance sheet, excess capital, ample liquidity, and an investment portfolio that is defensively positioned.”

The board of directors declared a regular dividend of \$0.70, payable June 4 to shareholders of record as of May 21, 2020.

Q1 2020 Financial Results*

- Net loss for the quarter totaled \$88 million, or \$1.41 per diluted share, versus net income of \$170 million, or \$2.65 per diluted share, in the prior-year quarter.
- Adjusted operating income** totaled \$89 million, or \$1.41 per diluted share, compared with \$167 million, or \$2.61 per diluted share, the year before.
- Consolidated net premiums totaled \$2.8 billion, up 3 percent from last year’s first quarter, with adverse net foreign currency effects of \$33 million.
- Book value per share was \$150.88, including accumulated other comprehensive income (AOCI), and \$132.55 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 operations are running smoothly. Our top priority is the health and well-being of our employees. We are extremely proud of how the RGA team has adapted to these very difficult circumstances to continue to support our clients.
- We believe our balance sheet is strong, our investment portfolio is defensively positioned, and we have ample liquidity, with an excess capital position of \$0.7 billion.
- 1Q20 adjusted operating earnings were below expectations due to higher mortality claims in the U.S. and variable investment income well below our run rate. Results in most other segments were generally in line with or better than expectations. Australia reported a modest profit.
- Non-operating items, such as embedded derivatives, investment impairments, and CECL adoption drove the net loss.
- Capital deployment into in-force and other transactions was \$55 million during 1Q20, while share repurchases were \$153 million early in the quarter. We have since suspended share repurchase activity as we monitor the evolving impacts of COVID-19.
- It is premature to estimate the ultimate effects of COVID-19 on RGA's claims experience. A range of stress scenarios have been considered and we believe them to be manageable.
- While COVID-19 will impact earnings in the short term, we have confidence in the resilience of our underlying business model to continue to deliver long-term value.

Additional News and Highlights from Q1 2020

- In 2019, RGA was ranked #1 for the ninth consecutive year on NMG Consulting's Global All Respondent Business Capability Index (BCI), based on feedback from insurance executives worldwide.
- RGA also ranked #1 on NMG's All Respondent BCI in Australia, Canada, Indonesia, Italy, Japan, Mexico, the Netherlands, the Philippines, Poland, South Africa, Taiwan, the United Kingdom, the United States (individual life), and Vietnam, as well as in regional aggregates in Australia and New Zealand, Southeast Asia, Continental Europe, and EMEA.
- On February 4, RGA announced that its breakthrough Digital Health Data (DHD) Risk Scoring service was available for U.S. life insurers. This unprecedented, real-time platform evaluates structured electronic medical record and medical claims data, and derives an actionable underwriting risk score for seamless integration within a carrier's underwriting system.

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.

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 \$75.7 billion as of March 31, 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.



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

(Unaudited)	At March 31,	
	2020	2019
Book value per share outstanding	\$150.88	\$154.61
Less effect of AOCI:		
Accumulated currency translation adjustments	(3.62)	(2.36)
Unrealized appreciation of securities	23.14	31.41
Pension and postretirement benefits	(1.19)	(0.82)
Book value per share outstanding, before impact of AOCI	\$132.55	\$126.38

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,			
	2020		2019	
		Diluted Earnings Per Share		Diluted Earnings Per Share
Net income (loss)	\$ (88)	\$ (1.41)	\$ 170	\$ 2.65
Reconciliation to adjusted operating income:				
Capital (gains) losses, derivatives and other, included in investment related gains/losses, net	(51)	(0.81)	9	0.14
Capital (gains) losses on funds withheld, included in investment income, net of related expenses	(2)	(0.03)	5	0.08
Embedded derivatives:				
Included in investment related gains/losses, net	283	4.49	(13)	(0.20)
Included in interest credited	9	0.14	2	0.03
DAC offset, net	(69)	(1.09)	(9)	(0.14)
Investment (income) loss on unit-linked variable annuities	13	0.21	(9)	(0.14)
Interest credited on unit-linked variable annuities	(13)	(0.21)	9	0.14
Interest expense on uncertain tax positions	3	0.05	2	0.03
Non-investment derivatives	(2)	(0.03)	-	-
Uncertain tax positions and other tax related items	6	0.10	1	0.02
Adjusted operating income	\$ 89	\$ 1.41	\$ 167	\$ 2.61