

# **Assured Guaranty (Europe) SA**

**SIREN: 852 597 384**

**Statutory financial statements**

**For the year ended 31 December 2021**

**ASSURED  
GUARANTY®**

## Assured Guaranty (Europe) SA

### Contents

|                            | <b>Page(s)</b> |
|----------------------------|----------------|
| Company information        | 1              |
| Managing Director's report | 2              |
| Statutory auditors' report | 7              |
| Balance sheet              | 11             |
| Income statement           | 13             |
| Appendices                 | 15             |

## **Assured Guaranty (Europe) SA**

### **Company information**

#### **Directors**

Robert Bailenson

Dominic Frederico

Dominic Nathan

Richard Nicholas

Nicholas Proud

Penelope Shaw (appointed 1 March 2021)

Raphaël de Tapol

#### **Company secretaries**

Joanne Merrick (appointed 1 April 2021)

Isabelle Colombel

Sandali Harvey

#### **Registered office**

71, rue du Faubourg Saint-Honoré,

75008 Paris

France

#### **Independent auditors**

PricewaterhouseCoopers SA

Chartered Accountants and Statutory Auditors

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

Paris

France

## **Assured Guaranty (Europe) SA**

### **Managing Director's Report**

#### **1.1. Principal activities**

Assured Guaranty (Europe) SA, (the "Company" or "AGE SA"), was established to enable the Assured Guaranty Group to continue underwriting new business and service existing European Economic Area ("EEA") policies following the United Kingdom's ("UK's") departure from the European Union ("EU") and EEA ("Brexit") in January 2020. The Company was incorporated in July 2019.

The principal activity of the Company is providing financial guarantees for public finance (including infrastructure finance) and structured finance obligations. Financial guarantee insurance written by the Company generally guarantees scheduled payments of principal and interest on an issuer's obligations in the event, and to the extent of, a payment default.

The Company is governed by the French Insurance Code and regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") and is registered with the Trade and Companies Register ("RCS") in France (SIREN: 852 597 384).

The ACPR authorised the Company as an insurance undertaking from 2 January 2020, pursuant to Article R.321-1 of the French Insurance Code. The Company is authorised to carry out three classes of general insurance business in France: classes 14 (credit), 15 (suretyship) and 16 (miscellaneous financial loss).

AGE SA is a subsidiary of Assured Guaranty Municipal Corp. ("AGM"). AGM is an insurance company domiciled in the State of New York, United States of America ("US"). AGM provides financial guarantee insurance on debt obligations issued in the US public finance and global public finance and infrastructure markets.

#### **Parental and Affiliate Support Agreements**

The Company benefits from a number of reinsurance and other support agreements from affiliated Assured Guaranty Group companies, including AGM, which owns 99.9999% of the Company. These reinsurance and other support agreements are described below.

##### *AGM Transferred Business Reinsurance Agreement*

The AGM Transferred Business Reinsurance Agreement reinsures to AGM the business that was transferred to the Company under the Portfolio Transfer (refer to section 1.2, Brexit & Portfolio Transfer for more details). Different percentages of reinsurance cessions are specified for the different reinsured policies.

##### *New Business Reinsurance Agreement*

The New Business Reinsurance Agreement reinsures to AGM 90% of the Company's retention on any new policies underwritten by the Company involving a municipal, utility, project finance, infrastructure or similar type risk ("Public Finance"). It also provides reinsurance for certain Public Finance policies transferred to the Company for which Assured Guaranty UK Limited ("AGUK"), formerly Assured Guaranty (Europe) plc, was not reinsured by AGM, for which AGM's quota share percentage cession is approximately 88% to 90%, varying by policy.

Both the AGM Transferred Business Reinsurance Agreement and the New Business Reinsurance Agreement require AGM to pledge collateral to support its reinsurance obligations to the Company. AGM's collateral requirement at the end of each calendar quarter is calculated as the sum of AGM's share of: (a) the Company's unearned premium reserve (net of the Company's reinsurance premium payable to AGM); (b) the Company's provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable), and (c) any unexpired risk provisions, in each case as calculated in accordance with French GAAP.

##### *AGC Transferred Business Reinsurance Agreement*

The Assured Guaranty Corp. ("AGC") Transferred Business Reinsurance Agreement preserves AGC's 90% quota share reinsurance of the legacy Assured Guaranty (UK) plc policies and 100% reinsurance of the legacy CIFG Europe S.A. ("CIFGE") policies that were transferred to the Company under the Portfolio Transfer.

## **Assured Guaranty (Europe) SA**

### **Managing Director's Report (continued)**

#### *Non-Public Finance Business Reinsurance Agreement*

The Non-Public Finance Business Reinsurance Agreement, dated 1 July 2021, is between the Company and AGC and reinsures to AGC 90% of the Company's retention on any new non-Public Finance policies.

Both the AGC Transferred Business Reinsurance Agreement and the Non-Public Finance Business Reinsurance Agreement impose a collateral requirement on AGC consistent with the collateral requirement that the AGM Transferred Business and New Business Reinsurance Agreements impose on AGM, as described above.

#### *AGRE Transferred Business Reinsurance Agreements*

The Assured Guaranty Reinsurance Limited ("AGRE") Transferred Business Reinsurance Agreements preserves AGRE's quota share reinsurance of the AGUK and legacy Assured Guaranty (London) plc ("AGLN") policies transferred to the Company under the Portfolio Transfer. The agreement imposes a collateral requirement on AGRE consistent with the AGM Transferred Business and New Business Reinsurance Agreements and the AGC Transferred Business and Non-Public Finance Business Reinsurance Agreements, as described above.

#### *Excess of Loss Reinsurance Agreement*

Under the AGM Excess of Loss Reinsurance Agreement, AGM is required to pay the Company the amount by which (i) the sum of (a) the Company's incurred losses calculated in accordance with French GAAP and (b) the Company's net paid losses and loss adjustment expenses, exceed (ii) an amount equal to (a) the Company's capital resources under French law minus (b) 110% of the amounts as may be required by the ACPR as a condition for the Company to maintain its authorization to carry on a financial guarantee business in France. The Excess of Loss Reinsurance Agreement permits the Company to terminate the agreement upon the following events: a downgrade of AGM's ratings by Moody's below A3 or by S&P below A- if AGM fails to restore its rating(s) to the required level within a prescribed period of time, AGM's insolvency or failure by AGM to maintain the minimum capital required by its home jurisdiction.

#### *AGM Net Worth Maintenance Agreement*

Under the terms of the AGM Net Worth Maintenance Agreement AGM is obligated to ensure the Company maintains capital resources equal to 110% of the amounts as may be required by the ACPR as a condition of the Company maintaining its authorization to carry on financial guarantee business in France provided that AGM's contributions (a) do not exceed 35% of AGM's policyholders' surplus on an accumulated basis as determined by the laws of the State of New York, and (b) are in compliance with Section 1505 of the New York Insurance Law.

### **Ratings**

Obligations insured by the Company are generally awarded ratings on the basis of the financial strength ratings given to the Company by major securities rating agencies. As at 7 April 2022, AGM and the Company have been assigned the following insurance financial strength ratings set out below, by S&P Global Ratings, a business unit of Standard & Poor's Financial Services ("S&P") and Kroll Bond Rating Agency, Inc. ("KBRA"):

S&P: AA / Stable Outlook

KBRA: AA+ / Stable Outlook

These ratings are subject to continuous review. S&P and KBRA have both reaffirmed the financial strength ratings of AGM and the Company within the last 12 months. Most recently, on 15 November 2021, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of AA (stable outlook) and has assigned the same rating to the Company. On 20 October 2021, KBRA affirmed its financial strength rating of AA+ (stable outlook) of AGM and assigned the same rating to the Company.

## **1.2. Business Review**

### **Brexit and the Portfolio Transfer**

In response to the UK's decision to leave the EU and the impacts of the UK's withdrawal upon the Assured Guaranty Group's ability to underwrite new business and service existing EEA policies, an affiliate Company, AGUK transferred certain of its existing EEA policies to the Company in October 2020 under Part VII of the United Kingdom Financial Services and Markets Act 2000 and French insurance portfolio transfer procedures ("the Portfolio Transfer").

## **Assured Guaranty (Europe) SA**

### **Managing Director's Report (continued)**

The Portfolio Transfer was approved by the UK High Court with an effective date of 1 October 2020 and resulted in a significant increase in the Company's insured portfolio. As at 31 December 2021 the Company has €8.0 billion gross par insured (€0.5 billion net). The year ended 31 December 2021 is the Company's first full financial year following completion of the Portfolio Transfer.

Further information on the Portfolio Transfer is provided in note 2.1 to the financial statements.

#### **Russia and Ukraine**

The Company's insured portfolio does not have any direct exposure to Russia or Ukraine and none of the insured risks are reliant on assets or revenues from these countries. The Company's investment portfolio also does not have any direct exposure to Russia or Ukraine. Our approach to assessing the risk associated with the situation in Ukraine is therefore focused on understanding the broader macroeconomic implications of the conflict and related governmental sanctions on the insured portfolio. As the situation is fast moving, it is being closely monitored by management and our risk assessment will be kept under regular review.

#### **COVID-19 pandemic**

The COVID-19 pandemic has had profound societal and economic impacts globally. The development and distribution of vaccines has reduced the level of COVID-19 infections, hospitalisations and deaths, while also reducing levels of transmission. In turn, this has supported the gradual release of restrictions imposed to limit transmission, resulting in significant progress towards the full reopening of economies. Despite this, there remains a great deal of uncertainty over the path of the pandemic given the potential for future variants and consequently all of the direct and indirect consequences of COVID-19 on the Company are not yet fully known and still may not emerge for some time.

During the year the Company returned to the office on a hybrid working basis, where employees spend some of the working week working from the office, and some days working from home. Further periods of remote working were undertaken, as necessitated by government recommendations and restrictions. There was no significant impact on day-to-day operations of working on a fully remote or hybrid basis, with appropriate changes to key processes and internal controls to ensure their continued effective operation having been introduced following the onset of the pandemic in 2020. The Company will continue to take measures to appropriately support and minimize risks to its employees, including the use of travel restrictions and remote working as required.

During the year the Board has continued to regularly review the impact of COVID-19 on the Company. The Company's surveillance department has continued to conduct supplemental periodic surveillance procedures to monitor the impact of COVID-19 and governmental and private responses to COVID-19. While insured transactions in certain demand-based sectors have experienced significant strain due to the unprecedented slowdown in economic activity, their credit quality is supported by the resilient nature of the underlying transaction business model, debt service coverage and strong liquidity. The level of required surveillance activity reduced across 2021 as many government restrictions were lifted and levels of activity for demand based transactions began to increase toward pre-pandemic levels, a trend which has continued in 2022. To date the Company has not incurred any claims related to the pandemic impacts, and currently does not expect to do so.

We continue to make use of stress and scenario testing to assess potential impacts on the insured portfolio. Stress scenarios take into account the potential impacts of future variants and the imposition of lockdowns and other restrictions and related economic effects. The Company does not expect to incur significant losses under such scenarios.

Against the unprecedented financial and economic impacts of COVID-19, we believe the results of the Company for the year, which are described below, demonstrate the resilience of our insured portfolio and the confidence investors have in the Company's guarantee during times of uncertainty.

**Assured Guaranty (Europe) SA**  
**Managing Director's Report (continued)**

**Financial position and performance**

The Board monitors the performance and position of the Company by reference to, among other measures, the following Key Performance Indicators ("KPIs"):

|   | 2021           | 2020    |
|---|----------------|---------|
| Number of new transactions                                  | <b>8</b>       | 5       |
|   | <b>€'000</b>   | €'000   |
| Present value of new business production (PVP) <sup>1</sup> | <b>18,145</b>  | 44,097  |
| Earned premiums, net of reinsurance                         | <b>(1,534)</b> | (261)   |
| Claims incurred, net of reinsurance                         | —              | —       |
| Change in other technical provisions, net of reinsurance    | —              | —       |
| Acquisition and administrative expenses                     | <b>3,022</b>   | (2,358) |
| Net investment income / (loss)                              | <b>(16)</b>    | (195)   |
| Profit / (loss) before tax                                  | <b>3,253</b>   | (3,026) |
| Net insured par value of obligations ("par") outstanding    | <b>547,254</b> | 512,138 |
| Regulatory solvency cover ratio <sup>2</sup>                | <b>281 %</b>   | 345 %   |

<sup>1</sup> PVP, which is a non-GAAP (Generally Accepted Accounting Principles) financial measure, is defined as gross upfront and instalment premiums received, plus the present value of gross estimated future instalment premiums on contracts written in the current year. Future instalment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary.

<sup>2</sup> The regulatory solvency cover ratio is the ratio of the Company's Solvency II Own Funds to the Company's Solvency Capital Requirement calculated in accordance with the Solvency II Standard Formula.

The Company underwrote business during the year in the public finance sector, including renewable energy and public infrastructure, and in the structured finance sector, including pooled corporate obligations and other structured finance. The structured finance transactions, which were reinsured by affiliate company, AGC, were the first structured finance transactions underwritten by the Company. The Company underwrote a total of 8 transactions during the year (2020: 5) with PVP and gross written premiums of €18.1 million (2020: €44.1 million) and €19.0 million (2020: €50.6 million) respectively.

The Company's overall underwriting result for the year was a profit of €1.5 million (2020: loss of €2.6 million). The profit was primarily due to the timing of recognition of reinsurance ceding commissions. ANC 2015-11 Art 151-1 requires that the Company recognise all reinsurance ceding commissions on a straight-line basis over the shorter of the contractual maturity date or a maximum of five years. Given that the duration of the Company's policies can be 30 years or more, this results in reinsurance ceding commissions being recognised at a faster rate than the related reinsurance premium cost. Earned premium remains negative due to the cost of certain reinsurance obligations transferred to the Company under the Portfolio Transfer, resulting in the Company recognising negative net earned premiums of €1.5 million in 2021.

The overall profitability of the Company is expected to increase over the coming years as further new business is added and the business reaches appropriate scale.

AGE SA has not incurred any claims to date. As noted above, the COVID-19 pandemic has not and is not expected to significantly impact the credit quality of the Company's insured portfolio. No claims reserves or unexpired risks provision have been recognised as at the balance sheet date and all of the Company's insured obligations are rated investment grade.

The Company's investment strategy focuses on establishing highly liquid, diversified investment portfolios of high credit quality managed by an external investment manager. Under French GAAP, the Company's investments are recorded on an amortised cost basis. The investment return of negative €0.02 million (2020: €0.2 million) is due to realised losses on disposals of €0.2 million incurred in the fourth quarter.

The overall duration of the Company's investment portfolio as at 31 December 2021 was 8.3 years (2020: 8.14 years), with an average credit quality of AA- (2020: AA-), excluding short term deposits.

## Assured Guaranty (Europe) SA

### Managing Director's Report (continued)

As at 31 December 2021, the Company had issued guarantees on financial obligations with gross outstanding par of €8.0 billion (2020: €7.8 billion) and net par after reinsurance of €0.5 billion (2020: €0.5 billion). The increase from prior year was due to the new business underwritten.

The Company remains in a very strong financial position with a regulatory solvency cover ratio of 281% (2020: 345%). The solvency surplus decreased during the year due to a reduction in own funds as a result of: (i) a reduction in future premiums on one of the Company's largest in-force policies due to a change in the expected timing of a transaction refinancing and (ii) changes in assumptions on the value of projected future expenses following the Company's first full year of activity at scale and expected growth in the Company's operations.

### Payments deadlines of clients and suppliers for the past financial year

In accordance with Article D. 441-4 of the French Commercial Code, the information on the payment deadlines relating to customers and suppliers for the past financial year is provided below.

#### Invoices received and issued which were not settled at the closing date of financial year and in arrears (Table required in Article D.441-4 I of the Commercial Code)

| €'000  | Invoices <u>received</u> and unpaid as at the end of the financial year and in arrears |               |               |                  |                        |  | Invoices <u>issued</u> and unpaid as at the end of the financial year and in arrears |               |               |                  |                        |  |
|--|--|---------------|---------------|------------------|------------------------|--|--|---------------|---------------|------------------|------------------------|--|
|  | 1 to 30 days   | 31 to 60 days | 61 to 90 days | 91 days and more | Total (1 day and more) |  | 1 to 30 days   | 31 to 60 days | 61 to 90 days | 91 days and more | Total (1 day and more) |  |
| <b>(A) Payment delays per tranche</b>  |  |               |               |                  |                        |  |  |               |               |                  |                        |  |
| Number of invoices concerned   | 1  | -             | -             | -                | 1                      |  | -  | -             | -             | -                | -                      |  |
| Total amount of invoices concerned inclusive of tax  | 3  | -             | -             | -                | -                      |  | -  | -             | -             | -                | -                      |  |
| Percentage of the total purchases over the year  | <0.1%  | -             | -             | -                | <0.1%                  |  |  |               |               |                  |                        |  |
| Percentage of the total turnover over the financial year   |  |               |               |                  |                        |  | -  | -             | -             | -                | -                      |  |
| <b>(B) Invoices excluded from (A) which relate to litigious or non-recorded debts or receivables</b>                             |  |               |               |                  |                        |  |  |               |               |                  |                        |  |
| Number of excluded invoices  | -  |               |               |                  |                        |  | -  |               |               |                  |                        |  |
| Total amount of excluded invoices (indicate if the VAT is included or excluded)  | -  |               |               |                  |                        |  | -  |               |               |                  |                        |  |
| <b>(C) Reference payment deadlines used (contractual or legal - article L. 441-6 or article L. 443-1 of the commercial code)</b> |  |               |               |                  |                        |  |  |               |               |                  |                        |  |
| Payment deadlines used for the calculation of payment delays   | Contractual deadlines  |               |               |                  |                        |  | Contractual deadlines  |               |               |                  |                        |  |



*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## **Statutory auditor's report on the financial statements**

**(For the year ended 31 December 2021)**

To the annual general meeting of  
**Assured Guaranty (Europe) SA**  
71 rue du Faubourg Saint-Honoré  
75008 PARIS

### **Opinion**

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Assured Guaranty (Europe) SA for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### **Basis for Opinion**

#### ***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

### **Independence**

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2021 to the date of our report we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

---

*PricewaterhouseCoopers Audit, 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex  
Téléphone: +33 (0)1 56 57 58 59, [www.pwc.fr](http://www.pwc.fr)*

Société d'expertise comptable inscrite au tableau de l'ordre de Paris - Ile de France. Société de commissariat aux comptes membre de la compagnie régionale de Versailles et du Centre. Société par Actions Simplifiée au capital de 2 510 460 €. Siège social : 63 rue de Villiers 92200 Neuilly-sur-Seine. RCS Nanterre 672 006 483. TVA n° FR 76 672 006 483. Siret 672 006 483 00362. Code APE 6920 Z. Bureaux : Bordeaux, Grenoble, Lille, Lyon, Marseille, Metz, Nantes, Neuilly-sur-Seine, Nice, Poitiers, Rennes, Rouen, Strasbourg, Toulouse.

### ***Specific verifications***

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

### ***Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders***

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders, except that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by article L. 356-23 of the French Insurance Code (Code des assurances).

The fair presentation and the consistency with the annual financial statements of the information relating to payment terms mentioned in Article D.441-4 of the French commercial code call for the following comment:

As indicated in the management report, this information does not include insurance and reinsurance operations, as your company considers that they do not fall within the scope of the information to be produced, in accordance with the circular of the Fédération Française de l'Assurance of 29 May 2017.

### ***Information relating to corporate governance***

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code (code de commerce).

### ***Other information***

In accordance with French law, we have verified that the required information concerning the purchase of investments.

### **Report on Other Legal and Regulatory Requirements**

#### ***Appointment of the Statutory Auditor***

We were appointed as statutory auditors of Assured Guaranty (Europe) SA by your status on 8 July 2019.

As at 31 December 2021, we were in the 3rd year of total uninterrupted engagement.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal

audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### **Statutory Auditor's Responsibilities for the Audit of the Financial Statements**

#### *Objectives and audit approach*

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Report to the Audit Committee*

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, 7 April 2022

The Statutory Auditor  
PricewaterhouseCoopers Audit



Christine Billy

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**Balance sheet at 31 December 2021**

**€'000**

| <b>Assets</b>   | <b>2021</b>    | <b>2020</b>    |
|---|----------------|----------------|
| <b>1. Uncalled subscribed capital or head office liaison account</b>                      | —              | —              |
| <b>2. Intangible assets</b>   | —              | —              |
| <b>3. Investments:</b>  | <b>115,572</b> | <b>110,574</b> |
| 3a. Land and buildings  | —              | —              |
| 3b. Investments in affiliated companies and companies linked by participating interests   | —              | —              |
| 3c. Other investments   | 115,572        | 110,574        |
| 3d. Receivables for cash deposited with ceding companies                                  | —              | —              |
| <b>4. Investments representing technical provisions relating to unit-linked contracts</b> | —              | —              |
| <b>5. Share of outwards reinsurers and retrocessionaires in technical provisions:</b>     | <b>211,280</b> | <b>227,125</b> |
| 5a. Provisions for unearned premiums  | 211,280        | 227,125        |
| 5b. Provisions for claims payable   | —              | —              |
| 5c. Provisions for profit sharing and rebates   | —              | —              |
| 5d. Equalisation provisions   | —              | —              |
| 5e. Other technical provisions  | —              | —              |
| 5f. Technical provisions for unit-linked contracts  | —              | —              |
| <b>6. Receivables</b>   | <b>108,436</b> | <b>115,541</b> |
| 6a. Receivables from direct insurance operations:   | 86,301         | 89,389         |
| 6aa. Premiums   | 86,301         | 89,389         |
| 6ab. Other receivables from direct insurance operations                                   | —              | —              |
| 6b. Receivables from reinsurance transactions   | 22,041         | 22,602         |
| 6c. Other receivables:  | 94             | 3,550          |
| 6ca. Staff  | —              | —              |
| 6cb. State social security and public authorities   | —              | —              |
| 6cc. Miscellaneous debtors  | 94             | 3,550          |
| 6d. Unpaid called-up capital  | —              | —              |
| <b>7. Other assets:</b>   | <b>5,344</b>   | <b>8,600</b>   |
| 7a. Operating tangible assets   | 226            | —              |
| 7b. Current account and cash  | 5,118          | 8,600          |
| 7c. Treasury shares   | —              | —              |
| <b>8. Accruals – assets:</b>  | <b>2,334</b>   | <b>1,586</b>   |
| 8a. Accrued interest and rent   | 712            | 650            |
| 8b. Deferred acquisition costs  | 1,525          | 717            |
| 8c. Other accruals and prepayment   | 97             | 219            |
| <b>Total assets</b>   | <b>442,966</b> | <b>463,425</b> |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

€'000

| <b>Liabilities</b>   | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
| <b>1. Shareholders' equity:</b>                                  | <b>110,752</b> | <b>107,839</b> |
| 1a. Share capital or head office liaison account                 | 110,900        | 110,900        |
| 1b. Premiums related to share capital                            | —              | —              |
| 1c. Revaluation reserves   | —              | —              |
| 1d. Other reserves   | —              | —              |
| 1e. Carry forward  | (3,061)        | (35)           |
| 1f. Result for the year  | 2,913          | (3,026)        |
| <b>2. Subordinated liabilities</b>                               | <b>—</b>       | <b>—</b>       |
| <b>3. Gross technical provisions:</b>                            | <b>208,401</b> | <b>222,369</b> |
| 3a. Provisions for unearned premiums                             | 208,401        | 222,369        |
| 3b. Provisions for claims  | —              | —              |
| 3c. Provisions for profit sharing and discounts                  | —              | —              |
| 3d. Equalisation provisions                                      | —              | —              |
| 3e. Other technical provisions                                   | —              | —              |
| <b>4. Provisions</b>   | <b>—</b>       | <b>—</b>       |
| <b>5. Liabilities for cash deposits received from reinsurers</b> | <b>—</b>       | <b>—</b>       |
| <b>6. Other liabilities:</b>                                     | <b>84,289</b>  | <b>86,073</b>  |
| 6a. Payables arising from direct insurance operations            | —              | —              |
| 6b. Payables arising from reinsurance transactions               | 78,433         | 81,887         |
| 6c. Bonds  | —              | —              |
| 6d. Amounts owed to credit institutions                          | —              | —              |
| 6e. Other liabilities:   | <b>5,856</b>   | <b>4,186</b>   |
| 6ea. Negotiable debt securities issued by the Company            | —              | —              |
| 6eb. Other loans, deposits and guarantees received               | —              | —              |
| 6ec. Staff   | 414            | 213            |
| 6ed. State, Social Security and public authorities               | 515            | 110            |
| 6ee. Miscellaneous creditors                                     | 4,927          | 3,863          |
| <b>7. Accruals - liabilities</b>                                 | <b>39,524</b>  | <b>47,144</b>  |
| <b>Total liabilities</b>   | <b>442,966</b> | <b>463,425</b> |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**Income statement for the year ended 31 December 2021**  
**€'000**

| Technical account  | 2021            |                            |                | 2020           |
|--|-----------------|----------------------------|----------------|----------------|
|  | Gross           | Cessions and retrocessions | Net            | Net            |
| <b>1. Earned premiums:</b>   | <b>35,856</b>   | <b>(37,390)</b>            | <b>(1,534)</b> | <b>(261)</b>   |
| 1a. Written premiums   | 19,272          | (18,104)                   | 1,168          | (4,859)        |
| 1b. Change in provision for unearned premiums                        | 16,584          | (19,286)                   | (2,702)        | 4,598          |
| <b>2. Allocated investment income from the non-technical account</b> | —               | —                          | —              | —              |
| <b>3. Other technical income</b>                                     | <b>4</b>        | —                          | <b>4</b>       | —              |
| <b>4. Claims expenses:</b>   | —               | —                          | —              | —              |
| 4a. Claims and expenses paid   | —               | —                          | —              | —              |
| 4b. Changes to claims provisions                                     | —               | —                          | —              | —              |
| <b>5. Charges to other technical provisions</b>                      | —               | —                          | —              | —              |
| <b>6. Share of profit-sharing</b>                                    | —               | —                          | —              | —              |
| <b>7. Acquisition and administration expenses:</b>                   | <b>(10,835)</b> | <b>13,857</b>              | <b>3,022</b>   | <b>(2,358)</b> |
| 7a. Acquisition costs  | 808             | —                          | 808            | 717            |
| 7b. Administration costs   | (11,643)        | —                          | (11,643)       | (7,544)        |
| 7c. Commissions received from reinsurers and substitute guarantors   | —               | 13,857                     | 13,857         | 4,469          |
| <b>8. Other technical expenses</b>                                   | —               | —                          | —              | —              |
| <b>9. Change in the equalisation provision</b>                       | —               | —                          | —              | —              |
| <b>Technical result</b>  | <b>25,025</b>   | <b>(23,533)</b>            | <b>1,492</b>   | <b>(2,619)</b> |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

Income statement for the year ended 31 December 2021

€'000

| Non-technical account   | 2021           | 2020           |
|---|----------------|----------------|
| <b>1. Non-life insurance underwriting result</b>                            | <b>1,492</b>   | <b>(2,619)</b> |
| <b>2. Life insurance underwriting result</b>                                | —              | —              |
| <b>3. Investment income:</b>  | <b>1,375</b>   | <b>192</b>     |
| 3a. Investment income   | 1,375          | 192            |
| 3b. Other investment income   | —              | —              |
| 3c. Gains on the realisation of investments                                 | —              | —              |
| <b>4. Allocated investment income from non-life technical account</b>       | —              | —              |
| <b>5. Investment expenses:</b>  | <b>(1,391)</b> | <b>(386)</b>   |
| 5a. Internal and external investment management fees and financial expenses | (68)           | (16)           |
| 5b. Other investment expenses   | (1,119)        | (370)          |
| 5c. Losses from the realisation of investments                              | (204)          | —              |
| <b>6. Investment return transferred to the non-life technical account</b>   | —              | —              |
| <b>7. Other non-technical products</b>                                      | —              | —              |
| <b>8. Other non-technical expenses:</b>                                     | <b>1,777</b>   | <b>(213)</b>   |
| 8a. Social security charges   | —              | —              |
| 8b. Other non-technical expenses  | 1,777          | (213)          |
| <b>9. Exceptional results:</b>  | —              | —              |
| 9a. Extraordinary income  | —              | —              |
| 9b. Extraordinary expenses  | —              | —              |
| <b>10. Employee profit-sharing</b>  | —              | —              |
| <b>11. Income taxes</b>   | <b>(340)</b>   | —              |
| <b>12. Profit (loss) for the year</b>                                       | <b>2,913</b>   | <b>(3,026)</b> |



## **SECTION 1: ACCOUNTING PRINCIPLES AND METHODS**

### **1.1 Accounting principles**

The financial statements of the Company have been prepared in accordance with the following provisions:

- French generally accepted accounting principles, (NCA regulation no. 2015-11 dated 26 November 2015 as amended by ANC Regulation 2018-08 dated 11 December 2018) on the annual accounts of insurance undertakings and transactions of a specific nature;
- Articles L.123-12 to L.123-22 of the French Commercial Code, applicable to insurance companies pursuant to Article L.341-2 of the French Insurance Code (Code des Assurances); and
- NCA regulation no. 2014-03 of 5 June 2014 on the general chart of accounts, amended by regulation 2015-06 of 23 November 2015 on assets and notes, in the absence of specific provisions provided for in NCA regulation no. 2015-11 of 26 November 2015.

The main accounting policies adopted, the notes and details of the balance sheet and income statement are described below.

### **1.2 Investments**

Investments consist of short-term variable and fixed income investments.

#### **Entry costs and valuation at year-end**

##### **a. Variable income investments**

Shares and other variable-income securities under Article R. 343-10 of the French Insurance Code are recorded at their purchase price, excluding accrued interest.

##### **b. Fixed income investments**

Bonds and other fixed-income securities under Articles R. 343-9 and R. 343-10 of the French Insurance Code are recorded at their purchase price, net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported in the income statement over the remaining term until the repayment date using the actuarial method. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income securities are sold.

The realisable value at the close is the most recent quoted price at the balance sheet date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their value to the Company.

#### **Impairment**

The Company accounts for impairment of securities under Articles R. 343-9 (i.e., fixed income securities) and R. 343-10 (i.e., equity and other variable income securities) of the French Insurance Code as follows:

- Amortisable securities under Article R. 343-9
  - A reserve for impairment is recognised when there is reason to believe that the debtor will not be able to honour its commitments, either through a default in the payment of interest or repayment of principal.
- Variable-income or fixed-income securities under Article R. 343-10
  - A reserve for impairment is recognised for individual asset holding – line-by-line impairment (Provision pour Dépréciation Durable) for other than temporary impairment where indicators of impairment arise. The impairment recognised is determined based on the recoverable amount (i.e., the amount the Company expects to recover based on its best judgement).
  - A reserve for impairment is recognised in the event the fair market value of the overall investment portfolio is lower than the historical cost (Provision pour Risque d'Exigibilité).
  - In the event of long-term impairment of a security covered by Article R. 343-10, the impairment recognised by the Company is the difference between the historical cost and recoverable amount.

## **Assured Guaranty (Europe) SA**

### **Financial statements and notes**

#### **Investment income and expenses**

Investment income and expenses include income earned on investments and realised gains and losses on sale of investments. The realised gains and losses on financial investments are calculated using the FIFO method (First in, First out).

#### **1.3 Fixed assets**

Tangible fixed assets are recorded at cost less depreciation. The costs of tangible fixed assets comprise their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated over the actual useful life of the assets.

In accordance with the provisions of CRC regulation 2002-10, the Company is required to perform an impairment test when internal or external indicators suggest that an intangible or tangible asset may have lost significant value.

If the present value (being the higher of value in use and market value) of a fixed asset is lower than the net book value, an impairment loss is recorded, reducing the net book value of the asset to its present value. When an impairment loss is recognised, the depreciable base of the impaired item is changed, as well as its depreciation schedule. The depreciation schedule may be changed again if the asset subsequently recovers its value.

#### **1.4 Other receivables and other liabilities**

Receivables are recorded at their nominal value.

#### **1.5 Deferred acquisition costs and ceding commission income**

Acquisition costs comprise the direct expenses for the production of new business, which include underwriter salaries and transaction legal fees. Management uses its judgement in determining what types of costs, as well as what percentage of these costs should be deferred.

The Company conducts an annual study to determine how much of the direct costs qualify for deferral. Costs incurred for soliciting potential customers, market research, training, administration, unsuccessful acquisition efforts, and product development as well as all overhead related costs are expensed as incurred and not deferred. Deferred acquisition costs are expensed on a straight-line basis over the shorter of the contractual maturity date on the associated direct policy or a maximum of five years. When an insured obligation is retired early, the remaining related deferred acquisition cost is expensed.

Reinsurance ceding commission income is deferred, subject to recoverability, and earned on a straight-line basis over the shorter of the contractual maturity date on the associated reinsured policy or a maximum of five years.

#### **1.6 Claims and claim expenses incurred**

Claims incurred comprise claims and related claims expenses paid in the year and the change in the provision for claims. A provision for claims outstanding is recorded when there is significant deterioration in an insured obligation and the obligation is in default at the balance sheet date. Claims outstanding are calculated gross of any reinsurance recoveries which are separately calculated (see section 1.10, Reinsurance below).

A substantial measure of experience and judgement is involved in assessing the provision for claims, the ultimate cost of which may not be known with certainty for quite some time. Provisions for claims and related reinsurance recoveries are determined on the basis of information available at the balance sheet date; however, it is inherent in the nature of business written that the ultimate liabilities may vary as a result of subsequent developments.

#### **1.7 Unexpired risks provision and equalisation reserve**

A provision is established for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses, after taking into account future investment return. The expected claims are calculated based on information available at the balance sheet date. The unexpired risks provision is included in other technical provisions gross of reinsurance, whilst the reinsurer's share is included within reinsurer's share of other technical provisions. Within the income statement, the movement in the unexpired risks provision is shown net of reinsurance.

An equalisation reserve is required to be recognised for credit insurance under French GAAP. As at 31 December 2021, the equalisation provision required to be held by the Company is €nil (2020: €nil).

## **Assured Guaranty (Europe) SA**

### **Financial statements and notes**

#### **1.8 Written premiums**

Premiums written relate to business incepted during the year, together with any differences between premiums recognised for prior years and those previously accrued and include estimates of premiums not yet due.

(i) Where the premium on a policy is received up front, the premium is recognised as written on the date of inception.

(ii) Where a premium is received in instalments and the underlying bonds are callable, management considers the nature of the call provision(s) and the likelihood of exercise of those provisions, and determines whether it is reasonably certain that the contract will run its full term. The full expected premium is recorded when it is received or when it is reasonably certain that it will be received. When the contract is not expected to run its full term, the premium that is recognised as written is either the premium amount to the first call point under the contract or guaranteed minimum premium (where such a clause exists in the policy documents) or where the contract is callable without any notice period, the Company records the instalments as they fall due. Written premiums are recognised as earned income over the period of the policy having regard to the incidence of risk.

When instalment premiums to be received under the policy are linked to an outstanding debt that could be paid down faster than anticipated, or where a premium is linked to an index, the Company recognises premiums written based upon an analysis of the premium it is reasonably certain to receive. Any anticipated change in the expected premium receivable is recognised as an adjustment to premium; in the case of decreases in premium, as soon as it is foreseen and in the case of increases, when such an adjustment is assessed as reasonably certain.

#### **1.9 Earned premiums**

Written premiums are recognised as earned premiums over the policy duration on a time apportionment basis which reflects the incidence of risk. Unearned premiums represent the proportion of premiums written in the current or prior years that relate to unexpired terms of policies in force at the balance sheet date.

#### **1.10 Reinsurance**

Contracts entered into by the Company with reinsurers, under which the Company is compensated for losses on insurance policies issued by the Company and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts.

Reinsurance premiums are recognised based on the premium reasonably expected to be paid across the life of the reinsurance contract. Reinsurance premiums are recognised as earned with regard to the incidence of risk for the direct business to which they relate.

The amounts recoverable from reinsurers (shown in reinsurer's share of provision for claims payable, reinsurer's share of other technical provisions and reinsurance receivables) are estimated based upon the gross claims outstanding, having due regard to collectability. Collectability is assessed on the basis of market data and other relevant information on the financial strength of each reinsurer and any collateral provided to the Company. The reinsurers' share of claims incurred in the income statement account reflects the change in amounts received or receivable from reinsurers in respect of those claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the income statement as cessions and retrocessions written premiums.

#### **1.11 Operating leases**

Leases of assets where a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Any operating lease incentives, including rent free periods, are spread over the period of the lease.

#### **1.12 Foreign currency translation**

At the balance sheet date, the balance sheet and income statement items denominated in foreign currencies are converted to euros using the year-end rate. In accordance with Articles 241-5 and 241-6 of ANC Regulation 2015-11, foreign exchange differences are recorded on the balance sheet in the case of translation differences on structural positions; and in foreign exchange gains and losses within the income statement in the case of foreign exchange differences on operational foreign exchange positions.

## **Assured Guaranty (Europe) SA**

### **Financial statements and notes**

#### **1.13 General expenses**

Expenses are first entered into the accounts according to their nature and are then allocated to the technical account on the following basis:

- Direct allocation - expenses that can be directly attributed without the application of an allocation key
- Allocation key approach - expenses that are not directly attributable are allocated based on objective, appropriate and verifiable quantitative criteria.

Expenses are allocated to the following cost destinations:

- Loss adjustment expenses - professional legal fees associated with claims;
- Contract acquisition costs - costs associated with successful underwriting activity;
- Contract administration fees - insurance portfolio management and monitoring costs; and
- Other technical expenses - costs that cannot be directly assigned or allocated are classified as other technical expenses.

Loss adjustment expenses which are incurred on a per risk or policy basis are recorded under the direct allocation approach. Policy acquisition costs are recognised under the allocation key approach, as discussed within Deferred acquisition costs and ceding commission income above. Policy administration fees are recognised under the direct allocation approach. Currently, there are no expenses that cannot be allocated to one of the identified cost destinations and no costs are recognised as other technical expenses.

#### **1.14 Income tax**

Corporation tax expense is recognised on any profits subject to corporation tax. Tax credits are not recognised in the year when pre-tax losses are made but are used in future years to offset against profits generated from similar activities and recognised in the financial statements at that point in time.

## **SECTION 2: INFORMATION RELATING TO THE BALANCE SHEET**

### **2.1 Portfolio Transfer**

To ensure that the Assured Guaranty Group could continue to administer its EEA policies after the end of the transition period for the UK's departure from the EU, AGUK transferred certain of its existing EEA policies to the Company under the Portfolio Transfer in October 2020.

The Portfolio Transfer was approved by the UK High Court with an effective date of 1 October 2020. Under the terms of the transfer agreement, from that date AGUK transferred to the Company:

- (i) the rights, benefits, obligations and liabilities under approximately 79 financial guarantee policies;
- (ii) the rights, benefits, obligations and liabilities under all outwards reinsurance contracts attaching to the transferred policies;
- (iii) the records, rights and obligations under ancillary contracts entered into in connection with the transferred policies; and
- (iv) cash consideration.

The Portfolio Transfer was affected as a sale of the transferring policies and related reinsurance protections at fair value. The assets and liabilities transferred from AGUK on 1 October 2020 are shown in the table below.

| <b>€'000</b>                              | <b>1.10.2020</b> |
|---|------------------|
| <b>Assets transferred:</b>                |                  |
| Reinsurance assets                        | 139,136          |
| Debtors, including insurance receivables  | 57,792           |
| Cash at bank                              | 27,422           |
| <b>Total assets transferred</b>           | <b>224,350</b>   |
| <b>Liabilities transferred:</b>           |                  |
| Insurance liabilities                     | (174,664)        |
| Creditors, including reinsurance payables | (26,047)         |
| Accruals and deferred income              | (23,639)         |
| <b>Total liabilities transferred</b>      | <b>(224,350)</b> |
| <b>Net assets transferred</b>             | <b>-</b>         |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**2.2 Investments**

| €'000   | 01.01.2021                                      | Entries  | Exits  | 31.12.2021                                    |
|---|---|--|--|---|
| <b>Gross amount</b>   |   |  |  |   |
| Land and buildings  | —   | —  | —  | —   |
| Investment in related companies and companies linked by and equity relationship | —   | —  | —  | —   |
| Fixed-income bonds and mutual funds   | 106,042   | 26,253   | (21,126)   | 111,169                                       |
| Cash mutual funds   | 4,695   | 5,093  | (4,103)  | 5,685   |
| Cash receivables deposited with ceding companies                                | —   | —  | —  | —   |
| Other investments   | —   | —  | —  | —   |
| <b>Total gross investments</b>  | <b>110,737</b>                                  | <b>31,346</b>                                    | <b>(25,229)</b>  | <b>116,854</b>                                |
|   | <b>Depreciation and amortisation 01.01.2021</b> | <b>Depreciation, amortisation and impairment</b> | <b>Reversal of depreciation, amortisation and impairment</b> | <b>Depreciation and impairment 31.12.2021</b> |
| Land and buildings  | —   | —  | —  | —   |
| Investment in related companies and companies linked by and equity relationship | —   | —  | —  | —   |
| Fixed-income bonds and mutual funds   | (163)   | (1,119)  | —  | (1,282)                                       |
| Cash mutual funds   | —   | —  | —  | —   |
| Cash receivables deposited with ceding companies                                | —   | —  | —  | —   |
| Other investments   | —   | —  | —  | —   |
| <b>Total</b>  | <b>(163)</b>                                    | <b>(1,119)</b>                                   | <b>—</b>   | <b>(1,282)</b>                                |
| <b>Net amount</b>   | <b>110,574</b>                                  | <b>30,227</b>                                    | <b>(25,229)</b>  | <b>115,572</b>                                |

| €'000   | Gross value    | Realisable value |
|---|----------------|------------------|
| <b>Summary of investments</b>   |                |                  |
| Bonds and fixed income securities   | 111,169        | 106,946          |
| Other loans and similar instruments                                       | —              | —                |
| Deposits with ceding companies  | —              | —                |
| Deposits (other than those above), cash, guarantees and other investments | 5,685          | 5,673            |
| <b>Total</b>  | <b>116,854</b> | <b>112,619</b>   |
| Of which forward instruments  | —              | —                |
| Of which listed investments   | 116,854        | 112,619          |
| Of which unlisted investments   | —              | —                |
| <b>Investments</b>  | <b>116,854</b> | <b>112,619</b>   |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**Investments details**

| <b>€'000</b>  | <b>Gross value</b> | <b>Net book value</b> | <b>Realisable value</b> |
|---|--------------------|-----------------------|-------------------------|
| <b>a) of which</b>  |                    |                       |                         |
| Investments measured in accordance with Article R.343-9   | <b>116,854</b>     | <b>115,572</b>        | <b>112,619</b>          |
| Investments measured in accordance with Article R.343-10  | —                  | —                     | —                       |
| Investments measured in accordance with Article R.343-13  | —                  | —                     | —                       |
| Investments measured in accordance with Article R.343-11  | —                  | —                     | —                       |
| <b>b) of which</b>  |                    |                       |                         |
| Securities representing technical reserves other than those listed below  | <b>116,854</b>     | <b>115,572</b>        | <b>112,619</b>          |
| Securities pledged to cover commitments to employee benefits institutions or covering managed investment funds                      | —                  | —                     | —                       |
| Securities deposited with ceding insurers (including ceding insurers whose commitments are guaranteed by the Company)               | —                  | —                     | —                       |
| Securities allocated to special technical reserves for other business in France   | —                  | —                     | —                       |
| Other allocated or unallocated investments  | —                  | —                     | —                       |
| <b>c) of which</b>  |                    |                       |                         |
| Investments and forward financial instruments in OECD (The Organisation for Economic Co-operation and Development) member countries | <b>81,072</b>      | <b>80,136</b>         | <b>82,018</b>           |
| Investments and forward financial instruments in countries that are not members of the OECD   | <b>35,782</b>      | <b>35,436</b>         | <b>30,601</b>           |

The value of future years amortisation on fixed income bonds and mutual funds is €8.0 million as at 31 December 2021 (€10.0 million as at 31 December 2020).

## Assured Guaranty (Europe) SA

### Financial statements and notes

#### 2.3 Statement of due date of receivables

| €'000   | 31.12.2021     |               |               |               |
|---|----------------|---------------|---------------|---------------|
|   | Total          | <1 year       | 1 to 5 years  | >5 years      |
| <b>Receivables from direct insurance operations</b> | <b>86,301</b>  | <b>14,294</b> | <b>26,645</b> | <b>45,362</b> |
| <b>Receivables from reinsurance transactions</b>    | <b>22,041</b>  | <b>3,170</b>  | <b>6,597</b>  | <b>12,274</b> |
| <b>Other receivables:</b>                           | <b>94</b>      | <b>45</b>     | <b>49</b>     | <b>—</b>      |
| Staff   | —              | —             | —             | —             |
| State social security and public authorities        | —              | —             | —             | —             |
| Deferred tax asset                                  | —              | —             | —             | —             |
| Miscellaneous debtors                               | 94             | 45            | 49            | —             |
| Unpaid called-up capital                            | —              | —             | —             | —             |
| <b>Total</b>  | <b>108,436</b> | <b>17,509</b> | <b>33,291</b> | <b>57,636</b> |
| €'000   | 31.12.2020     |               |               |               |
| <b>Receivables from direct insurance operations</b> | <b>89,389</b>  | <b>14,289</b> | <b>27,648</b> | <b>47,452</b> |
| <b>Receivables from reinsurance transactions</b>    | <b>22,602</b>  | <b>3,220</b>  | <b>6,399</b>  | <b>12,983</b> |
| <b>Other receivables:</b>                           | <b>3,550</b>   | <b>3,498</b>  | <b>51</b>     | <b>—</b>      |
| Staff   | —              | —             | —             | —             |
| State social security and public authorities        | —              | —             | —             | —             |
| Deferred tax asset                                  | —              | —             | —             | —             |
| Miscellaneous debtors                               | 3,550          | 3,498         | 51            | —             |
| Unpaid called-up capital                            | —              | —             | —             | —             |
| <b>Total</b>  | <b>115,540</b> | <b>21,007</b> | <b>34,098</b> | <b>60,435</b> |

#### 2.4 Fixed assets

| €'000   | Gross Value<br>1.1.2021  | Inputs                        | Outputs                  | Transfers | Gross Value<br>31.12.2021  | Gross Value<br>31.12.2020  |
|---|--------------------------|-------------------------------|--------------------------|-----------|----------------------------|----------------------------|
| Arrangements  | —                        | —                             | —                        | —         | —                          | —                          |
| Transport equipment                                       | —                        | —                             | —                        | —         | —                          | —                          |
| Office and computer<br>equipment                          | —                        | 183                           | —                        | —         | 183                        | —                          |
| Furniture   | —                        | 92                            | —                        | —         | 92                         | —                          |
| Other non-depreciable<br>property, plant and<br>equipment | —                        | —                             | —                        | —         | —                          | —                          |
| Assets under construction                                 | —                        | —                             | —                        | —         | —                          | —                          |
| Deposits and guarantees                                   | —                        | —                             | —                        | —         | —                          | —                          |
| <b>Total</b>  | <b>—</b>                 | <b>275</b>                    | <b>—</b>                 | <b>—</b>  | <b>275</b>                 | <b>—</b>                   |
|   | Amortization<br>1.1.2021 | Change due to<br>Amortization | Takeover<br>depreciation | Transfers | Amortisation<br>31.12.2021 | Amortisation<br>31.12.2020 |
| Arrangements  | —                        | —                             | —                        | —         | —                          | —                          |
| Transport equipment                                       | —                        | —                             | —                        | —         | —                          | —                          |
| Office and computer<br>equipment                          | —                        | (31)                          | —                        | —         | (31)                       | —                          |
| Furniture   | —                        | (18)                          | —                        | —         | (18)                       | —                          |
| <b>Total</b>  | <b>—</b>                 | <b>(49)</b>                   | <b>—</b>                 | <b>—</b>  | <b>(49)</b>                | <b>—</b>                   |
| <b>Net Value</b>  | <b>—</b>                 | <b>226</b>                    | <b>—</b>                 | <b>—</b>  | <b>226</b>                 | <b>—</b>                   |



**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**2.5 Accrued income and prepaid expenses**

| €'000  | 01.01.2021   | Inputs       | Outputs        | 31.12.2021   |
|--|--------------|--------------|----------------|--------------|
| Accrued interest and rentals                   | 650          | 712          | (650)          | 712          |
| Deferred acquisition cost                      | 717          | 1,086        | (278)          | 1,525        |
| <b>Other accrued income and prepayments:</b>   | <b>219</b>   | <b>97</b>    | <b>(219)</b>   | <b>97</b>    |
| Deferred tax asset                             | —            | —            | —              | —            |
| Prepaid expenses                               | 219          | 97           | (219)          | 97           |
| Difference on redemption prices to be received | —            | —            | —              | —            |
| Accrued income                                 | —            | —            | —              | —            |
| Other  | —            | —            | —              | —            |
| <b>Total</b>                                   | <b>1,586</b> | <b>1,895</b> | <b>(1,147)</b> | <b>2,334</b> |

**2.6 Shareholders' equity**

| €'000                      | 01.01.2021     | Appropriation of income | Increase     | Decrease | 31.12.2021     |
|----------------------------|----------------|-------------------------|--------------|----------|----------------|
| Share capital              | 110,900        | —                       | —            | —        | 110,900        |
| Share Premium              | —              | —                       | —            | —        | —              |
| <b>Total</b>               | <b>110,900</b> | <b>—</b>                | <b>—</b>     | <b>—</b> | <b>110,900</b> |
| <b>Other reserves</b>      |                |                         |              |          |                |
| Carry forward              | (35)           | (3,026)                 | —            | —        | (3,061)        |
| Profit (loss) for the year | (3,026)        | 3,026                   | 2,913        | —        | 2,913          |
| <b>Total</b>               | <b>(3,061)</b> | <b>—</b>                | <b>2,913</b> | <b>—</b> | <b>(148)</b>   |
| <b>Total</b>               | <b>107,839</b> | <b>—</b>                | <b>2,913</b> | <b>—</b> | <b>110,752</b> |

*Composition of the shareholder base*

| Companies                                 | Securities '000 | Values €'000   | Voting rights % |
|---|-----------------|----------------|-----------------|
| Assured Guaranty Municipal Corp           | 110,889         | 110,889        | 99.99%          |
| Assured Guaranty Municipal Holdings, Inc. | 11              | 11             | 0.01%           |
| <b>Total</b>                              | <b>110,900</b>  | <b>110,900</b> | <b>100%</b>     |

No additional shares were issued during the year.

**2.7 Provision for contingent liabilities**

As at 31 December 2021 the Company does not have any contingent liabilities (31 December 2020: € nil).

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**2.8 Statement of liability maturities**

| €'000   | 31.12.2021    |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | Total         | <1 year       | 1 to 5 years  | >5 years      |
| Payables arising from direct insurance operations | —             | —             | —             | —             |
| Payables arising from reinsurance transactions    | 78,433        | 12,444        | 24,345        | 41,644        |
| Bonds, including convertible bonds                | —             | —             | —             | —             |
| Amounts owed to credit institutions               | —             | —             | —             | —             |
| Other liabilities:                                |               |               |               |               |
| Negotiable debt securities issued by the Company  | —             | —             | —             | —             |
| Other loans, deposits and guarantees received     | —             | —             | —             | —             |
| Staff   | 414           | 414           | —             | —             |
| State, Social Security and public authorities     | 515           | 486           | 29            | —             |
| Sundry creditors                                  | 4,927         | 4,927         | —             | —             |
| <b>Total</b>                                      | <b>84,289</b> | <b>18,271</b> | <b>24,374</b> | <b>41,644</b> |

| €'000   | 31.12.2020    |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | Total         | <1 year       | 1 to 5 years  | >5 years      |
| Payables arising from direct insurance operations | —             | —             | —             | —             |
| Payables arising from reinsurance transactions    | 81,887        | 12,983        | 24,696        | 44,208        |
| Bonds, including convertible bonds                | —             | —             | —             | —             |
| Amounts owed to credit institutions               | —             | —             | —             | —             |
| Other liabilities:                                |               |               |               |               |
| Negotiable debt securities issued by the Company  | —             | —             | —             | —             |
| Other loans, deposits and guarantees received     | —             | —             | —             | —             |
| Staff   | 213           | 213           | —             | —             |
| State, Social Security and public authorities     | 110           | 110           | —             | —             |
| Sundry creditors                                  | 3,863         | 3,863         | —             | —             |
| Deferred revenue                                  | —             | —             | —             | —             |
| <b>Total</b>                                      | <b>86,073</b> | <b>17,169</b> | <b>24,696</b> | <b>44,208</b> |

Amounts owed to Assured Guaranty Group undertakings included within Sundry creditors are unsecured, interest free and payable on demand.

**2.9 Accruals and deferred income**

| €'000  | 01.01.2021    | Additions    | Releases        | 31.12.2021    |
|--|---------------|--------------|-----------------|---------------|
| Amortisation of redemption price differences | —             | —            | —               | —             |
| Reinsurance commission deferred              | 47,144        | 5,330        | (12,950)        | 39,524        |
| <b>Totals</b>                                | <b>47,144</b> | <b>5,330</b> | <b>(12,950)</b> | <b>39,524</b> |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**2.10 Analysis of non-life technical reserves**

| €'000                                   | 31.12.2021     |  | 31.12.2020     |                |
|---|----------------|--|----------------|----------------|
|   | Gross          | Share of assignees and retrocessionaires | Net            | Net            |
| Provision for unearned written premiums | 208,401        | 211,280                                  | (2,879)        | (4,756)        |
| Provision for unexpired risks           | —              | —  | —              | —              |
| Provisions for claims                   | —              | —  | —              | —              |
| Other technical provisions              | —              | —  | —              | —              |
| Equalisation provisions                 | —              | —  | —              | —              |
| <b>Total</b>                            | <b>208,401</b> | <b>211,280</b>                           | <b>(2,879)</b> | <b>(4,756)</b> |

**2.11 Subordinated liabilities**

The Company has no subordinated liabilities as at 31 December 2021 (31 December 2020: € nil).

**2.12 Foreign currency assets and liabilities**

| €'000          | 31.12.2021                   |                                    |                                   |                                    |
|----------------|------------------------------|------------------------------------|-----------------------------------|------------------------------------|
|                | Assets in foreign currencies | Of which exchange rate differences | Liabilities in foreign currencies | Of which exchange rate differences |
| Euro           | 298,427                      | —                                  | 331,191                           | —                                  |
| Pound Sterling | 96,608                       | —                                  | 76,797                            | —                                  |
| Japanese Yen   | 34,236                       | —                                  | 32,322                            | —                                  |
| US dollar      | 13,695                       | —                                  | 2,656                             | —                                  |
| <b>Total</b>   | <b>442,966</b>               | <b>—</b>                           | <b>442,966</b>                    | <b>—</b>                           |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**2.13 Off-balance sheet commitments**

| €'000   | Affiliated<br>companies | With shareholding<br>link | Others |
|---|-------------------------|---------------------------|--------|
| <b>Schedule of commitments received and given</b>   |                         |                           |        |
| <b>1. Commitments received excluding reinsurance</b>  |                         |                           |        |
| 1a Endorsements, guarantees and leasing   | —                       | —                         | —      |
| 2b Past service cost on IFC common status   | —                       | —                         | —      |
| 2c End-of-career benefits fund  | —                       | —                         | —      |
| <b>2. Commitments given:</b>  |                         |                           |        |
| 2a Endorsements, sureties and credit guarantees given   | —                       | —                         | —      |
| 2b Shares and assets acquired with a commitment to resell   | —                       | —                         | —      |
| 2c Other liabilities on securities, assets or income  | —                       | —                         | —      |
| 2d Drawing rights given to a guarantee fund   | —                       | —                         | —      |
| 2e Other commitments given  | —                       | —                         | —      |
| <b>3. Reciprocal commitments:</b>   |                         |                           |        |
| 3a Securities received as collateral from assignees and retrocession in reinsurance                     | 94,109                  | —                         | —      |
| 3b Securities received from companies that have given substitute transactions                           | —                       | —                         | —      |
| 3c Other mutual commitments   | —                       | —                         | —      |
| <b>4. Other securities held on behalf of third parties</b>  |                         |                           |        |
| <b>5. Outstanding forward financial instruments:</b>  |                         |                           |        |
| <b>7a Breakdown of financial instruments outstanding by strategic category:</b>                         |                         |                           |        |
| Investment or disinvestment strategies  | —                       | —                         | —      |
| Performance strategies  | —                       | —                         | —      |
| Other operations  | —                       | —                         | —      |
| <b>7b Breakdown of outstanding forward financial instruments by market category:</b>                    |                         |                           |        |
| Transactions on an over-the-counter market  | —                       | —                         | —      |
| Transactions on regulated or similar markets  | —                       | —                         | —      |
| <b>7c Breakdown of outstanding forward financial instruments by type of market risk and instrument:</b> |                         |                           |        |
| Interest rate risk  | —                       | —                         | —      |
| Currency risk   | —                       | —                         | —      |
| Equity risk   | —                       | —                         | —      |
| <b>7d Breakdown of outstanding forward financial instruments by type of instrument:</b>                 |                         |                           |        |
| Exchange contracts  | —                       | —                         | —      |
| Forward rate agreements   | —                       | —                         | —      |
| Forward contracts   | —                       | —                         | —      |
| Options   | —                       | —                         | —      |
| <b>7e Breakdown of outstanding forward financial instruments by residual maturity of strategies:</b>    |                         |                           |        |
| From 0 to 1 year  | —                       | —                         | —      |
| From 1 to 5 years   | —                       | —                         | —      |
| More than 5 years   | —                       | —                         | —      |

**SECTION 3: INFORMATION RELATING TO THE INCOME STATEMENT**

**3.1 Investment income and expenses**

| <b>€'000</b>                                | <b>Financial income</b> | <b>Financial expenses</b> | <b>Total</b>   |
|---|-------------------------|---------------------------|----------------|
| Income from investments                     | 1,375                   | —                         | 1,375          |
| Other financial expenses, commissions, fees | —                       | (1,391)                   | (1,391)        |
| <b>Financial income</b>                     | <b>1,375</b>            | <b>—</b>                  | <b>1,375</b>   |
| <b>Financial expense</b>                    | <b>—</b>                | <b>(1,391)</b>            | <b>(1,391)</b> |
| <b>Total investment income and expense</b>  | <b>1,375</b>            | <b>(1,391)</b>            | <b>(16)</b>    |

**3.2 Breakdown of gross written premiums by geographical area**

| <b>€'000</b>                              | <b>2021</b>   | <b>2020</b>    |
|---|---------------|----------------|
| France                                    | 10,383        | 26,777         |
| European Economic Area - excluding France | 7,515         | 82,989         |
| Non-European Economic Area countries      | 1,374         | 124,440        |
| <b>Total</b>                              | <b>19,272</b> | <b>234,206</b> |

The above table is based on the location of the risk. The Company did not commute or terminate any financial guaranty policies during 2021 (2020: none).

**3.3 Staff expenses**

The Company has three full time employees as at the end of the year (2020: two). All other staff supporting the Company's operations are employees of Assured Guaranty UK Services ("AGUKS") and Assured Guaranty US Group Services Inc ("AGSRV"). In consideration for their services, management service fees were levied on the Company by the service companies. The total of salaries and the component of management fees relating to staff compensation is shown.

| <b>€'000</b>               | <b>2021</b>  | <b>2020</b>  |
|----------------------------|--------------|--------------|
| Salaries                   | 2,366        | 1,657        |
| Pension fund contributions | 254          | 104          |
| Social security charges    | 696          | 367          |
| Other                      | 3,532        | 2,838        |
| <b>Total</b>               | <b>6,848</b> | <b>4,966</b> |

**3.4 Staff**

Average number of employees

| <b>€'000</b> | <b>2021</b> | <b>2020</b> |
|--------------|-------------|-------------|
| Executives   | 3           | 2           |
| Staff        | —           | —           |
| <b>Total</b> | <b>3</b>    | <b>2</b>    |

**Assured Guaranty (Europe) SA**  
**Financial statements and notes**

**3.5 Fees for certification of accounts and other services**

| <b>€'000</b>      | <b>2021</b> | <b>2020</b> |
|-------------------|-------------|-------------|
| Statutory auditor | 340         | 14          |
| Other services    | 62          | 37          |
| <b>Total</b>      | <b>402</b>  | <b>51</b>   |

**3.6 Analysis of non-technical expenses**

| <b>Other non-technical expenses</b> |              |              |
|-------------------------------------|--------------|--------------|
| <b>€'000</b>                        | <b>2021</b>  | <b>2020</b>  |
| Foreign exchange gains / (losses)   | 1,777        | (213)        |
| <b>Total</b>                        | <b>1,777</b> | <b>(213)</b> |

**3.7 Analysis of the tax charges**

| <b>€'000</b>                               | <b>2021</b>                          |                                      |              | <b>2020</b>                          |                                      |              |
|--|--------------------------------------|--------------------------------------|--------------|--------------------------------------|--------------------------------------|--------------|
|  | <b>Related to the financial year</b> | <b>Over previous financial years</b> | <b>Total</b> | <b>Related to the financial year</b> | <b>Over previous financial years</b> | <b>Total</b> |
| Related to ordinary operations             | 340                                  | —                                    | 340          | —                                    | —                                    | —            |
| Related to exceptional income and expenses | —                                    | —                                    | —            | —                                    | —                                    | —            |
| <b>Total</b>                               | <b>340</b>                           | <b>—</b>                             | <b>340</b>   | <b>—</b>                             | <b>—</b>                             | <b>—</b>     |

## **SECTION 4: OTHER INFORMATION**

### **4.1 COVID-19 pandemic**

The COVID-19 pandemic has had profound societal and economic impacts globally. The development and distribution of vaccines has reduced the level of COVID-19 infections, hospitalisations and deaths, while also reducing levels of transmission. In turn, this has supported the gradual release of restrictions imposed to limit transmission, resulting in significant progress towards the full reopening of economies. Despite this, there remains a great deal of uncertainty over the path of the pandemic given the potential for future variants and consequently all of the direct and indirect consequences of COVID-19 on the Company are not yet fully known and still may not emerge for some time.

During the year the Company returned to the office on a hybrid working basis, where employees spend some of the working week working from the office, and some days working from home. Further periods of remote working were undertaken, as necessitated by government recommendations and restrictions. There was no significant impact on day-to-day operations of working on a fully remote or hybrid basis, with appropriate changes to key processes and internal controls to ensure their continued effective operation having been introduced following the onset of the pandemic in 2020. The Company will continue to take measures to appropriately support and minimize risks to its employees, including the use of travel restrictions and remote working as required.

During the year the Board has continued to regularly review the impact of COVID-19 on the Company. The Company's surveillance department has continued to conduct supplemental periodic surveillance procedures to monitor the impact of COVID-19 and governmental and private responses to COVID-19. While insured transactions in certain demand-based sectors have experienced significant strain due to the unprecedented slowdown in economic activity, their credit quality is supported by the resilient nature of the underlying transaction business model, debt service coverage and strong liquidity. The level of required surveillance activity reduced across 2021 as many government restrictions were lifted and levels of activity for demand based transactions began to increase toward pre-pandemic levels, a trend which has continued in 2022. To date the Company has not incurred any claims related to the pandemic impacts, and currently does not expect to do so.

We continue to make use of stress and scenario testing to assess potential impacts on the insured portfolio. Stress scenarios take into account the potential impacts of future variants and the imposition of lockdowns and other restrictions and related economic effects. The Company does not expect to incur significant losses under such scenarios.

Against the unprecedented financial and economic impacts of COVID-19, we believe the results of the Company for the year, which are described above, demonstrate the resilience of our insured portfolio and the confidence investors have in the Company's guarantee during times of uncertainty.

### **4.2 Related party information**

In 2021, the Company did not enter into any agreements governed by Article L.225-37-4, paragraph 2, of the French Commercial Code, i.e., agreements entered into other than in the normal course of business on arm's length terms, directly or through an intermediary, between (i) a director, the Managing Director or a shareholder that holds more than 10% of the voting rights at General Meetings of the Company's shareholders and (ii) a company controlled by the Company.

### **Commitments received from parent**

The Company benefits from a net worth maintenance agreement provided by its parent, AGM. Under the terms of the AGM Net Worth Maintenance Agreement, AGM is obligated to ensure the Company maintains capital resources equal to 110% of the amounts as may be required by the ACPR as a condition of the Company maintaining its authorization to carry on financial guarantee business in France and across the EEA provided that AGM's contributions (a) do not exceed 35% of AGM's policyholders' surplus on an accumulated basis as determined by the laws of the State of New York, and (b) are in compliance with Section 1505 of the New York Insurance Law.

## **Assured Guaranty (Europe) SA**

### **Financial statements and notes**

#### **4.2 Related party information (continued)**

The Company also benefits from collateral pledged by the parent Company in respect of its reinsurance agreements with the Company. Both the AGM Transferred Business Reinsurance Agreement and the New Business Reinsurance Agreement require AGM to pledge collateral to support its reinsurance obligations to the Company. AGM's collateral requirement at the end of each calendar quarter is calculated as the sum of AGM's share of: (a) AGE SA's unearned premium reserve (net of AGE SA's reinsurance premium payable to AGM); (b) AGE SA's provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable), and (c) any unexpired risk provisions, in each case as calculated in accordance with French GAAP.

#### **4.3 Management information**

The management of the Company consists solely of the Company's directors and its Key Function Holders.

#### **4.4 Compensation paid and credit advances granted to members of the Board of Directors**

The directors of the Company are either employees of the Company, appointed by the Company or employees of AGUKS, AGSRV or Assured Guaranty Ltd. ("AGL"). In consideration for their services, management fees were levied on the Company by AGUKS, AGSRV and AGL.

The aggregate remuneration (including benefits in kind) paid to members of the Company's Board of Directors by the Company, AGUKS, AGSRV and AGL in respect of their services as directors of the Company during 2021 was €1.9 million (2020: €1.4 million). The Company also paid €0.06 million (2020: €0.05 million) to a money purchase pension scheme in respect of directors' qualifying service.

No credit advances were granted during 2021 or 2020 to members of the Board of Directors.

#### **4.5 Post balance sheet events**

In February 2022, a military conflict arose in Ukraine. The Company's insured portfolio does not have any direct exposure to Russia or Ukraine and none of the insured risks are reliant on assets or revenues from these countries. The Company's investment portfolio also does not have any direct exposure to Russia or Ukraine. Our approach to assessing the risk associated with the situation in Ukraine is therefore focused on understanding the broader macroeconomic implications of the conflict and related governmental sanctions on the insured portfolio. As the situation is fast moving, it is being closely monitored by management and our risk assessment will be kept under regular review.



**INCOME STATEMENT APPENDIX**

For the year ended 31 December 2021

**Non-life technical result by category**

| <b>€'000</b>                                      | <b>Credit and suretyship insurance</b> |
|---|--|
| Premiums  | 35,856                                 |
| Cost of services                                  | —                                      |
| <b>Subscription balance</b>                       | <b>35,856</b>                          |
| Acquisition costs                                 | 808                                    |
| Other net management expenses                     | (11,639)                               |
| <b>Net acquisitions and management expenses</b>   | <b>(10,831)</b>                        |
| Investment income                                 | —                                      |
| Profit sharing and technical interests            | —                                      |
| <b>Financial balance</b>                          | <b>—</b>                               |
| Substitute premiums                               | —                                      |
| Substitute guarantors' share of service expenses  | —                                      |
| Substitute guarantors' share in profit sharing    | —                                      |
| Commissions received from substitute guarantors   | —                                      |
| <b>Surrogate balance</b>                          | <b>—</b>                               |
| Ceded premiums                                    | (37,390)                               |
| Reinsurers' share of benefit expenses             | —                                      |
| Reinsurers' share of profit sharing               | —                                      |
| Commissions received from reinsurers              | 13,857                                 |
| <b>Reinsurance balance</b>                        | <b>(23,533)</b>                        |
| <b>Technical balance</b>                          | <b>1,492</b>                           |
| <b>Off-balance sheet items</b>                    |  |
| Amount of redemptions                             | —                                      |
| Gross technical interest for the year             | —                                      |
| Gross technical provisions at the end of the year | —                                      |
| <b>Opening gross technical provisions</b>         | <b>—</b>                               |