



**Results of Operations for the Three Months Ended June 30, 2021** - American Overseas Group Limited Announces Net Loss Of \$3.0 Million and Operating Loss of \$2.4 Million For the Three Months Ended June 30, 2021.

HAMILTON, Bermuda, September 30, 2021 (BUSINESS WIRE) -- American Overseas Group Limited (BSX: AORE.BH) (Pink Sheets: AOREF.PK) ("AOG" or the "Company") today reported consolidated net loss available to common shareholders of \$3.0 million, or \$63.75 per diluted share, for the three months ended June 30, 2021. This compares to consolidated net loss available to common shareholders of \$1.4 million, or \$30.97 per diluted share, for the three months ended June 30, 2020. Book value per weighted share at June 30, 2021 was \$1,003.21 a decline from the book value per weighted share of \$1,112.19 at June 30, 2020.

For the three months ended June 30, 2021, the Company had an operating loss of \$2.4 million, or \$51.26 per diluted share, compared to an operating loss of \$20.7 million, or \$443.09 per diluted share for the three months ended June 30, 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.

For the three months ended June 30, net earned property and casualty premiums increased \$1.5 million from \$4.1 million a year ago to \$5.6 million, driven by an increase in existing and new programs. Fee income increased 28.6% from \$2.1 million to \$2.7 million driven by an increase in gross written premiums year over year of \$27.8 million, moving from \$86.9 million to \$114.7 million. Quarterly direct written premiums were positively impacted by continued expansion of new programs in Texas and other key states as well as overall economic recovery, causing volume increases in the personal auto market. Loss and loss adjustment expenses as a percentage of earned premium increased from 51.2% to 66.0%.

For the three months ended June 30, operating expenses increased \$2.1 million from \$2.8 million to \$4.9 million primarily due to a one-time recognition of items previously held as a receivable against a personal guarantee contract. This contract is associated with a managing general agency program that was discontinued in the first quarter of 2020. Each quarter, the Company evaluates the collectability of the receivable, and has determined there to be a significant risk to collectability in the near term. The Company no longer holds a receivable balance for the matter in question, but continues to vigorously pursue its interests to recover expenses owed under the personal guarantee contract.

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](http://www.aoreltd.com).

American Overseas Group Limited

info@aoreltd.com

**American Overseas Group Limited**  
**Consolidated Balance Sheets**  
**(unaudited)**  
**As at June 30, 2021 and December 31, 2020**  
**(dollars in thousands)**

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<b><u>Assets</u></b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 64,496	\$ 72,642
Equity investments held as available for sale, at fair value	4,626	4,143
Cash and cash equivalents	26,940	24,254
Restricted cash	2,160	548
Accrued investment income	281	355
Premiums receivable	83,127	73,073
Deferred insurance premiums	114,583	101,843
Reinsurance balances receivable, net	199,565	194,914
Deferred policy acquisition costs	4,916	3,590
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	3,167	3,767
<b>Total Assets</b>	<b>\$ 541,711</b>	<b>\$ 516,979</b>
 <b><u>Liabilities and Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 198,810	\$ 192,943
Deferred commission income	3,283	2,482
Unearned premiums	119,370	105,678
Ceded premium payable	77,796	71,989
Payable to general agents	7,165	4,331
Funds withheld	60,660	64,980
Accounts payable and accrued liabilities	10,226	7,922
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	450	451
<b>Total Liabilities</b>	<b>494,581</b>	<b>467,597</b>
 <b>Shareholders' Equity:</b>		
Common shares	4,698	4,698
Additional paid-in capital	189,179	189,151
Accumulated other comprehensive income	1,700	1,962
Retained deficit	(154,500)	(152,482)
<b>Total Shareholders' Equity</b>	<b>41,077</b>	<b>43,329</b>
Non-controlling interest of preferred shares of subsidiaries	6,053	6,053
<b>Total Equity</b>	<b>47,130</b>	<b>49,382</b>
<b>Total Liabilities and Equity</b>	<b>\$ 541,711</b>	<b>\$ 516,979</b>

See Notes to June 30, 2021 Consolidated Financial Statements available on American Overseas Group Ltd. Website at [www.aoreltd.com](http://www.aoreltd.com)

**American Overseas Group Limited**  
**Consolidated Statements of Operations**  
(unaudited)  
(dollars in thousands, except share and per share amounts)

	Three months ended June,		Six months ended June,	
	2021	2020	2021	2020
<b>Revenues</b>				
Net premiums earned	\$ 5,552	\$ 610	\$ 10,537	\$ 4,438
Fee income	2,736	2,084	6,022	5,251
Net investment income	65	92	162	592
Net realized gains on investments	(2)	1,294	36	1,500
Fair value adjustment	-	2,635	-	2,077
Other income	44	-	77	-
<b>Total revenues</b>	<b>8,395</b>	<b>6,715</b>	<b>16,834</b>	<b>13,860</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	3,667	4,107	6,391	5,811
Acquisition expenses	1,799	956	3,575	2,239
Operating expenses	4,888	2,833	7,373	6,690
Other expense	-	(238)	-	284
Interest expense	451	451	902	902
<b>Total expenses</b>	<b>10,805</b>	<b>8,109</b>	<b>18,241</b>	<b>15,926</b>
<b>Net (loss) available to common shareholders</b>	<b>\$ (2,410)</b>	<b>\$ (1,394)</b>	<b>\$ (1,407)</b>	<b>\$ (2,066)</b>
Income tax (expense)	-	(52)	(26)	(216)
<b>Net (loss) before dividends</b>	<b>(2,410)</b>	<b>(1,446)</b>	<b>(1,433)</b>	<b>(2,282)</b>
Dividends on preference shares of subsidiary	(585)	-	(585)	-
<b>Net (loss) available to common shareholders</b>	<b>\$ (2,995)</b>	<b>\$ (1,446)</b>	<b>\$ (2,018)</b>	<b>\$ (2,282)</b>
Net (loss) per common share:				
Basic	\$ (63.75)	\$ (31.18)	\$ (42.96)	\$ (49.29)
Diluted	(63.75)	(30.97)	(42.96)	(48.96)
Weighted-average number of common shares outstanding:				
Basic	46,979	46,379	46,979	46,295
Diluted	46,979	46,689	46,979	46,605

See Notes to June 30, 2021 Consolidated Financial Statements available on American Overseas Group Ltd. Website at [www.aoreltd.com](http://www.aoreltd.com)

AMERICAN OVERSEAS GROUP LTD.  
NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)

	Three months ended June 30, 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	Restructuring Charges	Operating Income
<b>Property and casualty:</b>						
Net premiums earned	\$ 5,552					\$ 5,552
Losses and loss adjustment expenses	(3,667)					(3,667)
Acquisition expenses	(1,799)					(1,799)
Property/Casualty Underwriting Income	86					86
Fee income	2,736					2,736
Operating expenses	(4,468)					(4,468)
Income tax	-					-
<b>Property and casualty</b>	<b>(1,646)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,646)</b>
<b>Financial guaranty:</b>						
Net premiums earned	-					-
Net change in fair value of credit derivatives	-					-
Losses and loss adjustment expenses	-					-
Acquisition expenses	-					-
Operating expenses	-					-
<b>Financial guaranty</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate and Investing</b>						
Net investment income	65					65
Net realized gain/(loss)	(2)	2				-
Operating expenses	(420)					(420)
Interest expense	(451)					(451)
Other income, net of other expense	44					44
<b>Corporate and investing</b>	<b>(764)</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(762)</b>
<b>Group total</b>	<b>\$ (2,410)</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,408)</b>

(dollars in thousands)

	Three months ended June 30, 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	Restructuring Charges	Operating Income
<b>Property and casualty:</b>						
Net premiums earned	\$ 4,120					\$ 4,120
Losses and loss adjustment expenses	(2,111)					(2,111)
Acquisition expenses	(1,085)					(1,085)
Property/Casualty Underwriting Income	924					923
Fee income	2,084					2,084
Operating expenses	(2,483)					(2,483)
Income tax	(53)					(53)
<b>Property and casualty</b>	<b>472</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>472</b>
<b>Financial guaranty:</b>						
Net premiums earned	(3,510)			3,510		-
Net change in fair value of credit derivatives	-		-			-
Losses and loss adjustment expenses	(1,995)			(18,657)		(20,652)
Acquisition expenses	129			(129)		-
Operating expenses	37					37
<b>Financial guaranty</b>	<b>(5,339)</b>	<b>-</b>	<b>-</b>	<b>(15,276)</b>	<b>-</b>	<b>(20,615)</b>
<b>Corporate and Investing</b>						
Net investment income	92					92
Net realized gain/(loss)	1,293	(20,793)		19,500		-
Fair value adjustment	2,635			(2,635)		-
Operating expenses	(386)					(386)
Interest expense	(451)					(451)
Other income, net of other expense	238					238
<b>Corporate and investing</b>	<b>3,421</b>	<b>(20,793)</b>	<b>-</b>	<b>16,865</b>	<b>-</b>	<b>(507)</b>
<b>Group total</b>	<b>\$ (1,446)</b>	<b>\$ (20,793)</b>	<b>\$ -</b>	<b>\$ 1,589</b>	<b>\$ -</b>	<b>\$ (20,650)</b>

AMERICAN OVERSEAS GROUP LTD.  
NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)

	Six months ended June 30, 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	Restructuring Charges	Operating Income
<b>Property and casualty:</b>						
Net premiums earned	\$ 10,537					\$ 10,537
Losses and loss adjustment expenses	(6,391)					(6,391)
Acquisition expenses	(3,575)					(3,575)
Property/Casualty Underwriting Income	571					571
Fee income	6,022					6,022
Operating expenses	(6,745)					(6,745)
Income tax	(26)					(26)
<b>Property and casualty</b>	<b>(178)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(178)</b>
<b>Financial guaranty:</b>						
Net premiums earned	-					-
Net change in fair value of credit derivatives	-					-
Losses and loss adjustment expenses	-					-
Acquisition expenses	-					-
Operating expenses	-					-
<b>Financial guaranty</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate and Investing</b>						
Net investment income	162					162
Net realized gain/(loss)	36	(36)				-
Operating expenses	(628)					(628)
Interest expense	(902)					(902)
Other income, net of other expense	77					77
<b>Corporate and investing</b>	<b>(1,255)</b>	<b>(36)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,291)</b>
<b>Group total</b>	<b>\$ (1,433)</b>	<b>\$ (36)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,469)</b>

(dollars in thousands)

	Six months ended June 30, 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	Restructuring Charges	Operating Income
<b>Property and casualty:</b>						
Net premiums earned	\$ 7,951					\$ 7,951
Losses and loss adjustment expenses	(4,234)					(4,234)
Acquisition expenses	(2,370)					(2,370)
Property/Casualty Underwriting Income	1,347					1,347
Fee income	5,251					5,251
Operating expenses	(5,625)				362	(5,263)
Income tax	(217)				(76)	(293)
<b>Property and casualty</b>	<b>756</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286</b>	<b>1,042</b>
<b>Financial guaranty:</b>						
Net premiums earned	(3,513)			3,703		190
Net change in fair value of credit derivatives	2		(2)			-
Losses and loss adjustment expenses	(1,577)			(19,546)		(21,123)
Acquisition expenses	131			(153)		(22)
Operating expenses	(67)					(67)
<b>Financial guaranty</b>	<b>(5,024)</b>	<b>-</b>	<b>(2)</b>	<b>(15,996)</b>	<b>-</b>	<b>(21,022)</b>
<b>Corporate and Investing</b>						
Net investment income	592					592
Net realized gain/(loss)	1,500	(21,000)		19,500		-
Fair value adjustment	2,077			(2,077)		-
Operating expenses	(998)					(998)
Interest expense	(902)					(902)
Other income, net of other expense	(283)					(283)
<b>Corporate and investing</b>	<b>1,986</b>	<b>(21,000)</b>	<b>-</b>	<b>17,423</b>	<b>-</b>	<b>(1,591)</b>
<b>Group total</b>	<b>\$ (2,282)</b>	<b>\$ (21,000)</b>	<b>\$ (2)</b>	<b>\$ 1,427</b>	<b>\$ 286</b>	<b>\$ (21,571)</b>