

May 16, 2021



Fellow Shareholders,

As you are well aware, our company is unique. With cracks showing in the SPAC market, public equity markets experiencing volatility, and the likelihood of increased capital gains and corporate tax rates growing ever more certain, our Board of Directors and management are confident this is the ideal environment for Elah's unique attributes to triumph.

Elah Holdings has cash, considerable tax assets, a public structure, and the singular operating focus to find a business owner with whom to partner to complete a material business combination. We do not fit into a typical "buyer" profile. We only need to identify one excellent partner with whom to transact to unlock substantial shareholder value.

As an example, in the first quarter, in addition to several other active transactions, we executed a non-binding LOI with a private equity firm to combine with a portfolio company that the firm's senior partners wanted to own far longer than the typical PE fund lifecycle would permit and that was expected to trade very well in the public markets. These are exactly the types of long-term owners and businesses with whom we look to partner. While very profitable, a new management team was executing an improved go-to-market strategy, and the PE firm decided to continue to hold the business privately until more has been accomplished on this operating plan. Here, we were engaged in our preferred approach of a one-off negotiation rather than a competitive auction process, and sometimes that dynamic results in a business owner changing their mind about a transaction. While not the outcome we wanted, we now have another great company to track and a business owner who has a good appreciation for the Elah value equation and who may be the source of a future deal opportunity.

We focus our efforts on business owners who are seeking a transaction outcome that meets multiple objectives, including:

- near term liquidity with even greater future upside potential;
- a good "partner" who will foster the target business's operating plans, including support of its people, customers, suppliers, marketplace, and culture; and
- flexibility, in everything from the initial form of sale consideration, to the timing for a future liquidity event, to the ability to raise capital for growth, and to a possible uplisting to a national exchange.

We are actively engaged in discussions with several business owners currently where each of these attributes is an important consideration for them, and we look forward to being able to tell you more about them as they progress to a hopeful closing.

Until then, we will continue to manage the Elah enterprise in as cost efficient a manner as possible and are pleased to report that our first quarter 2021 financial results, included herein, were improved over the prior year period and consistent with our budgeted expectations for the period. We continue to maintain strong liquidity, limited liabilities, and a simple operating structure. Importantly, we are easy for a counterparty to diligence and an even easier set of individuals to work with.

Thank you for your continued interest in Elah. Feel free to reach out to anyone on the team with questions.

Sincerely,

Kyle Ross

Chief Executive Officer

Disclosure Statement Pursuant to the OTC Pink Basic Disclosure Guidelines



Elah Holdings, Inc.

Principal Address:
4514 Cole Avenue, Suite 1600
Dallas, Texas 75205

Mailing Address:
1934 Old Gallows Road, Suite 350, #T09301
Tysons Corner, Virginia 22182

805-435-1255

www.elahholdings.com

Investor Relations: ir@elahholdings.com

Stockholder Inquiries: stock@elahholdings.com

SIC Code: 7389

Quarterly Report For the Period Ending: March 31, 2021 (the "Reporting Period")

As of May 14, 2021, the number of shares outstanding of our Common Stock was: 739,096

As of December 31, 2020, the number of shares outstanding of our Common Stock was: 739,096

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934): Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

Current name of the issuer and any names used by predecessor entities, along with the dates of the name changes:

Elah Holdings, Inc. (May 9, 2018 – present); Real Industry, Inc. (June 1, 2015 – May 9, 2018); Signature Group Holdings, Inc. (June 11, 2010 to June 1, 2015)

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Elah Holdings, Inc. (the "Company", "we", or "us") is a Delaware corporation with active current standing (Prior names for the Company: Real Industry, Inc. and Signature Group Holdings, Inc.)

Signature Group Holdings, Inc., a Delaware corporation ("Signature Delaware"), on January 2, 2014 completed a holding company reorganization and reincorporation from Nevada to Delaware. In connection with this reincorporation, (i) in late 2013, Signature Group Holdings, Inc. a Nevada corporation ("Signature Nevada") formed SGH Holdco, Inc., a Delaware corporation, and its subsidiary, SGGH, LLC; (ii) following approval by Signature Nevada's stockholders, Signature Nevada merged with and into SGGH, LLC, with Signature Nevada ceasing to exist and SGGH, LLC continuing as the surviving entity and as a

wholly owned subsidiary of SGH Holdco, Inc.; (iii) concurrently with such merger, SGH Holdco, Inc. was renamed Signature Group Holdings, Inc.; and (iv) each outstanding share of common stock of Signature Nevada was automatically converted into one share of common stock of Signature Delaware. Signature Nevada was originally incorporated in Nevada in 1972 as Fremont General Corporation (“Fremont”), which operated as a financial services holding company until its bankruptcy filing in June 2008. On June 11, 2010, Fremont completed a plan of reorganization and emerged from Chapter 11 bankruptcy proceedings as Signature Nevada.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception: N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: N/A

The address(es) of the issuer’s principal executive office:

Elah Holdings, Inc., 4514 Cole Avenue, Suite 1600, Dallas, Texas 75205

The address(es) of the issuer’s principal place of business:

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

On November 17, 2017, the Company (then known as Real Industry, Inc.) and its then wholly owned subsidiaries, Real Alloy Intermediate Holding, LLC (“RAIH”) and Real Alloy Holding, Inc. (“Real Alloy”), as well as six of Real Alloy’s wholly owned domestic subsidiaries (collectively with RAIH and Real Alloy, the “Real Alloy Debtors,”), filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Code (“Bankruptcy Code”) in the U.S. Bankruptcy Court for the District of Delaware (“Bankruptcy Court”). The Chapter 11 cases of the Company and the Real Alloy Debtors were jointly administered and procedurally consolidated in the Bankruptcy Court under the case of Real Industry, Case No. 17-12464 (KJC), and the caption “In re: Real Industry, Inc., et al.” Court filings and other information related to the Chapter 11 proceedings are available at a website administered by the claims and noticing agent, Prime Clerk LLC, at <https://cases.primeclerk.com/realindustry>.

On May 9, 2018, the Company completed a Bankruptcy Court- and stockholder-approved Chapter 11 plan of reorganization (“Plan”), which Plan centered around a \$17.5 million injection of new equity capital into the Company’s business in exchange for 49% of our new common stock, the compromise of more than \$30 million in preferred equity and accrued dividends in exchange for \$2 million and 31% of our new shares of common stock, the cancellation of all common stock and all other derivative securities and reissuance of new shares of common stock to all stockholders on the basis of an effective 1-for-200 reverse stock split, the payment or settlement of all allowed claims and debts in full, the forfeiture of the equity and interests of our former operating subsidiary RAIH and the Real Alloy business, the appointment of an entirely new board of directors, and the change of our name to Elah Holdings. In connection with these changes, the Company qualified to “go dark” from periodic reporting with the U.S. Securities and Exchange Commission (“SEC”) as of May 9, 2018, as the Company and its stock met the SEC’s requirements of voluntary deregistration of our common stock under the Securities Exchange Act of 1934 with the SEC. The Company’s stock resumed trading on the Over-the-Counter Pink Sheets following the Emergence Date in late June 2018. Real Alloy was sold pursuant to a Bankruptcy Court-approved Section 363 sale of the Real Alloy U.S. assets and non-U.S. equity, which closed on May 31, 2018. Real Industry did not receive any value from the sale of such assets, and the Company has no ongoing financial ties to Real Alloy.

2) Security Information

Trading symbol: ELLH
Exact title and class of securities outstanding: Common Stock*
CUSIP: 28413L 105
Par or stated value: \$0.001 par value

* In addition to the protections of our Third Amended and Restated Certificate of Incorporation, the Company maintains its Second Amended and Restated Rights Agreement, dated as of November 2, 2020, with Computershare, Inc., as rights agent (the “Rights Agreement”), which is intended to prevent an “ownership change” within the meaning of Section 382 of the Internal Revenue Code and thereby preserve the Company’s ability to use its net operating losses (tax loss carryforwards). To effectuate the mechanics of the Rights Agreement, one right attaches to each share of the Company’s common stock, and such

rights are uncertificated unless the protections of the Rights Agreement are triggered. A copy of this Rights Agreement, including a full summary of the Rights Agreement at Exhibit C thereto, is available under the “Corporate Documents” section of the Company’s website at <http://www.elahholdings.com/CorporateDocuments/default.aspx>.

As of May 14, 2021:

Total shares authorized: 2,500,000 Capital Shares (2,450,000 Common; 50,000 Preferred)
 Total shares outstanding: 739,096 Common (0 Preferred)
 Number of shares in Public Float: 283,301 (Please note that this public float number excludes from the public float total an aggregate 129,171 shares of common stock held by beneficial owners of greater than 5%, but less than 10%, of the Company’s total shares outstanding, which shares are subject to contractual and Certificate of Incorporation transfer restrictions. Without this adjustment, based solely on shareholdings of officers, directors and beneficial owners of 10% or more of the Company’s Common Stock, the public float is 412,472.)

Total number of shareholders of record: 231 (incl. known DTC participant accounts)

Elah has no additional classes of publicly traded securities.

Transfer Agent

Name: Computershare Investor Services
 Phone: (800) 522-6645
 Email: www-us.computershare.com/Investor
 Address: *Standard Mail:* P.O. Box 43078, Providence, RI 02940-3078;
Overnight: 250 Royall Street, Canton, MA 02021

Is the Transfer Agent registered under the Exchange Act? Yes: No:

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2018</u> Common: <u>739,096</u> Preferred: <u>0</u>									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date <u>5/14/2021</u> Common: <u>739,096</u> Preferred: <u>0</u>									

B. Debt Securities, Including Promissory and Convertible Notes

Check this box if there are no outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual):

Name	Title	Relationship to the Company
Kyle Ross	Chief Executive Officer	Employee
Michael Hobey	Chief Financial Officer	Employee
Laura Contreras	Controller	Contractor

The Company's unaudited financial statements for the fiscal quarter ended March 31, 2021 are provided at Appendix A to this Disclosure Report. The Company's prior audited financial statements for fiscal years ended December 31, 2020 (posted to OTCIQ March 1, 2021 and updated March 31, 2021), December 31, 2019 (posted to OTCIQ March 13, 2020), and the Company's unaudited quarterly statements for the fiscal quarters in 2019, are also available on the OTCIQ website, as well as available on the Company's website, www.elahholdings.com, under "Financial Releases."

5) Issuer's Business, Products and Services

A. Summarize the issuer's business operations.

Elah Holdings, Inc. is a Delaware holding company that is continuing to execute the longstanding business strategy of Real Industry (and previously Signature Group Holdings, Inc.) of seeking to acquire profitable businesses in the commercial and industrial markets, supporting the performance of such acquisitions post-closing and managing legacy assets. We have historically operated through subsidiaries.

A key element to our business strategy is utilizing our considerable United States ("U.S.") federal net operating tax loss carryforwards ("NOLs"). Our federal NOLs were predominantly generated by legacy businesses, and as of December 31, 2020, total \$1.0 billion, approximately \$650 million of which begin to expire if not used before our 2027 tax year. The ultimate realization of our deferred tax assets, including our federal NOLs, depends on our ability to generate future U.S. federal taxable income through the implementation of our business plan.

B. Please list any subsidiaries, parents, or affiliated companies.

The Company's direct subsidiaries are SGGH, LLC and Cosmedicine, LLC; all of the Company's subsidiaries are discontinued operations. SGGH, LLC, and its subsidiaries include the legacy operations of Fremont, a diversified financial and insurance services business, which, by virtue of a series of asset sales and changes in operating strategy, became discontinued operations in June 2010, over ten years ago.

C. Describe the issuers' principal products or services: N/A

6) Issuer's Facilities

The Company does not maintain any facilities or own real property and is not a party to any lease. Our employees work remotely, and to the extent any employee utilizes office space from time to time, it is paid for on a month-to-month basis.

7) **Company Insiders (Officers, Directors, and Control Persons)**

The table below sets forth certain information regarding beneficial ownership of the Company’s common stock as of May 14, 2021 by (i) each of our directors, (ii) each of our executive officers, (iii) all of our directors and executive officers as a group, and (iv) each person, or group of affiliated persons, known to us to beneficially own more than 5% of our outstanding common stock. To our knowledge, except as otherwise indicated below, each of the persons named in the table has sole voting and investment power with respect to all shares beneficially owned, subject to applicable community property and similar laws.

Beneficial ownership is determined in accordance with the SEC rules. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options, warrants, or other rights held by that person that were exercisable as of May 14, 2021, or will become exercisable within 60 days after May 14, 2021, are deemed outstanding, but such shares are not deemed outstanding for purposes of computing the percentage ownership of any other person.

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding (* Less than 1%)	Note
Kyle Ross	Chief Executive Officer, President, Chief Investment Officer	Los Angeles, CA	4,332	Common	*	Shares reported include (i) 1,161 shares and (ii) 3,171 options to purchase shares that have vested or will vest within 60 days of May 14, 2021 (of a total 3,171 options to purchase shares of ELLH stock at an exercise price of \$64.29/share). These stock options vest over a three-year period, with full vesting in May 2021 (the “Option Terms”).
Michael Hobey	Chief Financial Officer, EVP, Treasurer	Barcelona, Spain	1,775	Common	*	Shares reported include (i) 295 shares and (ii) 1,480 options to purchase shares that have vested or will vest within 60 days of May 14, 2021 (of a total 1,480 options to purchase shares of ELLH stock at an exercise price of \$64.29/share). These stock options vest on the Option Terms.
Kelly G. Howard	General Counsel, EVP, Corporate Secretary	Oak Hill, VA	2,968	Common	*	Shares reported include (i) 219 shares and (ii) 2,749 options to purchase shares that have vested or will vest within 60 days of May 14, 2021 (of a total 2,749 options to purchase shares of ELLH stock at an exercise price of \$64.29/share). These stock options vest on the Option Terms.
C. Clark Webb	Chairman of the Board; 5% beneficial holder	Dallas, TX	185,514	Common	25.10%	Shares include (i) 1,075 shares directly owned by Mr. Webb, and (ii) 184,439 shares indirectly owned jointly with Mr. Alpert through 210/RELY Partners, LP (the “210 Shares”). 210/RELY Investment, LLC is the general partner of, and may be deemed to beneficially own certain securities of 210/RELY Partners. 210 Capital, LLC is the sole member of, and may be deemed to beneficially own certain securities of 210/RELY Investment. Covenant RHA Partners, LP and CCW/LAW Holdings, LLC are the members of, and may be deemed to beneficially own certain securities owned by, 210 Capital. Mr. Webb is the sole member of, and may be deemed to beneficially own certain securities owned by, CCW/LAW Holdings. RHA Investments, Inc. is the general partner of, and may be deemed to beneficially own certain securities owned by, Covenant RHA Partners. Mr. Alpert is the President and sole

						shareholder of, and may be deemed to beneficially own certain securities owned by, RHA Investments. This description of the ownership of ELLH shares shall not be deemed an admission that such persons are, for purposes of Section 13(d), 13(g) or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose, the beneficial owners of any securities so described, and Messrs. Webb and Alpert and the foregoing entities disclaim beneficial ownership of the securities so described, except to the extent of the pecuniary interest of such persons in such securities, if any.
Robert H. Alpert	Director; 5% beneficial holder	Dallas, TX	184,439	Common	24.95%	Shares represent the 210 Shares discussed above.
Randolph E. Brown	Director	Dallas, TX	14,123	Common	1.91%	Shares held by The Randolph E. Brown 5X5 Trust.
Brian Laibow	Director	Los Angeles, CA	—	Common	0%	Mr. Laibow is a Managing Director of Oaktree Capital Management, LLC. He disclaims beneficial ownership of any shares of Elah stock which may be owned by Oaktree Capital Management, LLC.
Douglas Tabor	Director	Dallas, TX	13,662	Common	1.85%	Shares include (i) 12,050 shares held directly, and (ii) 1,612 shares held indirectly through Texas Time Express.
All Directors & Officers as a Group		--	222,374	Common	29.79%	
210/RELY Partners, LP	5% holder	Dallas, TX	184,439	Common	24.95%	Please see the discussion of the 210 Shares above. <i>Contact Info:</i> Caryn Peoples, 210 Capital, 4514 Cole Avenue, Suite 1600, Dallas, TX 75205
Goldman Sachs BDC, Inc.	5% holder	New York, NY	111,650	Common	15.11%	Pursuant to a Schedule 13D jointly filed by the entities with the SEC on May 18, 2019, Goldman Sachs Asset Management, LP (“GSAM”) reported it had shared voting and dispositive power over an aggregate 181,036 shares as follows: (i) 46,214 shares held directly by Goldman Sachs BDC, Inc. (“GSBDC”); (ii) 69,386 shares held directly by Goldman Sachs Private Middle Market Credit LLC; and (iii) 65,436 shares held directly by Goldman Sachs Middle Market Lending Corp. (“GSMMLC”, and such three entities, the “GS Purchasers”). Subsequently, GSAM informed the Company that as of October 12, 2020, GSMMLC merged with and into GSBDC and GSBDC holds all ELLH shares formerly held by GSMMLC. GSAM is an investment adviser registered under the Investment Advisers Act of 1940, as amended, and serves as the investment adviser to each of the GS Purchasers, and as such may be deemed to beneficially own the ELLH shares beneficially held by each GS Purchaser. This description of the ownership of ELLH shares shall not be deemed an admission that GSAM is, for purposes of Section 13(d), 13(g) or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose, the beneficial owners of the aforementioned securities directly held by each of the GS Purchasers. <i>Contact Info:</i> Brendan McGovern, GSAM, 200 West Street, New York, NY 10282.
Goldman Sachs Private Middle Market Credit LLC	5% holder	New York, NY	69,386	Common	9.39%	
OCM Opps 7b Real Holdings, LLC	5% holder	Los Angeles, CA	59,785	Common	8.09%	This is a fund owned by Oaktree Capital Management, LLC. <i>Contact Info:</i> Henry Orren, Oaktree Capital Management, LLC, 333 S. Grand Avenue, 28th Floor, Los Angeles, CA 90071.

8) Legal/Disciplinary History

A. None of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None; for more information on legal matters relating to the Company and its subsidiaries, please refer to Note 8 "Commitments and Contingencies – Legal Proceedings" of our quarterly financial statements for the fiscal quarter ended March 31, 2021.

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Accountant or Auditor (Please note: *Quarterly financial statements are unaudited.*)

Name: Christopher Krogh
Firm: Baker Tilly US, LLC
Address: 11150 Santa Monica Blvd., Suite 600
Los Angeles, CA 90025
Phone: (310) 826 4474
Email: chris.krogh@bakertilly.com

The Company utilizes internal resources for its securities counsel and investor relations:

Securities Counsel

Name: Kelly G. Howard, General Counsel
Firm: Elah Holdings, Inc.
Address: 1934 Old Gallows Road,
Suite 350, #T09301
Tysons Corner, Virginia 22182
Phone: 805-835-1255
Email: stock@elahholdings.com

Investor Relations

Name: Michael Hobey, Chief Financial Officer
Firm: Elah Holdings, Inc.
Address: 4514 Cole Avenue, Suite 1600
Dallas, Texas 75205
Phone: 805-835-1255
Email: ir@elahholdings.com

10) Issuer Certifications

Principal Executive Officer:

I, Kyle Ross, certify that:

1. I have reviewed this quarterly disclosure statement of Elah Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 5/16/2021

/s/ Kyle Ross

Kyle Ross, Chief Executive Officer

Principal Financial Officer:

I, Michael J. Hobey, certify that:

1. I have reviewed this quarterly disclosure statement of Elah Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 5/16/2021

/s/ Michael J. Hobey

Michael J. Hobey, Chief Financial Officer

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We are including this cautionary statement to make applicable the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These unaudited quarterly financial statements and accompanying Letter from our CEO contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to risks and uncertainties and are based on our current expectations, estimates, and projections about the businesses and prospects of the Company (“we” or “us”), as well as the beliefs and certain assumptions made by management. All statements other than statements about historical or current facts, including, without limitation, statements about our business strategy, plans, and objectives of management and our future prospects, are forward-looking statements. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “should,” “will” and variations of these words are intended to identify forward-looking statements. Such statements speak only as of the date hereof and are subject to change. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, unless otherwise required by law. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Accordingly, actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Forward-looking statements may discuss, among other matters: our financial and operational results, as well as our expectations for future financial trends and performance of our business in future periods; our operating and transactional strategy; risks and uncertainties associated with our business, our strategy and the impact of our concluded reorganization under Chapter 11 of Title 11 of the United States Code (“Chapter 11”); the adequacy of our capital resources and financing capability; the Company’s ability to execute on its strategic plan to evaluate, finance and close potential M&A opportunities; our long-term outlook; our preparation for current and future market conditions; the impact of COVID-19 and related matters (such as U.S. economic performance) on our business; our ability to identify and negotiate with transaction partners, the operations and financial position of potential transaction partners, and the availability and terms of financing for potential transactions; potential changes in federal, state and local tax rates; the impact of the upcoming legislation or national elections; adjustments to the categorization of activities during or as a result of our Chapter 11 proceedings; the ability of the Company to classify, preserve and utilize the net operating loss tax carryforwards (NOLs) following the Chapter 11 proceedings and future transactions; and any statements or assumptions underlying any of the foregoing. Important factors that may cause such differences include, but are not limited to, changes in our cash needs as compared to our historical operations; volatility in the capital markets for financing acquisitions; the impact of U.S. tax legislation and any other changes in U.S. or non-U.S. tax laws on our operations or the value of our NOLs; our ability to successfully identify, acquire, finance and integrate companies and businesses that perform and meet expectations after completion of such acquisitions, especially when coupled with the effects of the current and near-term U.S. and global economic environment; our ability to achieve and maintain future profitability; our ability to control operating costs and other expenses; that general economic conditions may be worse than expected; that competition may increase significantly; adverse litigation; changes in laws or government regulations or policies affecting our current business operations and/or our legacy businesses, as well as those risks and uncertainties disclosed in the document entitled “Risks Factors relating to Elah Holdings, Inc.” available under the “Corporate Documents” section of the Company’s website at <http://www.elahholdings.com/Corporate-Documents/default.aspx>. These Risk Factors are incorporated into this Disclosure Statement by reference.

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IMPORTANT NOTE REGARDING THESE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements with footnotes for the fiscal quarter ended March 31, 2021 (“Q1 Financial Statements”) have been prepared in accordance with United States generally accepted accounting principles (“GAAP”). They are unaudited and may not include all disclosures, information and footnotes that would otherwise be required by GAAP in a complete set of audited financial statements. The Company’s auditors have not reviewed the Q1 Financial Statements. The results of operations for an interim period may not give a true indication of the results to be expected for a full year or any future period. In addition, the unaudited, unreviewed financial results set forth below should not be viewed as a substitute for full annual audited financial statements prepared in accordance with GAAP. In addition, as a result of rounding, some of the financial tables included in this financial report may not foot.

* * *

Appendix A: Unaudited Financial Statements for the Three Months Ended March 31, 2021

APPENDIX A

UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021

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APPENDIX A

UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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**ELAH HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS**

(\$ in thousands, except per share and par value amounts)	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 14,793	\$ 15,653
Income tax and other receivable	-	-
Prepaid expenses and other current assets	24	58
Current assets of discontinued operations	338	238
Total current assets	15,155	15,949
Other noncurrent assets	437	455
TOTAL ASSETS	\$ 15,592	\$ 16,404
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Trade payables	\$ 21	\$ 71
Accrued liabilities	277	483
Total current liabilities	298	554
TOTAL LIABILITIES	298	554
Stockholders' equity:		
Preferred stock, Series A Junior Participating; \$0.001 par value; 50,000 shares authorized; none issued or outstanding	-	-
Common Stock, \$0.001 par value; at March 31, 2021 and December 31, 2020, 2,450,000 shares authorized, 739,096 shares issued and outstanding	1	1
Additional paid-in capital	36,928	36,888
Accumulated deficit	(21,635)	(21,039)
Total stockholders' equity — Elah Holdings, Inc.	15,294	15,850
TOTAL STOCKHOLDERS' EQUITY	\$ 15,294	\$ 15,850
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 15,592	\$ 16,404

The accompanying notes are an integral part of these consolidated financial statements.

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in thousands, except per share amounts)	Three Months Ended	
	March 31, 2021	March 31, 2020
Revenues	\$ 8	\$ 9
Selling, general and administrative expenses	646	630
Other operating expense, net	5	14
Operating loss	(643)	(636)
Loss from continuing operations before income taxes	(643)	(636)
Income tax expense	-	-
Loss from continuing operations	(643)	(636)
Earnings (loss) from discontinued operations, net of income taxes	47	(25)
Net Loss	<u>\$ (596)</u>	<u>\$ (661)</u>
LOSS PER SHARE:		
Net loss available to common stockholders	(596)	(661)
Basic and diluted (loss) earnings per share:		
Continuing operations	(0.87)	(0.86)
Discontinued operations	0.06	(0.03)
Basic and diluted (loss) per share	<u>\$ (0.81)</u>	<u>\$ (0.89)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(In thousands, except shares)	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	
Balance, December 31, 2019	—	\$ —	739,096	\$ 1	\$ 36,748	\$ (19,292)	\$ 17,457
Net loss	—	—	—	—	—	(1,747)	(1,747)
Share-based compensation expense	—	—	—	—	140	-	140
Balance, December 31, 2020	—	\$ —	739,096	\$ 1	\$ 36,888	\$ (21,039)	\$ 15,850
Net loss	—	—	—	—	—	(596)	(596)
Share-based compensation expense	—	—	—	—	40	-	40
Balance, March 31, 2021	—	\$ —	739,096	\$ 1	\$ 36,929	\$ (21,635)	\$ 15,294

The accompanying notes are an integral part of these consolidated financial statements.

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands)	Three Months Ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities:		
Net loss from Continuing Operations	\$ (643)	\$ (636)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Earnings (loss) from discontinued operations	47	(25)
Change in deferred income taxes and tax receivables	-	183
Share-based compensation expense	40	35
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	34	34
Other noncurrent assets	17	17
Trade payables	(50)	(23)
Accrued liabilities	(206)	(193)
Net cash impact of discontinued operations	(100)	1
Net cash used in operating activities	(860)	(607)
Change in cash and cash equivalents	(860)	(607)
Cash and cash equivalents, beginning of period	15,653	12,956
Cash and cash equivalents, end of period	\$ 14,793	\$ 12,349

The accompanying notes are an integral part of these consolidated financial statements.

ELAH HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND OPERATIONS

Elah Holdings, Inc. (“Elah Holdings”), formerly known as Real Industry, Inc. (“Real Industry”; Elah Holdings and Real Industry in these financial statements, the “Company”, “we” or “us”), is a Delaware holding company that is continuing to execute the longstanding business strategy of Real Industry (and previously Signature Group Holdings, Inc.) of seeking to acquire profitable businesses in the commercial and industrial markets, supporting the performance of such acquisitions post-closing and managing legacy assets. We have historically operated through subsidiaries.

A key element to our business strategy is utilizing our considerable United States (“U.S.”) federal net operating tax loss carryforwards (“NOLs”). Our federal NOLs were predominantly generated by legacy businesses, and as of December 31, 2020, total \$1.0 billion, approximately \$650 million of which begin to expire if not used before our 2027 tax year. The ultimate realization of our deferred tax assets, including our federal NOLs, depends on our ability to generate future U.S. federal taxable income through the implementation of our business plan.

On May 9, 2018 (the “Emergence Date”), Real Industry completed a court- and stockholder-approved plan of reorganization (the “Plan”) in its reorganization proceedings under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware. This Plan centered around a \$17.5 million injection of new equity capital into our business in exchange for 49% of our new common stock, the compromise of more than \$30 million in preferred equity and accrued dividends in exchange for \$2 million and 31% of our new shares of common stock, the cancellation of all common stock and all other derivative securities and reissuance of new shares of common stock to all stockholders on the basis of an effective 1-for-200 reverse stock split, the payment or settlement of all allowed claims and debts in full, the forfeiture of the equity and interests of our former operating subsidiary Real Alloy Holding, Inc. and its subsidiaries (collectively, “Real Alloy”), the appointment of an entirely new board of directors, and the change of our name to Elah Holdings. As a result of these changes, we qualified to “go dark” from periodic reporting with the U.S. Securities and Exchange Commission (“SEC”) as of the Emergence Date, as we and our stock met the SEC’s requirements of voluntary deregistration of our common stock under the Securities Exchange Act of 1934 with the SEC. Our stock resumed trading on the Over-the-Counter Pink Sheets following the Emergence Date in late June 2018. For additional information on the Chapter 11 cases of Real Industry and Real Alloy, please refer to our financial statements for the year ended December 31, 2019.

NOTE 2—PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), and comprise the accounts of Elah Holdings, Inc. and its wholly owned and majority owned subsidiaries. As a result of rounding, some of the financial tables included in this financial report may not foot. The Company has evaluated subsequent events through the date of issuance of this financial report. Certain amounts previously reported in the financial statements have been reclassified to conform to the current year presentation. Such reclassifications do not affect net (loss) earnings, stockholders’ equity or cash flow.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and the world. It is uncertain how long the disruption caused by COVID-19 in U.S. industry and markets will continue to last. The ultimate impact of the pandemic on the Company’s future consolidated financial statements cannot be reasonably estimated at this time. However, the Company does not expect this matter will have a material negative impact on its business, results of operations, and financial position.

Discontinued operations

U.S. GAAP requires the results of operations of a component of an entity that either has been disposed of or is classified as held for sale to be reported as discontinued operations in the consolidated financial statements if the sale or disposition represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results.

At March 31, 2021 and 2020, discontinued operations include Elah’s subsidiary SGGH, LLC (“SGGH”), which includes the legacy activity of Fremont General Corporation (“Fremont”) and its former subsidiaries. See Note 3—*Discontinued Operations* for additional information about our discontinued operations.

Basis of consolidation

The Company evaluates its relationship with other entities for consolidation and to identify whether such entities are variable interest entities (“VIE”) and to assess whether the Company is the primary beneficiary of such entities. As of March 31, 2021 and December 31, 2020, the Company did not have any VIEs. All intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit at financial institutions and other short-term liquid investments. Cash and cash equivalents are stated at cost, which approximates fair value due to their short-term maturities and market interest rates. All highly liquid investment instruments with maturities of three months or less are classified as cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company maintains its cash in checking accounts at federally insured financial institutions in excess of federally insured limits.

Use of estimates

Management has made a number of estimates and assumptions relating to the Company’s assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in accordance with U.S. GAAP. Significant areas requiring the use of management estimates relate primarily to the valuation of litigation reserves and the valuation of deferred income taxes. Actual results could differ from those estimates.

Business combinations

Business combinations are accounted for using the acquisition method where the purchase price paid is allocated to the assets acquired and liabilities assumed, and noncontrolling interest, if applicable, based on their estimated fair values. Any excess purchase price over the fair value of the net assets acquired is recorded as goodwill. Although the Company completed no business combinations in the periods covering these financial statements, this policy is still in effect in light of the Company’s business strategy.

Fair value measurements

In accordance with ASC 820, Fair Value Measurement, the Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs that are both significant to the fair value measurement and unobservable.

We endeavor to utilize the best available information in measuring fair value. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence and unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of March 31, 2021 and December 31, 2020, there were no assets or liabilities carried at fair value on a recurring or non-recurring basis. As of March 31, 2021 and December 31, 2020, cash and cash equivalents, accounts receivable and pre-paid expenses were the only financial assets reported by the Company in continuing operations and there were no financial liabilities. The carrying amounts reported in the consolidated balance sheets for these financial instruments approximate fair value because of their short-term nature.

Income taxes

Deferred income taxes are computed using the liability method, under which deferred income taxes represent the tax effect of differences between the financial and income tax bases of assets and liabilities. As a result of generating operating losses since 2006, among other factors, the Company has determined that sufficient uncertainty exists as to the realizability of certain deferred tax assets and, as such, has placed a valuation allowance of \$232.5 million on its U.S. deferred tax assets as of December 31, 2020. U.S. tax benefits and related U.S. deferred tax assets will be recognized if the Company considers realization of the net U.S. deferred tax assets to be more likely than not, or to the extent that U.S. deferred tax liabilities are recognized in connection with business combinations.

Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit that management believes has a greater than 50% likelihood of realization upon settlement. The Company classifies interest and penalties as a component of income tax expense.

NOTE 3—DISCONTINUED OPERATIONS

SGGH and its subsidiaries include the legacy operations of Fremont, a diversified financial and insurance services business, which, by virtue of a series of asset sales and changes in operating strategy, became discontinued operations in June 2010, nearly ten years ago. As of March 31, 2021, the majority of SGGH's \$338 thousand in assets were cash and cash equivalents and its liabilities rounded to zero, although it owns several subordinated mortgage-backed securities that have been valued at zero since 2008.

The results of operations, financial condition and cash flow activity of discontinued operations have been separately identified on the consolidated financial statements.

NOTE 4—INCOME TAXES

At the end of each quarterly reporting period, the Company estimates its annual effective income tax rate based upon the prior fiscal year end's audited financial statement. The estimate used for the three months ended March 31, 2021 may change in subsequent periods. There was no income tax expense or benefit for the three months ended March 31, 2021 or for the three months ended March 31, 2020.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, as well as various state and local jurisdictions. With few exceptions, the 2014 through 2020 tax years remain open to examination. Due to the existing NOLs, the Company is still subject to audit for certain loss years prior to 2008 by the IRS and by various state taxing authorities as the NOLs for a particular year are utilized.

As of March 31, 2021, the Company has U.S. federal NOLs of approximately \$1.0 billion, which is the same as reported in its audited financial statement as of December 31, 2020. The U.S. federal NOLs generated prior to December 31, 2017 have a 20-year life and begin to expire after the 2027 tax year. Additionally, the Company has state NOLs in various jurisdictions, which aggregate to \$321.0 million before valuation allowances.

On March 27, 2020, the U.S. Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which, among other things, included an acceleration of refunds of corporate alternative minimum tax (AMT) credits. Under Section 2305(d)(2) of the CARES Act, all remaining corporate AMT credits from the Tax Cuts and Jobs Act of 2017 (TCJA), which were originally scheduled to be refunded to corporate taxpayers for tax years 2018 to 2021, have been accelerated and may now be claimed for tax year 2018. The Company believes that it has received all of its potential benefits under the acceleration of AMT refunds program.

NOTE 5—EQUITY

As of March 31, 2021 and December 31, 2020, the Company's total issued and outstanding common stock was 739,096 shares. As of March 31, 2021 and December 31, 2020, the Company had an aggregate 8,120 and 7,400 options, respectively, to purchase shares of Common Stock outstanding, and no other outstanding equity awards. The Company recognized less than \$100 thousand of expense for the three months ended March 31, 2021 and March 31, 2020 related to such options. No options were exercised, converted, forfeited or expired during the periods ended March 31, 2021 or March 31, 2020.

Options issued January 24, 2019

The first tranche of 7,400 of these stock options were issued to the Company's executive officers on January 24, 2019; as of March 31, 2021, an aggregate 6,981 of these options have vested. The first one-third of these shares vested in a single tranche on December 31, 2019, and the remaining balance of these options vest monthly until May 31, 2021, provided the recipient is continuously employed in

good standing on each vesting date. The options have an exercise price of \$64.29 per share, which was equal to the current market value on the date of issuance. The Company valued the option grant at \$0.3 million using the Black Scholes methodology based on a ten year life, the 10 year US Treasury rate at date of issue and volatility of 50% which was based upon the Company's historic volatility.

Options issued January 22, 2021

The second tranche of 720 of these stock options were issued to an employee on January 22, 2021. These options vest fully in a single tranche on January 22, 2022 provided that the recipient is continuously employed in good standing on the vesting date. As of March 31, 2021, none of these options have vested. The options have an exercise price of \$79.15 per share, which was the 30-day volume weighted average trading price (VWAP) of the Company's common stock on the OTC Pink Sheets prior to the grant. The Company valued the option grant at approximately \$30 thousand using the Black Scholes methodology based on a ten year life, the 10 year US Treasury rate at date of issue and volatility of 50% which was based upon the Company's historic volatility.

NOTE 6—(LOSS) EARNINGS PER SHARE

For the three months ended March 31, 2021 and 2020, earnings per share is computed by dividing net earnings attributable to the Company available to common shareholders by the weighted average number of common shares outstanding for the March 31, 2021 and 2020 quarterly reporting periods, respectively.

The impact of all outstanding unvested shares of common stock options are excluded from diluted loss per share as their impact would be antidilutive. The total potentially dilutive common stock equivalents at March 31, 2021 and December 31, 2020 were 6,981 and 6,366, respectively.

The following table sets forth the computation of basic and diluted (loss) earnings per share for our one class of common stock for the three months ended March 31, 2021 and 2020:

(In thousands, except share and per share amounts)	Three Months Ended	
	3/31/2021	3/31/2020
(Loss) from continuing operations	\$ (643)	\$ (636)
Earnings (loss) from discontinued operations, net of income taxes	47	(25)
Net (loss) attributable to the Company	(596)	(661)
Numerator for basic and diluted loss per share—Net loss available to common stockholders	<u>\$ (596)</u>	<u>\$ (661)</u>
Denominator for basic and diluted loss per share—Weighted average shares outstanding		
Weighted average shares outstanding	739,096	739,096
Basic and diluted (loss) per share:		
Continuing operations	\$ (0.87)	\$ (0.86)
Discontinued operations	0.06	(0.03)
Basic and diluted (loss) earnings per share	<u>\$ (0.81)</u>	<u>(0.89)</u>

NOTE 7—SEGMENT INFORMATION

For the periods presented herein, the Company has operated as one single segment and continues to execute its longstanding business strategy of seeking to acquire profitable businesses in the commercial and industrial markets and supporting the performance of such acquisitions post-closing.

NOTE 8—COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Each of Real Industry and SGGH have historically been named as a defendant in or as a party to a number of legal actions or proceedings that arose in the ordinary course of business. In some of these actions and proceedings, claims for monetary damages are asserted. In view of the inherent difficulty of predicting the outcome of such legal actions and proceedings, management generally cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss related to each pending matter may be, if any.

In accordance with applicable accounting guidance, management establishes an accrued liability for litigation when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. The estimated loss is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated loss may change from time to time, and actual results may vary significantly from the current estimate. Therefore, an estimate of loss represents what management believes to be an estimate of loss only for certain matters meeting these criteria. It does not represent the Company's maximum loss exposure.

Based on management's current understanding of these pending legal actions and proceedings, it does not believe that judgments or settlements arising from pending or threatened legal matters, individually or in the aggregate, would have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Company's control, and the very large or indeterminate damages sought in some of these matters, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular reporting period.

RMBS Defense, Indemnity and Contribution Matters. In connection with residential mortgage-backed securities offerings ("RMBS Offerings") involving loans originated by a subsidiary of Fremont, Fremont Investment & Loans ("FIL"), either or both of FIL and its subsidiary entered into loan purchase agreements, underwriting agreements and indemnification and contribution agreements, which contained or incorporated various representations and warranties relating to the loans. Investment banks involved in these RMBS Offerings have been sued in a number of actions concerning their activities related to subprime mortgages ("RMBS Actions"), where SGGH or its former businesses is not a named defendant. SGGH has received demands for defense, indemnity and contribution from defendants in various RMBS Actions. SGGH has rejected each of these demands on several grounds. There is no assurance that SGGH or its former businesses will not be named as defendants in additional RMBS Actions, be sued to enforce claimed rights to defense, indemnity and contribution, or receive additional demands for defense, indemnity and contribution. It is SGGH's intention to vigorously defend any such claims, but SGGH cannot presently predict whether such claims will be pursued or what the outcome would be.

Subpoenas for Information and Documents. In addition to the above-described RMBS Actions, SGGH has received and responded to a number of subpoenas for information from federal agencies and other third-parties in civil litigation matters in which SGGH is not a defendant, but which concern home mortgage transactions involving Fremont's origination and sale of whole loans, and certain RMBS Offerings.