



**Results of Operations for the Three Months Ended September 30, 2021** - American Overseas Group Limited Announces Net Loss Of \$1.8 Million and Operating Loss of \$1.8 Million For the Three Months Ended September 30, 2021.

HAMILTON, Bermuda, December 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 \$1.8 million, or \$37.38 per diluted share, for the three months ended September 30, 2021. This compares to consolidated net income available to common shareholders of \$0.5 million, or \$11.58 per diluted share, for the three months ended September 30, 2020. Book value per weighted share at September 30, 2021 was \$959.06, a decline from the book value per weighted share of \$1,126.51 at September 30, 2020.

For the three months ended September 30, 2021, the Company had an operating loss of \$1.8 million, or \$37.68 per diluted share, compared to operating income of \$0.6 million, or \$11.90 per diluted share for the three months ended September 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 September 30, net earned property and casualty premiums increased \$1.1 million from \$4.3 million a year ago to \$5.4 million, driven by an increase in existing and new programs. Fee income remained constant at \$2.6 million quarter over quarter while gross written premiums increased \$4.2 million, moving from \$96.2 million to \$100.4 million. Quarterly direct written premiums were positively impacted by continued expansion of new programs, rate increases, and overall economic recovery. Loss and loss adjustment expenses as a percentage of earned premium increased from 55.1% to 71.2%.

For the three months ended September 30, operating expenses increased \$1.1 million from \$2.6 million to \$3.7 million primarily due to a \$0.9 million increase in taxes, licenses and fees associated with program business written in Louisiana. For prior year quarterly results, the Company received credits associated with these expenses from its program partner. Additionally, the Company recognized latent charges related to current year to date expenses associated with Louisiana taxes, licenses and fees in the current quarter. The remaining \$0.2 million increase in operating expense for the quarter is driven primarily by marketing activity returning to more normal levels in 2021 compared to 2020 expenditure levels, which were impacted by COVID related restrictions.

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

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

	<u>September 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	\$ 92,473	\$ 72,642
Equity investments held as available for sale, at fair value	3,574	4,143
Cash and cash equivalents	37,544	24,254
Restricted cash	3,968	548
Accrued investment income	443	355
Premiums receivable	80,015	73,073
Deferred insurance premiums	108,584	101,843
Reinsurance balances receivable, net	211,946	194,914
Deferred policy acquisition costs	5,045	3,590
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	3,708	3,767
<b>Total Assets</b>	<b>\$ 585,150</b>	<b>\$ 516,979</b>
 <b><u>Liabilities and Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 204,340	\$ 192,943
Deferred commission income	3,442	2,482
Unearned premiums	113,425	105,678
Ceded premium payable	82,833	71,989
Payable to general agents	7,576	4,331
Funds withheld	100,333	64,980
Accounts payable and accrued liabilities	10,873	7,922
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
<b>Total Liabilities</b>	<b>540,094</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	1,382	1,962
Retained deficit	(156,256)	(152,482)
<b>Total Shareholders' Equity</b>	<b>39,003</b>	<b>43,329</b>
Non-controlling interest of preferred shares of subsidiaries	6,053	6,053
<b>Total Equity</b>	<b>45,056</b>	<b>49,382</b>
<b>Total Liabilities and Equity</b>	<b>\$ 585,150</b>	<b>\$ 516,979</b>

See Notes to September 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 September,		Nine months ended September,	
	2021	2020	2021	2020
<b>Revenues</b>				
Net premiums earned	\$ 5,397	\$ 4,337	\$ 15,935	\$ 8,775
Fee income	2,644	2,645	8,667	7,896
Net change in fair value of credit derivatives	-	-	-	2
Net investment income	46	60	208	652
Net realized gains on investments	14	8	50	1,508
Fair value adjustment	-	(23)	-	2,054
Other income	28	-	105	-
<b>Total revenues</b>	<b>8,130</b>	<b>7,027</b>	<b>24,965</b>	<b>20,887</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	3,841	2,389	10,232	8,200
Acquisition expenses	1,931	1,537	5,506	3,775
Operating expenses	3,663	2,603	11,038	9,294
Other expense	-	46	-	330
Interest expense	451	451	1,352	1,352
<b>Total expenses</b>	<b>9,886</b>	<b>7,026</b>	<b>28,128</b>	<b>22,951</b>
<b>Net (loss) income available to common shareholders</b>	<b>\$ (1,756)</b>	<b>\$ 1</b>	<b>\$ (3,163)</b>	<b>\$ (2,064)</b>
Income tax (expense)	-	539	(26)	322
<b>Net (loss) income before dividends</b>	<b>(1,756)</b>	<b>540</b>	<b>(3,189)</b>	<b>(1,742)</b>
Dividends on preference shares of subsidiary	-	-	(585)	-
<b>Net (loss) income available to common shareholders</b>	<b>\$ (1,756)</b>	<b>\$ 540</b>	<b>\$ (3,774)</b>	<b>\$ (1,742)</b>
Net (loss) income per common share:				
Basic	\$ (37.38)	\$ 11.64	\$ (80.34)	\$ (37.61)
Diluted	(37.38)	11.58	(80.34)	(37.17)
Weighted-average number of common shares outstanding:				
Basic	46,979	46,386	46,979	46,326
Diluted	46,979	46,620	46,979	46,870

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

(dollars in thousands)

	Three months ended September 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/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 5,397					\$ 5,397
Losses and loss adjustment expenses	(3,841)					(3,841)
Acquisition expenses	(1,931)					(1,931)
Property/Casualty Underwriting Income	(375)					(375)
Fee income	2,644					2,644
Operating expenses	(3,307)					(3,307)
Income tax	-					-
<b>Property and casualty</b>	<b>(1,038)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,038)</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	46					46
Net realized gain/(loss)	14	(14)				-
Operating expenses	(356)					(356)
Interest expense	(451)					(451)
Other income, net of other expense	29					29
<b>Corporate and investing</b>	<b>(718)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(732)</b>
<b>Group total</b>	<b>\$ (1,756)</b>	<b>\$ (14)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,770)</b>

(dollars in thousands)

	Three months ended September 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/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 4,337					\$ 4,337
Losses and loss adjustment expenses	(2,388)					(2,388)
Acquisition expenses	(1,536)					(1,536)
Property/Casualty Underwriting Income	413					413
Fee income	2,645					2,645
Operating expenses	(2,200)					(2,200)
Income tax	539					539
<b>Property and casualty</b>	<b>1,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,397</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	60					60
Net realized gain/(loss)	8	(8)				-
Fair value adjustment	(23)			23		-
Operating expenses	(403)					(403)
Interest expense	(451)					(451)
Other income, net of other expense	(48)					(48)
<b>Corporate and investing</b>	<b>(857)</b>	<b>(8)</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>(842)</b>
<b>Group total</b>	<b>\$ 540</b>	<b>\$ (8)</b>	<b>\$ -</b>	<b>\$ 23</b>	<b>\$ -</b>	<b>\$ 555</b>

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

(dollars in thousands)

	Nine months ended September 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/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 15,935					\$ 15,935
Losses and loss adjustment expenses	(10,232)					(10,232)
Acquisition expenses	(5,506)					(5,506)
Property/Casualty Underwriting Income	197					197
Fee income	8,667					8,667
Operating expenses	(10,052)					(10,052)
Income tax	(26)					(26)
<b>Property and casualty</b>	<b>(1,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,214)</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	208					208
Net realized gain/(loss)	50	(50)				-
Operating expenses	(986)					(986)
Interest expense	(1,352)					(1,352)
Other income, net of other expense	105					105
<b>Corporate and investing</b>	<b>(1,975)</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,025)</b>
<b>Group total</b>	<b>\$ (3,189)</b>	<b>\$ (50)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,239)</b>

(dollars in thousands)

	Nine months ended September 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/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 12,288					\$ 12,288
Losses and loss adjustment expenses	(6,622)					(6,622)
Acquisition expenses	(3,906)					(3,906)
Property/Casualty Underwriting Income	1,760					1,760
Fee income	7,896					7,896
Operating expenses	(7,383)				362	(7,021)
Income tax	322				(76)	246
<b>Property and casualty</b>	<b>2,595</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286</b>	<b>2,881</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	(509)					(509)
<b>Financial guaranty</b>	<b>(5,466)</b>	<b>-</b>	<b>(2)</b>	<b>(15,996)</b>	<b>-</b>	<b>(21,464)</b>
<b>Corporate and Investing</b>						
Net investment income	652					652
Net realized gain/(loss)	1,508	(21,008)		19,500		-
Fair value adjustment	2,054			(2,054)		-
Operating expenses	(1,402)					(1,402)
Interest expense	(1,352)					(1,352)
Other income, net of other expense	(331)					(331)
<b>Corporate and investing</b>	<b>1,129</b>	<b>(21,008)</b>	<b>-</b>	<b>17,446</b>	<b>-</b>	<b>(2,433)</b>
<b>Group total</b>	<b>\$ (1,742)</b>	<b>\$ (21,008)</b>	<b>\$ (2)</b>	<b>\$ 1,450</b>	<b>\$ 286</b>	<b>\$ (21,016)</b>