



**Results of Operations for the Three Months Ended September 30, 2022** - American Overseas Group Limited Announces Net Loss Of \$0.4 Million and Operating Loss of \$0.4 Million For the Three Months Ended September 30, 2022.

HAMILTON, Bermuda, December 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 \$0.4 million, or \$9.40 per diluted share, for the three months ended September 30, 2022. This compares to 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. Book value per weighted share at September 30, 2022 was \$780.66, a decline from the book value per weighted share of \$959.06 at September 30, 2021.

For the three months ended September 30, 2022, the Company had an operating loss of \$0.4 million, or \$9.40 per diluted share, compared to operating loss of \$1.8 million, or \$37.68 per diluted share for the three months ended September 30, 2021.

For the three months ended September 30, 2022, net earned property and casualty premiums decreased \$0.5 million from \$5.4 million a year ago to \$4.9 million. Fee income increased \$0.1 million from \$2.6 million to \$2.7 million with gross written premiums increasing \$9.8 million, moving from \$100.4 million to \$110.2 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 decreased slightly from 71.2% to 70.4%.

For the three months ended September 30, 2022, operating expenses decreased \$0.9 million from \$3.7 million to \$2.8 million due largely to \$0.6 million of expenses incurred in 2021 associated with taxes, licenses and fees 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](http://www.aoreltd.com).

American Overseas Group Limited

info@aoreltd.com

**American Overseas Group Limited**  
**Consolidated Balance Sheets**  
**(unaudited)**  
**As at September 30, 2022 and December 31, 2021**  
**(dollars in thousands)**

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b><u>Assets</u></b>		
Investments:		
Fixed-maturity securities held as available for sale, at fair value	\$ 104,670	\$ 102,678
Equity investments held as available for sale, at fair value	2,470	3,781
Cash and cash equivalents	22,653	31,908
Restricted cash	2,666	4,440
Accrued investment income	587	553
Premiums receivable	90,016	76,626
Deferred insurance premiums	126,176	108,904
Reinsurance balances receivable, net	219,843	223,982
Deferred policy acquisition costs	4,264	4,588
Intangible assets	4,800	4,800
Goodwill	33,050	33,050
Other assets	5,223	3,166
<b>Total Assets</b>	<b><u>\$ 616,418</u></b>	<b><u>\$ 598,476</u></b>
 <b><u>Liabilities and Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 218,103	\$ 215,642
Deferred commission income	2,917	3,210
Unearned premiums	131,238	113,423
Ceded premium payable	89,204	82,059
Payable to general agents	7,095	7,121
Funds withheld	100,894	104,257
Accounts payable and accrued liabilities	13,020	12,420
Notes payable	16,521	16,521
Non-owned interest in VIE	300	300
Interest payable	451	451
<b>Total Liabilities</b>	<b><u>579,743</u></b>	<b><u>555,404</u></b>
 <b>Shareholders' Equity:</b>		
Common shares	4,698	4,698
Additional paid-in capital	189,179	189,179
Accumulated other comprehensive (loss) income	(4,642)	1,124
Retained deficit	(158,013)	(157,982)
<b>Total Shareholders' Equity</b>	<b><u>31,222</u></b>	<b><u>37,019</u></b>
Non-controlling interest of preferred shares of subsidiaries	5,453	6,053
<b>Total Equity</b>	<b><u>36,675</u></b>	<b><u>43,072</u></b>
 <b>Total Liabilities and Equity</b>	 <b><u>\$ 616,418</u></b>	 <b><u>\$ 598,476</u></b>

See Notes to September 30, 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 September 30,		Nine Months ended September 30,	
	2022	2021	2022	2021
<b>Revenues</b>				
Net premiums earned	\$ 4,844	\$ 5,397	\$ 15,025	\$ 15,935
Fee income	2,683	2,644	8,687	8,667
Net investment income	109	46	141	208
Net realized gains on investments	-	14	237	50
Other income	21	28	916	105
<b>Total revenues</b>	<b>7,657</b>	<b>8,130</b>	<b>25,006</b>	<b>24,965</b>
<b>Expenses</b>				
Losses and loss adjustment expenses	3,410	3,841	10,315	10,232
Acquisition expenses	1,418	1,931	4,770	5,506
Operating expenses	2,821	3,663	8,600	11,038
Other expense	-	-	-	-
Interest expense	451	451	1,352	1,352
<b>Total expenses</b>	<b>8,100</b>	<b>9,886</b>	<b>25,037</b>	<b>28,128</b>
<b>Net (loss) available to common shareholders</b>	<b>\$ (443)</b>	<b>\$ (1,756)</b>	<b>\$ (31)</b>	<b>\$ (3,163)</b>
Income tax (expense)	-	-	-	(26)
<b>Net (loss) before dividends</b>	<b>(443)</b>	<b>(1,756)</b>	<b>(31)</b>	<b>(3,189)</b>
Dividends on preference shares of subsidiary	-	-	-	(585)
<b>Net (loss) available to common shareholders</b>	<b>\$ (443)</b>	<b>\$ (1,756)</b>	<b>\$ (31)</b>	<b>\$ (3,774)</b>
Net (loss) per common share:				
Basic	\$ (9.42)	\$ (37.38)	\$ (0.65)	\$ (80.34)
Diluted	(9.42)	(37.38)	(0.65)	(80.34)
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 September 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	\$ 4,844		4,844
Losses and loss adjustment expenses	(3,410)		(3,410)
Acquisition expenses	(1,418)		(1,418)
Property/Casualty Underwriting Income	16		16
Fee income	2,683		2,683
Other income, net of other expense	-		-
Operating expenses	(2,626)		(2,626)
Income tax	-		-
<b>Property and casualty</b>	<b>73</b>	<b>-</b>	<b>73</b>
Corporate and Investing			
Net investment income	109		109
Net realized gain/(loss)	-	-	-
Operating expenses	(195)		(195)
Interest expense	(451)		(451)
Other income, net of other expense	22		22
<b>Corporate and investing</b>	<b>(515)</b>	<b>-</b>	<b>(515)</b>
<b>Group total</b>	<b>\$ (442)</b>	<b>\$ -</b>	<b>(442)</b>

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	Operating (Loss)
Property and casualty:			
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>(1,038)</b>
Corporate and Investing			
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>(732)</b>
<b>Group total</b>	<b>\$ (1,756)</b>	<b>\$ (14)</b>	<b>\$ (1,770)</b>

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

(dollars in thousands)	Nine months ended September 30, 2022		
	Net Income Available to Common Shareholders	Net Realized (Gain)/Loss on Sales of Investments	Operating (Loss)Income
<b>Property and casualty:</b>			
Net premiums earned	\$ 15,025		\$ 15,025
Losses and loss adjustment expenses	(10,315)		(10,315)
Acquisition expenses	(4,770)		(4,770)
Property/Casualty Underwriting Income	(60)		(60)
Fee income	8,687		8,687
Other income, net of other expense	804		804
Operating expenses	(7,857)		(7,857)
Income tax	-		-
<b>Property and casualty</b>	<b>1,574</b>	<b>-</b>	<b>1,574</b>
<b>Corporate and Investing</b>			
Net investment income	141		141
Net realized gain/(loss)	237	(237)	-
Operating expenses	(743)		(743)
Interest expense	(1,352)		(1,352)
Other income, net of other expense	112		112
<b>Corporate and investing</b>	<b>(1,605)</b>	<b>(237)</b>	<b>(1,842)</b>
<b>Group total</b>	<b>\$ (31)</b>	<b>\$ (237)</b>	<b>\$ (268)</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	Operating (Loss)Income
<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>(1,214)</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>(2,025)</b>
<b>Group total</b>	<b>\$ (3,189)</b>	<b>\$ (50)</b>	<b>\$ (3,239)</b>