



Results of Operations for the Three Months Ended June 30, 2022 - American Overseas Group Limited Announces Net Loss Of \$0.3 Million and Operating Loss of \$0.5 Million For the Three Months Ended June 30, 2022.

HAMILTON, Bermuda, September 30, 2022 (BUSINESS WIRE) -- American Overseas Group Limited (NYSE: AORE.BH) (Pink Sheets: AOREF.PK) ("AOG" or the "Company") today reported consolidated net loss available to common shareholders of \$0.3 million, or \$6.28 per diluted share, for the three months ended June 30, 2022. This compares to 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. Book value per weighted share at June 30, 2022 was \$775.49, a decline from the book value per weighted share of \$1,003.21 at June 30, 2021.

For the three months ended June 30, 2022, the Company had an operating loss of \$0.5 million, or \$11.58 per diluted share, compared to operating loss of \$2.4 million, or \$51.26 per diluted share for the three months ended June 30, 2021.

For the three months ended June 30, 2022, net earned property and casualty premiums decreased \$0.4 million from \$5.5 million a year ago to \$5.1 million. Fee income remained constant at \$2.7 million while gross written premiums increased \$1.9 million, moving from \$114.7 million to \$116.6 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 66.1% to 71.4% as loss costs continued to increase in 2022 due to both frequency and severity.

For the three months ended June 30, 2022, operating expenses decreased \$2.1 million from \$4.9 million to \$2.8 million due to a one-time recognition in the amount of \$1.2 million in the second quarter of 2021 of items previously held as a receivable against a personal guarantee contract and \$0.9 million expense in 2021 year taxes, licenses and fees associated with program business written in Louisiana that was related to business written in the prior year.

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 June 30, 2022 and December 31, 2021
(dollars in thousands)

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
<u>Assets</u>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 109,497	\$ 102,678
Equity investments held as available for sale, at fair value	2,619	3,781
Cash and cash equivalents	25,146	31,908
Restricted cash	2,232	4,440
Accrued investment income	417	553
Premiums receivable	89,048	76,626
Deferred insurance premiums	124,521	108,904
Reinsurance balances receivable, net	228,444	223,982
Deferred policy acquisition costs	4,424	4,588
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	4,492	3,166
Total Assets	\$ 628,690	\$ 598,476
 <u>Liabilities and Equity</u>		
Liabilities:		
Loss and loss expense reserve	\$ 220,290	\$ 215,642
Deferred commission income	3,037	3,210
Unearned premiums	129,428	113,423
Ceded premium payable	94,424	82,059
Payable to general agents	5,783	7,121
Funds withheld	107,708	104,257
Accounts payable and accrued liabilities	14,316	12,420
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
Total Liabilities	592,258	555,404
 Shareholders' Equity:		
Common shares	4,698	4,698
Additional paid-in capital	189,179	189,179
Accumulated other comprehensive (loss) income	(5,328)	1,124
Retained deficit	(157,570)	(157,982)
Total Shareholders' Equity	30,979	37,019
Non-controlling interest of preferred shares of subsidiaries	5,453	6,053
Total Equity	36,432	43,072
Total Liabilities and Equity	\$ 628,690	\$ 598,476

See Notes to June 30, 2022 Consolidated Financial Statements available on American Overseas Group Ltd. Website at 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 30,		Six Months ended June 30,	
	2022	2021	2022	2021
Revenues				
Net premiums earned	\$ 5,093	\$ 5,552	\$ 10,181	\$ 10,537
Fee income	2,709	2,736	6,004	6,022
Net investment income	101	65	32	162
Net realized gains (losses) on investments	248	(2)	237	36
Other income	55	44	895	77
Total revenues	8,206	8,395	17,349	16,834
Expenses				
Losses and loss adjustment expenses	3,639	3,667	6,904	6,391
Acquisition expenses	1,653	1,799	3,351	3,575
Operating expenses	2,758	4,888	5,779	7,373
Other expense	-	-	-	-
Interest expense	451	451	902	902
Total expenses	8,501	10,805	16,936	18,241
Net (loss) income available to common shareholders	\$ (295)	\$ (2,410)	\$ 413	\$ (1,407)
Income tax (expense)	-	-	-	(26)
Net (loss) income before dividends	(295)	(2,410)	413	(1,433)
Dividends on preference shares of subsidiary	-	(585)	-	(585)
Net (loss) income available to common shareholders	\$ (295)	\$ (2,995)	\$ 413	\$ (2,018)
Net (loss) income per common share:				
Basic	\$ (6.28)	\$ (63.75)	\$ 8.79	\$ (42.96)
Diluted	(6.28)	(63.75)	8.79	(42.96)
Weighted-average number of common shares outstanding:				
Basic	46,979	46,979	46,979	46,979
Diluted	46,979	46,979	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 June 30, 2022		
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Operating Income/(Loss)
Property and casualty:			
Net premiums earned	\$ 5,093		5,093
Losses and loss adjustment expenses	(3,639)		(3,639)
Acquisition expenses	(1,653)		(1,653)
Property/Casualty Underwriting Income	(199)		(199)
Fee income	2,709		2,709
Other income, net of other expense	-		-
Operating expenses	(2,503)		(2,503)
Income tax	-		-
Property and casualty	7	-	7
Corporate and Investing			
Net investment income	101		101
Net realized gain/(loss)	248	(248)	-
Operating expenses	(255)		(255)
Interest expense	(451)		(451)
Other income, net of other expense	54		54
Corporate and investing	(303)	(248)	(551)
Group total	\$ (296)	\$ (248)	(544)

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	Operating (Loss)
Property and casualty:			
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	-		-
Property and casualty	(1,646)	-	(1,646)
Corporate and Investing			
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
Corporate and investing	(764)	2	(762)
Group total	\$ (2,410)	\$ 2	\$ (2,408)

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

(dollars in thousands)	Six months ended June 30, 2022		
	Net Income		
	Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Operating Income
Property and casualty:			
Net premiums earned	\$ 10,181		\$ 10,181
Losses and loss adjustment expenses	(6,904)		(6,904)
Acquisition expenses	(3,351)		(3,351)
Property/Casualty Underwriting Income	(74)		(74)
Fee income	6,004		6,004
Other income, net of other expense	804		804
Operating expenses	(5,232)		(5,232)
Income tax	-		-
Property and casualty	1,502	-	1,502
Corporate and Investing			
Net investment income	32		32
Net realized gain/(loss)	237	(237)	-
Operating expenses	(547)		(547)
Interest expense	(902)		(902)
Other income, net of other expense	91		91
Corporate and investing	(1,089)	(237)	(1,326)
Group total	\$ 413	\$ (237)	\$ 176

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	Operating (Loss)
Property and casualty:			
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)
Property and casualty	(178)	-	(178)
Corporate and Investing			
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
Corporate and investing	(1,255)	(36)	(1,291)
Group total	\$ (1,433)	\$ (36)	\$ (1,469)