Assured Guaranty Ltd. (AGO)
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Third Quarter 2024 Earnings Call

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Thank you, operator. And thank you all for joining Assured Guaranty for our Third Quarter 2024 financial results conference call.

Today's presentation is made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

The presentation may contain forward-looking statements about our new business and credit outlooks, market conditions, credit spreads, financial ratings, loss reserves, financial results or other items that may affect our future results.

These statements are subject to change due to new information or future events. Therefore, you should not place undue reliance on them, as we do not undertake any obligation to publicly update or revise them, except as required by law.

If you are listening to a replay of this call, or if you are reading the transcript of the call, please note that our statements made today may have been updated since this call.

Please refer to the Investor Information section of our website for our most recent presentations and SEC filings, most current financial filings, and for the risk factors.

This presentation also includes references to non-GAAP financial measures.

We present the GAAP financial measures most directly comparable to the non-GAAP financial measures referenced in this presentation, along with a reconciliation between such GAAP and non-GAAP financial measures, in our current Financial Supplement and Equity Investor Presentation, which are on our website at AssuredGuaranty.com.

Turning to the presentation, our speakers today are Dominic Frederico, President and Chief Executive Officer of Assured Guaranty Ltd., Rob Bailenson, our Chief Operating Officer, and Ben Rosenblum, our Chief Financial Officer. After their remarks, we will open the call to your questions.

As the webcast is not enabled for Q&A, please dial in to the call if you would like to ask a question.

I will now turn the call over to Dominic.

Dominic Frederico
President and Chief Executive Officer

Thank you, Robert, and welcome to everyone joining today's call.

We continued to build value for Assured Guaranty's shareholders and policyholders during the third quarter and first nine months of 2024. Adjusted book value per share at $166.47 and adjusted operating shareholders' equity per share at $113.96 both reached record highs at the end of the third quarter.

New business production has been strong this year, with significant contributions from each of our three market segments: U.S. public finance, non-U.S. public finance, and global structured finance. For the fifth consecutive year, our PVP for the first three quarters reached or exceeded $240 million, coming in at $281 million for 2024, $32 million higher than the first three quarters of last year. We benefited from greater overall municipal bond issuance and strong investor demand for our insurance, including from institutional investors on some very large infrastructure transactions. Rob will speak more about this shortly.

Year-to-date, Assured Guaranty has earned adjusted operating income of $5.80 per share, 13% more than in the first nine months of last year.

As I mentioned in detail on our last earnings call, AGM completed its merger into AG (formerly AGC) on August 1st, with AG as the surviving company. As we said at that time, we believe there are a number of benefits to this merger, including improved operational efficiency and better capital utilization. After the merger, S&P, Moody's and KBRA all issued statements affirming that there was no change to AG's ratings post-merger. We believe AG is very well positioned for future growth in its new structure.

We still have excess insurance company capital above what is needed to maintain our high ratings. KBRA last month affirmed AG's double-A-plus financial strength rating, noting our strong capital position, skilled management team, strong risk management framework and strengthening market position. We continue to focus on optimizing the alignment of our capital and business opportunities to improve returns.

During the first nine months of 2024, we benefited from earnings generated by our alternative investments, and mark-to-market gains on our trading securities, with solid performance totaling $135 million. The inception-to-date return on alternative investments, including funds managed by Sound Point and AHP, was approximately 13% through September.

We continue to focus on our capital management program, in which we have targeted for years the repurchase of approximately $500 million annually of our common shares outstanding. We remain committed to our share repurchase program and expect to reach our $500 million target this year. As of November 8, 2024, the Company has repurchased 10% of the shares that were outstanding on December 31, 2023. Our board has authorized an additional $250 million, which brings our current authorization to approximately $385 million. For next year, we are targeting $500 million again for share repurchases.

Touching on our one remaining unresolved Puerto Rico exposure, PREPA, the Title III Court has ordered the parties to continue mediation and extended the time for them to resolve their differences. We remain committed to a fair and consensual resolution for all PREPA stakeholders but are determined to enforce our rights as a secured creditor if a reasonable settlement may not be achieved.

Overall, this has been a strong year. Since 2020, the value our bond insurance provides has been more widely recognized by the market. More issuers continue to turn to Assured Guaranty to help control their borrowing costs and execute their transactions more cost efficiently. In 2024 specifically, we have seen an increase in the number of large, high-profile transactions that use insurance. We believe we are on a trajectory for future growth of our business, as we strategically pursue new product opportunities while appropriately managing risk and capital.

I will now turn the call over to Rob to discuss our production results.

Robert Bailenson
Chief Operating Officer

Thank you, Dominic.

Year-to-date, Assured Guaranty is having exceptionally strong production results across our three financial guaranty markets. As Dominic mentioned, our $281 million of year-to-date PVP is $32 million higher than in the first three quarters of last year. Our year-to-date result includes $63 million in third-quarter PVP, up $17 million from last year's third quarter.

Municipal issuance in the first nine months of 2024 was up significantly year-over-year, and so too was the total primary market par volume utilizing bond insurance. Sustained demand for Assured Guaranty's municipal bond insurance continued to make us the market leader, insuring 57% of all insured par sold year-to-date in the primary U.S. municipal bond market. During the first nine months of 2024, Assured Guaranty insured $16.6 billion of new issue par, 18% higher than in the same period last year. This is the second highest first-nine-month primary market par we've insured over the last decade.

So far this year, Assured Guaranty insured some of the largest transactions that came to the municipal market, demonstrating the continued institutional demand for our guaranty and the increased market liquidity our insurance can provide.

During the first three quarters, we insured a total of 33 transactions with $100 million or more in insured par. These include $1.1 billion of insurance for the Brightline Florida passenger rail project, $800 million for the New Terminal One at John F. Kennedy Airport, and $831 million for a Dormitory Authority of the State of New York, or DASNY, school district revenue bond issue.

Third quarter transactions included $446 million for the Santee Cooper South Carolina Public Service Authority, $361 million for the Central Florida Expressway Authority, and $350 million for the Lower Colorado River Authority in Texas.

This year, we also saw an increase in the use of our insurance among credits rated in the double-A category by S&P and/or Moody's on an uninsured basis. Year-over-year in the primary market, we insured 26% more AA par and 36% more AA transactions for the first nine months. This totaled approximately $3.5 billion of new-issue insured par and 75 transactions.

I'm pleased to say that three of the transactions we insured this year have been awarded the Bond Buyer Deal of the Year in their respective categories. Florida passenger rail Brightline won in the Innovative Financing category; Westchester Medical Center won in the Health Care Financing category; and the JFK Airport New Terminal One project won in the Northeast Region category.

We believe that, for issuers, our municipal bond insurance provides broadened market distribution on large transactions, a simplified credit story for complex bond issues, and the ability to attract risk-averse investors through enhanced credit quality. And for investors, it provides safety and security, as well as potential market value support and improved market liquidity, even during unstable market conditions.

Outside of U.S. public finance, our non-U.S. public finance business produced $44 million of PVP year-to-date, $6 million higher than at this time last year. We have a promising pipeline of additional infrastructure business across a number of sectors and regions. New business in the first nine months of 2024 included guaranties in the secondary market on several U.K. regulated utility and airport transactions, as well as the annual renewal of certain liquidity guarantees.

In global structured finance, we also produced $44 million of PVP year-to-date, a significant contribution. Third-quarter PVP was $19 million, $5 million higher than in last year's third quarter. Our strong year-to-date production results involved primarily insurance securitization, bank balance sheet relief and subscription finance transactions.

We continue to look for opportunities to expand our core financial guaranty business by entering new geographic or product markets. For example, during the third quarter, in our international structured finance business, we insured a transaction for an Australian bank, which provided protection on an approximately $600 million core lending portfolio. The transaction allowed that bank to manage their portfolio limits in a more capital efficient manner. We are pleased to have returned to the Australia market and expect to continue to grow our presence there.

Companywide, the fourth quarter has gotten off to a strong start. Among transactions we have already priced or closed in U.S. public finance this quarter, we insured $920 million of senior Special Facilities Revenue Bonds, related to the redevelopment of JFK Airport's Terminal 6 and $523 million for Thomas Jefferson University in Philadelphia.

I am happy to report demand for our product is strong, we are expanding our business into new markets, and we are looking forward to a solid finish for the year.

I'll now turn the call over to Ben to discuss further our financial results.

Benjamin Rosenblum
Chief Financial Officer

Thank you, Rob and Dominic, and good morning.

I am pleased to report third quarter 2024 adjusted operating income of $130 million, or $2.42 per share. By comparison, in the third quarter of 2023, we reported adjusted operating income of $206 million, or $3.42 per share, which included a $190 million after-tax gain on the Sound Point and AHP transactions, net of expenses.

Excluding this one-time gain, adjusted operating income increased significantly, primarily as a result of a benefit in loss expense in the third quarter of 2024.

Before I delve into the developments for the quarter, I would like to remind you that in the financial guaranty GAAP accounting model, loss expense, which is included in adjusted operating income, is different than economic loss development in that period.

GAAP loss expense for each below-investment-grade insured transaction is reported only when its expected loss is in excess of its deferred premium revenue. As a result, loss expense may be higher or lower than economic loss development in a given period but will converge over time as the deferred premium revenue amortizes.

Third quarter 2024 economic loss development was a benefit of $34 million and includes:

- a benefit of $56 million on our U.S. RMBS exposures, which continue to improve as home prices remain high and recoveries on both first and second lien loans improved compared with previous assumptions, and
- a $23 million benefit in the U.S. public finance sector primarily due to improvements in certain healthcare exposures.
- It also includes a $45 million increase in expected losses on certain U.K. regulated utilities that we downgraded to below investment grade in the third quarter, including our Thames exposures. It is important to note, however, that our Thames exposures are class A senior debt at the operating company, not holding company obligations.

In calculating expected losses, we are required by GAAP to apply probability weights to all possible scenarios in determining expected losses, and therefore may report a GAAP expected loss even if we do not expect one in our most heavily weighted scenarios.

In the third quarter of 2024, the loss component of adjusted operating income includes most of the benefit related to U.S. RMBS and healthcare; however, the economic loss development on U.K. regulated utilities is not included in loss expense because the deferred premium revenue was sufficient to cover the expected losses.

Turning to net earned premiums, we reported $101 million in the third quarter of 2024, compared with $99 million in the third quarter of 2023. Our deferred premium revenue, which represents the storehouse of future earnings in the insurance segment, remains strong at $3.8 billion, and is a direct result of the new business production that Rob discussed.

Our investment portfolio continues to perform well and demonstrates the value of having both a stable stream of interest income from the fixed maturity portfolio, as well as income from a diverse portfolio of alternative investments.

In third quarter 2024:

- equity in earnings from our alternative investments was $28 million, compared with $25 million in the third quarter of 2023. On an inception-to-date basis, alternative investments have generated an annualized internal rate of return of approximately 13%.
- Net investment income was $82 million in the third quarter of 2024, compared with $101 million in the third quarter of 2023. Net investment income from our externally managed and short-term portfolio was consistent year-over-year. The decline in investment income is attributable to our portfolio of loss mitigation securities. As a reminder, these are Assured Guaranty insured bonds that had expected losses, which we had purchased at a discount to mitigate those losses. In recent years, we have not been actively purchasing loss mitigation securities, and therefore, we expect this portfolio to continue to pay down over time, with the proceeds reinvested in the alternative investment or externally managed portfolios.

Breaking down the third quarter 2024 results by segment:

- Insurance was the largest contributor with $162 million in adjusted operating income, and
- the asset management segment contributed $4 million, which is in line with our seasonally adjusted expectations as GAAP revenue recognition rules result in Sound Point’s performance fees generally being recognized towards the end of its calendar year, which will be reflected in our 4th quarter and 1st quarter’s results due to the lag in reporting.
- The corporate division loss was $29 million.

On the capital management front, stock buybacks continue to be one of our most accretive strategies, and last week, our Board authorized an additional $250 million in share repurchases. In the third quarter of 2024, we repurchased 1.7 million shares for $131 million at an average price of $78.87 per share. As of today, our remaining authorization is approximately $385 million, and our holding company cash and investment balances are approximately $286 million, of which $33 million resides in AGL.

The share repurchase program, along with adjusted operating income and new business production, collectively contributed to new records for adjusted operating shareholders' equity per share of almost $114 and adjusted book value per share of over $166.

While adjusted operating income varies from period-to-period, the consistent quarterly increases in these book value metrics reflect how the successful execution of all our key strategic initiatives build shareholder value over the long term.

I'll now turn the call over to our operator to give you the instructions for the Q&A period.

Queston and Answer Session

Operator
[Operator Instructions]
Our first question is from Brian Meredith with UBS.

Marissa Lobo, *UBS*
Good morning. It's actually Marissa Lobo on for Brian today. Maybe we could start with capital management. Specifically, how do the developments with the U.K. utilities impact your capital management outlook for 2025? And does it have any impact on the dividend capacity to the holding company?

Dominic Frederico
Good question. But as you can see, we expect to reach the $500 million this year and expect to reach $500 million again next year. So obviously, it's not having any impact whatsoever on dividend capacity or the buyback program.

Marissa Lobo
Got it. Okay. Thank you. And moving to municipal issuance. Could you give us a little bit more context around the slightly lower insured par market penetration this quarter? And what is your outlook for 2025 muni issuance? Do you think you can increase your insured penetration further?

Dominic Frederico
Insured penetration has been increasing basically year-to-year as the value of the insurance is getting better recognized. And you can see that in a lot of ways, large deals we've been on this year, penetration in the AA market and the overall penetration as well.

So we expect that to continue as bond insurance continues to be a real value in the marketplace, allows for execution in the spread environment that we're in, there's still savings to be made for the issuer. And obviously, the ease of execution makes it a real opportunity for the issuer to benefit from. We expect issuance to remain high. There is a crying need of infrastructure investment across the country as well as internationally. So our volumes, we continue to expect to grow as well.

Robert Bailenson
I want to add on the large transactions that we completed over the last year, we're capturing a significant portion of that spread. And it shows the benefit of our product in the execution of the transaction, both with the insured and uninsured transaction. It allows for the deal to be much more efficient from a liquidity standpoint in the market.

Marissa Lobo
That's helpful. And finally, if I could, any updated thoughts on how the 15% Bermuda income tax rate is going to affect your corporate tax rate in 2025?

Benjamin Rosenblum
Yes. So right now, as you know, for Bermuda, we will begin to use our tax benefit that we put up at the end of last year next year. So if you look forward at a corporate tax rate assuming everything stays the same going forward, I'd expect a slight decrease in our corporate tax rate in 2025.

Operator
Our next question is from Jordan Hymowitz with Philadelphia Financial.

Jordan Hymowitz
Congratulations on continuing to perform an exceptionally profitable company and well run. Only the Eagles are doing better. MBA announced last week that they would consider putting themselves up for sale after PREPA clarity in Q1. I believe this is the third time, but my counting is kind of difficult that they put themselves up for sale. In my opinion, there's only one likely bidder and that's you and it's just about price. And so I guess my question is, MBA has got to be looking at how well your stock has done and how well your capital management has been. And no matter what the small dollars are, they're losing out dramatically. So I guess with that preamble, my question is, is there a possible way to consider a contingency payment based on the outcome of PREPA? And would you consider an offer based on a contingency payment depending how and if PREPA ended up?

Dominic Frederico
Jordan, as you know, we've been in the market repeatedly to basically consolidate the industry where the other companies are not trading anymore. And of course, MBIA is the largest one left. So you can assume that we've done everything we could in terms of making an offer that would make sense to them but make more sense to us. And I think you highlighted it properly that the price is not right. So we're standing here on the sideline waiting until the price is right.

Jordan Hymowitz
And do you think with the new Republican governor – Governor of Puerto Rico, there might be any push to get rid of the independent authority or have more control or anything in that regard because there – all this money is only money going out of the Puerto Rican economy to legal bills as they fight this out and all the money is not going to the new electricity that should be there?

Dominic Frederico
Yes. I wouldn't cover the current governor elect to be Republican or Democrat, I think they're obviously pro-Puerto Rico. So we got to continue to look at that and what that means relative to our ability to recover on the PREPA exposure. I think the more important is the control board is there for the long haul, not the short haul, and now it has a change potentially and who are the members that could be on that board as we got a change in the Presidency and the various members of the Congress. So we're looking forward to that as the biggest activity coming up in the year – in the current 2025.

Jordan Hymowitz
Okay. Well, congratulations again. I'm wearing some AGO swag on this call. You've done a phenomenal job over many, many years.

Operator
Our next question is from Geoffrey Dunn with Dowling & Partners.

Geoffrey Dunn, *Dowling & Partners*
I was hoping if you could get into more detail on the water deals. I understand that relative to the exposure, the provision – economic provision this quarter was de minimis. But can you get into what these water utilities actually do? What revenues support the bonds? And what protections are in there against an ultimate loss?

Benjamin Rosenblum
Sure. So Geoff, these are obviously essential services, you're providing water for the U.K. water sector. And let's be clear, these are monopoly services. There's not a competition going on for the water, but there's a certain need of investment that exists right now that has to be supported and they need to access the capital markets. U.K. government has been clear, they're not looking to nationalize the water utilities. So you really can't push down the bondholders too badly because you really need to access the capital markets to do that work. And let's talk about our exposure specifically. Our exposure is the senior debt at the operating company. So we're not at the holding company level where I think there may be some infirmities and there is debt below us in the operating companies.

Also, as you know, all our exposure is P&I when due. And we do not have any principal payments on any of our exposure to 2037. So we have plenty of time on our hands to work this out and let the markets work it out. And we know there's number of groups in the market right now, who are looking to supply some short-term funding to help them through to get – to be able to raise more equity to support that sector.

And obviously, we're very supportive of both new equity and new debt being raised as long as it doesn't significantly impair our position. So I think you're right in the assertion that we didn't put up a big loss this quarter. We don't see this as something that's particularly bothersome. I think it's just a natural order of how things have played out and we're happy to sit there and support this, but it's not something that we're looking at and saying, wow, this is going to be a problem from a capital basis, from a reserve basis, I think this is just a natural order and we expect relatively insignificant, if any losses from this at all.

Dominic Frederico
And remember, Geoff, they rely on the capital markets to fund the entire operations. There's a significant amount of debt across the board in all the regulated utilities. They are highly regulated. They're required to maintain investment-grade ratings. We're in a senior position, we expect no real issue here except we're working out the short-term difficulties they are having in terms of cash flow.

Robert Bailenson
And let me just add, as required under the accounting model, when something goes below investment grade, we have to probability weight all scenarios. So while we might not expect a loss, but we're required under GAAP to put all those scenarios in.

Geoffrey Dunn
Understood. What is causing the, it sounds like a cash shortfall for these utilities?

Benjamin Rosenblum
I think what's happened over the years is they've pulled money out, the equity owners have pulled money out, and they haven't reinvested the money right now in the water sector. So you can read the headlines and you'll see some articles that suggest that they're definitely infirmities in this system and they need improvements just like every piece of infrastructure in probably a lot of the countries around the world. And I think that's what's driving the need to raise new equity to make the improvements going forward so the people in the U.K. can have clean drinking water.

Dominic Frederico
I think it's a CapEx problem, not an operating problem, but the CapEx problem has got to be solved so that they continue to provide the services that are required to do by the regulatory bodies which are now saying in the areas like sewer waste treatment, you need to make significant improvements which requires capital. So they've got to raise the capital.

Benjamin Rosenblum
I think the other thing we're waiting on, obviously, there was a rate determination early in the year. That rate determination is being appealed. So we're waiting to see what the results of the appeal is. And my guess is if they don't get a successful resolution, they'll appeal again. But I think that's really what's sitting out there. There is a need to increase

the rate slightly to help support the capital ex improvements that need to be done for the water sector.

Operator
Our next question is from Tommy McJoynt with KBW.

Thomas McJoynt, *KBW*
Staying on the U.K. water topic, it sounds like we're waiting for the sort of final determination of rates from the U.K. water regulator coming in December or January. Do you view that as sort of an important impactful event for how you'll have to adjust loss adjustments? Or is that not something that you guys are necessarily focused on?

Benjamin G. Rosenblum
Obviously, you want to see – you want to see the outcome of what comes through. There is a CMA process to go ahead and if they don't like the results, as I mentioned, they can appeal again. And historically, that's been a relatively decent process for the water utilities.

So I don't think this is something that I'm going to sit there and tell you that in December, they get a bad resolution, that it's really going to change our numbers. I think this is something that will have to let play out over the next year or so as they work through what the right rate is to support capital investments that will improve the water sector. And obviously, we do not – as we mentioned, we do not really expect losses. We just think this is a short-term issue that they have to raise rates to get that liquidity.

Dominic Frederico
Remember, the rates off the opco in terms of its normal daily operations, the excess of the rates will help them fund the CapEx, which gets paid out over time. So obviously, we'll see how this continues to play out, but we're expecting the rates to be increased and, therefore, enough funds to make the operations flow and then go out to raise equity for the CapEx.

Thomas McJoynt
Got it. And I guess, the frequency of claims in this business is rather low. Is there a historical similar case study that you could point us to where an insured utility or even better a non-U.S. utility seemingly faced financial distress for the headlines out there and then AGO with some insured exposure ultimately emerged unscathed? Something you could just point us to, to kind of learn about this process?

Dominic Frederico
Not really. Remember, these are highly regulated utilities or essential services, their monopolies. So then typically, we worked our way out of the problem. That's why you've seen very little activity in terms of losses or even any write-downs relative to debt service or debt capacity because it's so critical. I mean, think of it, they rely on the market for funding, they can't allow the market to take a loss and expect the funding to be there. So this is more an issue for the holdco and not the opco.

Thomas McJoynt
Yes. Okay. And then just to the extent that you do see the uninsured U.K. water bonds trading at a substantial discount to par in the market, which they appear to be doing so, would you consider pursuing any loss mitigation security strategy in terms of purchasing those? Or is that not something you're interested in?

Dominic Frederico
Our insured bonds don't take the same impairment. Therefore, there is no loss mitigation you can do. And buying the uninsured would just increase our exposure. So yes, there's no opportunity for that. It's not like the other, like RMBS where we can actually go out and buy our own wrapped securities at very deep discounts. That doesn't exist for the water utilities. Essentially, the market's expectation is pretty much money good, so...

Operator
Our next question comes from Giuliano Bologna with Compass Point.

Giuliano Bologna, *Compass Point*
Maybe to kick it off, there's a question about buyback capacity and the pace. I think you guys also have a lot of accumulated income on the alternative investments that are held in a subsidiary. I'm curious how much is there? And if I'm not mistaken, if you were to push some of that dividend up that would count towards the next year, your dividend capacity, I'm just curious where that stands? And you obviously have some other levers of special dividends in other ways around that. But I'm just curious how much of that backlog, how big that backlog is at this point?

Benjamin Rosenblum
Yes. So at this point, we obviously are exploring – we explore all options to increase our dividend capacity. There's no magic for us that in order to buy back our shares, we have to continue to push to find ways to move capital up to the holding company level. Obviously, we do have obligations to Sound Point, so it's not as simple as – I have money warehoused at investment and places down lower. I can't sell it. I could certainly move it up in cases that it works. If it makes sense, we're happy to do it. But we do want to make sure it makes sense both in the short run and the long run in terms of our ability to manage our capital appropriately.

Dominic Frederico
And remember, our goal is the $500 million that we feel comfortable that we're making that this year. We're making it again next year. So that's obviously the strategy that we're deploying in terms of what assets we're moving where to make sure we can continue to fund that $500 million buyback.

Giuliano Bologna
That's helpful. And then jumping over to the international side. I'm curious when you look at some of the transactions that you're doing or the Australian transaction, as an example, I'm curious what the premiums look like or how big the premiums could be? I realize every

transaction is different, but curious how that compares to domestic or other more common international transactions that you've done and how that can impact the returns of some of that business?

Robert Bailenson
Yes. I would tell you that the returns are better in that business, the tenor is shorter, and we're providing capital relief transactions to banks and insurance companies. So we're really excited to continue to expand in that market.

Dominic Frederico
Yes. It's a very attractive business for us as you can imagine, it's got a higher ROE content than any other business that we do and because of the short tenor, you get to realize those earnings and release that capital. So accelerated earnings with the release of the capital quicker makes a higher return. So it's a great model, and that's why we continue to maintain our international presence.

And as you can see, based on Rob's presentation, we continue to expand our international borders as well. We want international to become even more of a significant segment of the overall company and taking pressure off the domestic market that really relies on issuance here, it's opportunity and the opportunity is global. We're trying to meet that opportunity demand by making sure our global operations address it.

Giuliano Bologna
That's helpful. And maybe one last one. Looking at the Thames exposure, it looks like most of the exposures are very low coupon and very long dated. I think obviously, you're only insuring the timely payment of principal and interest. So the NPV factor there has a huge benefit that's on your side. I'm curious if there -- because of that duration and coupon dynamic, if there could be anything similar to the old COFINA exposures or things like that where you might have the ability at some point to consider loss mitigation. But I realize that you probably have to see a lot more weakness flow through before that would even become something to consider?

Dominic Frederico
Giuliano, I think we've proven our mettle in terms of loss mitigation and how we handle distressed credits. I mean, you look at the results we've been able to achieve going all the way back to RMBS and the amount of money we've made off of the RMBS securities, look at any troubled credit that we've had in the portfolio and how we've exercised our rights within all those deals, it’s really made loss mitigation the key strength of the organization, and we will continue to look at it that way for Thames as well. And as I said, based on our position, regulated, senior position, opco, highly regulated, need to get access to the capital markets, and this is kind of something that we're very good at, and we'll continue to work hard to get it done rightly.

Giuliano Bologna
That's helpful. And there's a comment about similar water utility transactions, I realized it's a different entity in a different legal system, but the process of the PRASA restructuring worked out pretty well as a regulated utility in Puerto Rico.

Dominic Frederico
Right. That's right, not too many of these things in the market before. So we had these issues with Detroit water and even Puerto Rico water worked out.

Operator
Our next question is from Geoffrey Dunn with Dowling & Partners.

Geoffrey Dunn
Thanks. My follow-up was actually asked and answered.

Operator
This concludes the question-and-answer session. I would now like to turn the conference back over to our host, Robert Tucker for closing remarks.

Robert Tucker
Thank you, operator. I'd like to thank everyone for joining us on today's call. If you have additional questions, please feel free to give us a call. Thank you very much.

Operator
This concludes today's conference call. Thank you all for attending. You may now disconnect your lines. Have a great day.