



**Results of Operations for the Three Months Ended March 31, 2022** - American Overseas Group Limited Announces Net Income Of \$0.7 Million and Operating Income of \$0.7 Million For the Three Months Ended March 31, 2022.

HAMILTON, Bermuda, June 30, 2022 (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 \$0.7 million, or \$15.06 per diluted share, for the three months ended March 31, 2022. This compares to consolidated net income available to common shareholders of \$1.0 million, or \$20.81 per diluted share, for the year ended March 31, 2021. Book value per weighted share at March 31, 2022 was \$850.78, a decline from the book value per weighted share of \$1,055.01 at March 31, 2021.

For the three months ended March 31, 2022, the Company had an operating income of \$0.7 million, or \$15.30 per diluted share, compared to operating income of \$0.9 million, or \$19.99 per diluted share for the year ended March 31, 2021.

For the three months ended March 31, 2022, net earned property and casualty premiums increased \$0.1 million from \$5.0 million a year ago to \$5.1 million. Fee income remained constant at \$3.3 million while gross written premiums increased \$4.2 million, moving from \$103.9 million to \$108.1 million. Quarterly direct written premiums were positively impacted by rate increases in current business. Loss and loss adjustment expenses as a percentage of earned premium increased from 54.6% to 64.2% as loss costs continued to increase in 2022 due to both frequency and severity.

For the three months ended March 31, 2022, operating and acquisition expenses increased \$0.4 million from \$4.3 million to \$4.7 million primarily driven by a one-time favorable accrual adjustment to consulting contracts in Q1 2021 of \$0.2 million, and a year over year increase in acquisition, taxes, licenses and fees associated with program business written in Louisiana of \$0.1 million.

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 March 31, 2022 and December 31, 2021**  
**(dollars in thousands)**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Assets</u></b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 105,900	\$ 102,678
Equity investments held as available for sale, at fair value	3,553	3,781
Cash and cash equivalents	33,360	31,908
Restricted cash	2,267	4,440
Accrued investment income	491	553
Premiums receivable	94,764	76,626
Deferred insurance premiums	117,167	108,904
Reinsurance balances receivable, net	228,978	223,982
Deferred policy acquisition costs	4,918	4,588
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	4,534	3,166
<b>Total Assets</b>	<b>\$ 633,782</b>	<b>\$ 598,476</b>
 <b><u>Liabilities and Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 215,168	\$ 215,642
Deferred commission income	3,439	3,210
Unearned premiums	122,021	113,423
Ceded premium payable	95,616	82,059
Payable to general agents	16,263	7,121
Funds withheld	109,958	104,257
Accounts payable and accrued liabilities	14,078	12,420
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
<b>Total Liabilities</b>	<b>593,814</b>	<b>555,404</b>
 <b>Shareholders' Equity:</b>		
Common shares	4,698	4,698
Additional paid-in capital	189,179	189,179
Accumulated other comprehensive (loss) income	(2,687)	1,124
Retained deficit	(157,275)	(157,982)
<b>Total Shareholders' Equity</b>	<b>33,915</b>	<b>37,019</b>
Non-controlling interest of preferred shares of subsidiaries	6,053	6,053
<b>Total Equity</b>	<b>39,968</b>	<b>43,072</b>
<b>Total Liabilities and Equity</b>	<b>\$ 633,782</b>	<b>\$ 598,476</b>

See Notes to March 31, 2022 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 March 31,	
	2022	2021
<b>Revenues</b>		
Net premiums earned	\$ 5,088	\$ 4,985
Fee income	3,295	3,286
Net investment (expense) income	(69)	97
Net realized (losses) gains on investments	(11)	39
Other income	841	33
<b>Total revenues</b>	<b>9,144</b>	<b>8,440</b>
<b>Expenses</b>		
Losses and loss adjustment expenses	3,266	2,724
Acquisition expenses	1,698	1,776
Operating expenses	3,021	2,485
Other expense	-	-
Interest expense	451	451
<b>Total expenses</b>	<b>8,436</b>	<b>7,436</b>
<b>Net income available to common shareholders</b>	<b>\$ 708</b>	<b>\$ 1,004</b>
Income tax (expense)	-	(26)
<b>Net income before dividends</b>	708	978
Dividends on preference shares of subsidiary	-	-
<b>Net income available to common shareholders</b>	<b>\$ 708</b>	<b>\$ 978</b>
Net income per common share:		
Basic	\$ 15.06	\$ 20.81
Diluted	15.06	20.81
Weighted-average number of common shares outstanding:		
Basic	46,979	46,979
Diluted	46,979	46,979

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

(dollars in thousands)	Three months ended March 31, 2022		
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Operating Income
Property and casualty:			
Net premiums earned	\$ 5,088		\$ 5,088
Losses and loss adjustment expenses	(3,266)		(3,266)
Acquisition expenses	(1,698)		(1,698)
Property/Casualty Underwriting Income	124		124
Fee income	3,295		3,295
Other income, net of other expense	804		804
Operating expenses	(2,728)		(2,728)
<b>Property and casualty</b>	<b>1,495</b>	<b>-</b>	<b>1,495</b>
Corporate and Investing			
Net investment income	(69)		(69)
Net realized gain/(loss)	(11)	11	-
Operating expenses	(293)		(293)
Interest expense	(451)		(451)
Other income, net of other expense	37		37
Income tax	-		-
<b>Corporate and investing</b>	<b>(787)</b>	<b>11</b>	<b>(776)</b>
<b>Group total</b>	<b>\$ 708</b>	<b>\$ 11</b>	<b>\$ 719</b>

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

(dollars in thousands)	Three months ended March 31, 2021		
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	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)
<b>Property and casualty</b>	<b>1,495</b>	<b>-</b>	<b>1,495</b>
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
Income tax	(26)		(26)
<b>Corporate and investing</b>	<b>(517)</b>	<b>(39)</b>	<b>(556)</b>
<b>Group total</b>	<b>\$ 978</b>	<b>\$ (39)</b>	<b>\$ 939</b>