# Assured Guaranty Inc.

**(an indirect wholly-owned subsidiary**
**of Assured Guaranty Ltd.)**
**(formerly known as Assured Guaranty Corp.)**
**Statutory Financial Statements**
**December 31, 2024 and 2023**

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## Report of Independent Auditors

To the Board of Directors of Assured Guaranty Inc.

### *Opinions*

We have audited the accompanying statutory financial statements of Assured Guaranty Inc. (the "Company"), which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2024 and 2023, and the related statutory statements of income, of changes in surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

*Unmodified Opinion on Statutory Basis of Accounting*

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Maryland Insurance Administration described in Note 2.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

As discussed in Note 2 to the financial statements, the financial statements give retroactive effect to the merger of Assured Guaranty Inc. on August 1, 2024 in a transaction accounted for as a statutory merger. Our opinion is not modified with respect to this matter.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Maryland Insurance Administration, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Maryland Insurance Administration. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories and Supplemental Schedule of Reinsurance Disclosures (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2024 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

New York, New York
May 22, 2025

## Assured Guaranty Inc.
## Statutory Statements of Admitted Assets, Liabilities and Surplus
## (in thousands of dollars, except share and per share amounts)

| | As of December 31, | |
|---|---|---|
| | **2024** | **2023** |
| **Admitted assets** | | |
| Cash and invested assets | | |
| Bonds (fair value of $4,188,422 and $4,160,561) | $ 4,369,478 | $ 4,313,783 |
| Stocks, on the equity basis | 664,081 | 794,983 |
| Real estate | 21,690 | 21,690 |
| Cash ($49,220 in 2024; $24,539 in 2023), cash equivalents ($214,442 in 2024; $851,813 in 2023) and short-term investments ($4,991 in 2024; $0 in 2023) | 268,653 | 876,352 |
| Loans receivable from affiliate | 250,000 | 250,000 |
| Other invested assets | 1,227,524 | 1,087,207 |
| Receivables for securities sold | 37,425 | 3,684 |
| Total cash and invested assets | 6,838,851 | 7,347,699 |
| Premiums receivable, net of commissions payable | 34,783 | 31,022 |
| Accrued investment income | 46,351 | 50,779 |
| Amounts recoverable from reinsurers | 65,344 | (2,471) |
| Net deferred tax asset | 62,782 | 62,845 |
| Other assets | 8,952 | 7,398 |
| **Total admitted assets** | **$ 7,057,063** | **$ 7,497,272** |
| **Liabilities and surplus to policyholders** | | |
| Liabilities | | |
| Unearned premium reserves | $ 2,092,648 | $ 2,085,197 |
| Contingency reserves | 1,392,238 | 1,295,448 |
| Reserves (recoverables) for losses and loss adjustment expenses | (174,283) | (102,356) |
| Current federal income taxes payable | 3,159 | 4,797 |
| Ceded premium balances payable | 14,775 | 14,053 |
| Funds held for reinsurers | 10,192 | 11,788 |
| Payable to parent, subsidiaries and affiliates | 91,737 | 78,446 |
| Accrued expenses and other liabilities | 102,751 | 113,081 |
| **Total liabilities** | **3,533,217** | **3,500,454** |
| Surplus to policyholders | | |
| Preferred stock ($1,000 par value, 205,004 shares authorized; no shares issued or outstanding) | — | — |
| Common stock (2024: 484,976 shares authorized, 5,810 issued and outstanding, with par value of $2,582; 2023: 488,927 shares authorized, 9,761 issued and outstanding, with par value of $1,537) | 15,000 | 15,000 |
| Paid-in surplus | 426,159 | 826,544 |
| Unassigned surplus | 3,082,687 | 3,155,274 |
| **Total surplus to policyholders** | **3,523,846** | **3,996,818** |
| **Total liabilities and surplus to policyholders** | **$ 7,057,063** | **$ 7,497,272** |

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

# Assured Guaranty Inc.
# Statutory Statements of Income
# (in thousands)

| | Year Ended December 31, 2024 | 2023 |
|---|---|---|
| **Premiums written:** | | |
| Direct premiums written | $ 309,559 | $ 212,935 |
| Assumed premiums written | 34,552 | 39,694 |
| Ceded premiums written | (71,042) | (50,903) |
| Net premiums written | 273,069 | 201,726 |
| | | |
| **Revenues:** | | |
| Net premiums earned | 261,560 | 179,019 |
| Commutation gains | 191 | 9,971 |
| Total underwriting revenues | 261,751 | 188,990 |
| | | |
| **Expenses:** | | |
| Loss incurred (benefit) | (97,416) | 19,353 |
| Loss adjustment expenses | 15,686 | 27,817 |
| Other underwriting expenses | 226,437 | 203,843 |
| Total underwriting expenses | 144,707 | 251,013 |
| | | |
| **Net underwriting gain (loss)** | **117,044** | **(62,023)** |
| | | |
| **Investment income:** | | |
| Net investment income | 287,042 | 419,482 |
| Net realized capital gains (losses) (net of tax provision (benefit) of $(502) and $3,810) | 17,462 | (28,813) |
| Net investment gain | 304,504 | 390,669 |
| | | |
| Other income | 13,816 | 24,814 |
| | | |
| **Income after capital gains tax and before federal income taxes** | **435,364** | **353,460** |
| | | |
| Income tax provision | (80,524) | (64,769) |
| | | |
| **Net income** | **$ 354,840** | **$ 288,691** |

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

## Assured Guaranty Inc.
## Statutory Statements of Changes in Surplus
## Years Ended December 31, 2024 and 2023
## (in thousands)

| | Common Stock | Paid-in Surplus | Unassigned Surplus | Total Surplus to Policyholders |
|---|---|---|---|---|
| **Balance at December 31, 2022** | $ 15,000 | $ 1,014,669 | $ 3,332,937 | $ 4,362,606 |
| | | | | |
| Share redemption | — | (199,996) | — | (199,996) |
| Capital contribution | — | 11,871 | — | 11,871 |
| Change in contingency reserve | — | — | (93,398) | (93,398) |
| Change in non-admitted assets | — | — | (46,256) | (46,256) |
| Change in net unrealized capital gains | — | — | 1,690 | 1,690 |
| Change in net deferred income tax | — | — | 46,640 | 46,640 |
| Change in foreign exchange adjustment | — | — | (16,730) | (16,730) |
| Dividends to stockholder | — | — | (358,300) | (358,300) |
| Net income | — | — | 288,691 | 288,691 |
| **Balance at December 31, 2023** | 15,000 | 826,544 | 3,155,274 | 3,996,818 |
| | | | | |
| Share redemption | — | (400,385) | — | (400,385) |
| Change in contingency reserve | — | — | (96,790) | (96,790) |
| Change in non-admitted assets | — | — | (18,179) | (18,179) |
| Change in net unrealized capital gains | — | — | 71,087 | 71,087 |
| Change in net deferred income tax | — | — | 6,897 | 6,897 |
| Change in foreign exchange adjustment | — | — | 9,158 | 9,158 |
| Dividends to stockholder | — | — | (399,600) | (399,600) |
| Net income | — | — | 354,840 | 354,840 |
| **Balance at December 31, 2024** | $ 15,000 | $ 426,159 | $ 3,082,687 | $ 3,523,846 |

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

**Assured Guaranty Inc.**
**Statutory Statements of Cash Flows**
**(in thousands)**

| | Year Ended December 31, 2024 | 2023 |
|---|---|---|
| **Cash from operations** | | |
| Premiums collected, net of reinsurance | $ 265,440 | $ 192,053 |
| Losses paid | (104,166) | (150,213) |
| Underwriting and loss adjustment expenses paid | (235,522) | (214,109) |
| Net investment income received | 248,709 | 374,219 |
| Federal income tax recovered | (81,660) | (11,709) |
| Other income received | 2,767 | 12,359 |
| **Net cash provided by operations** | **95,568** | **202,600** |
| **Cash from investments** | | |
| Proceeds from investments sold, matured, or repaid | | |
| Bonds | 1,071,369 | 1,244,788 |
| Stocks | 107,587 | — |
| Other invested assets | 16,042 | 6,994 |
| Total investments proceeds | 1,194,998 | 1,251,782 |
| Cost of investments acquired | | |
| Bonds | (1,058,814) | (242,667) |
| Other invested assets | (172,939) | (275,893) |
| Total investments acquired | (1,231,753) | (518,560) |
| **Net cash provided by investments** | **(36,755)** | **733,222** |
| **Cash from financing and miscellaneous sources** | | |
| Dividends paid to stockholder | (399,600) | (358,300) |
| Share redemption | (266,912) | (199,996) |
| **Net cash used for financing and miscellaneous sources** | **(666,512)** | **(558,296)** |
| Net change in cash, cash equivalents and short-term investments | (607,699) | 377,526 |
| Cash, cash equivalents and short-term investments: | | |
| Beginning of year | 876,352 | 498,826 |
| **End of year** | **$ 268,653** | **$ 876,352** |
| Supplemental disclosure of cash flow information for non-cash transactions | | |
| Bonds received as salvage | $ 76,236 | $ 72,792 |
| Accrued interest paid on bonds received as salvage | (657) | (339) |
| Capital contribution paid to other invested assets | — | (11,871) |
| Capital contribution received from parent | — | 11,871 |
| Share redemption paid via other invested assets | (133,473) | — |
| Dividend received from subsidiary | 10,365 | — |

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

## 1. Organization and Ownership

Assured Guaranty Inc. ("AG", or the "Company") (formerly known as Assured Guaranty Corp.) is located in New York and domiciled in Maryland, was organized in 1985 and commenced operations in 1988. It provides financial guaranty insurance and reinsurance in the United States ("U.S."), United Kingdom ("U.K."), Western Europe and certain other countries.

AG is a direct, wholly-owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("AGMH" or the "Parent"). AGMH is an indirect wholly-owned subsidiary of Assured Guaranty Ltd. ("AGL" and, together with its subsidiaries, "Assured Guaranty"). AGL is a Bermuda-based holding company that provides, through its operating subsidiaries, credit protection products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets. Assured Guaranty also participates in the asset management business.

AG's principal subsidiaries and its ownership interest are listed below.

- 100% of Assured Guaranty UK Limited ("AGUK"). AGUK provides financial guaranties in the U.K. and certain other non-European Economic Area ("EEA") countries. AGUK is a U.K. incorporated private limited company licensed as a U.K. insurance company and located in England. AGUK was organized in 1990 and issued its first financial guaranty in 1994.

- 99.9999% of Assured Guaranty (Europe) SA ("AGE"). AGE (together with AGUK, the "European Insurance Subsidiaries") is a French incorporated company located in France and established in 2019 that has been authorized by the French insurance and banking supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution ("ACPR"), to conduct financial guaranty business. AGE writes new business in the EEA.

- 100% of AG Asset Strategies LLC ("AGAS"). AGAS is a Delaware limited liability company formed for the purpose of making certain investments on behalf of the Company. AGAS invests in funds managed by its asset management affiliates. See Note 6, Investments — Investment in AGAS.

Effective August 1, 2024, AG's U.S. affiliate, Assured Guaranty Municipal Corp. ("AGM") merged with and into AG, with AG as the surviving company. See Note 10, Related Party Transactions. AGM was a direct, wholly-owned subsidiary of AGMH.

### *Business*

The Company applies its credit underwriting judgment, risk management skills and capital markets experience primarily to offer financial guaranty insurance that protects holders of debt instruments and other monetary obligations from defaults in scheduled payments. If an obligor defaults on a scheduled payment due on an obligation, including a scheduled principal or interest payment (collectively, "debt service"), the Company is required under its unconditional and irrevocable financial guaranty to pay the amount of the shortfall to the holder of the obligation. The Company markets its financial guaranty insurance directly to issuers and underwriters of public finance and structured finance securities as well as to investors in such obligations. The Company guarantees obligations issued principally in the U.S. and the U.K, and also guarantees obligations issued in other countries and regions, including Western Europe.

Public finance obligations insured by the Company primarily consist of general obligation bonds supported by the taxing powers of U.S. state or municipal governmental authorities, as well as tax-supported bonds, revenue bonds and other obligations supported by covenants from state or municipal governmental authorities or other municipal obligors to impose and collect fees and charges for public services or specific infrastructure projects. The Company includes within public finance obligations those obligations backed by the cash flow from leases or other revenues from projects serving substantial public purposes, including utilities, toll roads, healthcare facilities and government office buildings. The Company also includes within public finance obligations similar obligations issued by U.S. and non-U.S. sovereign and sub-sovereign issuers and governmental authorities.

Structured finance obligations insured by the Company are generally issued by special purpose entities and backed by pools of assets having an ascertainable cash flow or market value or other specialized financial obligations.

The Company has assumed business from its two foreign subsidiaries, AGUK and AGE, as well as from several non-affiliated monoline financial guaranty companies that currently are in runoff and no longer actively writing new business. The Company also enters into ceded reinsurance contracts, which are substantially all with affiliated reinsurers, in order to reduce the net potential loss from large risks and also to reduce rating agency capital charges. See Note 9, Reinsurance.

## 2. Significant Accounting Policies

### *Basis of Presentation*

The accompanying statutory financial statements have been prepared in conformity with insurance accounting practices prescribed or permitted by the Maryland Insurance Administration (“MIA”). These statutory accounting practices (“SAP”) differ in certain material respects from accounting principles generally accepted in the United States of America (“GAAP”).

The MIA recognizes only statutory accounting practices prescribed or permitted by the state of Maryland for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Maryland Insurance Code. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed practices by the MIA. The MIA has the right to permit other specific practices that deviate from prescribed practices; the Company, however, has no permitted practices.

The preparation of financial statements in conformity with accounting practices prescribed or permitted by the MIA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the Company’s Statutory Statements of Admitted Assets, Liabilities and Surplus and the reported amounts of revenues and expenses in the Statutory Statements of Income and Statutory Statements of Changes in Surplus. Such estimates and assumptions include, but are not limited to, losses and loss adjustment expenses (“LAE”), the determination of other-than-temporary impairment (“OTTI”), taxes, premium revenue recognition and fair value of financial instruments. Actual results may differ from those estimates.

The Company's significant accounting policies are outlined as follows:

**Statutory Merger**

On August 1, 2024, Assured Guaranty executed a multi-step transaction to merge AGM with and into AG (the "Merger"), with AG as the surviving company (see Note 10). The Merger was accounted for as a statutory merger pursuant to Statement of Statutory Accounting Principles ("SSAP") No. 68, "Business Combinations and Goodwill." In accordance with the NAIC Annual Statement instructions, the prior year results have been restated to reflect the Merger as if the Merger had occurred as of January 1, 2023.

**Insurance Contracts**

***Revenue Recognition***

Premiums charged in connection with the issuance of the Company's guarantees are received either upfront at contract inception and/or in installments over the life of the covered risk and are recorded as premiums written when due. Upfront premiums are earned based on the proportion of principal and interest due during the period. Installment premiums are earned on a monthly pro-rata basis over the installment period. In addition, when an insured issue is retired early, is called by the issuer or is, in substance, paid in advance through a refunding, the remaining unearned premium is earned at that time.

Unearned premium reserves, net of ceded unearned premium reserves, represent the unearned portion of upfront and installment premiums written. Unearned premium reserves denominated in foreign currency are revalued at the spot rate as of the balance sheet date and the unrealized gain or loss is recognized in surplus.

In connection with certain of its insured transactions, the Company may collect consent, termination, waiver and other fees. These fees are earned when services are rendered and the fees are due.

***Reserves for Losses and LAE***

Reserves for losses and LAE are determined from individual case estimates, based on probability weighted cash flows, and loss reports. Such liabilities are based on assumptions and estimates and the ultimate liability may differ from the amount provided. The assumptions for making such estimates and for establishing the resulting liabilities are periodically reviewed and any adjustments are reflected in the period determined.

Financial guaranty case reserves are established when there is significant credit deterioration on specific insured obligations, and the obligations are either in default or determined to have a 50% or more likelihood of default, not necessarily upon non-payment of principal or interest by an insured. Financial guaranty case reserves were discounted at a rate approximating the pre-tax book yield on the Company's investment portfolio of 4.00% at the end of 2024 and 4.25% at the end of 2023 (4.00% for reserves recorded at AGM). For some policies, claims payments have been made for which all or part of those payments are expected to be recovered by the Company and the transaction is in a net recovery position. Such recoverable amounts are reported net in reserves (recoverables) for losses and LAE and losses incurred (benefit).

***Expenses Associated with Acquiring New Insurance Business***

Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

***Ceding Commission Income***

Ceding commission income that offsets the acquisition cost of business ceded is recorded as a reduction to other underwriting expenses. For ceding commissions that the Company receives that exceed the acquisition cost of business ceded, the Company establishes a liability that is amortized over the term of the reinsurance agreement in proportion to the amount of coverage provided under the reinsurance contract.

***Contingency Reserves***

The Company is required to establish a contingency reserve, which may be net of reinsurance so long as the applicable reinsurance agreement requires the reinsurer to maintain contingency reserves in an amount equal to the Company's deduction from its own net contingency reserves due to such reinsurance. A reserve amount is calculated for separate groups of policies written during a calendar quarter based on the Company's categorization of the policies into one of ten categories of guaranties set forth in the SAP, five of which categories generally cover the Company's policies insuring municipal (and related) obligations ("Municipal Business") and the other five of which cover the Company's policies insuring non-municipal (e.g., corporate or structured finance) obligations ("Non-Municipal Business"). The reserve amount for each group of policies is the greater of (i) 50% of premiums written, or (ii) a designated percent, varying by category, of principal guaranteed.

Once a reserve amount is calculated, as described above, it is incrementally recognized in the financial statements through a charge to surplus over a prescribed time period based on the type of business: 60 quarters for Non-Municipal Business and 80 quarters for Municipal Business. The reserve amount is then released each quarter, in the same increments as it was funded, once the 60- or 80-quarter provision period has been reached.

Reduction in the contingency reserve may also be recognized under certain stipulated conditions, subject to the approval of the MIA, such as when losses incurred exceed a specified percentage of earned premium in a period or when the reserve is proven to be excessive in relation to outstanding obligations. From time to time in the past, the Company (including its predecessor, AGM, prior to the merger described in Note 10) obtained regulatory approval or non-objection to release contingency reserves on one of these bases.

With respect to the regular, quarterly contributions to contingency reserves for Municipal and Non-Municipal Business described above, the applicable Maryland laws and regulations permit the discontinuation of such quarterly contributions to a company's contingency reserves when such company's aggregate contingency reserves for the particular line of business (i.e., Municipal or Non-Municipal) exceed the sum of the company's outstanding principal for each specified category of obligations within the particular line of business multiplied by the specified contingency reserve factor for each such category. In accordance with such laws and regulations, and with the approval of the MIA, AG ceased making quarterly contributions to its contingency reserves for both Municipal and Non-Municipal business beginning in the fourth quarter of 2014, but AG resumed its quarterly contributions to its contingency reserves for Municipal Business in the third quarter of 2024 due to the merger on August 1, 2024 of AGM with and into AG, with AG as the surviving company. The ongoing cessation of quarterly contributions to AG's contingency reserves for Non-Municipal Business is expected to continue for as long as AG satisfies the foregoing condition for such line of business.

In 2013, AG sought and obtained approval from the MIA to (i) reassume all of the outstanding contingency reserves that it was then ceding to its affiliate, Assured Guaranty Re Ltd. ("AG Re"), and (ii) cease ceding future contingency reserves to AG Re in respect of both new and existing business. Accordingly, AG currently does not cede any outstanding contingency reserves to AG Re but, instead, maintains as part of its own net contingency reserves such reserves that it otherwise could cede to AG Re based on AG Re's assumed share of its outstanding business.

***Investments, Cash and Cash Equivalents***

Cash equivalents and short-term investments, with the exception of money market mutual funds, are stated at amortized cost and have maturities within one year of purchase date. Money market mutual funds are accounted for at fair value, which approximates amortized cost.

Investments in long-term bonds with an NAIC designation of 1 or 2 are stated at cost, adjusted for amortization of premium, accretion of discount and OTTI ("amortized cost"). Amortization and accretion are calculated using the constant yield method. Bonds and loan-backed securities with NAIC designations of 3 through 6 are stated at the lower of amortized cost or fair value.

For bonds and loan-backed securities purchased at a price below par value, discounts are accreted over the remaining term of the security. For bonds that have call dates and loan-backed securities purchased at a price above par value, premiums are amortized on a yield-to-worst basis. For bonds purchased at a premium that do not have call features, such premiums are amortized over the remaining term of the security.

In circumstances where the Company has purchased its own insured obligations that had expected losses, and in cases where issuers of insured obligations elected (or where an issuer and the Company negotiated) to deliver the underlying collateral, insured obligation or a new fixed income security to the Company, loss reserves are reduced and the asset received is prospectively accounted for under the applicable guidance for that instrument. Insured obligations with expected losses that were purchased by the Company are referred to as loss mitigation securities and, upon acquisition, are recorded in the investment portfolio at fair value excluding the value of the Company's insurance. In subsequent periods, loss mitigation securities are recorded based upon their NAIC designation, as described above, excluding the value of the Company's insurance. The Company does not reduce its par and debt service outstanding related to loss mitigation securities under SAP.

When calculating the accretion of any discount or amortization of any premium in a given period, changes in the estimated cash flows from the original purchase assumptions are accounted for using the prospective method for loss mitigation securities and securities with OTTI. For all other securities, changes in the estimated cash flows from the original purchase assumptions are accounted for using the retrospective method.

Net realized capital gains and losses on the sale of investments are determined on the basis of the specific identification method and are included in the Statutory Statement of Income. Realized gains from economic transfers of investments to certain related parties are deferred and not recognized until an arms-length transaction with an independent third party gives rise to the appropriate recognition of a gain.

Net investment income includes interest received and the change in accrued interest on investments (including loans to affiliates), dividends from equity investments and the amortization of premiums and accretion of discounts using the constant yield method. Accrued investment income that is deemed uncollectible is charged against net investment income in the period such determination is made, while accrued investment income greater than 90 days past due is non-admitted and charged directly to surplus. Net investment income is reduced by investment management expenses and interest expense on surplus notes.

If management intends to sell a security or if management believes it is more likely than not such security will be required to be sold prior to recovery of its carrying value, the entire amount of the unrealized loss (i.e., the difference between fair value and amortized cost) is recognized as a realized loss.

The Company has a formal review process for securities for which the fair value is less than amortized cost to determine whether such a decline in fair value is other-than-temporary. Factors considered when assessing impairment include:

- a decline in the market value of a security by 20% or more below amortized cost for a continuous period of at least six months;
- a decline in the market value of a security for a continuous period of 12 months;
- recent credit downgrades of the applicable security or the issuer by rating agencies;
- the financial condition of the applicable issuer;
- whether loss of investment principal is anticipated;
- whether scheduled interest payments are past due; and
- whether the Company has the ability and intent to hold the security for a sufficient period of time to allow for anticipated recoveries in amortized cost.

Based on this assessment, for bonds other than loan-backed and structured securities, if the Company believes that either (a) the investment's fair value will not recover to an amount equal to its amortized cost or (b) the Company does not have the ability and intent to hold the investment to maturity or for a sufficient period to allow its fair value to recover to an amount at least equal to its amortized cost, the Company will determine the decline to be other-than-temporary. In this case, the Company will write down the carrying value of the investment to its fair value and record a realized loss in the Statutory Statement of Income.

For loan-backed and structured securities, the Company assesses the ability to recover the amortized cost by comparing the net present value of projected future cash flows with the amortized cost of the security. The net present value is calculated by discounting the Company's estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security. For loan-backed and structured securities where the Company has no intent to sell or it is more likely than not such securities will not be sold prior to recovery and the net present value is less than the amortized cost, an OTTI is recorded for the difference between the amortized cost and the higher of (1) fair value or (2) net present value of cash flows.

The assessment of a decline in value includes management's current assessment of the factors noted above. If that assessment changes in the future, the Company may ultimately record a loss after having originally concluded that the decline in value was temporary.

The Company's investments in the European Insurance Subsidiaries are recorded as common stocks and reported at their underlying equity based on GAAP, adjusted to a statutory basis of accounting as provided for in paragraph 9 of SSAP No. 97. The Company's investment in an unaffiliated company is recorded as common stock and is reported at its underlying GAAP equity. Changes in unrealized gains and losses are reflected directly in unassigned surplus.

Real estate held for sale, which the Company received due to its loss mitigation rights under a financial guaranty insurance contract, is held at its depreciated cost. The cost basis was determined based on an independent third-party appraisal at the date of the contribution, and a 2020 appraisal supports the Company's ability to admit the related asset. The cost of property, other than land, is being depreciated over periods not greater than 25 years.

The Company has an investment in a promissory note issued by Assured Guaranty US Holdings Inc. ("AGUS") (see Note 10, Related Party Transactions), which is carried at face value.

Other invested assets primarily consist of limited liability companies and a limited partnership, which are carried based on the GAAP equity of the entities. The change in unrealized gains and losses is reflected directly in unassigned surplus.

***Non-Admitted Assets***

The following assets are the primary components of non-admitted assets charged directly to surplus in accordance with SAP: net deferred tax asset, furniture and equipment and prepaid expenses.

***Income Taxes***

The income tax provision consists of an amount for taxes currently payable/receivable. The Company was taxed at the U.S. marginal corporate income tax rate of 21%. Deferred income tax assets and liabilities are established, subject to the limitations discussed below, for the temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse.

The amount of deferred tax assets ("DTA") that may be admitted is generally limited to the lesser of those assets the Company expects to realize within three years of the balance sheet date or fifteen percent of the Company's adjusted surplus, provided the following ratio is greater than 115%:

- The numerator is equal to surplus to policyholders less those DTA that the Company expects to realize within three years plus contingency reserves ("ExDTA Surplus").

- The denominator is equal to the required amount of minimum aggregate capital required to be maintained under the applicable NAIC model law or state variation thereof based on the risk characteristics and the amount of insurance in force ("Aggregate Risk Capital").

The realization period and surplus percentage are subject to change based on the amount of adjusted surplus. The change in net deferred income tax is recognized as a separate component of changes in the unassigned surplus.

***Litigation***

The Company establishes accruals for litigation and regulatory matters to the extent it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated. Additionally, it discloses such amounts if material to the financial position of the Company. For litigation and regulatory matters where a loss may be reasonably possible, but not probable, or is probable but not reasonably estimable, no accrual is established, but if the matter is material, it would be disclosed. The Company reviews relevant information with respect to its litigation and regulatory matters on a quarterly basis and updates its accruals, disclosures and estimates of reasonably possible loss based on such reviews.

***Variances between SAP and GAAP***

SAP differ in certain significant respects from GAAP. The principal differences between SAP and GAAP for the Company are as follows:

| | **SAP** | **GAAP** |
|---|---|---|
| **Premiums receivable, net of commissions payable, and ceded premium balances payable** | Includes only those amounts currently due under the insurance contract. | Includes the present value of the contractual or expected premiums to be collected or paid over the period of the contract. Excludes premiums for insured credit derivatives. |
| **Installment premiums** | Earned on a pro-rata basis over the installment period. | Earned in proportion to the insurance protection provided. Excludes premiums for insured credit derivatives. |
| **Upfront premiums** | Earned upon expiration of risk. | Earned in proportion to the insurance protection provided. Excludes premiums for insured credit derivatives. |
| **Refundings** | Premium recognition is accelerated when transactions are economically defeased. | Premium recognition is accelerated when transactions are legally defeased. |
| **Foreign-denominated unearned premium reserves** | Remeasured at balance sheet date exchange rates. | Measured at historical exchange rates. |

| | | |
|---|---|---|
| **Reserves for losses** | Case reserves are established when there is significant credit deterioration on specific insured obligations, and the obligations are either in default or are determined to have a 50% or more likelihood of default, with probability weighted estimates that are discounted at a rate approximating the pre-tax book yield on the Company's investment portfolio and recorded without consideration of the unearned premium reserve. | Expected losses reflect a probability weighted estimate of all possible outcomes, discounted at a risk free rate at the end of each reporting period, and are recorded only to the extent and for the amount that they exceed unearned premium reserve. |
| **Acquisition costs** | Charged to expense as incurred. | Expensed over the period that the related premiums are earned. |
| **Ceding commission income** | Earned immediately except for amounts in excess of acquisition costs, which are deferred and recognized in proportion to coverage provided under the reinsurance agreement. | Capitalized, similar to acquisition costs, and earned over the life of the reinsurance agreement. |
| **Insured credit derivatives** | Accounted for as insurance contracts, as described above. | Accounted for as derivative contracts and measured at fair value. |
| **Policies of Variable Interest Entities ("VIEs")** | Accounted for as insurance contracts as described above. | Where the Company is considered the VIE's primary beneficiary, the policy is eliminated and the VIE is consolidated. |
| **Contingency reserves** | Established according to applicable insurance laws. | There is no requirement to establish contingency reserves. |
| **Bonds** | Reported at values prescribed by the NAIC, which are either amortized cost or the lower of amortized cost or fair value. | Classified as available-for-sale or trading securities and carried at fair value. |
| **Investment impairments** | Recognized as OTTI and written down to fair value or the present value of cash flows with a realized loss recognized through income. | The portion of impairment related to credit losses is recorded as an allowance for credit losses with an offset to realized losses, and any portion unrelated to credit losses is recognized through accumulated other comprehensive income. The GAAP allowance for credit losses can be reversed for subsequent increases in expected cash flows. |
| **Investment in subsidiaries** | Carried on the balance sheet on the equity basis, to the extent admissible. | Consolidated with the parent. |
| **Non-admitted assets** | Certain assets are designated as non-admitted assets and charged directly to statutory surplus. | There are no requirements to reflect any assets as non-admitted assets. |

| | | |
|---|---|---|
| **Committed capital securities** | Not recognized until put options are exercised. | Accounted for as derivative contracts and measured at fair value. |
| **DTA** | The amount of DTA that may be admitted is subject to an adjusted surplus threshold and is generally limited to the lesser of those assets the Company expects to realize within three years of the balance sheet date or fifteen percent of the Company's adjusted surplus. | There is no non-admitted asset determination, rather a valuation allowance is recorded to reduce DTA to an amount that is more likely than not to be realized. |

The GAAP consolidated shareholder's equity attributable to AG was $5,376 million and $5,795 million as of December 31, 2024 and 2023, respectively. The GAAP consolidated net income attributable to AG was $402 million and $424 million for the years ended December 31, 2024 and 2023, respectively.

## 3. Insurance in Force

### Significant Risk Management Activities

The Portfolio Risk Management Committee of the Company's indirect parent, AGL, is responsible for enterprise risk management for Assured Guaranty's insurance business and focuses on measuring and managing credit, market and liquidity risk for the Company's insurance business. This committee establishes Assured Guaranty-wide credit policy for Assured Guaranty's direct and assumed insured business. It implements specific underwriting procedures and limits for Assured Guaranty and allocates underwriting capacity among AGL's insurance subsidiaries, including the Company. All insurance transactions in new asset classes or new jurisdictions, or otherwise outside Assured Guaranty's Board-approved risk appetite statement or its risk limits, must be approved by this committee.

The Company's risk management committee conducts an in-depth review of the Company's insured portfolio, focusing on varying portions of the portfolio at each meeting. It reviews and may revise internal ratings assigned to the insured transactions and reviews sector reports, monthly product line surveillance reports and compliance reports.

All transactions in the insured portfolio are assigned internal credit ratings by the relevant underwriting committee at inception, and such credit ratings are updated by the relevant risk management committee based on changes in transaction credit quality. As part of the surveillance process, the Company monitors trends and changes in transaction credit quality, and recommends such remedial actions as may be necessary or appropriate. The Company also develops strategies to enforce its contractual rights and remedies and to mitigate its losses, engage in negotiation discussions with transaction participants and, when necessary, manage the Company's litigation proceedings.

### Surveillance Categories

The Company segregates its insured portfolio into investment grade and below-investment-grade ("BIG") surveillance categories to facilitate the appropriate allocation of resources to monitoring and loss mitigation efforts and to aid in establishing the appropriate cycle for periodic review of each exposure. BIG exposures include all exposures with internal credit ratings below BBB-.

The Company's internal credit ratings are based on internal assessments of the likelihood of default and loss severity in the event of default. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and generally reflect an approach similar to that employed by the rating agencies, except that the Company's internal credit ratings focus on future performance rather than lifetime performance.

The Company monitors its insured portfolio and refreshes its internal credit ratings on individual exposures in quarterly, semi-annual or annual cycles based on the Company's view of the exposure's credit quality, loss potential, volatility and sector. More extensive monitoring and intervention are employed for all BIG surveillance categories, with internal credit ratings reviewed quarterly. Exposures identified as BIG are subjected to further review to determine (i) the probability of a future loss, (ii) the calculation of the expected future loss to be paid, and (iii) whether the Company has paid a claim for which it expects to be reimbursed within one year ("liquidity claim") or a claim for which it does not expect to be reimbursed within one year.

Ratings on exposures in sectors identified as under the most stress or with the most potential volatility are also reviewed every quarter, although the Company may also review a rating in response to developments impacting a credit when a ratings review is not scheduled. For assumed exposures, the Company may use the ceding company's credit ratings of transactions where it is impractical for it to assign its own rating.

The Company assigns each BIG exposure to one of the three BIG surveillance categories below, which generally represent the following:

BIG Category 1: BIG exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is less than 50%, regardless of whether the Company has or has not paid a liquidity claim.

BIG Category 2: BIG exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, but for which no claims (other than liquidity claims) have yet been paid.

BIG Category 3: BIG exposures for which future losses are expected, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, and for which claims, other than liquidity claims have been paid.

For purposes of classifying BIG exposures into one of the three BIG categories, the Company calculates the present value of projected claim payments and recoveries using a discount rate of 4.00% (which is the rate based on the approximate pre-tax book yield of the Company's investment portfolio that is also used for calculating the loss reserves for statutory financial statement purposes).

**Components of Outstanding Exposure**

The Company's policies insure the scheduled payments of principal and interest on public finance and structured finance obligations. The gross amount of debt service was $401.5 billion at December 31, 2024 and $383.2 billion at December 31, 2023. The net amount of debt service was $318.1 billion at December 31, 2024 and $301.2 billion at December 31, 2023.

The Company seeks to limit its exposure to losses from writing financial guaranties by underwriting obligations that are investment grade at inception, diversifying its portfolio and maintaining rigorous collateral requirements on structured finance obligations, as well as through reinsurance. The calculation of debt service requires the use of estimates, which the Company updates periodically, including estimates and assumptions for the expected remaining term of insured obligations supported by homogeneous pools of assets, updated interest rates for floating and variable rate insured obligations, behavior of consumer price indices for obligations with consumer price index inflators, foreign exchange rates and other assumptions based on the characteristics of each insured obligation. Debt service is a measure of the estimated maximum potential exposure to insured obligations before considering the Company's various legal rights to the underlying collateral and other remedies available to it under its financial guaranty contract.

Actual debt service or the terms to maturity may differ from estimated debt service due to refundings, terminations, negotiated restructurings, prepayments, changes in interest rates on variable rate insured obligations, consumer price index behavior differing from that projected, changes in foreign exchange rates on non-U.S. dollar denominated insured obligations and other factors.

**Contractual Terms to Maturity of Par Outstanding of Insured Obligations**

| | At December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| Terms to Maturity | Gross Par Outstanding | | Ceded Par Outstanding | | Net Par Outstanding | |
| | Public Finance | Structured Finance | Public Finance | Structured Finance | Public Finance | Structured Finance |
| | (in millions) | | | | | |
| 0 to 5 years | $ 18,595 | $ 3,472 | $ 3,978 | $ 761 | $ 14,617 | 2,711 |
| 5 to 10 years | 31,745 | 3,212 | 6,884 | 2,285 | 24,861 | 927 |
| 10 to 15 years | 41,666 | 2,215 | 11,668 | 363 | 29,998 | 1,852 |
| 15 to 20 years | 39,573 | 1,331 | 8,232 | 480 | 31,341 | 851 |
| 20 years and above | 108,744 | 1,188 | 19,264 | 510 | 89,480 | 678 |
| Total | $ 240,323 | $ 11,418 | $ 50,026 | $ 4,399 | $ 190,297 | $ 7,019 |

The gross, ceded and net par outstanding of insured obligations in the public finance insured portfolio includes the following amounts by type of issue and the structured finance insured portfolio includes the following amounts by type of collateral in the table below.

### Summary of Insured Portfolio

| Types of Issues | At December 31, Gross Par Outstanding 2024 | Gross Par Outstanding 2023 | Ceded Par Outstanding 2024 | Ceded Par Outstanding 2023 | Net Par Outstanding 2024 | Net Par Outstanding 2023 |
|---|---|---|---|---|---|---|
| **Public Finance** | *(in millions)* | | | | | |
| U.S.: | | | | | | |
| General obligation | $ 76,967 | $ 72,859 | $ 17,303 | $ 17,163 | $ 59,664 | $ 55,696 |
| Tax backed | 32,963 | 32,525 | 7,159 | 7,520 | 25,804 | 25,005 |
| Municipal utilities | 29,925 | 29,121 | 5,944 | 5,974 | 23,981 | 23,147 |
| Transportation | 26,632 | 21,714 | 4,890 | 4,163 | 21,742 | 17,551 |
| Healthcare | 13,989 | 12,585 | 2,275 | 2,081 | 11,714 | 10,504 |
| Infrastructure finance | 7,768 | 7,886 | 1,292 | 1,312 | 6,476 | 6,574 |
| Higher education | 7,337 | 7,196 | 1,728 | 1,742 | 5,609 | 5,454 |
| Housing | 1,272 | 1,152 | 236 | 219 | 1,036 | 933 |
| Investor owned utilities | 176 | 180 | 39 | 40 | 137 | 140 |
| Renewable energy | 163 | 167 | 47 | 48 | 116 | 119 |
| Other public finance | 904 | 950 | 248 | 266 | 656 | 684 |
| Total public finance-U.S. | 198,096 | 186,335 | 41,161 | 40,528 | 156,935 | 145,807 |
| Public finance-non-U.S. | 42,227 | 42,940 | 8,865 | 8,675 | 33,362 | 34,265 |
| Total public finance | 240,323 | 229,275 | 50,026 | 49,203 | 190,297 | 180,072 |
| | | | | | | |
| **Structured Finance** | | | | | | |
| U.S.: | | | | | | |
| Insurance securitizations | $ 5,235 | $ 5,019 | $ 3,483 | $ 3,668 | $ 1,752 | $ 1,351 |
| Residential mortgages | 2,317 | 2,608 | 85 | 106 | 2,232 | 2,502 |
| Pooled corporate | 602 | 537 | 116 | 71 | 486 | 466 |
| Consumer receivables | 166 | 238 | 25 | 37 | 141 | 201 |
| Subscription finance | 163 | 172 | 40 | 29 | 123 | 143 |
| Other structured finance | 952 | 893 | 165 | 157 | 787 | 736 |
| Total structured finance- | 9,435 | 9,467 | 3,914 | 4,068 | 5,521 | 5,399 |
| Structured finance-non-U.S. | 1,983 | 1,077 | 485 | 136 | 1,498 | 941 |
| Total structured finance | 11,418 | 10,544 | 4,399 | 4,204 | 7,019 | 6,340 |
| | | | | | | |
| Total insured portfolio | $ 251,741 | $ 239,819 | $ 54,425 | $ 53,407 | $197,316 | $186,412 |

The following table sets forth the net financial guaranty par outstanding by internal rating:

| Ratings[1] | December 31, 2024 Net Par Outstanding | December 31, 2024 % of Net Par Outstanding | December 31, 2023 Net Par Outstanding | December 31, 2023 % of Net Par Outstanding |
|---|---|---|---|---|
| | *(dollars in millions)* | | | |
| AAA | $ 2,240 | 1.1 % | $ 2,525 | 1.4 % |
| AA | 20,207 | 10.2 | 20,057 | 10.8 |
| A | 96,489 | 48.9 | 88,028 | 47.2 |
| BBB | 70,549 | 35.8 | 71,300 | 38.2 |
| BIG | 7,831 | 4.0 | 4,502 | 2.4 |
| Total net par outstanding | $ 197,316 | 100.0 % | $ 186,412 | 100.0 % |

(1) Represents the Company's internal rating. The Company's ratings scale is similar to that used by the rating agencies discussed below.

In its structured finance business, the Company considered geographic concentration as a factor in underwriting insurance covering securitizations of pools of assets such as residential mortgages or consumer receivables. However, after the initial issuance of an insurance policy relating to such securitizations, the geographic concentration of the underlying assets may not remain fixed over the life of the policy. In addition, in writing insurance for other types of structured finance obligations, such as securities primarily backed by government or corporate debt, geographic concentration is not deemed by the Company to be significant, given other more relevant measures of diversification, such as issuer or industry diversification.

The Company seeks to maintain a diversified portfolio of insured public finance obligations designed to spread its risk across a number of geographic areas. The following table sets forth those states in which municipalities and other obligors located therein issued an aggregate of 2% or more of the Company's net par amount outstanding of insured public finance securities:

**Public Finance Insured Portfolio by Location of Exposure**

| | At December 31, 2024 | | |
|---|---|---|---|
| | Net Par Amount Outstanding | % of Total Net Par Amount Outstanding | Ceded Par Amount Outstanding |
| | (dollars in millions) | | |
| Domestic obligations | | | |
| California | $ 27,842 | 14.6 % | $ 7,693 |
| Texas | 20,449 | 10.7 | 5,119 |
| New York | 15,768 | 8.3 | 3,728 |
| Pennsylvania | 14,500 | 7.6 | 3,750 |
| Illinois | 9,339 | 4.9 | 2,858 |
| Florida | 9,149 | 4.8 | 2,134 |
| New Jersey | 7,051 | 3.7 | 1,762 |
| All other U.S. locations | 52,837 | 27.8 | 14,117 |
| Subtotal | 156,935 | 82.4 | 41,161 |
| International obligations | 33,362 | 17.6 | 8,865 |
| Total | $ 190,297 | 100.0 % | $ 50,026 |

### Ratings Impact on Financial Guaranty Business

The financial strength and financial enhancement ratings assigned by S&P Global Ratings, a division of Standard and Poor's Financial Services LLC, Moody's Investors Service, Inc. and Kroll Bond Rating Agency, LLC to the Company represent such rating agencies' opinions of the insurer's financial strength and ability to meet ongoing obligations to policyholders and cedants in accordance with the terms of the financial guaranties it has issued or the reinsurance agreements it has executed. Issuers, investors, underwriters, ceding companies and others consider the Company's financial strength or financial enhancement ratings an important factor when deciding whether or not to utilize a financial guaranty or purchase reinsurance from the Company. A downgrade by a rating agency of the financial strength or financial enhancement ratings of the Company could impair the Company's financial condition, results of operation, capital, liquidity, business prospects and/or share price. The ratings assigned by the rating agencies to the Company are subject to review and may be lowered by a rating agency at any time and without notice to the Company.

The rating agencies have changed their methodologies and criteria from time to time. Factors influencing the rating agencies are beyond management's control and not always known to the Company. In the event of an actual or perceived deterioration in creditworthiness of large risks in the Company's insurance portfolio, or other large increases in liabilities (including those related to legal proceedings), or a change in a rating agency's capital model or rating methodology, a rating agency may require the Company to increase the amount of capital it holds to maintain its financial strength and financial enhancement ratings under the rating agencies' capital adequacy models, or a rating agency may identify an issue that additional capital would not address. The amount of any capital required may be substantial, and may not be available to the Company on favorable terms and conditions or at all, especially if it were known that additional capital was necessary to preserve the Company's financial strength or financial enhancement ratings. The failure to raise any additional required capital, or successfully address another issue or issues raised by a rating agency, could result in a downgrade of the ratings of the Company and thus have an adverse impact on its business, results of operations and financial condition.

The Company periodically assesses the value of each rating assigned, and may as a result of such assessment request that a rating agency add or drop a rating.

The Company's financial strength and financial enhancement ratings are an important competitive factor in the financial guaranty insurance and reinsurance markets. If the financial strength or financial enhancement ratings of the Company were reduced below current levels, the Company expects the number of transactions that would benefit from the Company's insurance would be reduced; consequently, a downgrade by rating agencies could harm the Company's new insurance business production.

In addition, a downgrade may have a negative impact on the Company in respect of transactions that it has insured or that it has assumed through reinsurance. For example, the Company assumed financial guaranty insurance from non-affiliated financial guarantors. The agreements under which the Company assumed such business are generally subject to termination at the option of the ceding company (i) if the Company fails to meet certain financial and regulatory criteria; (ii) if the Company fails to maintain a specified minimum financial strength rating; or (iii) upon certain changes of control of the Company. Upon termination due to one of the above events, the Company typically would be required to return to the ceding company unearned premiums (net of ceding commissions) and loss reserves, calculated on a U.S. statutory basis, attributable to the assumed business (plus in certain cases, an additional required amount), after which the Company would be released from liability with respect to such business. See Note 9, Reinsurance. In addition, beneficiaries of financial guaranties issued by the Company may have the right to cancel the credit protection provided to them, which would result in the loss of future premium earnings and the reversal of any fair value gains recorded by the Company.

## 4. Insurance Premiums

### Premium Summary

The components of net premiums written and earned, including premiums assumed from and ceded to other insurers and reinsurers, are set forth in the following table:

| | Years Ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| *(in thousands)* | Written | Earned | Written | Earned |
| Direct | $ 309,559 | $ 283,608 | $ 212,935 | $ 192,164 |
| Assumed | 34,552 | 55,535 | 39,694 | 42,163 |
| Ceded | (71,042) | (77,583) | (50,903) | (55,308) |
| Total | $ 273,069 | $ 261,560 | $ 201,726 | $ 179,019 |

The gross unearned premium reserves on an undiscounted basis for the entire book of business that would have been reported had all installment premiums been received at inception would have been $4.3 billion as of December 31, 2024.

The schedule of gross premiums (undiscounted) expected to be collected under all installment contracts is as follows:

| Period | (in thousands) |
|---|---|
| 1st Quarter 2025 | $ 35,201 |
| 2nd Quarter 2025 | 29,366 |
| 3rd Quarter 2025 | 28,591 |
| 4th Quarter 2025 | 22,252 |
| 2026 | 110,257 |
| 2027 | 105,508 |
| 2028 | 100,468 |
| 2029 | 88,699 |
| 2030 – 2034 | 369,145 |
| 2035 – 2039 | 291,605 |
| 2040 – 2044 | 221,894 |
| 2045 and thereafter | 375,521 |
| TOTAL | $ 1,778,507 |

Roll forward of the expected gross future premiums (undiscounted) is as follows (in thousands):

| | | |
|---|---|---|
| Expected future premiums – beginning of year – 2024 | $ | 1,626,211 |
| Less: premium payments received for existing installment contracts | | 75,923 |
| Add: expected premium payments for new installment contracts | | 323,907 |
| Add: adjustments to the expected future premium payments | | (95,688) |
| Expected future premiums – end of year – 2024 | $ | 1,778,507 |

The net unearned premium reserves on non-installment contracts that was recognized as earned premium on an accelerated basis was $84.3 million and $29.4 million for the years ended December 31, 2024 and 2023, respectively. Such accelerations are recognized when an insured issue is retired early, is called by the issuer, or is economically defeased when the obligation is paid in advance in substance through a refunding accomplished by placing U.S. Government securities in escrow.

Schedule of expected gross future earned premium revenue on non-installment contracts as of December 31, 2024 is as follows:

| Period | | (in thousands) |
|---|---|---|
| 1st Quarter 2025 | $ | 22,263 |
| 2nd Quarter 2025 | | 20,058 |
| 3rd Quarter 2025 | | 30,110 |
| 4th Quarter 2025 | | 27,705 |
| 2026 | | 106,292 |
| 2027 | | 97,992 |
| 2028 | | 96,631 |
| 2029 | | 100,689 |
| 2030 – 2034 | | 488,166 |
| 2035 – 2039 | | 466,231 |
| 2040 – 2044 | | 326,693 |
| 2045 and thereafter | | 589,711 |
| TOTAL | $ | 2,372,541 |

## 5. Losses and LAE

The following table provides a reconciliation of the beginning and ending reserve balances for reserves for losses and LAE, net of reinsurance recoverable, for 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| | *(in thousands)* | |
| Balance at January 1 (net of ceded balances of $83,948 and $100,986) | $ (102,356) | $ (76,673) |
| Losses and loss adjustment expenses incurred (benefit) related to: | | |
| Current year | 35,966 | — |
| Prior years | (117,696) | 47,123 |
| Losses and loss adjustment expenses recovered (paid) related to: | | |
| Current year | (563) | — |
| Prior years | 10,344 | (72,806) |
| Foreign exchange rate fluctuations | 22 | — |
| Balance at December 31 (net of ceded balances of $3,685 and $83,948) | $ (174,283) | $ (102,356) |

The amount of discount taken was approximately $8.6 million and $60.6 million at December 31, 2024 and 2023, respectively.

**Net Reserve Summary (1)**

| *(in thousands)* | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Public finance | $ (101,877) | $ 1,149 |
| Structured finance - RMBS | (35,328) | 43,712 |
| Structured finance - other | (37,078) | (147,217) |
| Total | $ (174,283) | $ (102,356) |

(1) Amounts in a negative position represent deals in a net recoverable position.

The aggregate amount of U.S. subprime related net losses paid in 2024 were $4.4 million and net losses paid in 2023 were $3.6 million. The aggregate amount of U.S. subprime net losses incurred (benefits) were $(12.0) million in 2024 and $(15.2) million in 2023. The aggregate amount of net loss reserves on U.S. subprime business were $105.1 million and $118.5 million as of December 31, 2024 and 2023, respectively. IBNR reserves are not required for financial guaranty insurance.

Reserves (recoverables) for losses and LAE at December 31, 2024 and 2023, net of anticipated salvage and subrogation, on an undiscounted basis, were $(165.7) million and $(41.8) million, respectively.

***Selected U.S. Public Finance Transactions***

*Puerto Rico*

All of the Company's insured exposure to various authorities and public corporations of the Commonwealth of Puerto Rico ("Puerto Rico" or the "Commonwealth") is rated below investment grade ("BIG"). Puerto Rico net par and net debt service outstanding as of December 31, 2024 were $455 million and $530 million respectively, compared with net par and net debt service outstanding as of December 31, 2023 of $812 million and $1,095 million, respectively. In 2024, the Company satisfied its remaining direct Puerto Rico Highways and Transportation Authority ("PRHTA") insured obligations.

*Defaulting Puerto Rico Exposure*

As of December 31, 2024, the Company's only unresolved outstanding insured Puerto Rico exposure subject to a payment default was the Puerto Rico Electric Power Authority ("PREPA"), to which the Company had net par and debt service outstanding of $378 million and $442 million, respectively. As of December 31, 2023, the Company's PREPA net par and debt service outstanding were $444 million and $530 million, respectively. The PREPA bonds are secured by a lien on the net revenues of the electric system. The default of PREPA's obligations has been the subject of restructuring negotiations, mediation and litigation since 2014.

*Puerto Rico Litigation*

Currently, there are numerous legal actions relating to defaults by PREPA on debt service payments, and related matters, and the Company is a party to a number of them. See Note 11, Commitments and Contingencies, for further discussion.

*Non-Defaulting Puerto Rico Exposure*

As of December 31, 2024 and December 31, 2023, the Company had approximately $77 million and $90 million, respectively, of remaining non-defaulting Puerto Rico net par outstanding related primarily to the Puerto Rico Municipal Finance Agency ("MFA"). The MFA exposures are secured by a lien on local tax revenues and remain current on debt service payments.

*Other Public Finance Exposures*

Certain BIG healthcare exposures are experiencing rising labor costs due to competition for labor and shortages in certain markets. Additionally, inflation has increased the cost of medical supplies, medical equipment, and pharmacy products, while U.S hospitals with large Medicaid and Medicare payor mixes have not seen reimbursement levels keep pace with rising costs. The combined revenue and expense challenges have led to cash flow and liquidity stress in certain transactions. In addition, certain credits are struggling to make necessary capital expenditures and improvements to facilities.

The Company had loss and LAE reserves (recoverables) across its U.S. public finance exposures as of December 31, 2024, including those mentioned above, of $(115.8) million compared with $1.1 million as of December 31, 2023. The Company's loss and LAE reserves incorporate management's probability weighted estimates of possible scenarios. Each quarter, the Company may revise its scenarios and update its assumptions, including the probability weightings of its scenarios based on public information as well as nonpublic information obtained through its surveillance and loss mitigation activities. Management assesses the possible implications of such information on each insured obligation, considering the unique characteristics of each transaction.

The decrease in reserves was attributable to loss and LAE payments of $67.7 million and loss and LAE benefits of $49.2 million (both of which are primarily due to Puerto Rico exposures).

***Non-U.S. Public Finance***

In the third quarter of 2024, the Company internally downgraded to BIG certain U.K. regulated utilities and European renewable energy transactions that are experiencing operational strain, high financing costs and/or other capital constraints.

The Company had loss and LAE reserves on its Non-U.S. public finance exposures as of December 31, 2024, of $13.9 million compared with no reserve as of December 31, 2023. The increase in reserves was attributable to the developments noted above.

***U.S. RMBS Loss Projections***

The Company projects losses on its insured U.S. RMBS on a transaction-by-transaction basis by projecting the performance of the underlying pool of mortgages over time and then applying the structural features (e.g., payment priorities and tranching) of the RMBS and any expected representation and warranty recoveries/payables to the projected performance of the collateral over time. The resulting projected claim payments or reimbursements are then discounted using a rate that approximates the pre-tax book yield on the Company's investment portfolio.

The rate at which borrowers from a particular delinquency category (number of monthly payments behind) eventually default is referred to as the "liquidation rate." The Company derives its liquidation rate assumptions from observed roll rates, which are the rates at which loans progress from one delinquency category to the next and eventually to default and liquidation. The Company applies liquidation rates to the mortgage loan collateral in each delinquency category and makes certain timing assumptions to project near-term mortgage collateral defaults from loans that are currently delinquent. Each quarter the Company reviews recent third party data and (if necessary) adjusts its liquidation rates based on its observations.

Performing borrowers that eventually default will also need to progress through delinquency categories before any defaults occur. The Company projects how many of the currently performing loans will default and when they will default, by first converting the projected near term defaults of delinquent borrowers derived from liquidation rates into a vector of conditional default rates ("CDR"), then projecting how the CDR will develop over time. While the Company uses the liquidation rates to project defaults of non-performing loans (including current loans that were recently modified or delinquent), it projects defaults on presently current loans by applying a CDR curve. The start of that CDR curve is based on the defaults the Company projects will emerge from currently nonperforming, recently nonperforming and modified loans. The total amount of expected defaults from the non-performing loans is translated into a constant CDR (i.e., the CDR plateau), which, if applied for each of the next 36 months, results in the projection of the defaults that are expected to emerge from the various delinquency categories. The CDR thus calculated individually on the delinquent collateral pool for each RMBS is then used as the starting point for the CDR curve used to project defaults of the presently performing loans.

In order to derive collateral pool losses from the collateral pool defaults it has projected, the Company applies a loss severity. The loss severity is the amount of loss the transaction experiences on a defaulted loan after the application of net proceeds from the disposal of the underlying property. The Company projects loss severities by sector and vintage based on its experience to date. The Company continues to update its evaluation of these loss severities as new information becomes available.

The Company projects the overall future cash flow from a collateral pool by adjusting the payment stream from the principal and interest contractually due on the underlying mortgages for the collateral losses it projects as described above; assumed voluntary prepayments; and servicer advances. The Company then applies an individual model of the structure of the transaction to the projected future cash flow from that transaction's collateral pool to project the Company's future claims and claim reimbursements for that individual transaction. Finally, the projected claims and reimbursements are discounted using risk-free rates. The Company runs several sets of assumptions regarding mortgage collateral performance, or scenarios, and probability weights them.
Each period the Company reviews the assumptions it uses to make RMBS loss projections with consideration of updates on the performance of its insured transactions (including early-stage delinquencies, late-stage delinquencies and loss severity) as well as the residential property market and economy in general. To the extent it observes changes, it makes a judgment as to whether those changes are normal fluctuations or part of a more prolonged trend. In 2024, there was a loss and LAE benefit of $14 million for first lien U.S. RMBS and a loss and LAE benefit of $42 million for second lien U.S. RMBS. The assumptions that the Company uses to project RMBS losses are shown in the sections below.

Expected losses are also a function of the structure of the transaction, the prepayment speeds of the collateral, the interest rate environment and assumptions about loss severity.

***First Lien U.S. RMBS Loss Projections: Alt-A, Prime, Option ARM and Subprime***

The majority of projected losses in first lien U.S. RMBS transactions are expected to come from non-performing mortgage loans (those that are or have recently been two or more payments behind, have been modified, are in foreclosure, or have been foreclosed upon). Collateral losses are projected to be offset by recoveries on deferred principal balances.

In the base scenario, the Company assumes the final CDR will be reached one year after the 36-month CDR plateau period. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning after the initial 18-month period, staying or trending, as applicable, to 40% in the base scenario over 2.5 years.

The following table shows the range as well as the average, weighted by outstanding net insured par, for key assumptions used in the calculation of expected loss to be paid (recovered) for individual transactions for vintage 2004 - 2008 first lien U.S. RMBS.

**Key Assumptions in Base Scenario Expected Loss Estimates**
**First Lien U.S. RMBS**

| | As of December 31, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| | Range | Weighted Average | Range | Weighted Average |
| Plateau CDR | 0.0% - 8.8% | 3.4% | 0.0% - 9.3% | 4.3% |
| Final CDR | 0.0% - 0.4% | 0.2% | 0.0% - 0.5% | 0.2% |
| Initial loss severity | 40.0% - 50.0% | 43.1% | 50% | |
| Future recovery for deferred principal balances | 50% | | 30% | |
| Liquidation rates (1) | 20% - 50% | | 20% - 65% | |

(1) The liquidation rates range from current but recently delinquent loans to foreclosed loans.

Certain transactions benefit from excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations) when they are supported by large portions of fixed rate assets (either originally fixed or modified to be fixed) but have insured floating rate debt linked to the Secured Overnight Finance Rate (“SOFR”). An increase in projected SOFR decreases excess spread, while lower SOFR projections result in higher excess spread.

The Company incorporates a recovery assumption into its loss modeling to reflect observed trends in recoveries of deferred principal balances of modified first lien loans that had been previously written off. For transactions where the Company has detailed loan information, the Company assumes that a percentage of the deferred loan balances will eventually be recovered upon sale of the collateral or refinancing of the loans. In 2024, due to observed trends and high levels of home equity, the Company increased its scenario-based recovery assumptions such that the weighted average recovery percentage increased from 30% to approximately 50%. The effect of these updated assumptions on expected losses was a benefit of $15 million in 2024.

Total loss and LAE reserves on all first lien U.S. RMBS were $87 million and $100 million as of December 31, 2024, and December 31, 2023, respectively. The decrease in reserves was driven primarily by the higher assumed recoveries for deferred principal, a decrease in certain liquidation rates, and lower severity for subprime exposures (40% vs. the prior 50%).

The Company establishes its scenarios by increasing and decreasing the periods and levels of stress from those used in the base scenario. In the Company’s most stressful scenario where 20% of deferred principal balances are assumed to be recovered, loss severities experience stress for nine years and the initial ramp-down of the CDR was assumed to occur over 16 months, expected loss to be paid would increase from current projections by approximately $31 million for all first lien U.S. RMBS transactions. In the Company’s least stressful scenario where 80% of deferred principal balances are assumed to be recovered, the CDR plateau was six months shorter (30 months, effectively assuming that liquidation rates would improve) and the CDR recovery was more pronounced (including an initial ramp-down of the CDR over eight months), expected loss to be paid would decrease from current projections by approximately $29 million for all first lien U.S. RMBS transactions.

***Second Lien U.S. RMBS Loss Projections***

Second lien U.S. RMBS transactions include both home equity lines of credit ("HELOC") and closed end second lien mortgages. The Company believes the most important driver of its projected second lien U.S. RMBS losses is the performance of its HELOC transactions. The Company believes the primary variable affecting its loss reserves in second lien U.S. RMBS transactions is the amount and timing of future losses or recoveries in the collateral pool supporting the transactions (including recoveries from previously charged-off loans).

When a second lien loan defaults, there is generally a low recovery. The Company assumed that it will generally recover 2% of future defaulting collateral at the time of charge-off. Additional amounts of post charge-off recoveries are projected to come in evenly over the next five years in instances where the Company is able to obtain information on the lien status and the second line is still intact. The Company evaluates its assumptions quarterly based on actual recoveries of charged-off loans observed from period to period and reasonable expectations of future recoveries. During 2024, due to observed trends and high levels of home equity, the Company updated its assumptions of such recoveries to reflect a base scenario and a weighted average recovery of 50%, up from 40%, which resulted in a benefit of $26 million.

For the base scenario, the CDR plateau is held constant for 36 months. Once the plateau period ends, the CDR is assumed to trend down in uniform increments for one year to its final long-term steady state CDR (5% of original plateau).

The following table shows the range as well as the average, weighted by net par outstanding, for key assumptions used in the calculation of expected loss to be paid (recovered) for individual transactions for vintage 2004 - 2008 HELOCs.

**Key Assumptions in Base Scenario Expected Loss Estimates**
**HELOCs**

| | As of December 31, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| | Range | Weighted Average | Range | Weighted Average |
| Plateau CDR | 0.0% - 5.6% | 2.2% | 0.0% - 6.8% | 2.6% |
| Final CDR | 0.0% - 0.3% | 0.1% | 0.0% - 0.3% | 0.1% |
| Liquidation rates | 20% - 55% | | 20% - 60% | |
| Loss severity on future defaults | 98% | | 98% | |
| Projected future recoveries on previously charged-off loans | 50% | | 40% | |

(1) The liquidation rates range from current but recently delinquent loans to foreclosed loans.

Total loss and LAE reserves (recoverables) on all second lien U.S. RMBS were $(123) million and $(58) million as of December 31, 2024, and December 31, 2023, respectively. The higher expected recoveries were driven primarily by the higher recoveries for charged-off loans and improved performance in certain transactions.

The Company modeled scenarios with a longer period of elevated defaults and others with a shorter period of elevated defaults as well as various levels of assumed recoveries. In the Company's most stressful scenario, assuming 20% recoveries on charged-off loans, increasing the CDR plateau to 42 months, increasing the ramp-down by four months to 16 months (for a total stress period of 58 months) and using the ultimate prepayment rate of 15% would decrease the expected recovery by approximately $71 million for HELOC transactions. On the other hand, in the Company's least stressful scenario, assuming 80% recoveries on charged-off loans, reducing the CDR plateau to 30 months, decreasing the length of the CDR ramp-down to eight months (for a total stress period of 38 months) and lowering the ultimate prepayment rate to 10% would increase the expected recovery by approximately $72 million for HELOC transactions.

***Structured Finance - Other***

The Company also had exposure to troubled life insurance transactions with BIG net par of $86 million as of December 31, 2024. The loss and LAE reserves (recoverables) on these transactions were $(39.1) million and $(59.2) million at December 31, 2024 and 2023, respectively.

***Toxic Waste Cleanup, Asbestos and Environmental Exposure***

The Company has not written any policies which have been identified as having the potential for the existence of a liability due to toxic waste cleanup, asbestos or environmental losses.

***Claim Liability***

The Company used a rate of 4.00% at December 31, 2024 and 4.25% at December 31, 2023 (4.00% for reserves recorded at AGM. See Note 10, AGM Merger.) to discount the claim liability.

Significant components of the change in the claim liability for financial guaranty insurance for the period are as follows:

| **(in thousands)** | **Year Ended December 31, 2024** |
|---|---|
| Accretion of discount | $ (4,882) |
| Changes of timing, performance and assumptions | (112,792) |
| New reserves for defaults of insured contracts | 35,403 |
| Recoveries (payments) on prior year reserves | 10,344 |
| TOTAL | $ (71,927) |

The Company incurred loss adjustment expenses of $20.5 million in 2024 on its direct portfolio. The reserve for unpaid loss adjustment expenses on the direct portfolio was $13.4 million at December 31, 2024.

Schedule of BIG insured financial obligations as of December 31, 2024 and 2023 is presented below:

| **2024** | **Surveillance Categories** | | | |
|---|---|---|---|---|
| | **BIG 1** | **BIG 2** | **BIG 3** | **Total** |
| | **(dollars in thousands)** | | | |
| Number of risks | 93 | 10 | 90 | 193 |
| Remaining weighted-average period (in years) | 18.5 | 7.5 | 6.8 | 16.0 |
| Gross insured contractual payments outstanding: | | | | |
| Par | $ 7,061,655 | $ 169,899 | $ 2,316,109 | $ 9,547,663 |
| Interest | 6,531,220 | 69,705 | 765,194 | 7,366,119 |
| Total | $ 13,592,875 | $ 239,604 | $ 3,081,303 | $ 16,913,782 |
| | | | | |
| Gross claim liability | $ 3,263,483 | $ 125,023 | $ 1,441,634 | $ 4,830,140 |
| Less: gross potential recoveries - subrogation | 3,660,904 | 88,772 | 1,266,992 | 5,016,668 |
| Less: ceded claim liability (recovery) | (44,810) | 2,861 | 21,382 | (20,567) |
| Less: discount, net | (42,976) | 5,230 | 46,373 | 8,627 |
| Net liability reported in the balance sheet | $ (309,635) | $ 28,160 | $ 106,887 | $ (174,588) |
| | | | | |
| Net unearned premium revenue | $ 106,561 | $ 2,734 | $ 38,406 | $ 147,701 |
| | | | | |
| Reinsurance recoverables | $ 59,029 | $ — | $ 6,314 | $ 65,343 |

| **2023** | **Surveillance Categories** | | | |
|---|---|---|---|---|
| | **BIG 1** | **BIG 2** | **BIG 3** | **Total** |
| | **(dollars in thousands)** | | | |
| Number of risks | 92 | 12 | 104 | 208 |
| Remaining weighted-average period (in years) | 10.2 | 16.1 | 7.7 | 9.9 |
| Gross insured contractual payments outstanding: | | | | |
| Par | $ 1,540 | $ 964 | $ 3,107 | $ 5,611 |
| Interest | 694 | 891 | 1,286 | 2,871 |
| Total | $ 2,234 | $ 1,855 | $ 4,393 | $ 8,482 |
| | | | | |
| Gross claim liability | $ 11,748 | $ 172,274 | $ 1,993,539 | $ 2,177,561 |
| Less: gross potential recoveries - subrogation | 566,589 | 77,532 | 1,511,067 | 2,155,188 |
| Less: ceded claim liability (recovery) | (57,228) | 14,393 | 107,266 | 64,431 |
| Less: discount, net | (51,059) | 15,246 | 96,416 | 60,603 |
| Net liability reported in the balance sheet | $ (446,554) | $ 65,103 | $ 278,790 | $ (102,661) |
| | | | | |
| Net unearned premium revenue | $ 36,284 | $ 48,338 | $ 44,686 | $ 129,308 |
| | | | | |
| Reinsurance recoverables | $ (2,551) | $ 4 | $ 76 | $ (2,471) |

## 6. Investments

As of December 31, 2024, the investment portfolio includes investment-grade bonds. The majority of the investment portfolio is managed by three external managers. The Company has established detailed guidelines regarding credit quality, exposure to a particular sector and exposure to a particular obligor within a sector. The externally managed fixed maturity portfolio must maintain a minimum average rating of A+/A1/A+ by S&P, Moody's or Fitch Ratings Inc., respectively.

The sources of investment income are shown below.

| *(in thousands)* | 2024 | 2023 |
|---|---|---|
| Bonds | $ 204,711 | $ 238,598 |
| Common stock | 20,243 | 127,160 |
| Short-term investments, cash and cash equivalents | 42,159 | 43,608 |
| Real estate | 5,932 | 4,344 |
| Interest received on promissory note | 8,750 | 8,750 |
| Other | 14,984 | 6,500 |
| Depreciation on real estate | — | (461) |
| Investment expenses | (9,737) | (9,017) |
| Net investment income | $ 287,042 | $ 419,482 |

The following summarizes the Company's bond and short-term investment portfolio at December 31, 2024 and 2023:

| *(in thousands)* 2024 | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| U.S. Governments | $ 77,661 | $ 111 | $ (6,176) | $ 71,596 |
| U.S. State, Territories and Possessions (Direct and Guaranteed) | 181,878 | 233 | (5,988) | 176,123 |
| U.S. Political subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 267,334 | 262 | (17,162) | 250,434 |
| U.S. Special Revenue & Special Assessment Obligations and all Governments and Their Political Subdivisions | 1,563,593 | 22,775 | (51,169) | 1,535,199 |
| Industrial and miscellaneous | 2,279,012 | 24,004 | (147,946) | 2,155,070 |
| Total | $ 4,369,478 | $ 47,385 | $ (228,441) | $ 4,188,422 |

| *(in thousands)* 2023 | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| U.S. Governments | $ 48,228 | $ 126 | $ (6,074) | $ 42,280 |
| U.S. State, Territories and Possessions (Direct and Guaranteed) | 269,598 | 2,310 | (4,257) | 267,651 |
| U.S. Political subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 336,961 | 992 | (15,500) | 322,453 |
| U.S. Special Revenue & Special Assessment Obligations and all Governments and Their Political Subdivisions | 1,806,262 | 27,481 | (42,077) | 1,791,666 |
| Industrial and miscellaneous | 1,852,734 | 27,824 | (144,047) | 1,736,511 |
| Total | $ 4,313,783 | $ 58,733 | $ (211,955) | $ 4,160,561 |

At December 31, 2024 and 2023, the Company held loss mitigation securities with a carrying value of $492 million and $480 million, respectively, in its investment portfolio.

The following table summarizes, for all securities in an unrealized loss position as of December 31, 2024 and 2023, the aggregate fair value and unrealized loss by length of time the amounts have continuously been in an unrealized loss position.

| *(dollars in thousands)* | Less than 12 Months | | 12 Months or more | | Total | |
|---|---|---|---|---|---|---|
| **2024** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** |
| U.S. Governments | $ 8,594 | $ (131) | $ 33,897 | $ (6,045) | $ 42,491 | $ (6,176) |
| U.S. State, Territories and Possessions (Direct and Guaranteed) | 63,918 | (1,290) | 86,236 | (4,699) | 150,154 | (5,989) |
| U.S. Political subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 103,427 | (928) | 122,434 | (16,234) | 225,861 | (17,162) |
| U.S. Special Revenue & Special Assessment Obligations and all Governments and Their Political Subdivisions | 641,764 | (6,729) | 604,620 | (44,440) | 1,246,384 | (51,169) |
| Industrial and miscellaneous | 625,596 | (13,320) | 762,510 | (134,626) | 1,388,106 | (147,946) |
| Total | $ 1,443,299 | $ (22,398) | $ 1,609,697 | $ (206,044) | $ 3,052,996 | $ (228,442) |
| Number of securities (1) | | 438 | | 610 | | 1,020 |

| *(dollars in thousands)* | Less than 12 Months | | 12 Months or more | | Total | |
|---|---|---|---|---|---|---|
| **2023** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** | **Fair Value** | **Unrealized Loss** |
| U.S. Governments | $ 766 | $ (22) | $ 38,997 | $ (6,052) | $ 39,763 | $ (6,074) |
| U.S. State, Territories and Possessions (Direct and Guaranteed) | 24,511 | (55) | 82,784 | (4,202) | 107,295 | (4,257) |
| U.S. Political subdivisions of States, Territories and Possessions (Direct and Guaranteed) | 95,914 | (291) | 101,569 | (15,209) | 197,483 | (15,500) |
| U.S. Special Revenue & Special Assessment Obligations and all Governments and Their Political Subdivisions | 489,506 | (2,173) | 546,812 | (39,904) | 1,036,318 | (42,077) |
| Industrial and miscellaneous | 38,618 | (984) | 1,190,082 | (143,063) | 1,228,700 | (144,047) |
| Total | $ 649,315 | $ (3,525) | $ 1,960,244 | $ (208,430) | $ 2,609,559 | $ (211,955) |
| Number of securities (1) | | 206 | | 739 | | 941 |

(1) The number of securities does not add across because lots consisting of the same securities have been purchased at different times and appear in both categories above (i.e., less than 12 months and 12 months or more). If a security appears in both categories, it is counted only once in the total column.

At December 31, 2024, there were 610 securities that were in an unrealized loss position for a continuous twelve-month period or longer. There were 331 securities with unrealized losses in which the book value exceeded market value by more than 5%.

Management has determined that the gross unrealized losses on fixed-income securities at December 31, 2024 were not credit related. The Company intends to hold these securities for a sufficient period of time to allow for anticipated recoveries of their carrying value. Changes in interest rates affect the fair value of the Company's fixed maturity portfolio. As interest rates fall, the fair value of fixed-maturity securities generally increases and as interest rates rise, the fair value of fixed-maturity securities generally decreases. The Company's portfolio of fixed-maturity securities primarily consists of high quality liquid instruments.

The amortized cost and estimated fair value of bonds at December 31, 2024 and 2023, by contractual maturity, are shown below. Actual maturities could differ from contractual maturities because borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Distribution of Bonds by Contractual Maturity

| | At December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| | *(in thousands)* | | | |
| Due in one year or less | $ 87,764 | $ 87,524 | $ 113,952 | $ 113,001 |
| Due after one year through five years | 494,663 | 488,170 | 453,567 | 444,682 |
| Due after five years through ten years | 1,470,610 | 1,431,960 | 1,257,744 | 1,232,127 |
| Due after ten years | 2,316,441 | 2,180,768 | 2,488,520 | 2,370,751 |
| Total | $ 4,369,478 | $ 4,188,422 | $ 4,313,783 | $ 4,160,561 |

Proceeds from the sales of long-term bonds were $465.8 million in 2024. In 2023, there were $660.0 million of proceeds on sales of long-term bonds.

Gross gains on long-term bonds of $3.2 million and $24.0 million and gross losses on long-term bonds of $4.3 million and $5.9 million were realized on those disposals in 2024 and 2023, respectively.

The Company recognized $3.3 million and $44.8 million of OTTI for the years ended December 31, 2024 and 2023, respectively. The OTTI recognized in 2024 and 2023 was primarily related to securities that were purchased for loss mitigation.

Following is a summary of components of net realized gains (losses) for the years ended:

**Net Realized Gains and Losses**

| *(in thousands)* | 2024 | 2023 |
|---|---|---|
| Gross realized gains | $ 3,169 | $ 24,038 |
| Gross realized losses | (4,252) | (5,894) |
| OTTI: | | |
| Intent to sell | (108) | (1,145) |
| Credit losses | (3,191) | (43,691) |
| | | |
| Net realized gains - other | 21,342 | 1,689 |
| Net realized investment gains (losses) before tax | $ 16,960 | $ (25,003) |

The following table presents the roll forward of the credit losses of fixed maturity securities for which the Company has recognized OTTI as a realized loss in the Statement of Income.

**Roll Forward of Credit Losses in the Investment Portfolio**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| *(in thousands)* | Fixed Maturities | Other Invested Assets | Fixed Maturities | Other Invested Assets |
| Balance, beginning of period | $ 239,257 | $ 2,823 | $ 226,852 | $ 2,823 |
| Additions for which an OTTI was not previously recognized | — | — | 3,126 | — |
| Additions for which an OTTI was previously recognized | 3,191 | — | 39,059 | — |
| Reductions for securities sold during the period | (704) | — | (29,780) | — |
| Balance, end of period | $ 241,744 | $ 2,823 | $ 239,257 | $ 2,823 |

The Company does not own investments that are unrated but current on principal and interest (denoted as 5GI investments) as of December 31, 2024.

The Company did not sell any securities short in 2024.

The Company had one security with a call price below 100, which generated prepayment penalties of $20 thousand during the year ended December 31, 2024. There were no securities with an acceleration of fee income for the year ended December 31, 2024.

**Loan-Backed and Structured Securities**

Prepayment assumptions for loan backed and structured securities were obtained from publicly available sources and internal models.

The Company had no loan-backed securities with current year OTTI due to either the intent to sell the securities or the inability or lack of intent to retain for the time sufficient to recover the amortized cost basis.

The following table summarizes OTTI recorded in the current year for loan-backed and structured securities which the Company still owns at the end of the respective quarters recorded based on the fact that the present value of projected cash flows expected to be collected was less than the amortized cost of the securities (in thousands):

| CUSIP | Amortized Cost Before Other-Than-Temporary Impairment | Present Value of Projected Cash Flows | Other-Than-Temporary Impairment | Amortized Cost After Other-Than-Temporary Impairment | Fair Value @ Time of OTTI | Date of Financial Statement Where Reported |
|---|---|---|---|---|---|---|
| 000292-AB-8 | $ 15 | $ 15 | $ 1 | $ 15 | $ 11 | 03/31/2024 |
| 000759-DG-2 | 400 | 390 | 10 | 390 | 363 | 03/31/2024 |
| 23332U-FG-4 | 263 | 259 | 4 | 259 | 210 | 03/31/2024 |
| 65538P-AD-0 | 1,939 | 1,930 | 8 | 1,930 | 1,697 | 03/31/2024 |
| 83613G-AA-7 | 2,900 | 2,889 | 11 | 2,889 | 2,201 | 03/31/2024 |
| 83613G-AC-3 | 7,151 | 7,076 | 75 | 7,076 | 5,556 | 03/31/2024 |
| 000759-DG-2 | 383 | 383 | 1 | 383 | 347 | 06/30/2024 |
| 000292-AB-8 | 15 | 14 | 1 | 14 | 11 | 06/30/2024 |
| 68401N-AE-1 | 1,095 | 916 | 179 | 916 | 541 | 06/30/2024 |
| 25157G-AG-7 | 1,069 | 1,035 | 34 | 1,035 | 1,010 | 09/30/2024 |
| 68401N-AE-1 | 907 | 854 | 53 | 854 | 519 | 09/30/2024 |
| 686337-AA-4 | 291,735 | 291,536 | 2,657 | 289,078 | 289,078 | 09/30/2024 |
| 88157V-AB-3 | 5,458 | 5,381 | 77 | 5,381 | 5,256 | 12/31/2024 |
| 65538P-AD-0 | 1,835 | 1,832 | 3 | 1,832 | 1,549 | 12/31/2024 |
| 000292-AB-8 | 12 | 12 | 0 | 12 | 10 | 12/31/2024 |
| 68401N-AE-1 | 846 | 802 | 44 | 802 | 444 | 12/31/2024 |
| | | | $ 3,158 | | | |

(1) As indicated in the Investments section of Note 2, Significant Accounting Policies, if the present value of expected cash flows is lower than the fair value of the security, only the difference between the fair value and the amortized cost is recognized as a realized loss and the security is written down to its fair value.

The following summarizes gross unrealized investment losses on loan-backed and structured securities for which OTTI has not been recognized as a realized loss categorized by the length of time that securities have continuously been in an unrealized loss position.

The aggregate amount of unrealized losses (in thousands):

| | Less than 12 months | 12 Months or More |
|---|---|---|
| Residential mortgage-backed securities | $ (3,734) | $ (46,748) |
| Commercial mortgage-backed securities | (513) | (1,982) |
| Other loan backed & structured securities | (2,009) | (1,182) |
| Total | $ (6,256) | $ (49,912) |

The aggregate related fair value of securities with unrealized losses (in thousands):

| | Less than 12 months | 12 Months or More |
|---|---|---|
| Residential mortgage-backed securities | $ 211,767 | $ 143,083 |
| Commercial mortgage-backed securities | 79,905 | 70,735 |
| Other loan backed & structured securities | 113,043 | 119,916 |
| Total | $ 404,715 | $ 333,734 |

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an OTTI should be recognized. For those securities in an unrealized loss position at December 31, 2024, the Company has not made a decision to sell any such securities and does not intend to sell such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their amortized cost basis. The Company has determined that the unrealized losses recorded were not related to credit quality.

***Real Estate***

At December 31, 2024, the Company has one investment in real estate held for sale, which is an office building at 400 Main Street in Stockton, California. The Company previously held its one investment in real estate for the production of income. In the first quarter of 2023, it changed that status to held for sale.

***Restricted Assets***

The following table shows restricted assets (including pledged) summarized by restricted asset category (in thousands).

| | Gross (Admitted & Nonadmitted) Restricted | | | | | | | | | Percentage | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Restricted Asset Category | Total General Account (G/A) | G/A Sup-porting Protected Cell Acct Activity | Total Protected Cell Acct. Restric-ted Assets | Pro-tected Cell Acct. Assets Support G/A Activity | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Non-admitted Restric-ted | Total Admitted Restricted (5 minus 8) | Gross (Admitted & Non-admitted) Restric-ted to Total Assets | Admitted Restric-ted to Total Admitted Assets |
| On deposit with states | $ 12,492 | $ — | $ — | $ — | $ 12,492 | $ 12,467 | $ 25 | $ — | $ 12,492 | 0.2 % | 0.2 % |
| Collateral pledged for reinsurance | 546,178 | — | — | — | 546,178 | 522,624 | 23,554 | — | 546,178 | 7.6 % | 7.7 % |
| Total restricted assets | $ 558,670 | $ — | $ — | $ — | $ 558,670 | $ 535,091 | $ 23,579 | $ — | $ 558,670 | 7.7 % | 7.9 % |

Under certain agreements, the Company is required to post eligible securities as collateral. The need to post collateral under these agreements is generally based on fair value assessments in excess of contractual thresholds. The portfolio also includes securities held in trust to secure AG's reinsurance obligations to certain of its affiliates. The fair value of the Company's pledged securities totaled $544 million as of December 31, 2024, with corresponding book/adjusted carrying value of $546 million.

**Subsidiary, Controlled and Affiliated ("SCA") Entities Loss Tracking**

The Company does not have an investment in an SCA for which the share of losses in the SCA exceeds the investment in the SCA.

**Investments in the European Insurance Subsidiaries**

A reconciliation of AGUK's and AGE's assets, liabilities and equity between the US GAAP basis of accounting and SAP as of December 31, 2024 is:

| *(in thousands)* | Assets | Liabilities | Equity |
|---|---|---|---|
| **As of December 31, 2024** | | | |
| U.S. GAAP basis of accounting | $ 1,648,070 | $ 963,122 | $ 684,948 |
| Non-admitted assets | (21,554) | — | (21,554) |
| Limited statutory basis of accounting | $ 1,626,516 | $ 963,122 | $ 663,394 |

### Investment in AGAS

AG initially capitalized AGAS with $500 million of cash on October 18, 2019. In September 2023, AG contributed to AGAS an additional $250 million.

### Investment in Insurance SCAs

The Company does not have an investment in an insurance SCA for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures (e.g., permitted or prescribed practices).

### Investment in RMBS Securities with Subprime Exposure

Direct exposure through investments in subprime mortgage loans at December 31, 2024 is shown below.

| *(in thousands)* | Actual Cost | Book Value | Fair Value | OTTI Losses Recognized |
|---|---|---|---|---|
| Residential mortgage-backed securities | $ 170,782 | $ 173,716 | $ 129,480 | $ (35,862) |
| Structured securities | 337 | 334 | 319 | (54) |
| Total | $ 171,119 | $ 174,050 | $ 129,799 | $ (35,916) |

### Unfunded Commitments for Investments

The Company had unfunded commitments of $83 million as of December 31, 2024, related to certain of the Company's other invested assets. The Company has agreed to subscribe for liquidity bonds to be issued by a U.K. regulated utility to which it has insured exposure. At this time, the Company estimates that it will purchase approximately £22 million (or $28 million) in liquidity bonds under this commitment.

## 7. Federal Income Taxes

The components of the net Deferred Tax Asset ("DTA")/Deferred Tax Liability ("DTL") at December 31 are as follows:

| *(in thousands)* | | 12/31/2024 | | | 12/31/2023 | | |
|---|---|---|---|---|---|---|---|
| | Description | (1) Ordinary | (2) Capital | (3) (Col 1+2) Total | (4) Ordinary | (5) Capital | (6) (Col 4+5) Total |
| (a) | Gross deferred tax assets | $ 232,808 | $ 10,026 | $ 242,834 | $ 222,935 | $ 10,416 | $ 233,351 |
| (b) | Statutory valuation allowance | — | — | — | — | — | — |
| (c) | Adjusted gross deferred tax assets (a - b) | 232,808 | 10,026 | 242,834 | 222,935 | 10,416 | 233,351 |
| (d) | Deferred tax asset nonadmitted | 111,239 | 10,026 | 121,265 | 103,889 | 10,416 | 114,305 |
| (e) | Subtotal net admitted deferred tax asset (c - d) | 121,569 | — | 121,569 | 119,046 | — | 119,046 |
| (f) | Deferred tax liabilities | 58,787 | — | 58,787 | 56,201 | — | 56,201 |
| (g) | Net admitted deferred tax asset/net deferred tax liability (e - f) | $ 62,782 | $ — | $ 62,782 | $ 62,845 | $ — | $ 62,845 |

| | *(in thousands)* | Change | | |
|---|---|---|---|---|
| | **Description** | **(7) (Col 1-4) Ordinary** | **(8) (Col 2-5) Capital** | **(9) (Col 7+8) Total** |
| (a) | Gross deferred tax assets | $ 9,873 | $ (390) | $ 9,483 |
| (b) | Statutory valuation allowance | — | — | — |
| (c) | Adjusted gross deferred tax assets (a - b) | 9,873 | (390) | 9,483 |
| (d) | Deferred tax asset nonadmitted | 7,350 | (390) | 6,960 |
| (e) | Subtotal net admitted deferred tax asset (c - d) | 2,523 | — | 2,523 |
| (f) | Deferred tax liabilities | 2,586 | — | 2,586 |
| (g) | Net admitted deferred tax asset/net deferred tax liability (e - f) | $ (63) | $ — | $ (63) |

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| | *(in thousands)* | 12/31/2024 | | | 12/31/2023 | | |
|---|---|---|---|---|---|---|---|
| | **Description** | **(1) Ordinary** | **(2) Capital** | **(3) (Col 1+2) Total** | **(4) Ordinary** | **(5) Capital** | **(6) (Col 4+5) Total** |
| (a) | Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | $ 52,380 | $ — | $ 52,380 | $ 52,501 | $ — | $ 52,501 |
| (b) | Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amt of Deferred Tax Assets from (a) above) After Application of the Threshold Limitation. (Lesser of (b)1 and (b)2 Below) | 10,402 | — | 10,402 | 10,343 | — | 10,343 |
| | 1 Adjusted Gross Deferred Tax Assets Expected to be Realized following the Balance Sheet Date | 10,402 | — | 10,402 | 10,343 | — | 10,343 |
| | 2 Adjusted Gross Deferred Tax Assets Allowed per Limitation | xxx | xxx | 500,970 | xxx | xxx | 618,140 |
| (c) | Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from (a) and (b) above) offset by Gross Deferred Tax Liabilities | 58,787 | — | 58,787 | 56,201 | — | 56,201 |
| (d) | Deferred Tax Assets Admitted as the result of Application of SSAP #101 Total (a + b + c) | $ 121,569 | $ — | $ 121,569 | $ 119,045 | $ — | $ 119,045 |

| *(in thousands)* | | CHANGE | |
|---|---|---|---|
| **Description** | **(7) (Col 1-4) Ordinary** | **(8) (Col 2-5) Capital** | **(9) (Col 7+8) Total** |
| (a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks | $ (121) | $ — | $ (121) |
| (b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amt of Deferred Tax Assets from (a) above) After Application of the Threshold Limitation. (Lesser of (b)1 and (b)2 Below) | 59 | — | 59 |
| 1 Adjusted Gross Deferred Tax Assets Expected to be Realized following the Balance Sheet Date | 59 | — | 59 |
| 2 Adjusted Gross Deferred Tax Assets Allowed per Limitation | xxx | xxx | (117,170) |
| (c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets from (a) and (b) above) offset by Gross Deferred Tax Liabilities | 2,586 | — | 2,586 |
| (d) Deferred Tax Assets Admitted as the result of Application of SSAP #101 Total (a + b + c) | $ 2,524 | $ — | $ 2,524 |

| *(dollars in thousands)* | **2024** | **2023** |
|---|---|---|
| (a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount | 362 % | 427 % |
| (b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in (b)2 above (in thousands) | $ 3,339,798 | $ 4,120,934 |

There is no impact of tax planning strategies on the Company. The Company's tax planning strategies do not include the use of reinsurance.

There are no temporary differences for which a DTL has not been established.

Current income tax provisions consist of the following major components:

| *(in thousands)* | **(1) 12/31/2024** | **(2) 12/31/2023** | **(3) (Col 1 - 2) Change** |
|---|---|---|---|
| **1. Current Income Taxes** | | | |
| (a) Federal | $ 79,958 | $ 72,232 | $ 7,726 |
| (b) Foreign | — | — | — |
| (c) Subtotal (1a+1b) | 79,958 | 72,232 | 7,726 |
| (d) Federal Income Tax on Capital Gains | (502) | 3,810 | (4,312) |
| (e) Utilization of capital loss carry-forwards | — | — | — |
| (f) Other | 566 | (7,463) | 8,029 |
| (g) Federal and foreign income taxes incurred (1c+1d+1e+1f) | 80,022 | 68,579 | 11,443 |
| | | | |
| **2. Deferred Tax Assets** | | | |
| (a) Ordinary | | | |
| (1) Unpaid Losses & LAE | 10,653 | 14,786 | (4,133) |
| (2) Unearned premium reserve | 60,990 | 60,365 | 625 |
| (3) Policyholders reserve | — | — | — |
| (4) Investments | 84,040 | 68,052 | 15,988 |
| (5) Deferred acquisition costs | 4,918 | 5,985 | (1,067) |
| (6) Policyholder dividends accrual | — | — | — |
| (7) Fixed assets | 44,629 | 45,705 | (1,076) |
| (8) Deferred compensation and benefits accrual | — | 860 | (860) |

| | | | | | |
|---|---|---|---|---|---|
| | (9) | Pension accrual | — | — | — |
| | (10) | Receivables - nonadmitted | 8,065 | 5,709 | 2,356 |
| | (11) | Net operating loss ("NOL") carry-forward | 17,340 | 19,460 | (2,120) |
| | | Net operating loss - standalone carry-forward | — | — | — |
| | (12) | Tax credit carry-forward | — | — | — |
| | (13) | Other | 2,173 | 2,013 | 160 |
| | | (99) Subtotal (sum of 2a1 through 2a13) | 232,808 | 222,935 | 9,873 |
| | | | | | |
| (b) | | Statutory valuation allowance adjustment | — | — | — |
| | | | | | |
| (c) | | Nonadmitted | 111,239 | 103,889 | 7,350 |
| | | | | | |
| (d) | | Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | 121,569 | 119,046 | 2,523 |
| | | | | | |
| (e) | | Capital | | | |
| | (1) | Investments | — | — | — |
| | (2) | Other Than Temporary Impairment | 9,392 | 10,416 | (1,024) |
| | (3) | Real estate | — | — | — |
| | (4) | Other | 634 | — | 634 |
| | | (99) Subtotal (2e1+2e2+2e3+2e4) | 10,026 | 10,416 | (390) |
| | | | | | |
| (f) | | Statutory valuation allowance adjustment | — | — | — |
| | | | | | |
| (g) | | Nonadmitted | 10,026 | 10,416 | (390) |
| | | | | | |
| (h) | | Admitted capital DTAs (2e99 - 2f - 2g) | — | — | — |
| | | | | | |
| (i) | | Admitted deferred tax assets (2d + 2h) | 121,569 | 119,046 | 2,523 |
| | | | | | |
| **3.** | | **Deferred Tax Liabilities** | | | |
| (a) | | Ordinary | | | |
| | (1) | Investments | 33,735 | 28,069 | 5,666 |
| | (2) | Fixed Assets | — | — | — |
| | (3) | Deferred and uncollected premium | — | — | — |
| | (4) | Policyholders reserves | 24,598 | 27,272 | (2,674) |
| | (5) | Other | 454 | 860 | (406) |
| | | (99) Subtotal (3a1+3a2+3a3+3a4+3a5) | 58,787 | 56,201 | 2,586 |
| | | | | | |
| (b) | | Capital | | | |
| | (1) | Investments | — | — | — |
| | (2) | Unrealized losses | — | — | — |
| | (3) | Other | — | — | — |
| | | (99) Subtotal (3b1+3b2+3b3) | — | — | — |
| | | | | | |
| (c) | | Deferred tax liabilities (3a99 + 3b99) | 58,787 | 56,201 | 2,586 |
| | | | | | |
| **4.** | | **Net deferred tax assets/liabilities (2i - 3c)** | $ 62,782 | $ 62,845 | $ (63) |

The change in net deferred income taxes is composed of the following (this analysis is exclusive of nonadmitted DTAs as the change in nonadmitted assets is reported separately from the change in net deferred income taxes in the statutory statements of changes in surplus):

| *(in thousands)* | (1) 12/31/2024 | (2) 12/31/2023 | (3) (Col 1 - 2) Change |
|---|---|---|---|
| Total deferred tax assets | $ 242,834 | $ 233,351 | $ 9,483 |
| Total deferred tax liabilities | 58,787 | 56,201 | 2,586 |
| Net deferred tax assets/liabilities | 184,047 | 177,150 | 6,897 |
| Statutory valuation allowance | — | — | — |
| Net deferred tax assets/ liabilities after valuation allowance | $ 184,047 | $ 177,150 | 6,897 |
| Tax effect of unrealized gains/(losses) | | | 1,923 |
| Statutory valuation allowance on unrealized | | | — |
| Change in net deferred income tax [(expense)/benefit] | | | $ 8,820 |

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows (in thousands):

| Description | Amount | Tax Effect | Effective Tax Rate |
|---|---|---|---|
| Income before taxes | $ 434,862 | $ 91,321 | 21.00 % |
| Tax-exempt interest | (47,828) | (10,044) | (2.31) |
| Dividends received deduction | (30,608) | (6,428) | (1.48) |
| Taxes on reinsurance | (12,106) | (2,542) | (0.58) |
| Effect of true-ups from tax return filings | (1,111) | (233) | (0.05) |
| Other | (4,151) | (872) | (0.20) |
| Total | $ 339,058 | $ 71,202 | 16.38 % |
| | | | |
| Federal income taxes incurred expense/(benefit) | | $ 80,022 | 18.40 % |
| Change in net deferred income tax charge/(benefit) | | (8,820) | (2.02) |
| Total statutory income taxes | | $ 71,202 | 16.38 % |

At December 31, 2024, the Company had $633 thousand capital loss carryforwards and no AMT credit carryforwards.

There is $80.0 million and $72.2 million income tax expense for 2024 and 2023, respectively, that is available for recoupment in the event of future net losses.

The Company did not have any protective tax deposits admitted under IRC §6603.

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

The Company does not have any Repatriation Transition Tax owed under the Tax Cut and Jobs Act.

The Company's federal income tax return is consolidated with the following entities:

| | |
|---|---|
| Assured Guaranty US Holdings Inc. | FSA Portfolio Management Inc. |
| AG Financial Products Inc. | Transaction Services Corporation |
| Assured Guaranty Municipal Holdings Inc. | AG US Group Services Inc. |

Each company, as a member of its respective consolidated tax return group, pays its proportionate share of the consolidated tax burden for its group as if each company filed on a separate return basis. Current credit for net separate company losses used in consolidation is reimbursed by the parent as the separate company earns income to utilize such losses on a separate company basis.

At December 31, 2024, the Company had $1.4 billion in NOL carryforwards, of which $1.3 billion is subject to limitation under §382 of the Internal Revenue Code due to the ownership change that occurred in 2016. The NOL will begin to expire in 2029.

| Origination Year | Remaining NOL | Expiration Date |
|---|---|---|
| | *(in thousands)* | |
| 2009 | $ 948,141 | 2029 |
| 2010 | 209,497 | 2030 |
| 2013 | 66,674 | 2033 |
| 2014 | 132,303 | 2034 |
| Remaining NOL before Limitation | 1,356,615 | |
| IRS Section 382 Limitation | 1,255,677 | |
| Remaining NOL after Limitation | $ 100,938 | |

The Company had no stand-alone NOL carryforwards available to use against its stand-alone income per the Company's tax sharing agreement at December 31, 2024.

## 8. Capital, Surplus and Dividend Restrictions

Under Maryland's insurance law, AG may, with prior notice to the Maryland Commissioner of Insurance (the "Commissioner"), pay an ordinary dividend that, together with all dividends and distributions paid in the prior 12 months, does not exceed the lesser of 10% of its policyholders' surplus (as of the prior December 31) or 100% of its adjusted net investment income during that period. "Adjusted net investment income" means the sum of (x) AG's net investment income during the 12-month period ending December 31 of the preceding year (excluding realized capital gains and pro rata distributions of its own securities), and (y) AG's net investment income (excluding realized capital gains) from the three calendar years prior to the preceding calendar year that has not already been paid out as dividends. The maximum amount available during 2025 for AG to distribute as ordinary dividends is approximately $287 million. Such payments would be payable in the second half of 2025 because AG's ordinary dividends were concentrated in the second half of 2024 following the August 1, 2024 merger of AGM with and into AG (see Note 10, AGM Merger). However, in order to enable AG to make payments over the course of the year, AG has put in place for 2025 a quarterly process with the MIA, pursuant to which AG will confirm that the MIA does not object to AG dividending $71.8 million (i.e., 25%) of the $287 million amount in each calendar quarter of 2025. Pursuant to this process, AG obtained the MIA's non-objection to pay and paid $71.8 million dividend on each of March 6, 2025 and May 19, 2025.

AG declared and paid dividends of $399.6 million and $358.3 million in 2024 and 2023, respectively. These dividends were ordinary and did not require regulatory approval. AG paid dividends to its parent of $35.1 million on March 25, 2024, $24.0 million on June 28, 2024, $153.7 million on September 30, 2024, $62.4 million on November 29, 2024, and $75.2 million on December 26, 2024. Prior to the Merger, AGM paid dividends to AGMH of $47.3 on March 25, 2024, and $1.9 million on May 16, 2024.

Under the Maryland insurance law, the Company is required at all times to maintain minimum paid-in capital stock of $500 thousand and a minimum surplus of $500 thousand.

***Redemption of Common Stock by AG in 2023***

On December 6, 2023, the MIA approved AG's request to redeem certain of its shares of common stock from its direct parent, AGUS. Pursuant to such MIA approval, on December 13, 2023, AG redeemed from AGUS 4,412 shares of its common stock, transferring approximately $200 million in cash to AGUS. The par value of the remaining 488,927 shares of AG's authorized common stock, of which 9,761 remain issued and outstanding, increased to $1,536.78 per share so as to maintain the value of AG's common capital stock at $15,000,480, as is required under the laws of various states for the Company to be licensed as a financial guaranty insurer.

***Redemption of Common Stock by AGM***

On May 9, 2024, AGM received approval from the New York State Department of Financial Services ("NYSDFS") to redeem shares of its common stock held by its parent company for a total amount of approximately $100 million. Pursuant to such NYSDFS approval, on May 13, 2024, AGM redeemed from AGMH 41 shares of its common stock, transferring approximately $100 million in cash to AGMH.

***Redemption of Common Stock by AG in 2024***

On June 14, 2024, the MIA approved AG's request to redeem certain of its shares of common stock from its direct parent, AGMH. In connection with the Merger of AGM into AG (as described in Note 10), the MIA approved, and on August 5, 2024, AG implemented, the redemption of 3,951 of AG's shares of common stock from AGMH in exchange for approximately $300 million in cash and alternative investments. The par value of the remaining 5,810 shares of AG's authorized, issued and outstanding common stock increased to $2,581.84 per share so as to maintain the value of AG's common capital stock at $15,000,480, as is required under the laws of various states for the Company to be licensed as a financial guaranty insurer.

***Release of Contingency Reserves***

From time to time, the Company has obtained approval or non-objection from its domiciliary insurance department to release contingency reserves based on losses or because the accumulated contingency reserves are deemed excessive in relation to the insurer's outstanding insured obligations. In 2023, on the latter basis, AG obtained approval or non-objection for contingency reserve releases of approximately $56 million. The Company did not undertake any such releases in 2024.

***Unrealized Gains and Losses in Surplus***

The portion of unassigned funds (surplus) represented by cumulative unrealized gains is $213.5 million.

## 9. Reinsurance

### Ratings Impact on Assumed and Ceded Business

The Company assumes exposure ("Assumed Business") and may cede portions of exposure it has insured ("Ceded Business") in exchange for premiums, net of ceding commissions. The Company historically entered into ceded reinsurance contracts in order to obtain greater business diversification and reduce the net potential loss from large risks.

The Company assumes business from affiliated (see Note 10 for more information) and non-affiliated companies, including other monoline financial guaranty companies that currently are in runoff and no longer actively writing new business ("Legacy Monoline Insurers"). The Company, if required, secures its reinsurance obligations to these Legacy Monoline Insurers, typically by depositing in trust assets with a market value equal to its assumed liabilities calculated on a U.S. statutory basis. The Company currently secures its reinsurance obligations to Assured Guaranty UK Limited ("AGUK") by depositing assets in trust with a market value determined by a methodology agreed with the ceding company and accepted by the Prudential Regulation Authority.

As of December 31, 2024, the majority of the Company's Assumed Business from Legacy Monoline Insurers consists of business that AG assumed in the Syncora Guaranty Inc. Transaction effective as of June 1, 2018, pursuant to which AG (among other things) assumed, generally on a 100% quota share basis, substantially all of SGI's insured portfolio. The reinsured portfolio consists predominantly of public finance and infrastructure obligations that met Assured Guaranty's new business underwriting criteria at the inception of the transaction.

The Company's facultative and treaty agreements are generally subject to termination at the option of the ceding company:

- if the Company fails to meet certain financial and regulatory criteria,
- if the Company fails to maintain a specified minimum financial strength rating, or
- upon certain changes of control of the Company.

Upon termination due to one of the above events, the Company typically would be required to return to the ceding company unearned premiums (net of ceding commissions) and loss reserves, calculated by the ceding company in accordance with the accounting rules governing it, attributable to the assumed business (plus, in certain cases, an additional required amount), after which the Company would be released from liability with respect to such business.

As of December 31, 2024, if each non-affiliated and affiliated company ceding business to AG had a right to recapture such business, and chose to exercise such right, the aggregate amount that AG could be required to pay to all non-affiliated and affiliated companies would be approximately $388 million.

The Company has ceded financial guaranty business to affiliated and non-affiliated companies to limit its exposure to risk. The Company remains primarily liable for all risks it directly underwrites and is required to pay all gross claims. It then seeks reimbursement from the reinsurer for its proportionate share of claims. The Company may be exposed to risk for this exposure if it were required to pay the gross claims and not be able to collect ceded claims from an assuming company experiencing financial distress. The Company's ceded contracts generally allow the Company to recapture ceded financial guaranty business after certain triggering events, such as reinsurer downgrades.

In the event that any or all of the reinsuring companies are unable to meet their obligations, or contest such obligations, the Company may be unable to recover amounts due. In accordance with U.S. statutory accounting requirements and U.S. insurance laws and regulations, in order for the Company to receive credit for liabilities ceded to reinsurers domiciled outside of the U.S., such reinsurers must secure their liabilities to the Company in an amount equal to their statutory unearned premium, loss and contingency reserves associated with the ceded business. The Company requires collateral from reinsurers primarily to (a) receive statutory credit for the reinsurance, (b) provide liquidity to the Company in the event of claims on the reinsured exposures, and (c) enhance rating agency credit for the reinsurance. The amount of collateral pledged by the reinsuring companies at December 31, 2024, was $563.2 million, consisting primarily of trust accounts.

Amounts of ceded and assumed business were as follows:

**Summary of Reinsurance**

| | At December 31, 2024 | | | At December 31, 2023 | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | Affiliated | Unaffiliated | Total | Affiliated | Unaffiliated | Total |
| Unearned premium reserve ceded | $ 463,492 | $ 3,222 | $ 466,714 | $ 470,544 | $ 3,240 | $ 473,784 |
| Unearned premium reserve assumed | 323,164 | 139,681 | 462,845 | 341,806 | 149,739 | 491,545 |
| | | | | | | |
| Premium balances in course of collection, net | | | | | | |
| Ceded payable | 14,775 | — | 14,775 | 14,053 | — | 14,053 |
| Assumed receivable | 12,693 | 1,684 | 14,377 | 11,451 | 2,088 | 13,539 |
| | | | | | | |
| Loss and LAE reserve (benefit) ceded | 4,545 | (860) | 3,685 | 82,889 | 1,059 | 83,948 |
| Loss and LAE reserve assumed | 20,541 | 81,183 | 101,724 | 11,650 | 79,186 | 90,836 |
| | | | | | | |
| Ceded funds held liability | 10,192 | — | 10,192 | 11,788 | — | 11,788 |
| Assumed funds held asset | — | — | — | — | — | — |
| | | | | | | |
| Par outstanding ceded | 54,367,431 | 58,103 | 54,425,534 | 53,347,663 | 59,320 | 53,406,983 |
| Par outstanding assumed | 18,622,876 | 7,618,902 | 26,241,778 | — | 8,074,432 | 8,074,432 |
| | | | | | | |
| | Year Ended December 31, 2024 | | | Year Ended December 31, 2023 | | |
| Premiums written ceded | $ 71,042 | $ — | $ 71,042 | $ 50,817 | $ 86 | $ 50,903 |
| Premiums written assumed | 28,420 | 6,132 | 34,552 | 28,666 | 11,028 | 39,694 |
| | | | | | | |
| Premiums earned ceded | 77,565 | 18 | 77,583 | 55,098 | 210 | 55,308 |
| Premiums earned assumed | 39,786 | 15,749 | 55,535 | 30,735 | 11,428 | 42,163 |
| | | | | | | |
| Ceding commission income | 26,906 | 36 | 26,942 | 22,261 | 70 | 22,331 |
| Assumed commission expense | 8,008 | 52 | 8,060 | 8,073 | 62 | 8,135 |
| | | | | | | |
| Losses and LAE (benefit) incurred ceded | (12,043) | 91 | (11,952) | 37,325 | 3,212 | 40,537 |
| Losses and LAE incurred assumed | 13,381 | 5,811 | 19,192 | 1,957 | (4,041) | (2,084) |

**Commutations**

The Company reported commutation gains of $10 million in 2023 related to the commutation of business previously ceded to Syncora Guarantee Inc.

**Return Commission**

In addition to recovering unearned premium reserves, the maximum amount of return commission which would have been due to reinsurers if all ceded reinsurance were canceled was $144.2 million and $146.4 million as of December 31, 2024 and 2023, respectively.

In addition to the return of the unearned premium reserves, the maximum amount of return commission which would have been due to the Company if all assumed reinsurance were canceled was $98.0 million and $103.8 million as of December 31, 2024 and 2023, respectively.

## 10. Related Party Transactions

The Company made dividend payments of $400 million in 2024 to its parent.

**Share Redemptions**

In 2023 and 2024, AG executed multiple share redemptions of its common stock with its Parent. See Note 8, Capital, Surplus and Dividend Restrictions.

**Investment in the European Insurance Subsidiaries**

As of December 31, 2024, the admitted value for the European Insurance Subsidiaries was $663.4 million and is recorded in stocks. See Note 6, Investments — Investments in the European Insurance Subsidiaries.

**Investment in AGAS**

As of December 31, 2024, the admitted value for AGAS was $1.0 billion and is recorded in other invested assets. See Note 6, Investments — Investment in AGAS.

**Promissory Note**

On October 1, 2019, AG made a 10-year, 3.5% interest rate inter-company loan to AGUS totaling $250 million, recorded as loans receivable from affiliate. AG recognized $8.8 million in interest income on this note in each of 2024 and 2023.

**Sound Point**

The Company is a subsidiary of Assured Guaranty Ltd. (together with its subsidiaries, "Assured Guaranty"). Beginning July 1, 2023, Assured Guaranty participates in the asset management business through its ownership interest in Sound Point Capital Management, LP ("Sound Point, LP") and certain of its investment management affiliates (together with Sound Point, LP, "Sound

Point"). On July 1, 2023, Assured Guaranty contributed to Sound Point, LP most of its asset management business, other than that conducted by Assured Healthcare Partners LLC, as contemplated by the transaction agreement entered into with Sound Point on April 5, 2023 ("Transaction Agreement"). Assured Guaranty received, subject to certain potential post-closing adjustments, approximately 30% of the common interests in Sound Point, LP, and certain other interests in Sound Point.

In addition, in accordance with the terms of a letter agreement ("Letter Agreement"), effective July 1, 2023, AG (i) engaged Sound Point as its sole alternative credit manager, and (ii) transitioned to Sound Point the management of certain existing alternative investments and related commitments. The Letter Agreement also provides that, within the first two years of Sound Point's engagement, AG would, subject to regulatory approval, cure terms and other terms of the Letter Agreement, make new investments in funds, other vehicles and separately managed accounts managed by Sound Point which, when aggregated with the alternative investments and commitments transitioned from Assured Investment Management LLC and its investment management affiliates (together "AssuredIM") and any reinvestments (collectively, "Sound Point Investments"), and investments made by other Assured Guaranty affiliates, will total $1 billion. The Letter Agreement contemplates a long-term investment partnership between Sound Point and Assured Guaranty, whereby AG has agreed to reinvest all returns of capital from Sound Point Investments for a period of 15 years, until July 1, 2038. Similarly, the Letter Agreement provides that AG will reinvest all gains and dividends from Sound Point Investments for the first two years of Sound Point's engagement, and reinvest half of all such gains and dividends thereafter until July 1, 2033 (the transactions contemplated under the Transaction Agreement and the Letter Agreement, the "Sound Point Transaction"). On July 1, 2028, AG may choose to reduce the amounts invested or required to be reinvested in certain Sound Point Investments under the Letter Agreement, subject to adjustment of Assured Guaranty's portion of its ownership interest in Sound Point. To the extent not required to be reinvested by the Letter Agreement, all proceeds from Sound Point Investments received in accordance with their operative investment documents can be distributed to AG.

The Company is using Sound Point's investment knowledge and experience to expand the categories and types of its alternative investments by: (a) allocating $1 billion of capital in Sound Point managed funds, other vehicles and separately managed accounts; (b) redeploying return of capital, gains and dividends from Sound Point managed funds, other vehicles and separately managed accounts in future Sound Point managed funds, other vehicles and separately managed accounts; and (c) having Sound Point serve as AG's sole alternative credit manager. This expansion of categories and types of investments, allocations to Sound Point and exclusivity arrangement with Sound Point may increase the credit, interest rate and liquidity risk in the Company's investments and expose the Company to reputational or other risks.

Assured Guaranty's investments in Sound Point and in Sound Point managed funds, other vehicles and separately managed accounts are subject to the risks of Sound Point's business.

- Sound Point's business operates in highly competitive markets. Sound Point competes with many other firms in every aspect of the asset management industry, including raising funds, seeking investments, and hiring and retaining professionals. Sound Point's ability to increase and retain assets under management ("AUM") is directly related to the performance of the assets it manages as measured against market averages and the performance of its competitors. Some of Sound Point's competitors may have a lower cost of funds and access to funding and other resources that are not available to Sound Point. In addition, some of Sound Point's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than Sound Point does. Furthermore, Sound Point may lose investment opportunities if it does not match its competitors' pricing, terms and structure. The loss of such investment opportunities may limit Sound Point's ability to grow or cause it to have to shrink the size of its AUM, which could decrease its earnings. If Sound Point matches its competitors' pricing, terms and structure, it may experience decreased earnings and increased risk of investment losses.

- Sound Point is dependent on certain key personnel, including Sound Point's Managing Partner and Chief Investment Officer, and its future success depends on their continued service. The departure of any of Sound Point's key personnel for any reason could have a material adverse effect on Sound Point's business, financial condition or results of operations and, consequently, AG's investments in Sound Point funds, other vehicles and separately managed accounts.

- The asset management business is also subject to legal, regulatory, compliance, accounting, valuation and political risks that differ from those that may affect the Company's insurance business. Sound Point operates in a highly regulated industry and, as a registered investment adviser, is subject to the provisions of the Investment Advisers Act of 1940, as amended. Sound Point is, from time to time, subject to formal and informal examinations, investigations, inquiries, audits and reviews from numerous regulatory authorities both in response to issues and questions raised in such examinations or investigations and in connection with the changing priorities of the applicable regulatory authorities across the market in general. Because the Company does not control the business, management or policies of Sound Point, it relies upon Sound Point to make appropriate decisions and operate in a manner consistent with applicable rules and regulations. In turn, Sound Point may rely on third party service providers such as custodians and fund administrators whom they do not control to comply with applicable rules and regulations. Failure of Sound Point or its service providers to comply with applicable rules and regulations could have a material adverse effect on the value of the Company's ownership interest in Sound Point and/or its investments in Sound Point funds, other vehicles and separately managed accounts.

- AG's indirect parent company, AGL, will be reliant on Sound Point to provide accurate and timely financial reporting that will allow AGL to timely prepare its own financial statements in accordance with GAAP and in compliance with SEC regulations and New York Stock Exchange listing rules. While Sound Point and its related parties have agreed to provide AGL financial information necessary to complete and file its periodic SEC reports on a timely basis, any failure by Sound Point or its related parties to provide AGL with accurate and timely financial information could result in a delay in AGL's timely reporting of its results of operations or it not filing one or more periodic reports with the SEC on time or inaccuracies in its financial statements.

**AGFP Guarantees**

The Company has issued financial guaranty insurance policies guaranteeing the obligations of its affiliate, AG Financial Products Inc. ("AGFP"), to various third-party beneficiaries under credit default swap ("CDS") agreements. Pursuant to its financial guaranty insurance policy, the

Company is obligated to pay the beneficiary named in the policy, upon receipt of a claim as contemplated thereby, amounts that become due for payment by AGFP in the event of a payment default by AGFP under the applicable CDS agreement. The Company may have a payment obligation to the beneficiary so long as there are outstanding transactions between AGFP and the beneficiary under the ISDA master agreement entered into by the parties. Pursuant to its financial guaranty insurance policy, the Company is fully subrogated to the rights of the beneficiary to the extent of payment by the Company under such policy. The financial guaranty insurance policies are non-cancelable for any reason, including by reason of non-payment of premium.

In consideration of the issuance of the financial guaranty insurance policy, AGFP agrees to pay the Company premium pursuant to a premium agreement. Pursuant to the premium agreement, AGFP also agrees to pay the fees and expenses of the Company in connection with the issuance of the financial guaranty insurance policy and the performance of its obligations under such policy. Under such premium agreement, the Company is fully subrogated to AGFP's rights (including its right to receive payments) under the underlying agreement to the extent that the Company makes payments pursuant to the financial guaranty insurance policy.

**Reinsurance Transactions**

The amounts included in the financial statements resulting from reinsurance transactions with affiliates are shown in the Summary of Reinsurance table in Note 9.

**Reinsurance and Support Agreements**

AG provides support to its affiliates, AGUK and AGE, through reinsurance and other agreements.

***AGUK***

*Co-Guarantee Structure*

AG and AGUK have in place a co-guarantee structure pursuant to which each of AG and AGUK directly guarantees a share of certain issued obligations ("Co-Guarantee Structure"). Under the current Co-Guarantee Structure: (i) AGUK directly guarantees 15% of the obligations issued in a particular transaction rather than guaranteeing 100% of the issued obligations; (ii) AG directly guarantees 85% of the guaranteed obligations; and (iii) AG also provides a second-to-pay guarantee for AGUK's 15% portion of the guaranteed obligations. The Co-Guarantee Structure has been in place since 2011 for public finance business and since 2021 for non-public finance business.

Separate and apart from the Co-Guarantee Structure, AG provides support to AGUK through a quota share and excess of loss reinsurance agreement ("Reinsurance Agreement") and a net worth maintenance agreement ("Net Worth Agreement").

*The Reinsurance Agreement: Quota Share Reinsurance*

Under the quota share cover of the Reinsurance Agreement, AG reinsures approximately 50-100% of most of the outstanding financial guaranties that AGUK wrote prior to the initial implementation of the Co-Guarantee Structure in 2011. The quota share cover of the Reinsurance Agreement also obligates AG to reinsure 85% of new business written by AGUK where the Co-Guarantee Structure cannot be utilized; currently, there is no such outstanding business at AGUK.

AG secures its quota share reinsurance obligations to AGUK under the Reinsurance Agreement by posting collateral in trust equal to 102% of the sum of AG's assumed share of the following in respect of the reinsured AGUK policies: (i) AGUK's unearned premium reserve (net of AGUK's reinsurance premium payable to AG); (ii) AGUK's provisions for unpaid losses and allocated LAE (net of any salvage recoverable); and (iii) any unexpired risk provisions of AGUK, in each case (i) - (iii) as calculated by AGUK in accordance with UK GAAP.

*The Reinsurance Agreement: Excess of Loss Reinsurance*

Under the excess of loss cover of the Reinsurance Agreement, AG is obligated to pay AGUK quarterly the amount (if any) by which (i) the sum of: (a) AGUK's incurred losses, calculated in accordance with generally accepted accounting practice in the U.K. (UK GAAP) as reported by AGUK in its financial returns filed with the Prudential Regulation Authority ("PRA"); and (b) AGUK's paid losses and loss adjustment expenses ("LAE"), in both cases net of all other performing reinsurance (including the reinsurance provided by AG under the quota share cover of the Reinsurance Agreement), exceeds (ii) an amount equal to: (a) AGUK's capital resources under U.K. law; minus (b) 110% of the greatest of the amounts as may be required by the PRA as a condition for maintaining AGUK's authorization to carry on a financial guarantee business in the U.K. The purpose of this excess of loss cover is to ensure that AGUK maintains capital resources equal to at least 110% of the most stringent amount of capital that it may be required to maintain as a condition to carrying on a financial guarantee business in the U.K.

*Other Provisions of the Reinsurance Agreement*

AGUK may terminate the Reinsurance Agreement upon the occurrence of any of the following events: (i) AG's rating by Moody's Investors Service, Inc. ("Moody's") falls below "Aa3" or its rating by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") falls below "AA-" (and AG fails to restore such rating(s) within a prescribed period of time); (ii) AG's insolvency, failure to maintain the minimum capital required under the laws of AG's domiciliary jurisdiction, filing a petition in bankruptcy, going into liquidation or rehabilitation, or having a receiver appointed; or (iii) AG's failure to maintain its required collateral described above. AGUK has had a right to terminate the Reinsurance Agreement since 2013 when Moody's downgraded AG below "Aa3" but has not elected to exercise this right. AG is currently rated "A1" by Moody's.

*The AGUK Net Worth Agreement*

Under the Net Worth Agreement, AG is obligated to make capital contributions to AGUK in amounts sufficient to ensure that AGUK maintains capital resources equal to 110% of the greatest of the amounts as may be required by the PRA as a condition of AGUK maintaining its authorization to carry on a financial guarantee business in the U.K., provided that, except with the express approval (or non-disapproval) of the Maryland Insurance Administration (MIA), (a) no individual contribution by AG to AGUK for such purpose shall exceed $25 million; (b) AG shall not be permitted to make more than two (2) individual contributions to AGUK under the Net Worth Agreement during any calendar year, which two (2) contributions together shall not exceed $25 million; and (c) the aggregate contributions by AG to AGUK under the Net Worth Agreement shall not exceed $100 million. The Net Worth Agreement obligates AG to provide AGUK with support similar to that which AG also provides AGUK under the excess of loss cover of the

Reinsurance Agreement, except the latter is meant to protect against erosion of AGUK's capital resources due to insurance and/or reinsurance losses in AGUK's insured portfolio, while the former is meant to protect against an erosion of AGUK's capital resources for other reasons (e.g., poor investment performance or origination expenses exceeding premium). Given this purpose, the Net Worth Agreement clarifies that any amounts due thereunder must take into account all amounts paid, or reasonably expected to be paid, under the Reinsurance Agreement. The Net Worth Agreement also includes termination provisions substantially similar to those in the Reinsurance Agreement. AG has never been required to make any contributions to AGUK's capital under the current Net Worth Agreement; however, AG may elect to make, from time to time and subject to MIA approval or non-disapproval, capital contributions to AGUK not required by the net worth maintenance agreement.

***AGE***

AGE has in place similar reinsurance and capital support agreements as are in place with AGUK.

AG's reinsurance agreements with AGE generally apply to all AGE policies that insure business in EEA jurisdictions. These agreements consist of:

(i) a quota share reinsurance agreement whereby AG provides AGE with 90% proportional reinsurance for new business written by AGE since its authorization in January 2020,

(ii) a second quota share reinsurance agreement between AGE and AG pursuant to which AG:

a. reinsures approximately 70-100% of business that was transferred to AGE by AGUK effective October 1, 2020 pursuant to the Part VII of the Financial Services and Markets Act 2000 ("FSMA") ("Part VII Transfer") (i.e., the same reinsurance to AGE as AGUK received prior to such transfer); and

b. provides 90% proportional reinsurance for certain business transferred to AGE pursuant to the Part VII Transfer that was not reinsured by AG (or its affiliates) when such business was part of AGUK's insured portfolio; and

(iii) an excess of loss reinsurance agreement, similar to the excess of loss cover of AG's Reinsurance Agreement with AGUK, pursuant to which AG is obligated, effectively, to ensure that AGE maintains capital resources equal to at least 110% of the most stringent amount of capital that AGE may be required to maintain as a condition of it maintaining its authorization to carry on a financial guarantee business in France.

AG secures its quota share reinsurance obligations to AGE under the agreements described above by depositing collateral in accounts maintained by an EEA financial institution and pledging such accounts to AGE under French law. The measure of AG's required collateral for AGE is generally the same as the measure of AG's required collateral for AGUK, except that the former is determined in accordance with French (versus U.K.) GAAP.

AG also has in place with AGE a net worth maintenance agreement that is similar to AG's Net Worth Agreement with AGUK - i.e., the former obligates AG to ensure that AGE maintains capital resources at least equal to 110% of its most stringent capital requirement for maintaining its authorization to carry on a financial guarantee business in France, subject to limitations on the amount of individual and aggregate contributions that AG can make to AGE under the agreement without MIA approval or non-disapproval. AG may elect to make, from time to time and subject to MIA approval or non-disapproval, capital contributions to AGE not required by the net worth maintenance agreement.

***Cessions to AG Re***

AG also routinely cedes a proportionate share of new business to AG Re under a whole account quota share agreement effective January 1, 2007, amended as of October 1, 2010. The proportionate share cessions to AG Re range from 15% to 40%.

***Assured Guaranty Finance Overseas Ltd. ("AGFOL")***

Effective July 1, 2021, AG entered into an arranging agreement with AGFOL that would enable AG to participate as an 85% co-guarantor of non-Public Finance business transactions originated by AGUK.

**Expense Sharing Agreements**

The Company and various of its affiliates are parties to the Third Amended and Restated Service Agreement, effective as January 1, 2020 (as amended, the "Group Service Agreement"). The Company's affiliate, AG US Group Services Inc. ("AG Services"), a Delaware corporation, acts as the payroll company and employer for all U.S. personnel, and the central, dedicated service provider within the Assured Guaranty group. Under the Group Service Agreement, AG Services' employees make available to its Bermuda, U.S. and U.K. affiliates, as applicable, equipment, insurance, reinsurance and such other services, including actuarial, marketing, underwriting, claims handling, surveillance, legal, corporate secretarial, information technology, human resources, accounting, tax, financial reporting and investment planning services. In addition, under the Group Service Agreement the Company makes available to its affiliates the use of certain equipment and office space leased by it. Expenses under the Group Service Agreement are allocated directly where appropriate and, where not appropriate, based upon an allocation of employee time and corresponding office overhead. The agreement provides for pre-funding by affiliates who are the largest consumers of group services and inter-company allocation of expenses. The agreement also provides for quarterly settlements and an express right of offset with regard to amounts owing between parties under the Group Service Agreement and other agreements between such parties.

Under the Group Service Agreement, the total payments made by the Company to AG Services were $180.2 million and $159.5 million in 2024 and 2023, respectively.

AG and Assured Guaranty Finance Overseas Ltd. ("AGFOL") are parties to an arranging agreement pursuant to which AGFOL introduces structured finance, corporate and other similar, non-government-backed financial transactions to AG so that AG may consider whether it would provide a financial guarantee for a proposed transaction together with AGUK under their co-insurance structure. The arranging agreement provides for the payment of fees by AG to AGFOL on a cost basis, except with respect to the U.K. office rent and overhead, which is on a cost-plus basis. The total payments made by the Company to AGFOL were $8.3 million and $8.4 million in 2024 and 2023, respectively.

**AGM Merger**

On August 1, 2024, Assured Guaranty executed a multi-step transaction to merge AGM with and into AG (the "Merger"), with AG as the surviving company. Prior to the Merger, AGUS contributed AG to AGMH. Immediately following the Merger, AG became the direct parent of AGUK, and AG became the direct 99.9999% parent of AGE. AGMH holds the remaining 0.0001%.

The Merger added $160.7 billion of net par insured on August 1, 2024.

The Merger was accounted for as a statutory merger pursuant to SSAP No. 68, "Business Combinations and Goodwill." In accordance with the NAIC Annual Statement instructions, the prior year results have been restated to reflect the Merger as if the Merger had occurred as of January 1, 2023.

After the merger, the Company's total admitted assets, liabilities and policyholders' surplus at December 31, 2023 increased by $5,103,488,904, $2,757,244,404 and $2,346,244,500, respectively.

The pre-merger separate company balances for the year ended December 31, 2023 were as follows:

| | AG | AGM | Eliminations and adjustments | Restated Balance |
|---|---|---|---|---|
| Revenue | $ 143,483,002 | $ 450,972,207 | $ 46,435 | $ 594,501,644 |
| Net income | 79,418,713 | 209,272,156 | — | 288,690,869 |
| Other surplus adjustments | (344,923,299) | (309,556,176) | (12,276,115) | (666,755,590) |
| | | | | |
| Admitted assets | $ 2,393,783,298 | $ 5,438,772,330 | $ (335,283,426) | $ 7,497,272,202 |
| Liabilities | 743,209,999 | 2,792,527,830 | (35,283,426) | 3,500,454,403 |
| Policyholders' surplus | 1,650,573,299 | 2,646,244,500 | (300,000,000) | 3,996,817,799 |

The impact of the Merger as compared to the previously reported June 30, 2024, net income and policyholders' surplus is shown in the table below:

| | First Six Months 2024 (1) | Last Six Months 2024 | Full Year Before Restatement | Statutory Merger Restatement Adjustments | Full Year Adjusted for Merger |
|---|---|---|---|---|---|
| Premiums earned | $ 24,628,615 | $ 131,216,868 | $ 155,845,483 | $ 105,714,733 | $ 261,560,216 |
| Losses incurred | 18,215,339 | 53,083,706 | 71,299,045 | 26,117,076 | 97,416,121 |
| Loss adjustment expenses | (1,962,491) | (8,472,332) | (10,434,823) | (5,251,092) | (15,685,915) |
| Other underwriting expenses | (37,937,281) | (110,483,263) | (148,420,544) | (78,016,835) | (226,437,379) |
| Aggregate write-ins for u/w ded | 190,738 | — | 190,738 | — | 190,738 |
| Net investment income | 54,560,265 | 132,369,938 | 186,930,203 | 100,111,412 | 287,041,615 |
| Net realized capital gains (losses) | (589,438) | 18,534,106 | 17,944,668 | (482,520) | 17,462,148 |
| Other income | 2,786,371 | 10,101,117 | 12,887,488 | 928,598 | 13,816,086 |
| Pretax income | 59,892,118 | 226,350,140 | 286,242,258 | 149,121,372 | 435,363,630 |
| Federal and foreign income taxes | (6,968,627) | (38,112,803) | (45,081,430) | (35,442,956) | (80,524,386) |
| Net income | $ 52,923,491 | $ 188,237,337 | $ 241,160,828 | $ 113,678,416 | $ 354,839,244 |

(1) As reported in AG June 30, 2024, Quarterly Statement

As a result of the Merger, the $300 million surplus note issued by AGM to AG was eliminated.

## 11. Commitments and Contingencies

### Leases

The Company is party to various non-cancelable lease agreements accounted for as operating leases. The largest lease relates to approximately 155,500 square feet of office space in New York City, which expires in 2032. Subject to certain conditions, the Company has an option to renew a portion of this leased space for an additional five years at a fair market rent. In addition, AG leases additional office space in San Francisco under a non-cancelable operating lease which expires in 2026. Rental expense, calculated based on allocations under an expense sharing agreement (see Note 10, Related Party Transactions) was $6.3 million and $5.8 million for the years ended December 31, 2024 and 2023, respectively.

Future minimum rental payments (before allocations for affiliates with which AG shares the office space) are as follows (in thousands):

| Year Ended December 31, | |
|---|---|
| 2025 | $ 11,715 |
| 2026 | 11,312 |
| 2027 | 11,483 |
| 2028 | 11,754 |
| 2029 | 11,902 |
| Thereafter | 28,546 |
| Total | $ 86,712 |

### Contingencies

### Legal Proceedings

Lawsuits arise in the ordinary course of the Company's business. It is the opinion of the Company's management, based upon the information available, that the expected outcome of litigation against the Company, individually or in the aggregate, will not have a material adverse effect on the Company's financial position, although an adverse resolution of litigation against the Company in a fiscal quarter or year could have a material adverse effect on the Company's results of operations or liquidity in that particular quarter or year.

In addition, in the ordinary course of its business, the Company is involved in litigation with third parties to recover insurance losses paid in prior periods or prevent or reduce losses in the future. For example, the Company is involved in a number of legal actions in the Federal District Court of Puerto Rico to enforce or defend its rights with respect to the obligations it insures of PREPA. There are two current proceedings related to PREPA, while there are a number of other unresolved proceedings related to PREPA that remain stayed pending the Federal District Court of Puerto Rico's determination on a plan of adjustment related to PREPA, the Modified Fourth Amended Title III Plan of Adjustment ("FOMB PREPA Plan"). The impact, if any, of these and other proceedings on the amount of recoveries the Company receives and losses it pays in the future is uncertain, and the impact of any one or more of these proceedings during any quarter or year could be material to the Company's results of operations in that particular quarter or year.

The Company also receives subpoenas and interrogatories from regulators from time to time.

***Litigation***

On November 28, 2011, Lehman Brothers International (Europe) (in administration) ("LBIE") sued AG Financial Products Inc. ("AGFP"), an affiliate of AG, which, in the past, had provided credit protection to counterparties under credit default swaps ("CDS"). Following defaults by LBIE under transaction documents governing CDS between LBIE and AGFP, AGFP terminated the CDS in compliance with the transaction documents and properly calculated that LBIE owed AGFP approximately $25 million in connection with the termination, whereas LBIE asserted in its complaint filed in the Supreme Court of the State of New York (the "Court") that AGFP owed LBIE a termination payment of approximately $1.4 billion. Following a bench trial, on March 8, 2023, the Court rendered its decision and found in favor of AGFP. Accordingly, in the first quarter of 2023, the Company reduced its previously recorded accrual of $17 million (net of ceded reinsurance) to zero, in connection with developments in litigation. Following the exhaustion of LBIE's appeals, the Company recognized a gain in the first quarter of 2025 of approximately $87 million (net of ceded reinsurance), which represents the full satisfaction of the judgment AGFP was awarded and AGFP's claims for attorneys' fees, expenses and interest in connection with this litigation.

**Puerto Rico Litigation**

Currently, there are numerous legal actions relating to defaults by PREPA on debt service payments, and related matters, and the Company is a party to a number of them. The Company has taken legal action, and may take additional legal action in the future, to enforce its rights with respect to the remaining Puerto Rico obligations it still insures. In addition, the Commonwealth, the Financial Oversight and Management Board ("FOMB") established under the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") and others have taken legal action naming the Company as a party.

Certain legal actions involving the Company and relating to defaults by the Commonwealth and its authorities and public corporations were resolved in 2022. The remaining proceedings relate to PREPA's default, including recently active proceedings and a number of proceedings that remain stayed pending the Federal District Court of Puerto Rico's determination on the FOMB PREPA Plan, as described below in PREPA - Current Proceedings, Plan of Adjustment and Disclosure Statement.

*PREPA – Current Proceedings*

*Lien Challenge Adversary Proceeding and Appeal.* On March 22, 2023, the Federal District Court of Puerto Rico held that the PREPA bondholders had perfected liens only in revenues that had been deposited in the sinking fund established under the PREPA trust agreement and related funds over which the bond trustee had control but did not have a lien on future revenues until deposited in those funds. The Federal District Court of Puerto Rico also held, however, that PREPA bondholders do have recourse under the PREPA trust agreement in the form of an unsecured net revenue claim. At that time, the Federal District Court of Puerto Rico declined to value the unsecured net revenue claim or the method for its determination. The ultimate value of the claim, according to the Federal District Court of Puerto Rico, should be determined through a claim estimation proceeding.

On June 26, 2023, the Federal District Court of Puerto Rico issued an opinion and order estimating the unsecured net revenue claim to be $2.4 billion as of July 3, 2017. Subject to their appeal of the Federal District Court of Puerto Rico's ruling on the scope of lien, PREPA bondholders had sought an unsecured net revenue claim of approximately $8.5 billion.

On November 28, 2023, the Federal District Court of Puerto Rico finally adjudicated all claims and counterclaims in the PREPA lien challenge adversary proceeding.

On November 30, 2023, the Company filed a notice of appeal with the United States Court of Appeals for the First Circuit ("First Circuit") for portions of the March 22, 2023, decision, including the lien scope ruling and the need for a claim estimation proceeding, as well as the June 26, 2023 claim estimation ruling. On June 12, 2024, the First Circuit held that bondholders have a claim against PREPA for the full principal amount of the bonds, plus matured interest, that there was no need for a claim estimation proceeding because the PREPA bonds specify the amount that PREPA legally owes bondholders, and that the claim is secured by PREPA's net revenues, including future net revenues.

The FOMB asked the First Circuit to reconsider its determination that bondholders' security interest in future net revenues is perfected twice, once on June 26, 2024, and again on November 27, 2024. The First Circuit denied both requests, with the most recent denial published on December 31, 2024.

*Plan of Adjustment and Disclosure Statement.* The FOMB filed an initial plan of adjustment and disclosure statement for PREPA with the Federal District Court of Puerto Rico on December 16, 2022. On November 17, 2023, the Federal District Court of Puerto Rico approved a supplemental disclosure statement ("Supplemental Disclosure Statement") relating to the PREPA plan of adjustment filed by the FOMB (as amended or modified from time to time). On February 16, 2024, the FOMB filed with the Federal District Court of Puerto Rico the FOMB PREPA Plan.The Supplemental Disclosure Statement and the FOMB PREPA Plan are based on the PREPA fiscal plan certified by the FOMB on June 23, 2023. The confirmation hearing for the FOMB PREPA Plan occurred in March 2024. At the end of the hearing, the Federal District Court of Puerto Rico stated that it was taking the confirmation of the FOMB PREPA Plan under advisement.

In light of the decision by the First Circuit described above in Lien Challenge Adversary Proceeding and Appeal, in March 2025, the Federal District Court of Puerto Rico ordered the parties to propose an agreed proposal or competing proposals for a litigation schedule for resolving certain key issues related to PREPA bondholders' claims prior to a further FOMB PREPA Plan confirmation hearing. On March 13, 2025, the parties submitted competing proposals. At an Omnibus Hearing held on March 19, 2025, the Federal District Court of Puerto Rico indicated that it would allow the bondholders, including AG, to litigate an administrative expense claim based on PREPA's post-petition use of the bondholders' collateral and that the parties could revisit the possibility of litigating other key issues at a later time. On March 28, 2025, the FOMB filed its Fifth Amended Title III Plan of Adjustment and related Disclosure Statement for informational purposes of the parties, as directed by the Federal District Court of Puerto Rico at the March 19, 2025, Omnibus Hearing.

*PREPA Mediation and Stayed Proceedings*

On July 10, 2024, the Federal District Court of Puerto Rico ordered the FOMB and bondholders to resume mediation and instituted a 60-day stay of all PREPA litigation. The Federal District Court of Puerto Rico most recently extended the PREPA litigation stay through March 24, 2025 and the term of mediation through October 31, 2025. Following the Omnibus Hearing held on March 19, 2025, the Federal District Court of Puerto Rico partially lifted the PREPA litigation stay, and indicated that the PREPA litigation stay otherwise remains in place for the time being.

The following proceedings involving the Company and relating to the default by PREPA remain stayed in the Federal District Court of Puerto Rico pending its determination on the FOMB PREPA Plan:

- AG motion to compel the FOMB to certify the PREPA restructuring support agreement executed in May 2019 ("PREPA RSA") for implementation under Title VI of PROMESA.

- AG motion to dismiss PREPA's Title III Bankruptcy proceeding or, in the alternative, to lift the PROMESA automatic stay to allow for the appointment of a receiver.

- Adversary complaint by certain fuel line lenders of PREPA against AG, among other parties, including various PREPA bondholders and bond insurers, seeking, among other things, declarations that there is no valid lien securing the PREPA bonds unless and until such lenders are paid in full, as well as orders subordinating the PREPA bondholders' lien and claims to such lenders' claims, and declaring the PREPA RSA null and void.

- AG motion to intervene in lawsuit by the retirement system for PREPA employees against, among others, the FOMB, PREPA, the Commonwealth, and the trustee for PREPA bondholders seeking, among other things, declarations that there is no valid lien securing the PREPA bonds other than on amounts in the sinking funds, and order subordinating the PREPA bondholders' lien and claim to the PREPA employees' claims.

For a discussion of the Company's exposure to Puerto Rico related to the litigation described above, please see Note 3, Insurance in Force - Exposure to Puerto Rico.

## 12. Committed Capital Securities

AG has entered into put agreements with eight separate custodial trusts allowing it to issue an aggregate of $400 million of non-cumulative redeemable perpetual preferred securities to the trusts in exchange for cash.

The arrangement entails eight custodial trusts (Woodbourne Capital Trust I, II, III and IV and Sutton Capital Trust I, II, III and IV), each of which issued $50 million face amount of "committed capital securities" and invested the proceeds of that issuance in eligible assets that would enable the trust to have the cash necessary to respond to AG's exercise of a put option.

The put option consists of a right that AG has, pursuant to separate put agreements that AG entered into with each of the trusts, to issue to each trust $50 million of non-cumulative redeemable perpetual preferred stock, in exchange for an equivalent amount of cash (i.e., an aggregate of $400 million). When AG exercises its put option, the relevant trust(s) must liquidate the portfolio of high-quality, liquid assets that it currently maintains and use the liquidation proceeds to purchase AG preferred stock. The put agreements have no scheduled termination date or maturity, but may be terminated upon the occurrence of certain specified events. None of the events that would give rise to a termination of the put agreements have occurred.

## 13. Fair Values of Financial Instruments

### *Fair Value Hierarchy*

The categorization within the fair value hierarchy is determined based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Company estimates of market assumptions. The fair value hierarchy prioritizes model inputs into three broad levels as follows, with Level 1 being the highest and Level 3 the lowest. An asset's or liability's categorization is based on the lowest level of significant input to its valuation.

- Level 1 – Quoted prices for identical instruments in active markets. The Company generally defines an active market as a market in which trading occurs at significant volumes. Active markets generally are more liquid and have a lower bid-ask spread than an inactive market.

- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.

- Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Financial instruments are considered Level 3 when their values are (i) determined using pricing models, discounted cash flow methodologies or similar techniques and (ii) at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

The following fair value hierarchy tables present information about the Company's assets measured at fair value as of December 31, 2024 and 2023.

**December 31, 2024**

| Type of Financial Instrument | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| (in thousands) | | | | |
| Bonds - U.S. special revenue | $ — | $ — | $ 2,380 | $ 2,380 |
| Money market mutual funds | 507 | 213,935 | — | 214,442 |
| Total assets | $ 507 | $ 213,935 | $ 2,380 | $ 216,822 |

**December 31, 2023**

| Type of Financial Instrument | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| (in thousands) | | | | |
| Bonds - U.S. special revenue | $ — | $ 195 | $ 80 | $ 275 |
| Money market mutual funds | — | 851,813 | — | 851,813 |
| Total assets | $ — | $ 852,008 | $ 80 | $ 852,088 |

***Bonds***

Bonds with an NAIC designation of 1 and 2 are carried at amortized cost while bonds with an NAIC designation of 3 through 6 are carried at the lower of cost or fair value.

The fair value of bonds in the investment portfolio is generally based on prices received from third-party pricing services or alternative pricing sources with reasonable levels of price transparency. The pricing services prepare estimates of fair value using their pricing models, which take into account: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, industry and economic events, and sector groupings. Additional valuation factors that can be taken into account are nominal spreads and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements, and sector news.

In many cases, benchmark yields have proven to be more reliable indicators of the market for a security, as compared to reported trades for infrequently traded securities and distressed transactions. The extent of the use of each input is dependent on the asset class and the market conditions. The valuation of fixed-maturity investments is more subjective when markets are less liquid due to the lack of market based inputs.

***Cash and Cash Equivalents***

Cash equivalents, with the exception of money market mutual funds, are stated at amortized cost and have maturities within one year of purchase date. Money market mutual funds are accounted for at fair value, which approximates amortized cost.

***Other Invested Assets***

Other invested assets primarily includes (1) promissory notes issued by AGUS, which are carried at amortized cost, and (2) investments in a limited partnership and limited liability companies, including AGAS, which are carried on the equity basis, to the extent admissable.

***Rollforward of Level 3 Items***

For financial instruments measured at fair value and categorized within Level 3 of the fair value hierarchy, the following tables are a reconciliation from the opening balance to the closing balance during the year (in thousands):

| Description: | Beginning Balance at January 1, 2024 | Transfers Into Level 3 | Transfers Out of Level 3 | Total Gains & Losses incl in Net Income | Total Gains & Loss incl in Surplus | Pur-chases | Issu-ances | Sales | Settle-ments | Ending Balance at December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Bonds - industrial & miscellaneous | $ — | $ 289,078 | $ 289,078 | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Bonds - U.S. special revenue | 80 | — | 74 | (6) | — | 2,380 | — | — | — | 2,380 |
| Total assets at fair value | $ 80 | $ 289,078 | $ 289,152 | $ (6) | $ — | $ 2,380 | $ — | $ — | $ — | $ 2,380 |

Transfers in and out of Level 3 are recognized at the end of the quarter when the Company evaluates whether securities with unobservable inputs need to be carried at fair value.

- During the year ended December 31, 2024, one industrial and miscellaneous bond was transferred into Level 3 of the fair value hierarchy because its fair value was lower than the present value of its cash flows and the same was transferred out because the fair value exceeded amortized cost.

- During the year ended December 31, 2024, a special revenue security with an NAIC rating of 6 was acquired and one special revenue security was transferred out of the fair value hierarchy table because the fair value exceeded amortized cost.

***Inputs and Techniques Used for Level 3 Fair Values***

Most Level 3 securities were priced with the assistance of independent third parties. The pricing is based on a discounted cash flow approach using the third party's proprietary pricing models. The models use inputs such as projected prepayment speeds; severity assumptions; recovery lag assumptions; estimated default rates (determined on the basis of an analysis of collateral attributes, historical collateral performance, borrower profiles and other features relevant to the evaluation of collateral credit quality); home price appreciation/depreciation rates based on macroeconomic forecasts and recent trading activity. The yield used to discount the projected cash flows is determined by reviewing various attributes of the security including collateral type, weighted average life, sensitivity to losses, vintage, and convexity, in conjunction with market data on comparable securities. Significant changes to any of these inputs could have materially changed the expected timing of cash flows within these securities which is a significant factor in determining the fair value of the securities.

**Other Fair Value Disclosures**

The fair value of the Company's financial guaranty insurance contracts was approximately $899.1 million at December 31, 2024 and was based on management's estimate of what a similarly rated financial guaranty insurance company would demand to acquire the Company's in-force book of financial guaranty insurance business. It is based on a variety of factors that may include pricing assumptions management has observed for portfolio transfers and acquisitions that have occurred in the financial guaranty market and also includes adjustments to the carrying value of unearned premium reserve for stressed losses, ceding commissions and return on capital. The Company classified the fair value of financial guaranty insurance contracts as Level 3.

### Fair Values for All Financial Instruments by Levels 1, 2 and 3

The tables below reflect the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method. The fair values are also categorized into the three-level fair value hierarchy as described above.

**December 31, 2024**

| Type of Financial Instrument | Fair Value | Admitted Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | (in thousands) | | | |
| Bonds | $ 4,188,422 | $ 4,369,478 | $ — | $ 3,356,176 | $ 832,246 |
| Cash, cash equivalents and short-term investments | 268,653 | 268,653 | 49,727 | 218,926 | — |
| Loans receivable from affiliate | 250,000 | 250,000 | — | — | 250,000 |
| Other invested assets | 32,608 | 30,840 | — | — | 32,608 |
| Total assets | $ 4,739,683 | $ 4,918,971 | $ 49,727 | $ 3,575,102 | $ 1,114,854 |

**December 31, 2023**

| Type of Financial Instrument | Fair Value | Admitted Value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| | | (in thousands) | | | |
| Bonds | $ 4,160,561 | $ 4,313,783 | $ — | $ 3,248,209 | $ 912,352 |
| Cash, cash equivalents and short-term investments | 876,352 | 876,352 | 24,539 | 851,813 | — |
| Loans receivable from affiliate | 250,000 | 250,000 | — | — | 250,000 |
| Other invested assets | 21,692 | 21,322 | — | — | 21,692 |
| Total assets | $ 5,308,605 | $ 5,461,457 | $ 24,539 | $ 4,100,022 | $ 1,184,044 |

## 14. Subsequent Events

Subsequent events have been considered through May 22, 2025, and to the extent material, have been disclosed in this report.

# SUMMARY INVESTMENT SCHEDULE

| | Gross Investment Holdings | | Admitted Assets as Reported in the Annual Statement | | | |
|---|---|---|---|---|---|---|
| Investment Categories | 1<br>Amount | 2<br>Percentage of Column 1 Line 13 | 3<br>Amount | 4<br>Securities Lending Reinvested Collateral Amount | 5<br>Total (Col. 3+4) Amount | 6<br>Percentage of Column 5 Line 13 |
| 1. Long-Term Bonds (Schedule D, Part 1): | | | | | | |
| 1.01 U.S. governments | 77,660,552 | 1.135 | 77,660,552 | 0 | 77,660,552 | 1.136 |
| 1.02 All other governments | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.03 U.S. states, territories and possessions, etc. guaranteed | 181,878,486 | 2.659 | 181,878,486 | 0 | 181,878,486 | 2.659 |
| 1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed | 267,333,574 | 3.908 | 267,333,574 | 0 | 267,333,574 | 3.909 |
| 1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed | 1,563,593,557 | 22.858 | 1,563,593,557 | 0 | 1,563,593,557 | 22.863 |
| 1.06 Industrial and miscellaneous | 2,279,011,894 | 33.316 | 2,279,011,894 | 0 | 2,279,011,894 | 33.324 |
| 1.07 Hybrid securities | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.08 Parent, subsidiaries and affiliates | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.09 SVO identified funds | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.10 Unaffiliated bank loans | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.11 Unaffiliated certificates of deposit | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 1.12 Total long-term bonds | 4,369,478,064 | 63.877 | 4,369,478,063 | 0 | 4,369,478,063 | 63.892 |
| 2. Preferred stocks (Schedule D, Part 2, Section 1): | | | | | | |
| 2.01 Industrial and miscellaneous (Unaffiliated) | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 2.02 Parent, subsidiaries and affiliates | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 2.03 Total preferred stocks | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3. Common stocks (Schedule D, Part 2, Section 2): | | | | | | |
| 3.01 Industrial and miscellaneous Publicly traded (Unaffiliated) | 686,646 | 0.010 | 686,646 | 0 | 686,646 | 0.010 |
| 3.02 Industrial and miscellaneous Other (Unaffiliated) | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.03 Parent, subsidiaries and affiliates Publicly traded | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.04 Parent, subsidiaries and affiliates Other | 663,393,957 | 9.698 | 663,393,957 | 0 | 663,393,957 | 9.700 |
| 3.05 Mutual funds | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.06 Unit investment trusts | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.07 Closed-end funds | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.08 Exchange traded funds | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 3.09 Total common stocks | 664,080,603 | 9.708 | 664,080,603 | 0 | 664,080,603 | 9.710 |
| 4. Mortgage loans (Schedule B): | | | | | | |
| 4.01 Farm mortgages | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 4.02 Residential mortgages | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 4.03 Commercial mortgages | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 4.04 Mezzanine real estate loans | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 4.05 Total valuation allowance | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 4.06 Total mortgage loans | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 5. Real estate (Schedule A): | | | | | | |
| 5.01 Properties occupied by company | 1,160,012 | 0.017 | 0 | 0 | 0 | 0.000 |
| 5.02 Properties held for production of income | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 5.03 Properties held for sale | 21,689,870 | 0.317 | 21,689,870 | 0 | 21,689,870 | 0.317 |
| 5.04 Total real estate | 22,849,882 | 0.334 | 21,689,870 | 0 | 21,689,870 | 0.317 |
| 6. Cash, cash equivalents and short-term investments: | | | | | | |
| 6.01 Cash (Schedule E, Part 1) | 49,220,297 | 0.720 | 49,220,297 | 0 | 49,220,297 | 0.720 |
| 6.02 Cash equivalents (Schedule E, Part 2) | 214,442,228 | 3.135 | 214,442,228 | 0 | 214,442,228 | 3.136 |
| 6.03 Short-term investments (Schedule DA) | 4,990,863 | 0.073 | 4,990,863 | 0 | 4,990,863 | 0.073 |
| 6.04 Total cash, cash equivalents and short-term investments | 268,653,388 | 3.927 | 268,653,388 | 0 | 268,653,388 | 3.928 |
| 7. Contract loans | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 8. Derivatives (Schedule DB) | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 9. Other invested assets (Schedule BA) | 1,478,017,574 | 21.607 | 1,477,524,171 | 0 | 1,477,524,171 | 21.605 |
| 10. Receivables for securities | 37,425,010 | 0.547 | 37,425,010 | 0 | 37,425,010 | 0.547 |
| 11. Securities Lending (Schedule DL, Part 1) | 0 | 0.000 | 0 | XXX | XXX | XXX |
| 12. Other invested assets (Page 2, Line 11) | 0 | 0.000 | 0 | 0 | 0 | 0.000 |
| 13. Total invested assets | 6,840,504,521 | 100.000 | 6,838,851,105 | 0 | 6,838,851,105 | 100.000 |

# SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2024

(To Be Filed by April 1)

Of The ASSURED GUARANTY INC.

Address (City, State and Zip Code) New York, NY 10019

NAIC Group Code 0194 NAIC Company Code 30180 Employer's ID Number 52-1533088

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 7,057,063,229
2. Ten largest exposures to a single issuer/borrower/investment.

| | 1<br>Issuer | 2<br>Description of Exposure | 3<br>Amount | 4<br>Percentage of Total Admitted Assets |
|---|---|---|---|---|
| 2.01 | AG Asset Strategies, LLC | Affiliated Other Invested Assets | $ 1,043,804,135 | 14.8 % |
| 2.02 | Assured Guaranty UK Limited | Affiliated Common Stock | $ 589,498,201 | 8.4 % |
| 2.03 | Orkney Re II plc | Bond | $ 332,696,093 | 4.7 % |
| 2.04 | Assured Guaranty US Holdings Promissory Note | Promissory Note | $ 250,000,000 | 3.5 % |
| 2.05 | Bank of New York Mellon | Cash Equivalent and Bond | $ 220,136,905 | 3.1 % |
| 2.06 | Federal National Mortgage Association | Bond | $ 155,042,327 | 2.2 % |
| 2.07 | AHP Fund II LP | Unaffiliated Other Invested Assets | $ 152,879,866 | 2.2 % |
| 2.08 | Federal Home Loan Mortgage Corporation | Bond | $ 142,009,171 | 2.0 % |
| 2.09 | MASTR Asset Backed Securities Trust 2007-NCW | Bond | $ 92,368,020 | 1.3 % |
| 2.10 | Assured Guaranty (Europe) SA | Affiliated Common Stock | $ 73,905,756 | 1.0 % |

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

| | Bonds | 1 | 2 | | Preferred Stocks | 3 | 4 |
|---|---|---|---|---|---|---|---|
| 3.01 | NAIC 1 | $ 3,313,492,522 | 47.0 % | 3.07 | NAIC 1 | $ | 0.0 % |
| 3.02 | NAIC 2 | $ 721,758,972 | 10.2 % | 3.08 | NAIC 2 | $ | 0.0 % |
| 3.03 | NAIC 3 | $ 0 | 0.0 % | 3.09 | NAIC 3 | $ | 0.0 % |
| 3.04 | NAIC 4 | $ 0 | 0.0 % | 3.10 | NAIC 4 | $ | 0.0 % |
| 3.05 | NAIC 5 | $ 334,642,619 | 4.7 % | 3.11 | NAIC 5 | $ | 0.0 % |
| 3.06 | NAIC 6 | $ 4,574,813 | 0.1 % | 3.12 | NAIC 6 | $ | 0.0 % |

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

| | | | |
|---|---|---|---|
| 4.02 | Total admitted assets held in foreign investments | $ 1,064,830,248 | 15.1 % |
| 4.03 | Foreign-currency-denominated investments | $ 3,096,273 | 0.0 % |
| 4.04 | Insurance liabilities denominated in that same foreign currency | $ | 0.0 % |

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

| | | 1 | 2 |
|---|---|---|---|
| 5.01 | Countries designated NAIC 1 | $ 1,064,411,566 | 15.1 % |
| 5.02 | Countries designated NAIC 2 | $ 418,682 | 0.0 % |
| 5.03 | Countries designated NAIC 3 or below | $ | 0.0 % |

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

| | | 1 | 2 |
|---|---|---|---|
| | Countries designated NAIC 1: | | |
| 6.01 | Country 1: United Kingdom | $ 602,670,755 | 8.5 % |
| 6.02 | Country 2: Ireland | $ 332,696,093 | 4.7 % |
| | Countries designated NAIC 2: | | |
| 6.03 | Country 1: Mexico | $ 418,682 | 0.0 % |
| 6.04 | Country 2: | $ | 0.0 % |
| | Countries designated NAIC 3 or below: | | |
| 6.05 | Country 1: | $ | 0.0 % |
| 6.06 | Country 2: | $ | 0.0 % |

| | | 1 | 2 |
|---|---|---|---|
| 7. | Aggregate unhedged foreign currency exposure | $ 3,096,273 | 0.0 % |

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

# Assured Guaranty Inc.
# Summary Investment Schedule and
# Supplemental Investment Risks Interrogatories
# For the Year Ended December 31, 2024

| | | 1 | 2 |
|---|---|---|---|
| 8.01 | Countries designated NAIC 1 | $ 3,096,273 | 0.0 % |
| 8.02 | Countries designated NAIC 2 | $ | 0.0 % |
| 8.03 | Countries designated NAIC 3 or below | $ | 0.0 % |

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

| | | 1 | 2 |
|---|---|---|---|
| | Countries designated NAIC 1: | | |
| 9.01 | Country 1: UK | $ 2,733,997 | 0.0 % |
| 9.02 | Country 2: France | $ 291,996 | 0.0 % |
| | Countries designated NAIC 2: | | |
| 9.03 | Country 1: | $ | 0.0 % |
| 9.04 | Country 2: | $ | 0.0 % |
| | Countries designated NAIC 3 or below: | | |
| 9.05 | Country 1: | $ | 0.0 % |
| 9.06 | Country 2: | $ | 0.0 % |

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

| | 1 Issuer | 2 NAIC Designation | 3 | 4 |
|---|---|---|---|---|
| 10.01 | Assured Guaranty UK Limited | AFFILIATED COMM STK | $ 589,488,201 | 8.4 % |
| 10.02 | Orkney Re II plc | 5.B FE | $ 332,696,093 | 4.7 % |
| 10.03 | Assured Guaranty (Europe) SA | AFFILIATED COMM STK | $ 73,905,756 | 1.0 % |
| 10.04 | Sumitomo Mitsui Financial Group, Inc | 1.G FE | $ 14,000,000 | 0.2 % |
| 10.05 | UBS Group AG | 1.G FE | $ 11,854,317 | 0.2 % |
| 10.06 | Vodafone Group Public Limited Company | 2.B FE | $ 7,358,316 | 0.1 % |
| 10.07 | Galaxy Pipeline Assets Bidco Limited | 1.C FE | $ 7,100,239 | 0.1 % |
| 10.08 | Aker BP ASA | 2.B FE | $ 7,042,512 | 0.1 % |
| 10.09 | Enel Finance International N.V. | 2.A FE | $ 5,974,753 | 0.1 % |
| 10.10 | NXP B.V. | 2.A FE | $ 4,689,341 | 0.1 % |

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

| | | 1 | 2 |
|---|---|---|---|
| 11.02 | Total admitted assets held in Canadian investments | $ | 0.0 % |
| 11.03 | Canadian-currency-denominated investments | $ | 0.0 % |
| 11.04 | Canadian-denominated insurance liabilities | $ | 0.0 % |
| 11.05 | Unhedged Canadian currency exposure | $ | 0.0 % |

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of interrogatory 12.

| | 1 | 2 | 3 |
|---|---|---|---|
| 12.02 | Aggregate statement value of investments with contractual sales restrictions | $ | 0.0 % |
| | Largest three investments with contractual sales restrictions: | | |
| 12.03 | | $ | 0.0 % |
| 12.04 | | $ | 0.0 % |
| 12.05 | | $ | 0.0 % |

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 is yes, responses are not required for the remainder of interrogatory 13.

| | 1 Issuer | 2 | 3 |
|---|---|---|---|
| 13.02 | AG Asset Strategies, LLC | $ 1,043,804,135 | 14.8 % |
| 13.03 | Assured Guaranty UK Limited | $ 589,488,201 | 8.4 % |
| 13.04 | AHP Fund II LP | $ 152,879,866 | 2.2 % |
| 13.05 | Assured Guaranty (Europe) SA | $ 73,905,756 | 1.0 % |
| 13.06 | Private Expt Fdg Corp | $ 686,646 | 0.0 % |
| 13.07 | | $ | 0.0 % |
| 13.08 | | $ | 0.0 % |
| 13.09 | | $ | 0.0 % |
| 13.10 | | $ | 0.0 % |
| 13.11 | | $ | 0.0 % |

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

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| | 1 | 2 | 3 | |
|---|---|---|---|---|
| 14.02 | Aggregate statement value of investments held in nonaffiliated, privately placed equities | $ | 0.0 | % |
| | Largest three investments held in nonaffiliated, privately placed equities: | | | |
| 14.03 | | $ | 0.0 | % |
| 14.04 | | $ | 0.0 | % |
| 14.05 | | $ | 0.0 | % |

Ten largest fund managers:

| | 1<br>Fund Manager | 2<br>Total Invested | 3<br>Diversified | 4<br>Non-Diversified |
|---|---|---|---|---|
| 14.06 | Dreyfus (aka BONY Inv Mgmt) | $ 201,285,128 | $ 201,285,128 | $ |
| 14.07 | Allspring Global Investments | $ 50,438 | $ 50,438 | $ |
| 14.08 | First American Funds Inc. | $ 262,278 | $ 262,278 | $ |
| 14.09 | Wilmington Funds | $ 24,220 | $ 24,220 | $ |
| 14.10 | | $ | $ | $ |
| 14.11 | | $ | $ | $ |
| 14.12 | | $ | $ | $ |
| 14.13 | | $ | $ | $ |
| 14.14 | | $ | $ | $ |
| 14.15 | | $ | $ | $ |

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

| | 1 | 2 | 3 | |
|---|---|---|---|---|
| 15.02 | Aggregate statement value of investments held in general partnership interests | $ | 0.0 | % |
| | Largest three investments in general partnership interests: | | | |
| 15.03 | | $ | 0.0 | % |
| 15.04 | | $ | 0.0 | % |
| 15.05 | | $ | 0.0 | % |

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

| | 1<br>Type (Residential, Commercial, Agricultural) | 2 | 3 | |
|---|---|---|---|---|
| 16.02 | | $ | 0.0 | % |
| 16.03 | | $ | 0.0 | % |
| 16.04 | | $ | 0.0 | % |
| 16.05 | | $ | 0.0 | % |
| 16.06 | | $ | 0.0 | % |
| 16.07 | | $ | 0.0 | % |
| 16.08 | | $ | 0.0 | % |
| 16.09 | | $ | 0.0 | % |
| 16.10 | | $ | 0.0 | % |
| 16.11 | | $ | 0.0 | % |

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

| | | Loans | | |
|---|---|---|---|---|
| 16.12 | Construction loans | $ | 0.0 | % |
| 16.13 | Mortgage loans over 90 days past due | $ | 0.0 | % |
| 16.14 | Mortgage loans in the process of foreclosure | $ | 0.0 | % |
| 16.15 | Mortgage loans foreclosed | $ | 0.0 | % |
| 16.16 | Restructured mortgage loans | $ | 0.0 | % |

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

| Loan-to-Value | Residential 1 | Residential 2 | Commercial 3 | Commercial 4 | Agricultural 5 | Agricultural 6 |
|---|---|---|---|---|---|---|
| 17.01 above 95% | $ | 0.0 % | $ | 0.0 % | $ | 0.0 % |
| 17.02 91% to 95% | $ | 0.0 % | $ | 0.0 % | $ | 0.0 % |
| 17.03 81% to 90% | $ | 0.0 % | $ | 0.0 % | $ | 0.0 % |
| 17.04 71% to 80% | $ | 0.0 % | $ | 0.0 % | $ | 0.0 % |
| 17.05 below 70% | $ | 0.0 % | $ | 0.0 % | $ | 0.0 % |

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

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Largest five investments in any one parcel or group of contiguous parcels of real estate.

| | Description 1 | 2 | 3 |
|---|---|---|---|
| 18.02 | | $ | 0.0 % |
| 18.03 | | $ | 0.0 % |
| 18.04 | | $ | 0.0 % |
| 18.05 | | $ | 0.0 % |
| 18.06 | | $ | 0.0 % |

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

| | 1 | 2 | 3 |
|---|---|---|---|
| 19.02 | Aggregate statement value of investments held in mezzanine real estate loans: | $ | 0.0 % |

Largest three investments held in mezzanine real estate loans:

| | | 2 | 3 |
|---|---|---|---|
| 19.03 | | $ | 0.0 % |
| 19.04 | | $ | 0.0 % |
| 19.05 | | $ | 0.0 % |

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

| | At Year-End 1 | At Year-End 2 | At End of Each Quarter 1st Qtr 3 | 2nd Qtr 4 | 3rd Qtr 5 |
|---|---|---|---|---|---|
| 20.01 Securities lending agreements (do not include assets held as collateral for such transactions) | $ | 0.0 % | $ | $ | $ |
| 20.02 Repurchase agreements | $ | 0.0 % | $ | $ | $ |
| 20.03 Reverse repurchase agreements | $ | 0.0 % | $ | $ | $ |
| 20.04 Dollar repurchase agreements | $ | 0.0 % | $ | $ | $ |
| 20.05 Dollar reverse repurchase agreements | $ | 0.0 % | $ | $ | $ |

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

| | Owned 1 | Owned 2 | Written 3 | Written 4 |
|---|---|---|---|---|
| 21.01 Hedging | $ | 0.0 % | $ | 0.0 % |
| 21.02 Income generation | $ | 0.0 % | $ | 0.0 % |
| 21.03 Other | $ | 0.0 % | $ | 0.0 % |

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

| | At Year-End 1 | At Year-End 2 | At End of Each Quarter 1st Qtr 3 | 2nd Qtr 4 | 3rd Qtr 5 |
|---|---|---|---|---|---|
| 22.01 Hedging | $ | 0.0 % | $ | $ | $ |
| 22.02 Income generation | $ | 0.0 % | $ | $ | $ |
| 22.03 Replications | $ | 0.0 % | $ | $ | $ |
| 22.04 Other | $ | 0.0 % | $ | $ | $ |

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

| | At Year-End 1 | At Year-End 2 | At End of Each Quarter 1st Qtr 3 | 2nd Qtr 4 | 3rd Qtr 5 |
|---|---|---|---|---|---|
| 23.01 Hedging | $ | 0.0 % | $ | $ | $ |
| 23.02 Income generation | $ | 0.0 % | $ | $ | $ |
| 23.03 Replications | $ | 0.0 % | $ | $ | $ |
| 23.04 Other | $ | 0.0 % | $ | $ | $ |

1. The Company did not have any risks reinsured under a quota share reinsurance contract, entered into, renewed or amended on or after January 1, 1994, with any other entity that includes a provision that would limit the reinsurer's losses below the stated quota share percentage.

2. The Company did not cede any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features that would have similar results:

    a. A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
    b. A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
    c. Aggregate stop loss reinsurance coverage;
    d. A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
    e. A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
    f. Payment schedules, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

3. The Company during the period covered by the statement did not cede any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) entered into, renewed or amended on or after January 1, 1994 (excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member), for which the Company recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% or prior year-end surplus as regards policyholders, where:

    a. The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

    b. Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

4. Except for transactions meeting the requirements of paragraph 36 of SSAP No. 62R - Property and Casualty Reinsurance, the Company did not cede any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates), entered into, renewed or amended on or after January 1, 1994, during the period covered by the financial statement, and either:

    a. Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles (“SAP”) and as a deposit under GAAP; or

    b. Accounted for that contract as reinsurance under GAAP and as a deposit under SAP.