

For Immediate Release

Completion of Strategic Initiatives

ACA website (www.aca.com) – October 11, 2023 – ACA Financial Guaranty Corporation (“ACA”), a monoline bond insurance company operating in run-off, eliminated its final insurance policy and all remaining par exposure from its insured portfolio on August 15, 2023 when it paid off all outstanding principal and interest on the final remaining insured bonds in its insured portfolio and eliminated the insurance policy covering those bonds. As a result, ACA has no insured par exposure today.

In 2022, ACA commuted all its then outstanding \$128.4 million of assumed reinsurance exposure. ACA also executed an assumption agreement in 2022 (the “Assumption Agreement”) under which ACA worked with an AA-rated insurer to reinsure and novate \$43.9 million (*as of April 30, 2022*) of insured par exposure. Following the completion of all required legal filings and proceedings, all the par exposure covered by the Assumption Agreement was successfully novated by June 30, 2023 such that ACA no longer has any insurance liability on the par exposure covered by the Assumption Agreement. This insured par exposure reduction is reflected in ACA’s statutory financial statements as of June 30, 2023.

In recognition of ACA eliminating the majority of its insured par exposure through these two transactions, ACA’s excess capital position, ACA’s success in novating the insured par exposure covered by the Assumption Agreement and ACA’s continued success in paying off and eliminating its insurance policies related to formerly insured bonds that had underlying payment defaults, among other things, the Maryland Insurance Administration (the “MIA”) approved a \$20 million payment on ACA’s surplus notes in November 2022 and an additional \$33.4 million payment on ACA’s surplus notes in April 2023. Following these approvals and corresponding surplus note payments, ACA has paid \$81 million on its surplus notes since 2019.

In addition to executing the strategic initiatives discussed above, ACA simultaneously worked to surrender its insurance licenses in every jurisdiction in which it no longer had any insurance policies over the past several quarters. To date, ACA has successfully surrendered 52 insurance licenses and is only currently licensed in two jurisdictions. Of these two remaining jurisdictions, ACA has already submitted a request to surrender its insurance license in one of the two. ACA cannot apply for the final surrender of its Maryland insurance license until all other insurance licenses are surrendered, but it will do so as soon as possible.

Upon the surrender of its final insurance license in Maryland, ACA will petition the MIA to issue a final order that reflects the conclusion of ACA’s runoff as a regulated insurance company. After obtaining this final order, ACA will continue to operate as a Maryland stock company with no insurance licenses or policies with the purpose of managing its remaining assets for the benefit of its surplus note holders.

Please note that some of the information contained herein may consist of forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are based on ACA’s current expectations and assumptions and involve risks and uncertainties that

could cause actual results or events to be materially different from those anticipated. Actual results or trends could differ materially from ACA's statements or comments. ACA assumes no obligation to update any forward-looking statements or information discussed herein or made in other financial filings as a result of new information, future events or otherwise.

About ACA Financial Guaranty Corporation

Founded in 1997, ACA Financial Guaranty Corporation is a monoline bond insurance company principally regulated by the Maryland Insurance Administration. On August 8, 2008, the Company and counterparties to its structured finance products reached an agreement on a restructuring plan for ACA. The plan, approved by the Maryland Insurance Administration, provided for settlement of the structured finance obligations and protection for ACA's municipal policyholders. Today, ACA operates as a runoff insurance company with no outstanding insured obligations or policies and focuses on actively managing its remaining assets for the benefit of its surplus note holders.