



**Results of Operations for the Year Ended December 31, 2021** - American Overseas Group Limited Announces Net Loss Of \$5.5 Million and Operating Loss of \$5.0 Million For the Year Ended December 31, 2021.

HAMILTON, Bermuda, April 29, 2022 (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 \$5.5 million, or \$117.07 per diluted share, for the year ended December 31, 2021. This compares to consolidated net loss available to common shareholders of \$5.0 million, or \$107.24 per diluted share, for the year ended December 31, 2020. Book value per weighted share at December 31, 2021 was \$916.83, a decline from the book value per weighted share of \$1,062.22 at December 31, 2020.

For the year ended December 31, 2021, the Company had an operating loss of \$5.0 million, or \$105.79 per diluted share, compared to operating loss of \$22.1 million, or \$473.66 per diluted share for the year ended December 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.

For the year ended December 31, 2021, net earned property and casualty premiums increased \$5.0 million from \$15.8 million a year ago to \$20.8 million, driven by an increase in existing and new programs. Fee income increased \$1.3 million from \$9.9 million a year ago to \$11.2 million while gross written premiums increased \$55.6 million, moving from \$364.9 million to \$420.5 million. 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 56.5% to 69.1%.

For the year ended December 31, 2021, operating expenses increased \$1.4 million from \$12.8 million to \$14.2 million due to several items. The Company incurred a \$1.9 million increase in taxes, licenses and fees associated with program business written in Louisiana, of which \$0.9 million of that increase was related to business written in the prior year, for which the Company received credits associated from its program partner in the prior year. Additionally, the Company recognized a one-time \$1.2 million charge related to 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. While the Company no longer holds a receivable for the matter in question it continues to vigorously pursue its interests to recover expenses owed under the personal guarantee contract. Offsetting these non-recurring items were decreases in personnel costs of \$1.3 million, depreciation of \$0.2 million, and consulting and outsourcing costs of \$0.2 million. The Company completed multiple steps that began in the second quarter of 2020 to reorganize and streamline its operations in mid 2021.

For the three months ended December 31, 2021, the Company had an operating loss of \$1.7 million, or \$36.85 per diluted share, compared to an operating loss of \$1.1 million, or \$23.58 per diluted share for the three months ended December 31, 2020.

For the three months ended December 31, 2021, net earned property and casualty premiums increased \$1.4 million from \$3.5 million a year ago to \$4.9 million, driven by an increase in existing and new programs. Fee income increased \$0.5 million from \$2.1 million a year ago to \$2.6 million while gross written premiums increased \$18.1 million, moving from \$83.4 million to \$101.5 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 65.5% to 84.8% as loss costs significantly increased throughout 2021 due to both frequency and severity pressures.

For the three months ended December 31, 2021, operating expenses decreased \$0.3 million from \$3.5 million to \$3.2 million primarily driven by reduced personnel costs.

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 December 31, 2021 and December 31, 2020**  
**(dollars in thousands)**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b><u>Assets</u></b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 102,678	\$ 72,642
Equity investments held as available for sale, at fair value	3,781	4,143
Cash and cash equivalents	31,908	24,254
Restricted cash	4,440	548
Accrued investment income	553	355
Premiums receivable	76,626	73,073
Deferred insurance premiums	108,904	101,843
Reinsurance balances receivable, net	223,982	194,914
Deferred policy acquisition costs	4,588	3,590
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	3,166	3,767
<b>Total Assets</b>	<b>\$ 598,476</b>	<b>\$ 516,979</b>
 <b><u>Liabilities and Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 215,642	\$ 192,943
Deferred commission income	3,210	2,482
Unearned premiums	113,423	105,678
Ceded premium payable	82,059	71,989
Payable to general agents	7,121	4,331
Funds withheld	104,257	64,980
Accounts payable and accrued liabilities	12,420	7,922
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
<b>Total Liabilities</b>	<b>555,404</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	1,124	1,962
Retained deficit	(157,982)	(152,482)
<b>Total Shareholders' Equity</b>	<b>37,019</b>	<b>43,329</b>
Non-controlling interest of preferred shares of subsidiaries	6,053	6,053
<b>Total Equity</b>	<b>43,072</b>	<b>49,382</b>
 <b>Total Liabilities and Equity</b>	 <b>\$ 598,476</b>	 <b>\$ 516,979</b>

See Notes to December 31, 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 December 31,		Twelve Months ended December 31,	
	2021	2020	2021	2020
<b>Revenues</b>				
Net premiums earned	\$ 4,905	\$ 3,548	\$ 20,840	\$ 12,323
Fee income	2,582	2,050	11,248	9,946
Net change in fair value of credit derivatives	-	-	-	2
Net investment income	232	57	439	709
Net realized gains on investments	5	71	55	1,580
Fair value adjustment	-	(2,227)	-	(173)
Other income	22	323	128	323
<b>Total revenues</b>	<b>7,746</b>	<b>3,822</b>	<b>32,710</b>	<b>24,710</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	4,161	2,322	14,392	10,522
Acquisition expenses	1,624	1,062	7,130	4,837
Operating expenses	3,200	3,508	14,238	12,802
Other expense	-	(252)	-	78
Interest expense	451	451	1,803	1,803
<b>Total expenses</b>	<b>9,436</b>	<b>7,091</b>	<b>37,563</b>	<b>30,042</b>
<b>Net (loss) available to common shareholders</b>	<b>\$ (1,690)</b>	<b>\$ (3,269)</b>	<b>\$ (4,853)</b>	<b>\$ (5,332)</b>
Income tax (expense) benefit	(36)	-	(62)	322
<b>Net (loss) before dividends</b>	<b>(1,726)</b>	<b>(3,269)</b>	<b>(4,915)</b>	<b>(5,010)</b>
Dividends on preference shares of subsidiary	-	-	(585)	-
<b>Net (loss) available to common shareholders</b>	<b>\$ (1,726)</b>	<b>\$ (3,269)</b>	<b>\$ (5,500)</b>	<b>\$ (5,010)</b>
Net (loss) per common share:				
Basic	\$ (36.73)	\$ (69.58)	\$ (117.07)	\$ (107.76)
Diluted	(36.73)	(69.24)	(117.07)	(107.24)
Weighted-average number of common shares outstanding:				
Basic	46,979	46,979	46,979	46,490
Diluted	46,979	47,208	46,979	46,719

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

(dollars in thousands)

	Three months ended December 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	Restructuring Charges	Operating Income/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 4,905					\$ 4,905
Losses and loss adjustment expenses	(4,161)					(4,161)
Acquisition expenses	(1,624)					(1,624)
Property/Casualty Underwriting Income	(880)					(880)
Fee income	2,582					2,582
Operating expenses	(2,958)					(2,958)
Income tax	(36)					(36)
<b>Property and casualty</b>	<b>(1,292)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,292)</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	232					232
Net realized gain/(loss)	5	(5)				-
Operating expenses	(242)					(242)
Interest expense	(451)					(451)
Other income, net of other expense	22					22
<b>Corporate and investing</b>	<b>(434)</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(439)</b>
<b>Group total</b>	<b>\$ (1,726)</b>	<b>\$ (5)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,731)</b>

AMERICAN OVERSEAS GROUP LTD.

NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)

	Three months ended December 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	Restructuring Charges	Operating Income/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 3,547					\$ 3,547
Losses and loss adjustment expenses	(2,323)					(2,323)
Acquisition expenses	(1,062)					(1,062)
Property/Casualty Underwriting Income	162					162
Fee income	2,050					2,050
Operating expenses	(1,580)					(1,580)
Income tax	(0)					(0)
<b>Property and casualty</b>	<b>632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>632</b>
<b>Financial guaranty:</b>						
Net premiums earned	-					-
Net change in fair value of credit derivatives	-					-
Losses and loss adjustment expenses	-					-
Acquisition expenses	(1)			1		-
Operating expenses	(1,316)					(1,316)
<b>Financial guaranty</b>	<b>(1,317)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(1,316)</b>
<b>Corporate and Investing</b>						
Net investment income	57					57
Net realized gain/(loss)	72	(8,806)		8,735		-
Fair value adjustment	(2,227)			2,227		-
Gain on the sale of real estate	323					323
Operating expenses	(611)					(611)
Interest expense	(451)					(451)
Other income, net of other expense	253					253
<b>Corporate and investing</b>	<b>(2,584)</b>	<b>(8,806)</b>	<b>-</b>	<b>10,962</b>	<b>-</b>	<b>(429)</b>
<b>Group total</b>	<b>\$ (3,269)</b>	<b>\$ (8,806)</b>	<b>\$ -</b>	<b>\$ 10,962</b>	<b>\$ -</b>	<b>\$ (1,113)</b>

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

(dollars in thousands)

	Twelve months ended December 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	Restructuring Charges	Operating Income/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 20,840					\$ 20,840
Losses and loss adjustment expenses	(14,392)					(14,392)
Acquisition expenses	(7,130)					(7,130)
Property/Casualty Underwriting Income	(682)					(682)
Fee income	11,248					11,248
Operating expenses	(13,010)					(13,010)
Income tax	(62)					(62)
<b>Property and casualty</b>	<b>(2,506)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,506)</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	440					440
Net realized gain/(loss)	55	(55)				-
Operating expenses	(1,228)					(1,228)
Interest expense	(1,803)					(1,803)
Other income, net of other expense	127					127
<b>Corporate and investing</b>	<b>(2,409)</b>	<b>(55)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,464)</b>
<b>Group total</b>	<b>\$ (4,915)</b>	<b>\$ (55)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,970)</b>

AMERICAN OVERSEAS GROUP LTD.

NET INCOME AND OPERATING INCOME BY SEGMENT

(dollars in thousands)

	Twelve months ended December 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	Restructuring Charges	Operating Income/(Loss)
<b>Property and casualty:</b>						
Net premiums earned	\$ 15,836					\$ 15,836
Losses and loss adjustment expenses	(8,945)					(8,945)
Acquisition expenses	(4,968)					(4,968)
Property/Casualty Underwriting Income	1,923					1,923
Fee income	9,946					9,946
Operating expenses	(8,963)				362	(8,601)
Income tax	322				(76)	246
<b>Property and casualty</b>	<b>3,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286</b>	<b>3,514</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	130			(153)		(23)
Operating expenses	(1,825)					(1,825)
<b>Financial guaranty</b>	<b>(6,783)</b>	<b>-</b>	<b>(2)</b>	<b>(15,996)</b>	<b>-</b>	<b>(22,781)</b>
<b>Corporate and Investing</b>						
Net investment income	709					709
Net realized gain/(loss)	1,580	(29,814)		28,234		-
Fair value adjustment	(173)			173		-
Gain on the sale of real estate	323					323
Operating expenses	(2,013)					(2,013)
Interest expense	(1,803)					(1,803)
Other income, net of other expense	(78)					(78)
<b>Corporate and investing</b>	<b>(1,455)</b>	<b>(29,814)</b>	<b>-</b>	<b>28,407</b>	<b>-</b>	<b>(2,862)</b>
<b>Group total</b>	<b>\$ (5,010)</b>	<b>\$ (29,814)</b>	<b>\$ (2)</b>	<b>\$ 12,411</b>	<b>\$ 286</b>	<b>\$ (22,129)</b>