



Reinsurance Group of America Reports Strong Increase in First-Quarter Earnings

April 24, 2003

ST. LOUIS, Apr 24, 2003 (BUSINESS WIRE) -- Reinsurance Group of America, Incorporated (NYSE:RGA), one of North America's leading providers of life reinsurance, reported net income for the first quarter of \$32.7 million, or \$0.66 per diluted share, compared with net income of \$27.8 million, or \$0.56 per diluted share in the prior year, an 18 percent increase on a per share basis. Operating income(a) from continuing operations increased 20 percent on a per share basis and totaled \$38.9 million, or \$0.78 per diluted share. Operating income for the quarter excluded \$5.8 million, after tax, in net capital losses and related deferred acquisition costs and a \$0.4 million after-tax loss associated with the company's discontinued accident and health segment. Operating income from continuing operations in the prior year totaled \$32.4 million, or \$0.65 per diluted share, and excluded \$2.6 million, after tax, in net capital losses and related deferred acquisition costs, a \$0.7 million after-tax goodwill write-off and a \$1.3 million after-tax loss associated with the company's discontinued accident and health segment.

First-quarter net premiums increased 16 percent, to \$545.2 million from \$469.1 million in 2002. Consolidated net investment income increased 22 percent, to \$107.1 million from \$88.0 million in 2002, due to a 30 percent increase in invested assets.

"Consolidated results for the quarter were strong, in terms of both top- and bottom-line performance," said A. Greig Woodring, president and chief executive officer. "The strong business volume that we experienced in the latter part of 2002 continued this quarter."

Woodring continued, "For the quarter, net premiums in the U.S. increased to \$369.9 million, or 6 percent. This rate of increase is below our full-year expectation. We still anticipate our full-year growth rate to approximate 10 percent. Mortality experience for the quarter was approximately \$4.0 million favorable on a pre-tax basis compared to expectation. The favorable mortality was somewhat offset by a reduction in spreads on our asset-intensive business totaling approximately \$1.5 million on a pretax basis. Pre-tax operating income(a) for the quarter totaled \$50.2 million compared with \$40.4 million in the prior-year quarter. Pre-tax operating income excludes \$7.5 million and \$2.0 million in net capital losses and related deferred acquisition costs in the current and prior-period quarter, respectively. Business activity in the U.S. remains strong.

"Canada reported pre-tax operating income(a) of \$10.9 million for the first quarter compared with \$8.9 million in the prior year, a 22 percent increase. Operating income excludes an immaterial amount of net capital losses in both periods. Net premiums increased 4 percent for the quarter and mortality experience was slightly favorable. We are pleased with the segment's results for the quarter.

"International operations continued to grow at a strong pace, with net premiums increasing 72 percent to \$126.3 million. We experienced steady growth across all our markets. Pre-tax operating income(a) for the quarter totaled \$3.3 million, which excludes \$0.4 million in net capital gains. This represents a 43 percent increase over prior-period pre-tax operating income of \$2.3 million, excluding \$0.3 million in net capital losses. Earnings were somewhat dampened by higher-than-expected claim levels in the current period. We expect expanding profits from these operations going forward as our base of business in force increases; however, results are likely to be less consistent than our more established operations in North America due to the smaller relative size of this segment's base of business."

Effective in the first quarter of 2003, the company's Other International reporting segment no longer includes the results of its Latin America business. Ongoing traditional reinsurance business originating in Latin America is now included within the U.S. segment results, since it is now managed and supported by the U.S. division's staff. The majority of this reinsurance is written in Mexico. The run-off results from reinsurance of the privatized pension program in Argentina are reflected in the Corporate segment along with an immaterial amount of direct life business written in Argentina. Prior-period amounts have been reclassified to conform to the current period presentation to enhance comparability.

Woodring concluded, "We are pleased to be off to a strong start in 2003. The results this quarter and last year demonstrate the strength of our operations and favored position within the life reinsurance market."

(a) Operating income before and after tax is a non-GAAP financial measure that management believes better measures the ongoing profitability of the company's continuing operations. Management believes operating income and operating income per share are measures widely used by investors, rating agencies and securities analysts. However, the definition of operating income can vary by company and is not considered a substitute for GAAP net income. Historically, the company's operating income has differed from GAAP net income due to the exclusion of net capital gains and losses and related deferred acquisition costs and any net loss from the company's discontinued accident and health segment. Reconciliations of operating income to GAAP net income are provided within the text of this press release.

The company announced that its board of directors declared a regular quarterly dividend of \$0.06 per share, payable May 28 to shareholders of record as of May 7.

A conference call to discuss the company's first-quarter results will begin at 9:00 a.m. Eastern Time on Friday, April 25. Interested parties may access the call by dialing 800-210-9006 (domestic) or 719-457-2621 (international). The access code is 211628. A live audio webcast of the conference call will be available on the company's investor relations web page at www.rgare.com. A replay of the conference call will be available at the same address for 10 days following the conference call. A replay of the conference call will also be available via telephone through May 2 at 888-203-1112 (domestic) or 719-457-0820, access code 211628.

Reinsurance Group of America, Incorporated, through its subsidiaries, RGA Reinsurance Company and RGA Life Reinsurance Company of Canada, is among the largest providers of life reinsurance in North America. In addition to its North American operations, Reinsurance Group of America, Incorporated has subsidiary companies, offices or joint ventures in Argentina, Australia, Barbados, Hong Kong, India, Japan, Mexico, South Africa, South Korea, Spain, Taiwan and the United Kingdom. Worldwide, the company has approximately \$797 billion of life reinsurance in force, and assets of \$9.6 billion. MetLife, Inc. is the beneficial owner of approximately 59 percent of RGA's outstanding shares.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release 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 earnings, revenues, income or loss, future financial performance and growth potential of Reinsurance Group of America, Incorporated and its subsidiaries (which we refer to in the following paragraphs as "we," "us" or "our"). The words "intend," "expect," "project," "estimate," "predict," "anticipate," "should," "believe," and other similar expressions also are intended to identify forward-looking statements. Forward-looking statements are inherently 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.

Numerous important factors could cause actual results and events to differ materially from those expressed or implied by forward-looking statements including, without limitation, (1) adverse changes in mortality and claims experience, (2) market or economic conditions that adversely affect our ability to make timely sales of investment securities, (3) competitive factors and competitors' responses to our initiatives, (4) general economic conditions affecting the demand for insurance and reinsurance in our current and planned markets, (5) changes in our financial strength and credit ratings or those of Metropolitan Life Insurance Company ("MetLife") or its subsidiaries, and the effect of such changes on our future results of operations and financial condition, (6) fluctuations in U.S. or foreign currency exchange rates, interest rates, or securities and real estate markets, (7) changes in investment portfolio yields due to interest rate or credit quality changes, (8) the stability of governments and economies in the markets in which we operate, (9) adverse litigation or arbitration results, (10) the success of our clients, (11) successful execution of our entry into new markets, (12) successful development and introduction of new products, (13) regulatory action that may be taken by state Departments of Insurance with respect to us, MetLife, or its subsidiaries, (14) changes in laws, regulations, and accounting standards applicable to us, our subsidiaries, or our business, and (15) other risks and uncertainties described in this document and in our other filings with the Securities and Exchange Commission.

Forward-looking statements should be evaluated together with the many risks and uncertainties that affect our business, including those mentioned in this document and described in the periodic reports we file with the Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligations to update these forward-looking statements, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Dollars in thousands)

(Unaudited)	Three Months Ended	
	March 31,	
	2003	2002
Revenues:		
Net premiums	\$545,215	\$469,105
Investment income, net of related expenses	107,145	88,013
Realized investment losses, net	(9,828)	(3,591)
Other revenues	11,017	6,685
Total revenues	653,549	560,212
Benefits and expenses:		
Claims and other policy benefits	423,605	387,726
Interest credited	40,796	27,725
Policy acquisition costs and other insurance expenses	104,581	71,499
Other operating expenses	25,755	19,517
Interest expense	8,959	8,554
Total benefits and expenses	603,696	515,021
Income from continuing operations before income taxes	49,853	45,191
Provision for income taxes	16,693	16,155
Income from continuing operations	33,160	29,036
Discontinued operations:		
Loss from discontinued accident and health operations, net of income taxes	(418)	(1,256)
Net income	\$ 32,742	\$ 27,780

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Dollars in thousands, except per share data)

(Unaudited)	Three Months Ended	
	March 31,	
	2003	2002
Earnings per share from continuing operations:		
Basic earnings per share	\$ 0.67	\$ 0.59
Diluted earnings per share	\$ 0.67	\$ 0.58
Diluted earnings before realized investment losses and goodwill write-off in 2002	\$ 0.78	\$ 0.65
Earnings per share from net income:		
Basic earnings per share	\$ 0.66	\$ 0.56
Diluted earnings per share	\$ 0.66	\$ 0.56
Weighted average number of common and common equivalent shares outstanding (in thousands)	49,731	49,750

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
Condensed Consolidated Business Summary

(Unaudited)	At or For the	
	Three Months Ended	
	March 31,	
	2003	2002
Gross life reinsurance in force (in billions)		
North American business	\$ 627.4	\$ 559.7
International business	170.0	92.2
Gross life reinsurance written (in billions)		
North American business	28.4	38.6
International business	15.3	3.4
Consolidated cash and invested assets (in millions)	7,197.3	5,557.9
Invested asset book yield - trailing three months excluding funds withheld	6.67%	6.64%
Investment portfolio mix		
Cash and short-term investments	1.90%	2.38%
Fixed maturity securities	51.09%	53.60%
Mortgage loans	3.68%	3.11%
Policy loans	11.69%	13.94%
Funds withheld at interest	29.89%	25.02%
Other invested assets	1.75%	1.95%
Book value per share outstanding	\$ 25.18	\$ 20.17
Book value per share outstanding, before impact of FAS 115(b)	23.42	21.10
Treasury stock	1,415,276	1,751,230

(b) Book value per share outstanding, before impact of FAS 115, is a non-GAAP financial measure that management believes is important in evaluating the balance sheet ignoring the effect of mark-to-market adjustments that primarily relate to changes in interest rates and credit spreads on investment securities since they were acquired.

(Dollars in thousands)

	Three Months Ended March 31, 2003			
	Traditional	Asset- Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	\$368,807	\$ 1,098	\$ --	\$369,905
Investment income, net of related expenses	42,701	36,334	--	79,035
Realized investment losses, net	(5,244)	(2,861)	--	(8,105)
Other revenues	1,813	1,247	6,911	9,971
Total revenues	408,077	35,818	6,911	450,806
Benefits and expenses:				
Claims and other policy benefits	293,726	1,619	--	295,345
Interest credited	15,319	25,141	--	40,460
Policy acquisition costs and other insurance expenses	50,805	8,028	2,520	61,353
Other operating expenses	8,455	1,112	1,443	11,010
Total benefits and expenses	368,305	35,900	3,963	408,168
Income/(loss) before income taxes	\$ 39,772	\$ (82)	\$ 2,948	\$ 42,638

	Three Months Ended March 31, 2002			
	Traditional	Asset- Intensive	Financial Reinsurance	Total U.S.
Revenues:				
Net premiums	\$346,830	\$ 868	\$ --	\$347,698
Investment income, net of related expenses	37,155	23,718	103	60,976
Realized investment gains/(losses), net	(2,045)	564	--	(1,481)
Other revenues	120	261	6,151	6,532
Total revenues	382,060	25,411	6,254	413,725
Benefits and expenses:				
Claims and other policy benefits	287,753	6,001	--	293,754
Interest credited	14,032	13,693	--	27,725
Policy acquisition costs and other insurance expenses	41,493	1,845	1,900	45,238
Other operating expenses	6,418	200	1,932	8,550
Total benefits and expenses	349,696	21,739	3,832	375,267
Income before income taxes	\$ 32,364	\$ 3,672	\$ 2,422	\$ 38,458

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CANADIAN OPERATIONS
(Dollars in thousands)

Three Months Ended
March 31,
2003 2002

Revenues:

Net premiums	\$48,586	\$46,533
Investment income, net of related expenses	19,766	15,605
Realized investment losses, net	(263)	(81)
Other revenues	(65)	(29)
Total revenues	68,024	62,028

Benefits and expenses:

Claims and other policy benefits	49,130	45,723
Interest credited	289	--
Policy acquisition costs and other insurance expenses	5,593	5,217
Other operating expenses	2,385	2,243
Total benefits and expenses	57,397	53,183
Income before income taxes	\$10,627	\$ 8,845

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
OTHER INTERNATIONAL
(Dollars in thousands)

Three Months Ended March 31, 2003

	Asia Pacific	Europe & South Africa	Total Inter- national
Revenues:			
Net premiums	\$42,410	\$83,877	\$126,287
Investment income, net of related expenses	2,727	840	3,567
Realized investment gains/(losses), net	(387)	825	438
Other revenues	200	(176)	24
Total revenues	44,950	85,366	130,316
Benefits and expenses:			
Claims and other policy benefits	27,264	53,783	81,047
Interest credited	--	--	--
Policy acquisition costs and other insurance expenses	11,522	25,534	37,056
Other operating expenses	4,527	3,440	7,967
Interest expense	269	200	469
Total benefits and expenses	43,582	82,957	126,539
Income before income taxes	\$ 1,368	\$ 2,409	\$ 3,777

Three Months Ended March 31, 2002

	Asia Pacific	Europe & South Africa	Total Inter- national
Revenues:			
Net premiums	\$33,152	\$40,213	\$ 73,365
Investment income, net of related expenses	1,369	231	1,600
Realized investment losses, net	(50)	(295)	(345)
Other revenues	696	6	702
Total revenues	35,167	40,155	75,322
Benefits and expenses:			
Claims and other policy benefits	22,568	25,190	47,758
Interest credited	--	--	--
Policy acquisition costs and other insurance expenses	8,224	11,948	20,172
Other operating expenses	2,731	2,487	5,218
Interest expense	173	78	251

Total benefits and expenses	33,696	39,703	73,399
Income before income taxes	\$ 1,471	\$ 452	\$ 1,923

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CORPORATE AND OTHER
(Dollars in thousands)

	Three Months Ended March 31,	
	2003	2002
Revenues:		
Net premiums	\$ 437	\$ 1,509
Investment income, net of related expenses	4,777	9,832
Realized investment losses, net	(1,898)	(1,684)
Other revenues	1,087	(520)
Total revenues	4,403	9,137
Benefits and expenses:		
Claims and other policy benefits	(1,917)	491
Interest credited	47	--
Policy acquisition costs and other insurance expenses	579	872
Other operating expenses	4,393	3,506
Interest expense	8,490	8,303
Total benefits and expenses	11,592	13,172
Loss before income taxes	\$ (7,189)	\$ (4,035)

SOURCE: Reinsurance Group of America, Incorporated

Reinsurance Group of America, Incorporated
Jack B. Lay, 636/736-7439

<http://www.businesswire.com>

Today's News On The Net - Business Wire's full file on the Internet with Hyperlinks to your home page.