

AMERICAN OVERSEAS GROUP LTD.

NET INCOME AND OPERATING INCOME BY SEGMENT

|  | June 30, 2018                                  |  |  |                           |                                |                  |
|--|--|--|--|---------------------------|--------------------------------|------------------|
|  | Net income available to<br>common shareholders | Net realized loss on<br>sales of investments | Net change in fair<br>value of credit<br>derivatives | Fair value<br>adjustments | Amortization of<br>intangibles | Operating income |
| (dollars in thousands)                         |  |  |  |                           |                                |                  |
| Property and casualty:                         |  |  |  |                           |                                |                  |
| Net premiums earned                            | \$ 1,408                                       |  |  |                           |                                | \$ 1,408         |
| Losses and loss adjustment expenses            | (946)  |  |  |                           |                                | (946)            |
| Acquisition expenses                           | (355)  |  |  |                           |                                | (355)            |
| Fee income                                     | 5,969  |  |  |                           |                                | 5,969            |
| Operating expenses                             | (4,722)  |  |  |                           |                                | (4,722)          |
| Amortization expense                           | -  |  |  |                           |                                | -                |
| Income tax                                     | (2)  |  |  |                           |                                | (2)              |
| Property and casualty                          | 1,352  | -  | -  | -                         | -                              | 1,352            |
| Financial guaranty:                            |  |  |  |                           |                                |                  |
| Net premiums earned                            | (409)  |  |  | 2,560                     |                                | 2,151            |
| Net change in fair value of credit derivatives | 59   |  | (59)   |                           |                                | 0                |
| Losses and loss adjustment expenses            | (417)  |  |  | (1,924)                   |                                | (2,341)          |
| Acquisition expenses                           | 181  |  |  | (569)                     |                                | (388)            |
| Operating expenses                             | (3,367)  |  |  |                           |                                | (3,367)          |
| Financial guaranty                             | (3,953)  | -  | (59)   | 67                        | -                              | (3,945)          |
| Corporate and Investing                        |  |  |  |                           |                                |                  |
| Net investment income                          | 1,123  |  |  |                           |                                | 1,123            |
| Net realized loss on sales of investments      | 1  | (15,601)                                     |  | \$ 15,600                 |                                | -                |
| Fair value adjustment                          | (274)  |  |  | 274                       |                                | -                |
| Operating expenses                             | 1,114  |  |  |                           |                                | 1,114            |
| Interest expense                               | (1,095)  |  |  |                           |                                | (1,095)          |
| Other expense, net of other income             | (33)   |  |  |                           |                                | (33)             |
| Corporate and investing                        | 836  | (15,601)                                     | -  | 15,874                    | -                              | 1,109            |
| Group total                                    | \$ (1,765)                                     | \$ (15,601)                                  | \$ (59)  | \$ 15,941                 | \$ -                           | \$ (1,484)       |

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(dollars in thousands)

June 30, 2017

|  | Net income available to<br>common shareholders | Net realized loss on<br>sales of investments | Net change in fair<br>value of credit<br>derivatives | Fair value<br>adjustments | Amortization of<br>intangibles | Operating income   |
|--|--|--|--|---------------------------|--------------------------------|--------------------|
| <b>Property and casualty:</b>                  |  |  |  |                           |                                |                    |
| Net premiums earned                            | \$ 1,753                                       |  |  |                           |                                | \$ 1,753           |
| Losses and loss adjustment expenses            | (2,493)  |  |  |                           |                                | (2,493)            |
| Acquisition expenses                           | (199)  |  |  |                           |                                | (199)              |
| Fee income                                     | 5,919  |  |  |                           |                                | 5,919              |
| Operating expenses                             | (4,713)  |  |  |                           |                                | (4,713)            |
| Amortization expense                           | -  |  |  |                           |                                | -                  |
| Income tax                                     | (4)  |  |  |                           |                                | (4)                |
| Property and casualty                          | 263  | -  | -  | -                         | -                              | 263                |
| <b>Financial guaranty:</b>                     |  |  |  |                           |                                |                    |
| Net premiums earned                            | 134  |  |  | 2,985                     |                                | 3,119              |
| Net change in fair value of credit derivatives | 3,037  |  | (2,946)  |                           |                                | 91                 |
| Losses and loss adjustment expenses            | (9,955)  |  |  | (2,039)                   |                                | (11,994)           |
| Acquisition expenses                           | (61)   |  |  | (2,675)                   |                                | (2,736)            |
| Operating expenses                             | (3,361)  |  |  |                           |                                | (3,361)            |
| Financial guaranty                             | (10,206)                                       | -  | (2,946)  | (1,729)                   | -                              | (14,881)           |
| <b>Corporate and Investing</b>                 |  |  |  |                           |                                |                    |
| Net investment income                          | 886  |  |  |                           |                                | 886                |
| Net realized loss on sales of investments      | (221)  | 221  |  |                           |                                | -                  |
| Fair value adjustment                          | 739  |  |  | (739)                     |                                | -                  |
| Operating expenses                             | 1,164  |  |  |                           |                                | 1,164              |
| Interest expense                               | (1,188)  |  |  |                           |                                | (1,188)            |
| Other expense, net of other income             | 348  |  |  |                           |                                | 348                |
| Corporate and investing                        | 1,728  | 221  | -  | (739)                     | -                              | 1,210              |
| <b>Group total</b>                             | <b>\$ (8,215)</b>                              | <b>\$ 221</b>                                | <b>\$ (2,946)</b>                                    | <b>\$ (2,468)</b>         | <b>\$ -</b>                    | <b>\$ (13,408)</b> |