



American Overseas Reinsurance Limited
Operating Supplement ⁽¹⁾
June 30, 2018

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⁽¹⁾ Information included in this report is unaudited

American Overseas Reinsurance Company Limited

Outstanding Portfolio Profile by Bond Type

Net Par Outstanding*

(dollars in millions)

	<u>Outstanding as of June 30, 2018</u>		<u>Outstanding as of December 31, 2017</u>	
	<u>Net Amount</u>	<u>%</u>	<u>Net Amount</u>	<u>%</u>
US Public Finance				
General Obligation and Lease	\$ 591	30.3%	\$ 696	30.0%
Tax backed	152	7.8%	165	7.1%
Transportation	95	4.9%	140	6.0%
Healthcare	153	7.8%	178	7.7%
Utility	173	8.9%	180	7.8%
Investor Owned Utilities	0	0.0%	0	0.0%
Higher Education	8	0.4%	16	0.7%
Housing	8	0.4%	13	0.5%
Other	25	1.3%	26	1.1%
Escrowed Transaction ¹	110	5.6%	188	8.1%
Total US Public Finance	\$ 1,314	67.4%	\$ 1,601	69.0%
US Structured Finance				
Commercial ABS	\$ 5	0.2%	\$ 5	0.2%
Home Equity	0	0.0%	17	0.7%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	7	0.3%	33	1.4%
Banks and Other Corporate	0	0.0%	0	0.0%
Other Consumer ABS	0	0.0%	0	0.0%
Total US Structured Finance	\$ 11	0.6%	\$ 55	2.4%
International				
Asset Backed				
Commercial ABS	\$ -	0.0%	\$ -	0.0%
Autos	0	0.0%	0	0.0%
Mortgage Backed Securities	6	0.3%	7	0.3%
Other Consumer ABS	0	0.0%	0	0.0%
Tax-Backed	0	0.0%	0	0.0%
Housing	0	0.0%	0	0.0%
Public Finance	286	14.7%	306	13.2%
Investor Owned Utilities and Other	333	17.1%	351	15.1%
Total International	\$ 624	32.0%	\$ 664	28.6%
Total	\$ 1,950	100.0%	\$ 2,320	100.0%

¹ Escrowed transactions are defeased bond issuances where our financial guaranty policy is not legally extinguished although cash and securities in an amount sufficient to pay remaining obligations under such bonds have been deposited in an escrow account for the benefit of bondholders. Although we believe we have little to no remaining credit risk on these transactions, they remain outstanding for reporting under Generally Accepted Accounting Principles.

* All numbers in the tables above are unaudited.

American Overseas Reinsurance Company Limited
Outstanding Portfolio Profile by Geographic Distribution
Net Par Outstanding
(dollars in millions)

	Outstanding as of June 30, 2018		Outstanding as of December 31, 2017	
	Net Amount	%	Net Amount	%
Geographic Distribution				
United States				
MASSACHUSETTS	\$ 219	11.2%	\$ 222	9.6%
CALIFORNIA	211	10.8%	274	11.8%
PUERTO RICO	139	7.1%	139	6.0%
NEW JERSEY	91	4.7%	94	4.1%
NEW YORK	77	3.9%	84	3.6%
PENNSYLVANIA	71	3.7%	88	3.8%
ILLINOIS	65	3.3%	126	5.5%
MICHIGAN	48	2.4%	72	3.1%
TEXAS	37	1.9%	47	2.0%
MARYLAND	33	1.7%	33	1.4%
OTHER STATES	\$ 330	16.9%	\$ 428	18.4%
MULTI-STATE	\$ 5	0.3%	\$ 48	2.1%
US Sub-total	\$ 1,325	68.0%	\$ 1,656	71.4%
International				
United Kingdom	\$ 392	20.1%	\$ 400	17.3%
France	66	3.4%	68	2.9%
Italy	48	2.5%	61	2.6%
Austria	45	2.3%	46	2.0%
Australia	42	2.2%	44	1.9%
Spain	18	0.9%	19	0.8%
Japan	5	0.2%	5	0.2%
Mexico	3	0.1%	3	0.1%
POLAND	2	0.1%	2	0.1%
Canada	2	0.1%	2	0.1%
Other Countries	\$ 1	0.0%	\$ 14	0.6%
Multinational	\$	0.0%	\$	0.0%
Int. Sub-total	\$ 624	32.0%	\$ 664	28.6%
Total Par	\$ 1,950	100.0%	\$ 2,320	100.0%

* All numbers in the tables above are unaudited. The table above includes escrowed transactions. (See Bond Type table, footnote 1).

American Overseas Reinsurance Company Limited

Largest Exposures by Sector (1 of 4)

Net Par Outstanding

as of June 30, 2018

(dollars in millions)

50 Largest U.S. Public Finance Exposures:	<hr/>	
	NPO	AORE Rating ¹
1 Puerto Rico Highway & Transportation Authority	\$ 91	BIG
2 Massachusetts (State of) - GO Appropriation	87	AA-
3 Massachusetts Water Resources Authority, MA	77	AA
4 New Jersey (State of) GO / Appropriation	51	BBB
5 Puerto Rico MFA, PR - State Moral Obligation	37	BIG
6 Partners Healthcare System, Inc. Capital Asset	33	AA
7 California (State of) - GO/Appropriation	31	A
8 Catholic Healthcare West	28	A-
9 Detroit Public Schools, MI - GO	28	AA-
10 Sacramento Municipal Utility District, CA Electric	27	AA-
11 New York City, NY	26	AA
12 Carolinas Hlt Sys Charl-Meckl	26	AA-
13 Maryland Transportation Authority, MD	25	AA-
14 Green Stadco-New York Jets Stadium	25	BBB
15 Pennsylvania (State of) - GO / Appropriation	24	A-
16 Wisconsin (State of) - GO	24	A+
17 Metropolitan Transit Authority, NY	17	A
18 Chicago, IL	16	BBB
19 San Diego Unified SD, CA - GO	14	AA
20 Denver International Airport, CO	13	A+
21 Christus Health, TX	13	A-
22 St. Luke's Regional Medical Center, ID	13	A-
23 Atlanta, GA Water & Sewer	12	A-
24 Riverside City, CA Electric	12	AA-
25 Philadelphia, PA - GO	12	BBB+
26 Palomar Pomerado Hospital, CA	11	BBB-
27 Pennsylvania Turnpike Comm	11	BBB
28 Oregon Sch Dt LT Pension Pool	11	A+
29 Illinois Regional Transportation Auth, IL - Sales Tax Statewide	10	AA
30 Worcester (City), MA - GO	10	A+
31 Hospital Authority Of Gwinnett County, Georgia	9	A
32 Kentucky (State of) - GO/Appropriation	9	A
33 New York (State of), GO / Appropriation	9	AA-
34 Alvord Union, CA - SD	9	A+
35 Elgin SD U46, IL - GO	8	A
36 New York State Power Authority	8	AA
37 Erie County, NY - GO	8	A-
38 Scottsdale Memorial Sys AZ	7	A
39 Contra Costa County, CA - GO/Appropriation	7	AA-
40 San Antonio Airport, TX	7	A
41 Houston Airport, TX	7	A
42 Detroit, MI Sewer	7	BBB+
43 Massachusetts Special Oblig., MA - Gas Tax Statewide (Local)	7	AA+
44 New Hanover Regional Medical Center, NC	7	A+
45 Carilion Health System, VA Hospital Revenue Bonds	6	A
46 Harrisburg, PA - GO	6	BIG
47 Asante Health System, OR	6	A+
48 CareAlliance Health Services, SC	6	A-
49 Minneapolis MN And Housing And Redevelopment	6	A+
50 Wayne County, MI - GO	6	BIG
Total Top 50 U.S. Public Finance Exposures:	\$ 958	

¹ Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

* All numbers in the table above are unaudited.

American Overseas Reinsurance Company Limited

Largest Exposures by Sector (2 of 4)

Net Par Outstanding

as of June 30, 2018

(dollars in millions)

10 Largest U.S. Structured Finance Exposures:	Amount	AORe Rating¹
1 Doral 2006-1 - Deutsche Mortg Sec 2006-PR1	\$ 6.138	BIG
2 AIG Inc.	\$ 4.536	A-
3 Conseco Finance Mfg'd Housing	\$.221	BIG
4 Credit Protection Trust 270	\$.179	BBB-
5 GreenPoint Mfg'd Hsg 2000-6	\$.087	A
6 GreenPoint Mfg'd Hsg 2000-4	\$.087	BIG
7 CIT (Lehman ABS Manufactured Housing)	\$.030	AA
8 Ameriquest 2003-5 Tagss	\$.000	A
9 Nimco CBO I	\$.000	BIG
10 CPS Auto Rec Trust 2006-A	\$.000	AAA
Total Top 10 U.S. Structured Finance Exposures:	\$ 11	

1 Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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American Overseas Reinsurance Company Limited

Largest Exposures by Sector (3 of 4)

Net Par Outstanding

as of June 30, 2018

(dollars in millions)

25 Largest Non U.S. Exposures:	Amount	AORe Rating¹
1 Thames Water Utilities Finance PLC	\$ 54	A-
2 Societe Des Autoroutes Du Nord Et De L'est De	53	BBB+
3 Southern Water Services	45	A-
4 Verbund - Wachovia Wrap Of Securities Lease And	44	AAA
5 Campania Region - Healthcare Receivable	39	BBB-
6 Southern Gas	36	BBB
7 Envestra Limited	34	BBB+
8 Yorkshire Water Services Finance PLC	25	A-
9 Lunar Funding I Ltd. (Series No. 4) North'n	21	BBB+
10 Integrated Accomodation Services plc	19	BBB+
11 Valencia Fair	18	BIG
12 Western Power Distribution (South West) PLC	18	BBB+
13 Capital Hospitals (Barts)	17	BBB-
14 National Grid Gas	15	BBB+
15 United Utilities Water Plc	15	BBB+
16 Dali Capital PLC	14	BBB+
17 Sutton and East Surrey Water Plc	14	BBB+
18 Scotland Gas	13	BBB
19 Severn Trent Water Utilities Finance PLC	13	BBB+
20 Millau Viaduct	11	BBB-
21 Wessex Water Services Finance PLC	10	BBB+
22 South Tees	7	BBB
23 MPC Funding Limited	7	BBB+
24 Catalyst Healthcare Manchester	6	BBB
25 Octagon Healthcare Funding PLC	6	BBB
Total Top 25 Non U.S. Exposures:	\$ 556	

¹ Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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American Overseas Reinsurance Company Limited

Largest Exposures by Sector (4 of 4)

Net Par Outstanding

as of June 30, 2018

(dollars in millions)

10 Largest U.S. Healthcare Exposures:	NPO	AORE Rating	State
1 Partners Healthcare System, Inc. Capital Asset	\$ 33	AA	MA
2 Catholic Healthcare West	28	A-	CA
3 Carolinas Hlt Sys Charl-Meckl	26	AA-	NC
4 Christus Health, TX	13	A-	TX
5 St. Luke's Regional Medical Center, ID	13	A-	ID
6 Palomar Pomerado Hospital, CA	11	BBB-	CA
7 Hospital Authority Of Gwinnett County, Georgia	9	A	GA
8 Scottsdale Memorial Sys AZ	7	A	AZ
9 New Hanover Regional Medical Center, NC	7	A+	NC
10 Carilion Health System, VA Hospital Revenue Bonds	6	A	VA
Total Top 10 U.S. Healthcare Exposures:	\$ 153		

1 Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

* All numbers in the tables above are unaudited.

American Overseas Reinsurance Company Limited
Outstanding Portfolio Profile by Credit Quality Distribution

Par Outstanding
as of June 30, 2018
(dollars in millions)

	Outstanding as of June 30, 2018 ¹		Outstanding as of December 31, 2017 ¹	
	Amount	%	Amount	%
Public Finance				
AAA	\$ 45	2.3%	\$ 44	1.9%
AA	580	29.8%	688	29.6%
A	570	29.2%	694	29.9%
BBB	572	29.3%	662	28.5%
Below Investment Grade	165	8.5%	169	7.3%
Total	\$ 1,932	99.1%	\$ 2,258	97.3%

	Outstanding as of June 30, 2018 ¹		Outstanding as of December 31, 2017 ¹	
	Amount	%	Amount	%
Structured Finance				
AAA	\$ 0	0.0%	\$ 9	0.4%
AA	1	0.0%	2	0.1%
A	5	0.3%	6	0.3%
BBB	5	0.3%	6	0.3%
Below Investment Grade	6	0.3%	39	1.7%
Total	\$ 17	0.9%	\$ 62	3%

	Outstanding as of June 30, 2018 ¹		Outstanding as of December 31, 2017 ¹	
	Amount	%	Amount	%
Total Finance				
AAA	\$ 45	2.3%	\$ 53	2.3%
AA	581	29.8%	690	29.7%
A	575	29.5%	700	30.2%
BBB	577	29.6%	668	28.8%
Below Investment Grade	172	8.8%	209	9.0%
Total	\$ 1,950	100.0%	\$ 2,320	100%

¹ Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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American Overseas Reinsurance Company Limited

Non-Investment Grade Exposures

Net Par Outstanding

as of June 30, 2018

(dollars in millions)

	NPO	AORe Rating
Public Finance BIG Exposures Greater Than \$7.5 Million		
Name or description		
U.S. Public Finance		
Puerto Rico Highway & Transportation Authority (Highway)	\$ 61	CC
Puerto Rico MFA, PR - State Moral Obligation	\$ 37	CCC-
Puerto Rico Highway & Transportation Authority (Transportation)	\$ 31	CC-
Total	\$ 128	
Non-U.S. Public Finance		
Valencia Fair	\$ 18	BB-
Total	\$ 18	
Total	\$ 147	
Structured Finance BIG Exposures Greater than \$7.5 Million		
Name or description		
U.S. Structured Finance		
U.S. RMBS:		
Doral 2006-1 - Deutsche Mortg Sec 2006-PR1	\$ 6	CCC
Total U.S. RMBS	\$ 6	
Total	\$ 153	

¹ Ratings are assigned by AORE, which takes into consideration ratings assigned by the primary insurers and the rating agencies. Ratings are assigned as of August 17, 2018. Escrowed transactions are included in the table above and are assigned a rating of the higher of "AA" or the current AORE rating. (See Bond Type table, footnote 1)

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American Overseas Reinsurance Company Ltd.

Changes in Credit Derivative Liabilities

(dollars in thousands)

The following table presents changes in the net credit derivative liabilities balance for which fair value was measured using significant unobservable inputs for the period ended June 30, 2018 and year ended December 31, 2017.

	Period ended June 30, 2018	Year ended December 31, 2017
Balance, beginning of period	\$ (342)	\$ (8,358)
Total unrealized (losses)/gains included in earnings	59	8,125
Total realized (losses)/gains included in earnings	-	113
Net cash payments/(receipts) ⁽¹⁾	4	(222)
Balance, end of period	<u>\$ (279)</u>	<u>\$ (342)</u>

⁽¹⁾ Net cash payments/receipts includes all ongoing contractual cash payments inclusive of payments to commute credit derivatives.

* All numbers in the tables above are unaudited.

American Overseas Reinsurance Limited Operating Supplement

Introductory Notes

This operating supplement presents information on the financial guaranty business of American Overseas Reinsurance Company Limited, (the "Company") on a U.S. GAAP basis unless otherwise.

This Supplement should be read in conjunction with the financial statements of American Overseas Group Limited and financial information posted on our website at www.aoreltd.com.

This Supplement should also be read in conjunction with various footnotes and explanatory notes contained herein. Certain measures reported in this Supplement are not in conformity with U.S. GAAP and should not be considered as a substitute for GAAP measures. They are provided with the intent of enhancing information available to analysts and investors.

Safe Harbor Statement

Any forward-looking statements made in this supplement reflect the Company's current views and assumptions with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements regarding future installment premiums and present value of future installment premiums could be affected by early termination of policies, general economic conditions, losses in excess of amounts anticipated in the Company's loss reserving, changes in accounting policies or practices, developments in the financial guaranty industry, as well as management's responses to these factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made or on which estimates were prepared. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise.