



Results of Operations for the Three Months Ended March 31, 2021 - American Overseas Group Limited Announces Net Income Of \$1.0 Million and Operating Income of \$0.9 Million For the Three Months Ended March 31, 2021.

HAMILTON, Bermuda, June 30, 2021 (BUSINESS WIRE) -- American Overseas Group Limited (BSX: AORE.BH) (Pink Sheets: AOREF.PK) ("AOG" or the "Company") today reported consolidated net income available to common shareholders of \$1.0 million, or \$20.81 per diluted share, for the three months ended March 31, 2021. This compares to consolidated net loss available to common shareholders of \$0.8 million, or \$17.97 per diluted share, for the three months ended March 31, 2020.

The result for the three months was driven by property and casualty growth in both existing and new programs. Book value per weighted share at March 31, 2021 was \$1,055.01 a decline from the book value per weighted share of \$1,062.22 at December 31, 2020.

For the three months ended March 31, 2021, the Company had operating income of \$0.9 million, or \$19.99 per diluted share, compared to an operating loss of \$1.2 million, or \$25.95 per diluted share for the three months ended March 31, 2020. The financial guaranty segment ended in April of 2020 due to a commutation of the remaining portfolio of financial guaranty reinsurance business it had assumed from Assured Guaranty Municipal Corp ("AGMC"). The aggregate outstanding par value of the reinsurance portfolio commuted was \$345.0 million.

Net earned property and casualty premiums increased \$1.2 million from \$3.8 million in 2020 to \$5.0 million in 2021, driven by an increase in existing and new programs. Loss and loss adjustment expenses as a percentage of earned premium declined slightly from 55.4% to 54.6%. Fee income increased slightly from \$3.1 million to \$3.3 million due to increase in gross written premiums year over year of \$5.5 million, moving from \$98.4 million to \$103.9 million.

Operating expenses decreased \$1.4 million or 35.9% from \$3.9 million in 2020 to \$2.5 million in 2021 mainly due to savings in the financial guaranty segment and improved operational efficiencies.

As part of its ongoing capital management efforts, the Company will continue to redirect excess capital within the group to debt reduction unless other compelling opportunities present themselves.

Forward-Looking Statements

This release contains statements that may be considered "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, the Company's expectations respecting the volatility of its insured portfolio, losses, loss reserves and loss development, the adequacy and availability of its liquidity and capital resources, its current run off strategy, its strategy for writing other reinsurance businesses and its expense reduction measures. These statements are based on current expectations and the current views of the economic and operating environment and are not guarantees of future performance. A number of risks and uncertainties, including economic competitive conditions, could cause actual results to differ materially from those projected in forward-looking statements. The Company's actual results could differ materially from those expressed or implied in the forward-looking statements.

Explanation of Non-GAAP Financial Measures

The Company believes that the following non-GAAP financial measure included in this press release serve to supplement GAAP information and is meaningful to investors.

Operating income (loss): The Company believes operating income (loss) is a useful measure because it measures income from operations, unaffected by non-operating items such as realized investment gains or losses. Operating income (loss) is typically used by research analysts and rating agencies in their analysis of the Company.

Information About the Company

American Overseas Group Limited is an insurance holding company incorporated in Bermuda and a tax resident of the United Kingdom. Its operating subsidiaries provide specialty property/casualty insurance, reinsurance and insurance management services. More information can be found at www.aoreltd.com.

American Overseas Group Limited

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American Overseas Group Limited
Consolidated Balance Sheets
(unaudited)
As at March 31, 2021 and December 31, 2020
(dollars in thousands)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>Assets</u>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 68,077	\$ 72,642
Equity investments held as available for sale, at fair value	4,336	4,143
Cash and cash equivalents	23,606	24,254
Restricted cash	796	548
Accrued investment income	353	355
Premiums receivable	87,154	73,073
Deferred insurance premiums	109,231	101,843
Reinsurance balances receivable, net	184,161	194,914
Deferred policy acquisition costs	5,096	3,590
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	4,980	3,767
Total Assets	\$ 525,641	\$ 516,979
 <u>Liabilities and Equity</u>		
Liabilities:		
Loss and loss expense reserve	\$ 194,812	\$ 192,943
Deferred commission income	3,425	2,482
Unearned premiums	114,055	105,678
Ceded premium payable	71,052	71,989
Payable to general agents	5,621	4,331
Funds withheld	59,724	64,980
Accounts payable and accrued liabilities	10,117	7,922
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
Total Liabilities	476,078	467,597
 Shareholders' Equity:		
Common shares	4,698	4,698
Additional paid-in capital	189,151	189,151
Accumulated other comprehensive income	1,165	1,962
Retained deficit	(151,504)	(152,482)
Total Shareholders' Equity	43,510	43,329
Non-controlling interest of preferred shares of subsidiaries	6,053	6,053
Total Equity	49,563	49,382
Total Liabilities and Equity	\$ 525,641	\$ 516,979

See Notes to March 31, 2021 Consolidated Financial Statements available on American Overseas Group Ltd. Website at www.aoreltd.com

American Overseas Group Limited
Consolidated Statements of Operations
(unaudited)
For three months ended March 31, 2021 and 2020
(dollars in thousands, except share and per share amounts)

	Three Months ended March 31,	
	<u>2021</u>	<u>2020</u>
Revenues		
Net premiums earned	\$ 4,985	\$ 3,828
Fee income	3,286	3,166
Net change in fair value of credit derivatives	-	2
Net investment income	97	500
Net realized gains on investments	39	207
Fair value adjustment	-	(558)
Other income	33	-
Total revenues	8,440	7,145
Expenses		
Losses and loss adjustment expenses	2,724	1,704
Acquisition expenses	1,776	1,283
Operating expenses	2,485	3,857
Other expense	-	523
Interest expense	451	451
Total expenses	7,436	7,818
Net income (loss) available to common shareholders	\$ 1,004	\$ (673)
Income tax (expense)	(26)	(164)
Net income (loss) before dividends	978	(837)
Dividends on preference shares of subsidiary	-	-
Net income (loss) available to common shareholders	\$ 978	\$ (837)
Net income (loss) per common share:		
Basic	\$ 20.81	\$ (18.10)
Diluted	20.81	(17.97)
Weighted-average number of common shares outstanding:		
Basic	46,979	46,214
Diluted	46,979	46,554

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AMERICAN OVERSEAS GROUP LTD.

NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)	March 31, 2021				
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Net Change in Fair Value of Credit Derivatives	Fair Value Adjustments	Operating Income
Property and casualty:					
Net premiums earned	\$ 4,986			\$	4,986
Losses and loss adjustment expenses	(2,724)				(2,724)
Acquisition expenses	(1,776)				(1,776)
Property/Casualty Underwriting Income	486				486
Fee income	3,286				3,286
Operating expenses	(2,277)				(2,277)
Income tax	(26)				(26)
Property and casualty	1,469	-	-	-	1,469
Financial guaranty:					
Net premiums earned	-				-
Net change in fair value of credit derivatives	-				-
Losses and loss adjustment expenses	-				-
Acquisition expenses	-				-
Operating expenses	-				-
Financial guaranty	-	-	-	-	-
Corporate and Investing					
Net investment income	97				97
Net realized gain/(loss)	39	(39)			-
Operating expenses	(209)				(209)
Interest expense	(451)				(451)
Other income, net of other expense	33				33
Corporate and investing	(491)	(39)	-	-	(530)
Group total	\$ 978	\$ (39)	\$ -	\$ -	\$ 939

AMERICAN OVERSEAS GROUP LTD.

NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)	March 31, 2020				
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Net Change in Fair Value of Credit Derivatives	Fair Value Adjustments	Operating Income
Property and casualty:					
Net premiums earned	\$ 3,831				\$ 3,831
Losses and loss adjustment expenses	(2,123)				(2,123)
Acquisition expenses	(1,285)				(1,285)
Property/Casualty Underwriting Income	423				423
Fee income	3,166				3,166
Operating expenses	(3,142)				(3,142)
Amortization expense	-				-
Income tax	(164)				(164)
Property and casualty	283	-	-	-	283
Financial guaranty:					
Net premiums earned	(3)			193	190
Net change in fair value of credit derivatives	2		(2)		-
Losses and loss adjustment expenses	418			(889)	(471)
Acquisition expenses	2			(24)	(22)
Operating expenses	(103)				(103)
Financial guaranty	316	-	(2)	(720)	(406)
Corporate and Investing					
Net investment income	500				500
Net realized gain/(loss)	207	(207)			-
Fair value adjustment	(558)			558	-
Operating expenses	(613)				(613)
Interest expense	(451)				(451)
Other income, net of other expense	(521)				(521)
Corporate and investing	(1,436)	(207)	-	558	(1,085)
Group total	\$ (837)	\$ (207)	\$ (2)	\$ (162)	\$ (1,208)