



Arch Capital Group Ltd.

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Financial Supplement

September 30, 2024

The following financial supplement is provided to assist in your understanding of Arch Capital Group Ltd. (“Arch”) and its subsidiaries (collectively, the “Company”).

This report is for informational purposes only. It should be read in conjunction with documents filed by Arch with the U.S. Securities and Exchange Commission, including the most recent Annual Report on Form 10-K and the Quarterly Reports on Form 10-Q. Please refer to the Company’s website at www.archgroup.com for further information describing Arch.

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Arch Capital Group Ltd. and Subsidiaries
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Arch Capital Group Ltd. and Subsidiaries
Basis of Presentation

Basis of Presentation

All financial information contained herein is unaudited, however, certain information relating to the consolidated balance sheet at December 31, 2023 is derived from or agrees to audited financial information. Unless otherwise noted, all amounts are in millions, except for per share amounts and ratio information. Amounts presented have been rounded for presentation purposes and may not reconcile due to rounding differences.

Cautionary Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This release or any other written or oral statements made by or on behalf of Arch and its subsidiaries may include forward-looking statements, which reflect the Company’s current views with respect to future events and financial performance. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” or their negative or variations or similar terminology. Forward-looking statements involve the Company’s current assessment of risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes the following: adverse general economic and market conditions; increased competition; pricing and policy term trends; fluctuations in the actions of rating agencies and the Company’s ability to maintain and improve the Company’s ratings; investment performance; the loss and addition of key personnel; the adequacy of the Company’s loss reserves, severity and/or frequency of losses, greater than expected loss ratios and adverse development on claim and/or claim expense liabilities; greater frequency or severity of unpredictable natural and man-made catastrophic events, including pandemics such as COVID-19; the impact of acts of terrorism and acts of war; changes in regulations and/or tax laws in the United States or elsewhere; the Company’s ability to successfully integrate, establish and maintain operating procedures as well as integrate the businesses we have acquired or may acquire into the existing operations; changes in accounting principles or policies; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; availability and cost to the Company of reinsurance to manage gross and net exposures; the failure of others to meet their obligations to the Company; an incident, disruption in operations or other cyber event caused by cyber attacks, the use of artificial intelligence technologies or other technology on the Company’s systems or those of the Company’s business partners and service providers, which could negatively impact the Company’s business and/or expose the Company to litigation; and other factors identified in the Company’s filings with the U.S. Securities and Exchange Commission.

All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. The Company's forward-looking statements speak only as of the date of this press release or as of the date they are made, and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Arch Capital Group Ltd. and Subsidiaries
Financial Highlights

The following table presents financial highlights:

(U.S. Dollars and shares in millions, except per share data)

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2024	2023	Change	2024	2023	Change
Underwriting results:						
Gross premiums written	\$ 5,440	\$ 4,527	20.2 %	\$ 16,755	\$ 14,152	18.4 %
Net premiums written	4,047	3,355	20.6 %	11,913	10,207	16.7 %
Net premiums earned	3,970	3,248	22.2 %	10,957	9,096	20.5 %
Underwriting income (loss) (1)	538	721	(25.4)%	2,036	1,897	7.3 %
Loss ratio	60.5 %	50.7 %	9.8	54.4 %	50.7 %	3.7
Acquisition expense ratio	17.2 %	17.7 %	(0.5)	17.5 %	18.3 %	(0.8)
Other operating expense ratio	8.9 %	9.5 %	(0.6)	9.7 %	10.4 %	(0.7)
Combined ratio	86.6 %	77.9 %	8.7	81.6 %	79.4 %	2.2
Net investment income	\$ 399	\$ 269	48.3 %	\$ 1,090	\$ 710	53.5 %
<i>Per diluted share</i>	\$ 1.04	\$ 0.71	46.5 %	\$ 2.86	\$ 1.88	52.1 %
Net income available to Arch common shareholders	\$ 978	\$ 713	37.2 %	\$ 3,347	\$ 2,079	61.0 %
<i>Per diluted share</i>	\$ 2.56	\$ 1.88	36.2 %	\$ 8.78	\$ 5.50	59.6 %
After-tax operating income available to Arch common shareholders (1)	\$ 762	\$ 876	(13.0)%	\$ 2,676	\$ 2,256	18.6 %
<i>Per diluted share</i>	\$ 1.99	\$ 2.31	(13.9)%	\$ 7.02	\$ 5.96	17.8 %
Comprehensive income (loss) available to Arch	\$ 1,598	\$ 589	171.3 %	\$ 3,853	\$ 2,302	67.4 %
Net cash provided by operating activities	\$ 2,018	\$ 1,970	2.4 %	\$ 5,100	\$ 4,084	24.9 %
Weighted average common shares and common share equivalents outstanding — diluted	382.3	379.4	0.8 %	381.3	378.3	0.8 %
Financial measures:						
Change in book value per common share during period	8.1 %	4.3 %	3.8	21.4 %	18.4 %	3.0
Annualized net income return on average common equity	19.0 %	20.2 %	(1.2)	22.9 %	20.9 %	2.0
Annualized operating return on average common equity (1)	14.8 %	24.8 %	(10.0)	18.3 %	22.7 %	(4.4)
Total return on investments (2)	3.97 %	(0.40)%	437 bps	6.20 %	2.68 %	352 bps

- (1) See 'Comments on Non-GAAP Financial Measures' for a further discussion of consolidated underwriting income or loss, after-tax operating income or loss available to Arch common shareholders and annualized operating return on average common equity.
- (2) Total return on investments includes investment income, equity in net income (loss) of investment funds accounted for using the equity method, net realized gains and losses and the change in unrealized gains and losses and is calculated on a pre-tax basis and before investment expenses. See 'Comments on Non-GAAP Financial Measures' for a further discussion of the presentation of total return on investments.

Arch Capital Group Ltd. and Subsidiaries
Consolidated Statements of Income

(U.S. Dollars and shares in millions, except per share data)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2023	
Revenues							
Net premiums earned	\$ 3,970	\$ 3,565	\$ 3,422	\$ 3,344	\$ 3,248	\$ 10,957	\$ 9,096
Net investment income	399	364	327	313	269	1,090	710
Net realized gains (losses)	169	122	67	189	(248)	358	(354)
Other underwriting income	5	3	12	10	5	20	21
Equity in net income (loss) of investment funds accounted for using the equity method	171	167	99	102	59	437	176
Other income (loss)	8	8	14	17	(4)	30	10
Total revenues	4,722	4,229	3,941	3,975	3,329	12,892	9,659
Expenses							
Losses and loss adjustment expenses	(2,403)	(1,827)	(1,728)	(1,637)	(1,647)	(5,958)	(4,609)
Acquisition expenses	(681)	(633)	(607)	(643)	(575)	(1,921)	(1,669)
Other operating expenses	(353)	(346)	(363)	(359)	(310)	(1,062)	(942)
Corporate expenses	(49)	(41)	(53)	(31)	(20)	(143)	(71)
Amortization of intangible assets	(88)	(27)	(21)	(24)	(24)	(136)	(71)
Interest expense	(35)	(35)	(34)	(34)	(34)	(104)	(99)
Net foreign exchange gains (losses)	(63)	1	31	(59)	22	(31)	(1)
Total expenses	(3,672)	(2,908)	(2,775)	(2,787)	(2,588)	(9,355)	(7,462)
Income (loss) before income taxes and income (loss) from operating affiliates	1,050	1,321	1,166	1,188	741	3,537	2,197
Income tax (expense) benefit	(98)	(97)	(101)	1,076	(72)	(296)	(203)
Income (loss) from operating affiliates	36	45	55	69	54	136	115
Net income (loss)	988	1,269	1,120	2,333	723	3,377	2,109
Net (income) loss attributable to noncontrolling interests	—	—	—	1	—	—	—
Net income (loss) attributable to Arch	988	1,269	1,120	2,334	723	3,377	2,109
Preferred dividends	(10)	(10)	(10)	(10)	(10)	(30)	(30)
Net income (loss) available to Arch common shareholders	\$ 978	\$ 1,259	\$ 1,110	\$ 2,324	\$ 713	\$ 3,347	\$ 2,079
Comprehensive income (loss) available to Arch	\$ 1,598	\$ 1,280	\$ 975	\$ 3,111	\$ 589	\$ 3,853	\$ 2,302
Net income (loss) per common share and common share equivalent							
Basic	\$ 2.62	\$ 3.38	\$ 2.99	\$ 6.29	\$ 1.93	\$ 8.99	\$ 5.64
Diluted	\$ 2.56	\$ 3.30	\$ 2.92	\$ 6.12	\$ 1.88	\$ 8.78	\$ 5.50
Weighted average common shares and common share equivalents outstanding							
Basic	373.2	372.7	370.9	369.6	369.2	372.3	368.4
Diluted	382.3	381.6	380.5	379.8	379.4	381.3	378.3

Arch Capital Group Ltd. and Subsidiaries
Consolidated Balance Sheets

(U.S. Dollars and shares in millions, except per share data)

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Assets					
Investments:					
Fixed maturities available for sale, at fair value	\$ 28,434	\$ 25,202	\$ 23,628	\$ 23,553	\$ 22,485
Short-term investments available for sale, at fair value	3,341	2,297	2,142	2,063	1,682
Equity securities, at fair value	1,623	1,397	1,720	1,186	894
Other investments	3,261	3,206	2,886	2,488	2,068
Investments accounted for using the equity method	5,244	4,983	4,842	4,566	4,251
Total investments	41,903	37,085	35,218	33,856	31,380
Cash	1,025	1,020	993	917	859
Accrued investment income	292	287	236	236	217
Investment in operating affiliates	1,236	1,143	1,174	1,119	1,000
Premiums receivable	6,364	6,268	5,765	4,644	4,937
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses	7,948	7,473	7,509	7,064	6,821
Contractholder receivables	2,078	2,016	1,907	1,814	1,805
Ceded unearned premiums	2,935	2,981	2,717	2,170	2,444
Deferred acquisition costs	1,744	1,635	1,625	1,531	1,483
Receivable for securities sold	790	116	166	63	59
Goodwill and intangible assets	1,486	725	778	731	739
Other assets	5,855	4,716	4,680	4,761	3,483
Total assets	\$ 73,656	\$ 65,465	\$ 62,768	\$ 58,906	\$ 55,227
Liabilities					
Reserve for losses and loss adjustment expenses	\$ 28,679	\$ 24,466	\$ 23,705	\$ 22,752	\$ 21,836
Unearned premiums	11,238	10,452	9,971	8,808	9,074
Reinsurance balances payable	2,586	2,591	2,497	2,000	2,215
Contractholder payables	2,082	2,020	1,910	1,817	1,807
Collateral held for insured obligations	268	263	263	259	274
Senior notes	2,727	2,727	2,727	2,726	2,726
Payable for securities purchased	967	410	433	247	417
Other liabilities	2,835	1,871	1,905	1,942	1,637
Total liabilities	51,382	44,800	43,411	40,551	39,986
Redeemable noncontrolling interests	—	—	2	2	2
Shareholders' equity					
Non-cumulative preferred shares	830	830	830	830	830
Common shares	1	1	1	1	1
Additional paid-in capital	2,465	2,443	2,401	2,327	2,297
Retained earnings	23,642	22,664	21,405	20,295	17,971
Accumulated other comprehensive income (loss), net of deferred income tax	(200)	(810)	(821)	(676)	(1,453)
Common shares held in treasury, at cost	(4,464)	(4,463)	(4,461)	(4,424)	(4,407)
Total shareholders' equity	22,274	20,665	19,355	18,353	15,239
Total liabilities, noncontrolling interests and shareholders' equity	\$ 73,656	\$ 65,465	\$ 62,768	\$ 58,906	\$ 55,227
Common shares and common share equivalents outstanding, net of treasury shares	376.2	376.0	375.3	373.3	373.1
Book value per common share (1)	\$ 57.00	\$ 52.75	\$ 49.36	\$ 46.94	\$ 38.62

(1) Excludes the effects of stock options and restricted stock units outstanding.

Arch Capital Group Ltd. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Non-cumulative preferred shares							
Balance at beginning and end of period	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830
Common shares							
Balance at beginning and end of period	1	1	1	1	1	1	1
Additional paid-in capital							
Balance at beginning of period	2,443	2,401	2,327	2,297	2,278	2,327	2,211
Amortization of share-based compensation	16	16	68	20	15	100	73
All other	6	26	6	10	4	38	13
Balance at end of period	2,465	2,443	2,401	2,327	2,297	2,465	2,297
Retained earnings							
Balance at beginning of period	22,664	21,405	20,295	17,971	17,258	20,295	15,892
Net income	988	1,269	1,120	2,333	723	3,377	2,109
Amounts attributable to noncontrolling interests	—	—	—	1	—	—	—
Preferred share dividends	(10)	(10)	(10)	(10)	(10)	(30)	(30)
Balance at end of period	23,642	22,664	21,405	20,295	17,971	23,642	17,971
Accumulated other comprehensive income (loss), net of deferred income tax							
Balance at beginning of period	(810)	(821)	(676)	(1,453)	(1,319)	(676)	(1,646)
Change in unrealized appreciation (decline) in value of available-for-sale investments	585	27	(112)	721	(94)	500	226
Change in foreign currency translation adjustments	25	(16)	(33)	56	(40)	(24)	(33)
Balance at end of period	(200)	(810)	(821)	(676)	(1,453)	(200)	(1,453)
Common shares held in treasury, at cost							
Balance at beginning of period	(4,463)	(4,461)	(4,424)	(4,407)	(4,407)	(4,424)	(4,378)
Shares repurchased for treasury	(1)	(2)	(37)	(17)	—	(40)	(29)
Balance at end of period	(4,464)	(4,463)	(4,461)	(4,424)	(4,407)	(4,464)	(4,407)
Total shareholders' equity	\$ 22,274	\$ 20,665	\$ 19,355	\$ 18,353	\$ 15,239	\$ 22,274	\$ 15,239

Arch Capital Group Ltd. and Subsidiaries
Consolidated Statements of Cash Flows

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Operating Activities							
Net income (loss)	\$ 988	\$ 1,269	\$ 1,120	\$ 2,333	\$ 723	\$ 3,377	\$ 2,109
Adjustments to reconcile net income to net cash provided by operating activities:							
Net realized (gains) losses	(165)	(144)	(52)	(185)	257	(361)	367
Equity in net (income) or loss of investment funds accounted for using the equity method and other income or loss	(162)	(62)	(112)	(111)	(55)	(336)	(104)
Amortization of intangible assets	88	27	21	24	24	136	71
Share-based compensation	16	16	68	20	15	100	73
Changes in:							
Reserve for losses and loss adjustment expenses, net	1,078	709	660	534	584	2,447	1,604
Unearned premiums, net	77	216	663	(83)	107	956	1,111
Premiums receivable	178	(523)	(1,159)	352	315	(1,504)	(1,333)
Deferred acquisition costs	(86)	2	(82)	(45)	(38)	(166)	(190)
Reinsurance balances payable	(27)	95	521	(237)	40	589	692
Deferred income tax assets, net	16	21	24	(1,201)	(18)	61	40
Other items, net	17	(108)	(108)	264	16	(199)	(356)
Net cash provided by operating activities	<u>2,018</u>	<u>1,518</u>	<u>1,564</u>	<u>1,665</u>	<u>1,970</u>	<u>5,100</u>	<u>4,084</u>
Investing Activities							
Purchases of fixed maturity investments	(7,436)	(5,798)	(8,325)	(5,038)	(4,184)	(21,559)	(13,024)
Purchases of equity securities	(278)	(145)	(509)	(280)	(72)	(932)	(176)
Purchases of other investments	(529)	(875)	(494)	(1,059)	(555)	(1,898)	(1,112)
Proceeds from sales of fixed maturity investments	5,227	3,691	7,529	4,450	2,576	16,447	9,655
Proceeds from sales of equity securities	126	482	65	72	55	673	216
Proceeds from sales, redemptions and maturities of other investments	405	503	116	423	144	1,024	345
Proceeds from redemptions and maturities of fixed maturity investments	392	515	363	192	221	1,270	589
Net settlements of derivative instruments	115	7	5	119	(115)	127	(69)
Net (purchases) sales of short-term investments	(793)	65	(90)	(373)	10	(818)	(323)
Acquisitions, net of cash	852	—	—	—	—	852	—
Purchases of fixed assets	(12)	(11)	(15)	(15)	(11)	(38)	(37)
Other	(32)	57	(54)	(23)	(4)	(29)	—
Net cash provided by (used for) investing activities	<u>(1,963)</u>	<u>(1,509)</u>	<u>(1,409)</u>	<u>(1,532)</u>	<u>(1,935)</u>	<u>(4,881)</u>	<u>(3,936)</u>
Financing Activities							
Proceeds from common shares issued, net	6	24	(32)	(7)	5	(2)	5
Change in third party investment in redeemable noncontrolling interests	—	—	—	—	—	—	(22)
Other	(3)	—	—	—	(2)	(3)	(5)
Preferred dividends paid	(10)	(10)	(10)	(10)	(10)	(30)	(30)
Net cash provided by (used for) financing activities	<u>(7)</u>	<u>14</u>	<u>(42)</u>	<u>(17)</u>	<u>(7)</u>	<u>(35)</u>	<u>(52)</u>
Effects of exchange rate changes on foreign currency cash and restricted cash	37	4	(11)	27	(26)	30	(14)
Increase (decrease) in cash and restricted cash	85	27	102	143	2	214	82
Cash and restricted cash, beginning of period	1,627	1,600	1,498	1,355	1,353	1,498	1,273
Cash and restricted cash, end of period	<u>\$ 1,712</u>	<u>\$ 1,627</u>	<u>\$ 1,600</u>	<u>\$ 1,498</u>	<u>\$ 1,355</u>	<u>\$ 1,712</u>	<u>\$ 1,355</u>
Income taxes paid (received)	\$ 76	\$ 151	\$ (6)	\$ 140	\$ 54	\$ 221	\$ 127
Interest paid	\$ —	\$ 63	\$ —	\$ 64	\$ —	\$ 63	\$ 63

Arch Capital Group Ltd. and Subsidiaries Segment Information — Overview

The Company's Insurance, Reinsurance and Mortgage segments each have managers who are responsible for the overall profitability of their respective segments and who are directly accountable to the Company's chief operating decision makers, the Chief Executive Officer and the Chief Financial Officer and Treasurer. The chief operating decision makers do not assess performance, measure return on equity or make resource allocation decisions on a line of business basis. Management measures segment performance for its three underwriting segments based on underwriting income or loss. The Company does not manage its assets by underwriting segment and, accordingly, investment income is not allocated to each underwriting segment.

The Company determined its reportable operating segments using the management approach described in accounting guidance regarding disclosures about segments of an enterprise and related information. The accounting policies of the segments are the same as those used for the preparation of the Company's consolidated financial statements. Intersegment business is allocated to the segment accountable for the underwriting results.

Insurance Segment

The Company's insurance segment primarily consists of commercial insurance lines of business, with a focus on specialty insurance products. These products are mainly offered in North America, Bermuda, the United Kingdom, continental Europe and Australia. Products offered in North America include: commercial automobile; commercial multi-peril; other liability—claims made, which includes financial and professional lines; other liability—occurrence, which includes admitted and excess and surplus casualty lines; property and short-tail specialty; workers compensation; and other. Products offered across the Company's International units include: property and short-tail specialty; and casualty and other.

Reinsurance Segment

The Company's reinsurance segment offers reinsurance products on a worldwide basis. Lines of business include: casualty; marine and aviation; other specialty; property catastrophe; property excluding property catastrophe; and other.

Mortgage Segment

The Company's mortgage segment includes: U.S. primary mortgage insurance business written predominantly through its eligible mortgage insurers by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), each a government sponsored entity ("GSE"), and also through non GSE-approved entities (combined "Arch MI U.S."); U.S. credit-risk transfer ("CRT") business and other U.S. mortgage reinsurance transactions; and international mortgage insurance and reinsurance operations.

The Company's results also include net investment income, net realized gains or losses (which includes realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains and losses realized from acquisition or disposition of subsidiaries), equity in net income or loss of investment funds accounted for using the equity method, other income (loss), corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income taxes items (which for the 2023 fourth quarter reflects the establishment of a net deferred tax asset related to the enactment of Bermuda's new corporate income tax), income or loss from operating affiliates and items related to the Company's non cumulative preferred shares.

Arch Capital Group Ltd. and Subsidiaries
Segment Information

(U.S. Dollars in millions)

	Three Months Ended September 30, 2024			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 2,341	\$ 2,763	\$ 339	\$ 5,440
Premiums ceded (1)	(521)	(818)	(57)	(1,393)
Net premiums written	1,820	1,945	282	4,047
Change in unearned premiums	(55)	(53)	31	(77)
Net premiums earned	1,765	1,892	313	3,970
Other underwriting income (loss)	—	2	3	5
Losses and loss adjustment expenses	(1,087)	(1,317)	1	(2,403)
Acquisition expenses	(308)	(374)	1	(681)
Other operating expenses	(250)	(54)	(49)	(353)
Underwriting income (loss)	\$ 120	\$ 149	\$ 269	538
Net investment income				399
Net realized gains (losses)				169
Equity in net income (loss) of investment funds accounted for using the equity method				171
Other income (loss)				8
Corporate expenses (2)				(19)
Transaction costs and other (2)				(30)
Amortization of intangible assets				(88)
Interest expense				(35)
Net foreign exchange gains (losses)				(63)
Income (loss) before income taxes and income (loss) from operating affiliates				1,050
Income tax (expense) benefit				(98)
Income (loss) from operating affiliates				36
Net income (loss) available to Arch				988
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 978
Underwriting Ratios				
Loss ratio	61.6 %	69.6 %	(0.4)%	60.5 %
Acquisition expense ratio	17.4 %	19.8 %	(0.4)%	17.2 %
Other operating expense ratio	14.1 %	2.9 %	15.6 %	8.9 %
Combined ratio	93.1 %	92.3 %	14.8 %	86.6 %
Net premiums written to gross premiums written	77.7 %	70.4 %	83.2 %	74.4 %
Total investable assets				\$ 42,751
Total assets				73,656
Total liabilities				51,382

(1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Non-GAAP Financial Measures' for a further discussion of such items.

Arch Capital Group Ltd. and Subsidiaries
Segment Information

(U.S. Dollars in millions)

	Three Months Ended September 30, 2023			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 2,043	\$ 2,138	\$ 347	\$ 4,527
Premiums ceded (1)	(521)	(576)	(76)	(1,172)
Net premiums written	1,522	1,562	271	3,355
Change in unearned premiums	(110)	(19)	22	(107)
Net premiums earned	1,412	1,543	293	3,248
Other underwriting income (loss)	—	2	3	5
Losses and loss adjustment expenses	(812)	(870)	35	(1,647)
Acquisition expenses	(269)	(304)	(2)	(575)
Other operating expenses	(202)	(61)	(47)	(310)
Underwriting income (loss)	\$ 129	\$ 310	\$ 282	721
Net investment income				269
Net realized gains (losses)				(248)
Equity in net income (loss) of investment funds accounted for using the equity method				59
Other income (loss)				(4)
Corporate expenses (2)				(20)
Transaction costs and other (2)				—
Amortization of intangible assets				(24)
Interest expense				(34)
Net foreign exchange gains (losses)				22
Income (loss) before income taxes and income (loss) from operating affiliates				741
Income tax (expense) benefit				(72)
Income (loss) from operating affiliates				54
Net income (loss) available to Arch				723
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 713
Underwriting Ratios				
Loss ratio	57.5 %	56.4 %	(12.1)%	50.7 %
Acquisition expense ratio	19.1 %	19.7 %	0.6 %	17.7 %
Other operating expense ratio	14.3 %	3.9 %	16.2 %	9.5 %
Combined ratio	90.9 %	80.0 %	4.7 %	77.9 %
Net premiums written to gross premiums written	74.5 %	73.1 %	78.1 %	74.1 %
Total investable assets				\$ 31,881
Total assets				55,227
Total liabilities				39,986

(1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Non-GAAP Financial Measures' for a further discussion of such items.

Arch Capital Group Ltd. and Subsidiaries
Segment Information

(U.S. Dollars in millions)

	Nine Months Ended September 30, 2024			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 6,569	\$ 9,171	\$ 1,020	\$ 16,755
Premiums ceded (1)	(1,649)	(3,013)	(185)	(4,842)
Net premiums written	4,920	6,158	835	11,913
Change in unearned premiums	(226)	(820)	90	(956)
Net premiums earned	4,694	5,338	925	10,957
Other underwriting income (loss)	—	5	15	20
Losses and loss adjustment expenses	(2,789)	(3,206)	37	(5,958)
Acquisition expenses	(872)	(1,050)	1	(1,921)
Other operating expenses	(718)	(193)	(151)	(1,062)
Underwriting income (loss)	\$ 315	\$ 894	\$ 827	2,036
Net investment income				1,090
Net realized gains (losses)				358
Equity in net income (loss) of investment funds accounted for using the equity method				437
Other income (loss)				30
Corporate expenses (2)				(88)
Transaction costs and other (2)				(55)
Amortization of intangible assets				(136)
Interest expense				(104)
Net foreign exchange gains (losses)				(31)
Income (loss) before income taxes and income (loss) from operating affiliates				3,537
Income tax (expense) benefit				(296)
Income (loss) from operating affiliates				136
Net income (loss) available to Arch				3,377
Preferred dividends				(30)
Net income (loss) available to Arch common shareholders				\$ 3,347
Underwriting Ratios				
Loss ratio	59.4 %	60.1 %	(4.0)%	54.4 %
Acquisition expense ratio	18.6 %	19.7 %	(0.1)%	17.5 %
Other operating expense ratio	15.3 %	3.6 %	16.3 %	9.7 %
Combined ratio	93.3 %	83.4 %	12.2 %	81.6 %
Net premiums written to gross premiums written	74.9 %	67.1 %	81.9 %	71.1 %

(1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Non-GAAP Financial Measures' for a further discussion of such items.

Arch Capital Group Ltd. and Subsidiaries
Segment Information

(U.S. Dollars in millions)

	Nine Months Ended September 30, 2023			
	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 5,977	\$ 7,142	\$ 1,037	\$ 14,152
Premiums ceded (1)	(1,564)	(2,145)	(240)	(3,945)
Net premiums written	4,413	4,997	797	10,207
Change in unearned premiums	(416)	(781)	86	(1,111)
Net premiums earned	3,997	4,216	883	9,096
Other underwriting income (loss)	—	9	12	21
Losses and loss adjustment expenses	(2,276)	(2,379)	46	(4,609)
Acquisition expenses	(778)	(875)	(16)	(1,669)
Other operating expenses	(592)	(203)	(147)	(942)
Underwriting income (loss)	\$ 351	\$ 768	\$ 778	1,897
Net investment income				710
Net realized gains (losses)				(354)
Equity in net income (loss) of investment funds accounted for using the equity method				176
Other income (loss)				10
Corporate expenses (2)				(69)
Transaction costs and other (2)				(2)
Amortization of intangible assets				(71)
Interest expense				(99)
Net foreign exchange gains (losses)				(1)
Income (loss) before income taxes and income (loss) from operating affiliates				2,197
Income tax (expense) benefit				(203)
Income (loss) from operating affiliates				115
Net income (loss) available to Arch				2,109
Preferred dividends				(30)
Net income (loss) available to Arch common shareholders				\$ 2,079
Underwriting Ratios				
Loss ratio	57.0 %	56.4 %	(5.3)%	50.7 %
Acquisition expense ratio	19.5 %	20.7 %	1.8 %	18.3 %
Other operating expense ratio	14.8 %	4.8 %	16.7 %	10.4 %
Combined ratio	91.3 %	81.9 %	13.2 %	79.4 %
Net premiums written to gross premiums written	73.8 %	70.0 %	76.9 %	72.1 %

- (1) Certain assumed and ceded amounts related to intersegment transactions are included in individual segment results. Accordingly, the sum of such transactions for each segment does not agree to the total due to eliminations.
- (2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Non-GAAP Financial Measures' for a further discussion of such items.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Insurance Segment

(U.S. Dollars in millions)

	Three Months Ended					Nine Months Ended	
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Gross premiums written	\$ 2,341	\$ 2,102	\$ 2,126	\$ 1,934	\$ 2,043	\$ 6,569	\$ 5,977
Premiums ceded	(521)	(544)	(584)	(485)	(521)	(1,649)	(1,564)
Net premiums written	1,820	1,558	1,542	1,449	1,522	4,920	4,413
Change in unearned premiums	(55)	(80)	(91)	—	(110)	(226)	(416)
Net premiums earned	1,765	1,478	1,451	1,449	1,412	4,694	3,997
Losses and loss adjustment expenses	(1,087)	(848)	(854)	(846)	(812)	(2,789)	(2,276)
Acquisition expenses	(308)	(288)	(276)	(277)	(269)	(872)	(778)
Other operating expenses	(250)	(233)	(235)	(227)	(202)	(718)	(592)
Underwriting income (loss)	\$ 120	\$ 109	\$ 86	\$ 99	\$ 129	\$ 315	\$ 351
Underwriting Ratios							
Loss ratio	61.6 %	57.3 %	58.9 %	58.4 %	57.5 %	59.4 %	57.0 %
Acquisition expense ratio	17.4 %	19.5 %	19.0 %	19.1 %	19.1 %	18.6 %	19.5 %
Other operating expense ratio	14.1 %	15.8 %	16.2 %	15.6 %	14.3 %	15.3 %	14.8 %
Combined ratio	93.1 %	92.6 %	94.1 %	93.1 %	90.9 %	93.3 %	91.3 %
Catastrophic activity and prior year development:							
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	4.9 %	2.0 %	1.9 %	3.8 %	2.6 %	3.0 %	2.3 %
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(0.7)%	(0.2)%	(0.5)%	(0.5)%	(0.8)%	(0.5)%	(0.6)%
Combined ratio excluding catastrophic activity and prior year development (1)	88.9 %	90.8 %	92.7 %	89.8 %	89.1 %	90.8 %	89.6 %
Net premiums written to gross premiums written	77.7 %	74.1 %	72.5 %	74.9 %	74.5 %	74.9 %	73.8 %

(1) See 'Comments on Non-GAAP Financial Measures' for further discussion.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Insurance Segment

(U.S. Dollars in millions)

	Three Months Ended										Nine Months Ended			
	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		September 30, 2024		September 30, 2023	
Net Premiums Written by Line of Business														
North America														
Property and short-tail specialty	\$ 296	16.3 %	\$ 276	17.7 %	\$ 284	18.4 %	\$ 227	15.7 %	\$ 272	17.9 %	\$ 856	17.4 %	\$ 831	18.8 %
Other liability - occurrence	253	13.9 %	224	14.4 %	183	11.9 %	189	13.0 %	141	9.3 %	660	13.4 %	487	11.0 %
Other liability - claims made	228	12.5 %	215	13.8 %	200	13.0 %	228	15.7 %	240	15.8 %	643	13.1 %	623	14.1 %
Commercial multi-peril	163	9.0 %	62	4.0 %	41	2.7 %	49	3.4 %	67	4.4 %	266	5.4 %	150	3.4 %
Workers compensation	147	8.1 %	112	7.2 %	143	9.3 %	139	9.6 %	134	8.8 %	402	8.2 %	386	8.7 %
Commercial automobile	134	7.4 %	123	7.9 %	112	7.3 %	95	6.6 %	111	7.3 %	369	7.5 %	296	6.7 %
Other	81	4.5 %	75	4.8 %	69	4.5 %	69	4.8 %	81	5.3 %	225	4.6 %	226	5.1 %
Total North America	\$ 1,302	71.5 %	\$ 1,087	69.8 %	\$ 1,032	66.9 %	\$ 996	68.7 %	\$ 1,046	68.7 %	\$ 3,421	69.5 %	\$ 2,999	68.0 %
International														
Property and short-tail specialty	\$ 277	15.2 %	\$ 260	16.7 %	\$ 268	17.4 %	\$ 245	16.9 %	\$ 263	17.3 %	\$ 805	16.4 %	\$ 797	18.1 %
Casualty and other	241	13.2 %	211	13.5 %	242	15.7 %	208	14.4 %	213	14.0 %	694	14.1 %	617	14.0 %
Total International	\$ 518	28.5 %	\$ 471	30.2 %	\$ 510	33.1 %	\$ 453	31.3 %	\$ 476	31.3 %	\$ 1,499	30.5 %	\$ 1,414	32.0 %
Total	\$ 1,820	100.0 %	\$ 1,558	100.0 %	\$ 1,542	100.0 %	\$ 1,449	100.0 %	\$ 1,522	100.0 %	\$ 4,920	100.0 %	\$ 4,413	100.0 %
Net Premiums Earned by Line of Business														
North America														
Property and short-tail specialty	\$ 306	17.3 %	\$ 264	17.9 %	\$ 263	18.1 %	\$ 255	17.6 %	\$ 247	17.5 %	\$ 833	17.7 %	\$ 721	18.0 %
Other liability - occurrence	265	15.0 %	175	11.8 %	175	12.1 %	171	11.8 %	152	10.8 %	615	13.1 %	447	11.2 %
Other liability - claims made	213	12.1 %	208	14.1 %	212	14.6 %	221	15.3 %	225	15.9 %	633	13.5 %	645	16.1 %
Commercial multi-peril	146	8.3 %	57	3.9 %	43	3.0 %	49	3.4 %	51	3.6 %	246	5.2 %	144	3.6 %
Workers compensation	135	7.6 %	132	8.9 %	127	8.8 %	132	9.1 %	127	9.0 %	394	8.4 %	363	9.1 %
Commercial automobile	122	6.9 %	106	7.2 %	101	7.0 %	96	6.6 %	97	6.9 %	329	7.0 %	247	6.2 %
Other	79	4.5 %	75	5.1 %	81	5.6 %	76	5.2 %	71	5.0 %	235	5.0 %	214	5.4 %
Total North America	\$ 1,266	71.7 %	\$ 1,017	68.8 %	\$ 1,002	69.1 %	\$ 1,000	69.0 %	\$ 970	68.7 %	\$ 3,285	70.0 %	\$ 2,781	69.6 %
International														
Property and short-tail specialty	\$ 276	15.6 %	\$ 248	16.8 %	\$ 238	16.4 %	\$ 245	16.9 %	\$ 237	16.8 %	\$ 762	16.2 %	\$ 640	16.0 %
Casualty and other	223	12.6 %	213	14.4 %	211	14.5 %	204	14.1 %	205	14.5 %	647	13.8 %	576	14.4 %
Total International	\$ 499	28.3 %	\$ 461	31.2 %	\$ 449	30.9 %	\$ 449	31.0 %	\$ 442	31.3 %	\$ 1,409	30.0 %	\$ 1,216	30.4 %
Total	\$ 1,765	100.0 %	\$ 1,478	100.0 %	\$ 1,451	100.0 %	\$ 1,449	100.0 %	\$ 1,412	100.0 %	\$ 4,694	100.0 %	\$ 3,997	100.0 %

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Reinsurance Segment

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Gross premiums written	\$ 2,763	\$ 2,941	\$ 3,467	\$ 1,971	\$ 2,138	\$ 9,171	\$ 7,142
Premiums ceded	(818)	(994)	(1,201)	(414)	(576)	(3,013)	(2,145)
Net premiums written	1,945	1,947	2,266	1,557	1,562	6,158	4,997
Change in unearned premiums	(53)	(167)	(600)	63	(19)	(820)	(781)
Net premiums earned	1,892	1,780	1,666	1,620	1,543	5,338	4,216
Other underwriting income (loss)	2	1	2	8	2	5	9
Losses and loss adjustment expenses	(1,317)	(1,006)	(883)	(848)	(870)	(3,206)	(2,379)
Acquisition expenses	(374)	(345)	(331)	(365)	(304)	(1,050)	(875)
Other operating expenses	(54)	(64)	(75)	(85)	(61)	(193)	(203)
Underwriting income (loss)	\$ 149	\$ 366	\$ 379	\$ 330	\$ 310	\$ 894	\$ 768
Underwriting Ratios							
Loss ratio	69.6 %	56.5 %	53.0 %	52.3 %	56.4 %	60.1 %	56.4 %
Acquisition expense ratio	19.8 %	19.4 %	19.9 %	22.5 %	19.7 %	19.7 %	20.7 %
Other operating expense ratio	2.9 %	3.6 %	4.5 %	5.2 %	3.9 %	3.6 %	4.8 %
Combined ratio	92.3 %	79.5 %	77.4 %	80.0 %	80.0 %	83.4 %	81.9 %
Catastrophic activity and prior year development:							
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	19.3 %	9.4 %	1.8 %	5.1 %	9.3 %	10.5 %	6.8 %
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(1.9)%	(1.8)%	(2.5)%	(1.3)%	(2.8)%	(2.0)%	(2.7)%
Combined ratio excluding catastrophic activity and prior year development (1)	74.9 %	71.9 %	78.1 %	76.2 %	73.5 %	74.9 %	77.8 %
Net premiums written to gross premiums written	70.4 %	66.2 %	65.4 %	79.0 %	73.1 %	67.1 %	70.0 %

(1) See 'Comments on Non-GAAP Financial Measures' for further discussion.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Reinsurance Segment

(U.S. Dollars in millions)

	Three Months Ended										Nine Months Ended			
	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		September 30, 2024		September 30, 2023	
Net Premiums Written by Line of Business														
Other specialty	\$ 769	39.5 %	\$ 539	27.7 %	\$ 840	37.1 %	\$ 787	50.5 %	\$ 527	33.7 %	\$ 2,148	34.9 %	\$ 1,625	32.5 %
Property excluding property catastrophe	671	34.5 %	585	30.0 %	567	25.0 %	414	26.6 %	593	38.0 %	1,823	29.6 %	1,496	29.9 %
Casualty	339	17.4 %	261	13.4 %	343	15.1 %	215	13.8 %	273	17.5 %	943	15.3 %	787	15.7 %
Marine and aviation	69	3.5 %	59	3.0 %	129	5.7 %	42	2.7 %	54	3.5 %	257	4.2 %	208	4.2 %
Property catastrophe	52	2.7 %	472	24.2 %	350	15.4 %	63	4.0 %	76	4.9 %	874	14.2 %	802	16.0 %
Other	45	2.3 %	31	1.6 %	37	1.6 %	36	2.3 %	39	2.5 %	113	1.8 %	79	1.6 %
Total	\$ 1,945	100.0 %	\$ 1,947	100.0 %	\$ 2,266	100.0 %	\$ 1,557	100.0 %	\$ 1,562	100.0 %	\$ 6,158	100.0 %	\$ 4,997	100.0 %
Net Premiums Written by Underwriting Location														
Bermuda	\$ 671	34.5 %	\$ 1,043	53.6 %	\$ 1,039	45.9 %	\$ 723	46.4 %	\$ 708	45.3 %	\$ 2,753	44.7 %	\$ 2,565	51.3 %
United States	744	38.3 %	429	22.0 %	484	21.4 %	466	29.9 %	461	29.5 %	1,657	26.9 %	1,290	25.8 %
Europe and other	530	27.2 %	475	24.4 %	743	32.8 %	368	23.6 %	393	25.2 %	1,748	28.4 %	1,142	22.9 %
Total	\$ 1,945	100.0 %	\$ 1,947	100.0 %	\$ 2,266	100.0 %	\$ 1,557	100.0 %	\$ 1,562	100.0 %	\$ 6,158	100.0 %	\$ 4,997	100.0 %
Net Premiums Earned by Line of Business														
Other specialty	\$ 688	36.4 %	\$ 659	37.0 %	\$ 587	35.2 %	\$ 598	36.9 %	\$ 505	32.7 %	\$ 1,934	36.2 %	\$ 1,499	35.6 %
Property excluding property catastrophe	540	28.5 %	520	29.2 %	486	29.2 %	484	29.9 %	449	29.1 %	1,546	29.0 %	1,161	27.5 %
Casualty	282	14.9 %	269	15.1 %	247	14.8 %	230	14.2 %	264	17.1 %	798	14.9 %	775	18.4 %
Marine and aviation	80	4.2 %	60	3.4 %	74	4.4 %	56	3.5 %	66	4.3 %	214	4.0 %	173	4.1 %
Property catastrophe	256	13.5 %	246	13.8 %	234	14.0 %	215	13.3 %	219	14.2 %	736	13.8 %	527	12.5 %
Other	46	2.4 %	26	1.5 %	38	2.3 %	37	2.3 %	40	2.6 %	110	2.1 %	81	1.9 %
Total	\$ 1,892	100.0 %	\$ 1,780	100.0 %	\$ 1,666	100.0 %	\$ 1,620	100.0 %	\$ 1,543	100.0 %	\$ 5,338	100.0 %	\$ 4,216	100.0 %

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Mortgage Segment

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Gross premiums written	\$ 339	\$ 340	\$ 341	\$ 350	\$ 347	\$ 1,020	\$ 1,037
Premiums ceded	(57)	(64)	(64)	(95)	(76)	(185)	(240)
Net premiums written	282	276	277	255	271	835	797
Change in unearned premiums	31	31	28	20	22	90	86
Net premiums earned	313	307	305	275	293	925	883
Other underwriting income	3	2	10	2	3	15	12
Losses and loss adjustment expenses	1	27	9	57	35	37	46
Acquisition expenses	1	—	—	(1)	(2)	1	(16)
Other operating expenses	(49)	(49)	(53)	(47)	(47)	(151)	(147)
Underwriting income	\$ 269	\$ 287	\$ 271	\$ 286	\$ 282	\$ 827	\$ 778
Underwriting Ratios							
Loss ratio	(0.4)%	(8.6)%	(3.0)%	(20.6)%	(12.1)%	(4.0)%	(5.3)%
Acquisition expense ratio	(0.4)%	0.1 %	— %	0.2 %	0.6 %	(0.1)%	1.8 %
Other operating expense ratio	15.6 %	15.9 %	17.5 %	17.1 %	16.2 %	16.3 %	16.7 %
Combined ratio	14.8 %	7.4 %	14.5 %	(3.3)%	4.7 %	12.2 %	13.2 %
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(22.8)%	(29.0)%	(25.7)%	(39.0)%	(33.5)%	(25.8)%	(28.9)%
Combined ratio excluding prior year development (1)	37.6 %	36.4 %	40.2 %	35.7 %	38.2 %	38.0 %	42.1 %
Net premiums written to gross premiums written	83.2 %	81.2 %	81.2 %	72.9 %	78.1 %	81.9 %	76.9 %

(1) See 'Comments on Non-GAAP Financial Measures' for further discussion.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Mortgage Segment

(U.S. Dollars in millions)

	Three Months Ended										Nine Months Ended			
	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023		September 30, 2024		September 30, 2023	
Net Premiums Written by Underwriting Unit														
U.S. primary mortgage insurance	\$ 209	74.1 %	\$ 201	72.8 %	\$ 202	72.9 %	\$ 175	68.6 %	\$ 190	70.1 %	\$ 612	73.3 %	\$ 562	70.5 %
U.S. credit risk transfer (CRT) and other	54	19.1 %	51	18.5 %	56	20.2 %	56	22.0 %	57	21.0 %	161	19.3 %	164	20.6 %
International mortgage insurance/reinsurance	19	6.7 %	24	8.7 %	19	6.9 %	24	9.4 %	24	8.9 %	62	7.4 %	71	8.9 %
Total	\$ 282	100.0 %	\$ 276	100.0 %	\$ 277	100.0 %	\$ 255	100.0 %	\$ 271	100.0 %	\$ 835	100.0 %	\$ 797	100.0 %
Net Premiums Written by Underwriting Location														
United States	\$ 210	74.5 %	\$ 202	73.2 %	\$ 203	73.3 %	\$ 176	69.0 %	\$ 192	70.8 %	\$ 615	73.7 %	\$ 567	71.1 %
Other	72	25.5 %	74	26.8 %	74	26.7 %	79	31.0 %	79	29.2 %	220	26.3 %	230	28.9 %
Total	\$ 282	100.0 %	\$ 276	100.0 %	\$ 277	100.0 %	\$ 255	100.0 %	\$ 271	100.0 %	\$ 835	100.0 %	\$ 797	100.0 %
Net Premiums Earned by Underwriting Unit														
U.S. primary mortgage insurance	\$ 215	68.7 %	\$ 209	68.1 %	\$ 206	67.5 %	\$ 177	64.4 %	\$ 192	65.5 %	\$ 630	68.1 %	\$ 582	65.9 %
U.S. credit risk transfer (CRT) and other	55	17.6 %	51	16.6 %	56	18.4 %	55	20.0 %	58	19.8 %	162	17.5 %	165	18.7 %
International mortgage insurance/reinsurance	43	13.7 %	47	15.3 %	43	14.1 %	43	15.6 %	43	14.7 %	133	14.4 %	136	15.4 %
Total	\$ 313	100.0 %	\$ 307	100.0 %	\$ 305	100.0 %	\$ 275	100.0 %	\$ 293	100.0 %	\$ 925	100.0 %	\$ 883	100.0 %

(U.S. Dollars in millions)

	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023	
Insurance In Force (IIF) (1)										
U.S. primary mortgage insurance	\$ 292,313	57.2 %	\$ 292,512	57.0 %	\$ 288,385	56.9 %	\$ 290,764	57.1 %	\$ 292,903	57.4 %
U.S. credit risk transfer (CRT) and other	148,417	29.0 %	151,437	29.5 %	148,623	29.3 %	149,098	29.3 %	152,453	29.9 %
International mortgage insurance/reinsurance	70,380	13.8 %	68,986	13.4 %	69,811	13.8 %	69,473	13.6 %	65,107	12.8 %
Total	\$ 511,110	100.0 %	\$ 512,935	100.0 %	\$ 506,819	100.0 %	\$ 509,335	100.0 %	\$ 510,463	100.0 %
Risk In Force (RIF) (2)										
U.S. primary mortgage insurance	\$ 76,448	84.6 %	\$ 76,351	84.6 %	\$ 75,194	84.7 %	\$ 75,527	84.6 %	\$ 75,850	84.9 %
U.S. credit risk transfer and other	6,011	6.7 %	6,206	6.9 %	6,112	6.9 %	6,156	6.9 %	6,478	7.2 %
International mortgage insurance/reinsurance	7,887	8.7 %	7,666	8.5 %	7,430	8.4 %	7,562	8.5 %	7,034	7.9 %
Total	\$ 90,346	100.0 %	\$ 90,223	100.0 %	\$ 88,736	100.0 %	\$ 89,245	100.0 %	\$ 89,362	100.0 %

(1) The aggregate dollar amount of each insured mortgage loan's current principal balance. Such amounts are shown before external reinsurance.

(2) The aggregate dollar amount of each insured mortgage loan's current principal balance multiplied by the insurance coverage percentage specified in the policy for insurance policies issued and after contract limits and/or loss ratio caps for risk-sharing or reinsurance transactions. Such amounts are shown before external reinsurance.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Mortgage Segment

The following table provides supplemental disclosures for the Company's U.S. primary mortgage insurance operations:

(U.S. Dollars in millions)

	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023	
Total RIF by credit quality (FICO score):										
>=740	\$ 47,414	62.0 %	\$ 47,190	61.8 %	\$ 46,693	62.1 %	\$ 46,796	62.0 %	\$ 46,990	62.0 %
680-739	24,974	32.7 %	25,053	32.8 %	24,827	33.0 %	24,990	33.1 %	25,055	33.0 %
620-679	3,701	4.8 %	3,735	4.9 %	3,439	4.6 %	3,497	4.6 %	3,554	4.7 %
<620	359	0.5 %	373	0.5 %	235	0.3 %	244	0.3 %	251	0.3 %
Total	\$ 76,448	100.0 %	\$ 76,351	100.0 %	\$ 75,194	100.0 %	\$ 75,527	100.0 %	\$ 75,850	100.0 %
Weighted average FICO score	748		747		748		748		748	
Total RIF by Loan-To-Value (LTV):										
95.01% and above	\$ 7,415	9.7 %	\$ 7,384	9.7 %	\$ 7,005	9.3 %	\$ 7,067	9.4 %	\$ 7,113	9.4 %
90.01% to 95.00%	45,509	59.5 %	45,331	59.4 %	44,742	59.5 %	44,669	59.1 %	44,675	58.9 %
85.01% to 90.00%	20,746	27.1 %	20,668	27.1 %	20,352	27.1 %	20,490	27.1 %	20,565	27.1 %
85.00% and below	2,778	3.6 %	2,968	3.9 %	3,095	4.1 %	3,301	4.4 %	3,497	4.6 %
Total	\$ 76,448	100.0 %	\$ 76,351	100.0 %	\$ 75,194	100.0 %	\$ 75,527	100.0 %	\$ 75,850	100.0 %
Weighted average LTV	93.1 %		93.1 %		93.1 %		93.0 %		93.0 %	
Total RIF by State:										
California	\$ 6,052	7.9 %	\$ 6,110	8.0 %	\$ 6,105	8.1 %	\$ 6,162	8.2 %	\$ 6,235	8.2 %
Texas	5,699	7.5 %	5,803	7.6 %	5,859	7.8 %	5,972	7.9 %	6,081	8.0 %
North Carolina	3,353	4.4 %	3,320	4.3 %	3,245	4.3 %	3,248	4.3 %	3,258	4.3 %
Georgia	3,145	4.1 %	3,099	4.1 %	3,043	4.0 %	3,081	4.1 %	3,116	4.1 %
Minnesota	3,111	4.1 %	3,110	4.1 %	3,056	4.1 %	3,069	4.1 %	3,060	4.0 %
Illinois	3,085	4.0 %	3,086	4.0 %	2,979	4.0 %	2,986	4.0 %	2,994	3.9 %
Massachusetts	2,896	3.8 %	2,891	3.8 %	2,852	3.8 %	2,858	3.8 %	2,841	3.7 %
Florida	2,880	3.8 %	2,943	3.9 %	2,929	3.9 %	3,007	4.0 %	3,086	4.1 %
Michigan	2,876	3.8 %	2,852	3.7 %	2,796	3.7 %	2,773	3.7 %	2,722	3.6 %
Virginia	2,581	3.4 %	2,596	3.4 %	2,562	3.4 %	2,578	3.4 %	2,605	3.4 %
Other	40,770	53.3 %	40,541	53.1 %	39,768	52.9 %	39,793	52.7 %	39,852	52.5 %
Total	\$ 76,448	100.0 %	\$ 76,351	100.0 %	\$ 75,194	100.0 %	\$ 75,527	100.0 %	\$ 75,850	100.0 %
Weighted average coverage (end of period RIF divided by IIF)	26.2 %		26.1 %		26.1 %		26.0 %		25.9 %	
U.S. mortgage insurance total RIF, net of reinsurance (1)	\$ 60,421		\$ 58,920		\$ 57,882		\$ 58,146		\$ 56,946	
Analysts' persistency (2)	82.9 %		83.3 %		83.6 %		83.6 %		83.9 %	
Risk-to-capital ratio -- Arch MI U.S. (3)	7.3:1		7.4:1		7.0:1		7.3:1		6.6:1	
PMIER sufficiency ratio -- Arch MI U.S. (4)	205 %		196 %		223 %		213 %		245 %	

(1) Total RIF for the U.S. mortgage insurance operations after external reinsurance.

(2) Represents the % of IIF at the beginning of a 12-mo. period that remained in force at the end of the period.

(3) Represents current (non-delinquent) RIF, net of reinsurance, divided by statutory capital (estimate for September 30, 2024).

(4) On August 21, 2024, Fannie Mae and Freddie Mac (collectively the GSEs) each updated their Private Mortgage Insurer Eligibility Requirements (PMIERS) to incorporate new deductions to Available Assets for investment risk. This update will become effective March 31, 2025; but the impact will be phased in through September 30, 2026. If the GSEs had fully implemented this update to PMIERS as of September 30, 2024, the changes would have reduced Available Assets by 16% and resulted in a Pro-forma PMIERS Sufficiency Ratio of 173% compared with a reported PMIERS Sufficiency Ratio of 205%.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Mortgage Segment

The following table provides supplemental disclosures for the Company's U.S. primary mortgage insurance operations:

(U.S. Dollars in millions, except policy/loan/claim count)

	Three Months Ended									
	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023	
Total new insurance written (NIW) (1)	\$ 13,526		\$ 13,799		\$ 9,336		\$ 9,351		\$ 11,494	
<u>Total NIW by credit quality (FICO score):</u>										
>=740	\$ 9,438	69.8 %	\$ 9,726	70.5 %	\$ 6,364	68.2 %	\$ 6,058	64.8 %	\$ 7,646	66.5 %
680-739	3,584	26.5 %	3,641	26.4 %	2,660	28.5 %	2,990	32.0 %	3,520	30.6 %
620-679	502	3.7 %	430	3.1 %	311	3.3 %	301	3.2 %	326	2.8 %
<620	2	0.0 %	2	0.0 %	1	0.0 %	2	0.0 %	2	0.0 %
Total	<u>\$ 13,526</u>		<u>\$ 13,799</u>		<u>\$ 9,336</u>		<u>\$ 9,351</u>		<u>\$ 11,494</u>	
<u>Total NIW by LTV:</u>										
95.01% and above	\$ 1,089	8.1 %	\$ 1,014	7.3 %	\$ 542	5.8 %	\$ 548	5.9 %	\$ 880	7.7 %
90.01% to 95.00%	6,620	48.9 %	7,234	52.4 %	5,240	56.1 %	5,095	54.5 %	6,306	54.9 %
85.01% to 90.00%	4,293	31.7 %	4,047	29.3 %	2,624	28.1 %	2,746	29.4 %	3,126	27.2 %
85.00% and below	1,524	11.3 %	1,504	10.9 %	930	10.0 %	962	10.3 %	1,182	10.3 %
Total	<u>\$ 13,526</u>		<u>\$ 13,799</u>		<u>\$ 9,336</u>		<u>\$ 9,351</u>		<u>\$ 11,494</u>	
<u>Total NIW monthly vs. single:</u>										
Monthly	\$ 12,581	93.0 %	\$ 12,764	92.5 %	\$ 8,916	95.5 %	\$ 8,827	94.4 %	\$ 10,712	93.2 %
Single	945	7.0 %	1,035	7.5 %	420	4.5 %	524	5.6 %	782	6.8 %
Total	<u>\$ 13,526</u>		<u>\$ 13,799</u>		<u>\$ 9,336</u>		<u>\$ 9,351</u>		<u>\$ 11,494</u>	
<u>Total NIW purchase vs. refinance:</u>										
Purchase	\$ 13,177	97.4 %	\$ 13,588	98.5 %	\$ 9,167	98.2 %	\$ 9,224	98.6 %	\$ 11,334	98.6 %
Refinance	349	2.6 %	211	1.5 %	169	1.8 %	127	1.4 %	160	1.4 %
Total	<u>\$ 13,526</u>		<u>\$ 13,799</u>		<u>\$ 9,336</u>		<u>\$ 9,351</u>		<u>\$ 11,494</u>	
Ending number of policies in force (PIF) (2)	1,114,251		1,123,698		1,104,746		1,117,480		1,129,351	
<u>Rollforward of insured loans in default:</u>										
Beginning delinquent number of loans	20,422		18,269		19,457		18,644		18,286	
Plus: new notices	12,613		10,063		10,371		10,854		10,138	
Less: cures	(10,819)		(10,170)		(11,253)		(9,801)		(9,545)	
Less: paid claims	(338)		(265)		(306)		(240)		(235)	
Plus: acquired delinquent loans	—		2,525		—		—		—	
Ending delinquent number of loans (2)	<u>21,878</u>		<u>20,422</u>		<u>18,269</u>		<u>19,457</u>		<u>18,644</u>	
Ending percentage of loans in default (2)	1.96 %		1.82 %		1.65 %		1.74 %		1.65 %	
<u>Losses:</u>										
Number of claims paid	338		265		306		240		235	
Total paid claims (in thousands)	\$ 12,874		\$ 7,557		\$ 10,785		\$ 7,401		\$ 6,602	
Average paid per claim (in thousands)	\$ 38.1		\$ 28.5		\$ 35.2		\$ 30.8		\$ 28.1	
Severity (3)	71.9 %		56.6 %		78.6 %		77.8 %		64.0 %	
Average case reserve per default (in thousands)	\$ 15.9		\$ 17.1		\$ 18.2		\$ 17.7		\$ 21.2	

(1) The original principal balance of all loans that received coverage during the period.

(2) Includes first lien primary and pool policies.

(3) Represents total paid claims divided by RIF of loans for which claims were paid.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Mortgage Segment

The following table provides supplemental disclosures for the Company's U.S. primary mortgage insurance operations:

(U.S. Dollars in millions)

Policy year:	September 30, 2024						December 31, 2023					
	Reserves, Net (1)	Primary IIF (2)		Primary RIF (3)		Delinquency Rate	Reserves, Net (1)	Primary IIF (2)		Primary RIF (3)		Delinquency Rate
	% of Total	Total	% of Total	Total	% of Total		% of Total	Total	% of Total	Total	% of Total	
2014 and prior	37.1 %	\$ 15,482	5.3 %	\$ 3,938	5.2 %	6.69 %	31.0 %	\$ 13,301	4.6 %	\$ 3,387	4.5 %	6.01 %
2015	1.2 %	3,544	1.2 %	913	1.2 %	2.20 %	2.0 %	4,691	1.6 %	1,244	1.6 %	1.98 %
2016	3.5 %	6,075	2.1 %	1,614	2.1 %	2.73 %	4.8 %	7,525	2.6 %	2,025	2.7 %	2.50 %
2017	4.9 %	5,969	2.0 %	1,599	2.1 %	3.19 %	7.0 %	7,600	2.6 %	2,023	2.7 %	3.13 %
2018	7.2 %	7,457	2.6 %	1,939	2.5 %	4.09 %	9.0 %	8,512	2.9 %	2,207	2.9 %	4.04 %
2019	7.9 %	13,560	4.6 %	3,552	4.6 %	2.65 %	9.1 %	15,767	5.4 %	4,074	5.4 %	2.40 %
2020	10.7 %	41,836	14.3 %	11,307	14.8 %	1.33 %	12.1 %	51,349	17.7 %	13,357	17.7 %	1.17 %
2021	14.0 %	65,789	22.5 %	17,379	22.7 %	1.33 %	14.8 %	76,667	26.4 %	19,812	26.2 %	1.12 %
2022	9.5 %	59,085	20.2 %	15,577	20.4 %	1.27 %	8.8 %	63,899	22.0 %	16,755	22.2 %	0.89 %
2023	3.5 %	38,380	13.1 %	9,875	12.9 %	0.81 %	1.3 %	41,453	14.3 %	10,643	14.1 %	0.26 %
2024	0.4 %	35,136	12.0 %	8,755	11.5 %	0.16 %						
Total	100.0 %	\$ 292,313	100.0 %	\$ 76,448	100.0 %	1.96 %	100.0 %	\$ 290,764	100.0 %	\$ 75,527	100.0 %	1.74 %

(1) Total reserves for losses and loss adjustment expenses, net of recoverables, was \$331.3 million at September 30, 2024, compared to \$323.6 million at December 31, 2023.

(2) The aggregate dollar amount of each insured mortgage loan's current principal balance.

(3) The aggregate dollar amount of each insured mortgage loan's current principal balance multiplied by the insurance coverage percentage specified in the policy for insurance policies issued and after contract limits and/or loss ratio caps for risk-sharing transactions.

Arch Capital Group Ltd. and Subsidiaries
Segment Information - Consolidated

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2023	
Gross premiums written	\$ 5,440	\$ 5,382	\$ 5,933	\$ 4,251	\$ 4,527	\$ 16,755	\$ 14,152
Premiums ceded	(1,393)	(1,601)	(1,848)	(990)	(1,172)	(4,842)	(3,945)
Net premiums written	4,047	3,781	4,085	3,261	3,355	11,913	10,207
Change in unearned premiums	(77)	(216)	(663)	83	(107)	(956)	(1,111)
Net premiums earned	3,970	3,565	3,422	3,344	3,248	10,957	9,096
Other underwriting income (loss)	5	3	12	10	5	20	21
Losses and loss adjustment expenses	(2,403)	(1,827)	(1,728)	(1,637)	(1,647)	(5,958)	(4,609)
Acquisition expenses	(681)	(633)	(607)	(643)	(575)	(1,921)	(1,669)
Other operating expenses	(353)	(346)	(363)	(359)	(310)	(1,062)	(942)
Underwriting income (loss) (1)	\$ 538	\$ 762	\$ 736	\$ 715	\$ 721	\$ 2,036	\$ 1,897
Underwriting Ratios							
Loss ratio	60.5 %	51.2 %	50.5 %	49.0 %	50.7 %	54.4 %	50.7 %
Acquisition expense ratio	17.2 %	17.8 %	17.7 %	19.2 %	17.7 %	17.5 %	18.3 %
Other operating expense ratio	8.9 %	9.7 %	10.6 %	10.7 %	9.5 %	9.7 %	10.4 %
Combined ratio	86.6 %	78.7 %	78.8 %	78.9 %	77.9 %	81.6 %	79.4 %
Catastrophic activity and prior year development:							
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	11.3 %	5.5 %	1.7 %	4.1 %	5.6 %	6.4 %	4.2 %
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(3.0)%	(3.5)%	(3.7)%	(4.1)%	(4.7)%	(3.4)%	(4.3)%
Combined ratio excluding catastrophic activity and prior year development (1)	78.3 %	76.7 %	80.8 %	78.9 %	77.0 %	78.6 %	79.5 %
Components of losses and loss adjustment expenses incurred							
Paid losses and loss adjustment expenses	\$ 1,329	\$ 1,120	\$ 1,070	\$ 1,096	\$ 1,058	\$ 3,519	\$ 2,997
Change in unpaid losses and loss adjustment expenses	1,074	707	658	541	589	2,439	1,612
Total losses and loss adjustment expenses	\$ 2,403	\$ 1,827	\$ 1,728	\$ 1,637	\$ 1,647	\$ 5,958	\$ 4,609
Net premiums written to gross premiums written	74.4 %	70.3 %	68.9 %	76.7 %	74.1 %	71.1 %	72.1 %

(1) See 'Comments on Non-GAAP Financial Measures' for further discussion.

Arch Capital Group Ltd. and Subsidiaries
Segment Information — Selected Information on Losses and Loss Adjustment Expenses

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Estimated net (favorable) adverse development in prior year loss reserves, net of related adjustments							
Net impact on underwriting results:							
Insurance	\$ (12)	\$ (4)	\$ (7)	\$ (7)	\$ (11)	\$ (23)	\$ (25)
Reinsurance	(36)	(31)	(41)	(21)	(43)	(108)	(114)
Mortgage	(71)	(89)	(78)	(107)	(98)	(238)	(255)
Total	<u>\$ (119)</u>	<u>\$ (124)</u>	<u>\$ (126)</u>	<u>\$ (135)</u>	<u>\$ (152)</u>	<u>\$ (369)</u>	<u>\$ (394)</u>
Impact on losses and loss adjustment expenses:							
Insurance	\$ (16)	\$ (5)	\$ (10)	\$ (8)	\$ (10)	\$ (31)	\$ (34)
Reinsurance	(41)	(34)	(40)	(26)	(44)	(115)	(126)
Mortgage	(64)	(82)	(74)	(101)	(92)	(220)	(243)
Total	<u>\$ (121)</u>	<u>\$ (121)</u>	<u>\$ (124)</u>	<u>\$ (135)</u>	<u>\$ (146)</u>	<u>\$ (366)</u>	<u>\$ (403)</u>
Impact on acquisition expenses:							
Insurance	\$ 4	\$ 1	\$ 3	\$ 1	\$ (1)	\$ 8	\$ 9
Reinsurance	5	3	(1)	5	1	7	12
Mortgage	(7)	(7)	(4)	(6)	(6)	(18)	(12)
Total	<u>\$ 2</u>	<u>\$ (3)</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ (6)</u>	<u>\$ (3)</u>	<u>\$ 9</u>
Impact on combined ratio:							
Insurance	(0.7)%	(0.2)%	(0.5)%	(0.5)%	(0.8)%	(0.5)%	(0.6)%
Reinsurance	(1.9)%	(1.8)%	(2.5)%	(1.3)%	(2.8)%	(2.0)%	(2.7)%
Mortgage	(22.8)%	(29.0)%	(25.7)%	(39.0)%	(33.5)%	(25.8)%	(28.9)%
Total	<u>(3.0)%</u>	<u>(3.5)%</u>	<u>(3.7)%</u>	<u>(4.1)%</u>	<u>(4.7)%</u>	<u>(3.4)%</u>	<u>(4.3)%</u>
Impact on loss ratio:							
Insurance	(0.9)%	(0.3)%	(0.7)%	(0.6)%	(0.7)%	(0.6)%	(0.8)%
Reinsurance	(2.2)%	(1.9)%	(2.4)%	(1.6)%	(2.8)%	(2.2)%	(3.0)%
Mortgage	(20.5)%	(26.9)%	(24.4)%	(36.6)%	(31.4)%	(23.9)%	(27.5)%
Total	<u>(3.1)%</u>	<u>(3.4)%</u>	<u>(3.6)%</u>	<u>(4.0)%</u>	<u>(4.5)%</u>	<u>(3.3)%</u>	<u>(4.4)%</u>
Impact on acquisition expense ratio:							
Insurance	0.2 %	0.1 %	0.2 %	0.1 %	(0.1)%	0.1 %	0.2 %
Reinsurance	0.3 %	0.1 %	(0.1)%	0.3 %	0.0 %	0.2 %	0.3 %
Mortgage	(2.3)%	(2.1)%	(1.3)%	(2.4)%	(2.1)%	(1.9)%	(1.4)%
Total	<u>0.1 %</u>	<u>(0.1)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>	<u>(0.2)%</u>	<u>(0.1)%</u>	<u>0.1 %</u>
Estimated net losses incurred from current accident year catastrophic events (1)							
Insurance	\$ 86	\$ 30	\$ 27	\$ 55	\$ 37	\$ 143	\$ 92
Reinsurance	364	166	31	82	143	561	286
Total	<u>\$ 450</u>	<u>\$ 196</u>	<u>\$ 58</u>	<u>\$ 137</u>	<u>\$ 180</u>	<u>\$ 704</u>	<u>\$ 378</u>
Impact on combined ratio:							
Insurance	4.9 %	2.0 %	1.9 %	3.8 %	2.6 %	3.0 %	2.3 %
Reinsurance	19.3 %	9.4 %	1.8 %	5.1 %	9.3 %	10.5 %	6.8 %
Total	<u>11.3 %</u>	<u>5.5 %</u>	<u>1.7 %</u>	<u>4.1 %</u>	<u>5.6 %</u>	<u>6.4 %</u>	<u>4.2 %</u>

(1) Equals estimated losses from catastrophic events occurring in the current accident year (e.g. natural catastrophes, man-made events, pandemic events), net of reinsurance and reinstatement premiums. As regards the natural catastrophe estimates included within, amounts shown for the insurance segment are for named catastrophic events only, while amounts shown for the reinsurance segment include (i) named events with over \$5 million of losses incurred by its Bermuda and Europe operations and (ii) all catastrophe losses incurred by its U.S. operations. Amounts not applicable for the mortgage segment.

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Investable Asset Summary and Investment Portfolio Metrics

The following table summarizes the Company's investable assets and portfolio metrics:

(U.S. Dollars in millions)	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023	
Investable assets:										
Fixed maturities available for sale, at fair value	\$ 28,434	66.5 %	\$ 25,202	66.7 %	\$ 23,628	65.7 %	\$ 23,553	68.1 %	\$ 22,485	70.5 %
Fixed maturities—fair value option (1)	1,097	2.6 %	973	2.6 %	930	2.6 %	683	2.0 %	644	2.0 %
Total fixed maturities	<u>29,531</u>	<u>69.1 %</u>	<u>26,175</u>	<u>69.2 %</u>	<u>24,558</u>	<u>68.3 %</u>	<u>24,236</u>	<u>70.1 %</u>	<u>23,129</u>	<u>72.5 %</u>
Equity securities, at fair value	1,623	3.8 %	1,397	3.7 %	1,720	4.8 %	1,186	3.4 %	894	2.8 %
Equity securities—fair value option (1)	7	0.0 %	7	0.0 %	7	0.0 %	7	0.0 %	7	0.0 %
Total equity securities	<u>1,630</u>	<u>3.8 %</u>	<u>1,404</u>	<u>3.7 %</u>	<u>1,727</u>	<u>4.8 %</u>	<u>1,193</u>	<u>3.4 %</u>	<u>901</u>	<u>2.8 %</u>
Other investments—fair value option (1)	2,096	4.9 %	2,189	5.8 %	1,914	5.3 %	1,777	5.1 %	1,404	4.4 %
Investments accounted for using the equity method (2)	5,244	12.3 %	4,983	13.2 %	4,842	13.5 %	4,566	13.2 %	4,251	13.3 %
Short-term investments available for sale, at fair value	3,341	7.8 %	2,297	6.1 %	2,142	6.0 %	2,063	6.0 %	1,682	5.3 %
Short-term investments—fair value option (1)	61	0.1 %	37	0.1 %	35	0.1 %	21	0.1 %	13	0.0 %
Total short-term investments	<u>3,402</u>	<u>8.0 %</u>	<u>2,334</u>	<u>6.2 %</u>	<u>2,177</u>	<u>6.1 %</u>	<u>2,084</u>	<u>6.0 %</u>	<u>1,695</u>	<u>5.3 %</u>
Cash	1,025	2.4 %	1,020	2.7 %	993	2.8 %	917	2.7 %	859	2.7 %
Securities transactions entered into but not settled at the balance sheet date	(177)	(0.4)%	(294)	(0.8)%	(267)	(0.7)%	(184)	(0.5)%	(358)	(1.1)%
Total investable assets held by the Company	<u>\$ 42,751</u>	<u>100.0 %</u>	<u>\$ 37,811</u>	<u>100.0 %</u>	<u>\$ 35,944</u>	<u>100.0 %</u>	<u>\$ 34,589</u>	<u>100.0 %</u>	<u>\$ 31,881</u>	<u>100.0 %</u>
Average effective duration (in years)	2.68		2.83		2.70		2.91		2.97	
Average S&P/Moody's credit ratings (3)	AA-/Aa3		AA-/Aa3		AA-/Aa3		AA-/Aa3		AA-/Aa3	

- (1) Included in "other investments" on the balance sheet.
- (2) Changes in the carrying value of investment funds accounted for using the equity method are recorded as "equity in net income (loss) of investment funds accounted for using the equity method" rather than as an unrealized gain or loss component of accumulated other comprehensive income.
- (3) Average credit ratings on the Company's investment portfolio on securities with ratings assigned by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's").

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Composition of Net Investment Income, Yield and Total Return

The following table summarizes the Company's net investment income, yield and total return:

(U.S. Dollars in millions, except per share data)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Composition of net investment income:							
Fixed maturities	\$ 340	\$ 306	\$ 280	\$ 272	\$ 243	\$ 926	\$ 645
Short-term investments	38	35	29	20	19	102	48
Equity securities (dividends)	9	10	8	7	5	27	15
Other (1)	35	35	33	33	22	103	60
Gross investment income	422	386	350	332	289	1,158	768
Investment expenses	(23)	(22)	(23)	(19)	(20)	(68)	(58)
Net investment income	<u>\$ 399</u>	<u>\$ 364</u>	<u>\$ 327</u>	<u>\$ 313</u>	<u>\$ 269</u>	<u>\$ 1,090</u>	<u>\$ 710</u>
Per share	\$ 1.04	\$ 0.95	\$ 0.86	\$ 0.82	\$ 0.71	\$ 2.86	\$ 1.88
Equity in net income (loss) of investment funds accounted for using the equity method	171	167	99	102	59	437	176
Per share	\$ 0.45	\$ 0.44	\$ 0.26	\$ 0.27	\$ 0.16	\$ 1.15	\$ 0.47
Investment income yield, at amortized cost (2):							
Pre-tax	4.40 %	4.39 %	4.14 %	4.11 %	3.68 %	4.29 %	3.41 %
After-tax	3.88 %	3.87 %	3.61 %	3.59 %	3.18 %	3.77 %	2.95 %
Total return on investments (3)	3.97 %	1.33 %	0.80 %	4.76 %	(0.40)%	6.20 %	2.68 %

(1) Amounts include dividends and other distributions on investment funds, term loan investments, funds held balances, cash balances and other.

(2) Presented on an annualized basis and excluding the impact of investments for which returns are not included within investment income, such as investments accounted for using the equity method and certain equities.

(3) Total return on investments includes investment income, equity in net income or loss of investment funds accounted for using the equity method, net realized gains and losses (excluding changes in allowance for credit losses on non-investment related financial assets) and the change in unrealized gains or losses and is calculated on a pre-tax basis and before investment expenses. See 'Comments on Non-GAAP Financial Measures' for a further discussion of the presentation of total return on investments.

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Composition of Fixed Maturities

The following table summarizes the Company's fixed maturities:

(U.S. Dollars in millions)

	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains (Losses)	Allowance for Credit Losses	Amortized Cost	Fair Value / Amortized Cost	Fair Value % of Total
At September 30, 2024								
Corporates	\$ 15,081	\$ 339	\$ (294)	\$ 45	\$ (12)	\$ 15,048	100.2 %	51.1 %
U.S. government and government agencies	5,867	53	(48)	5	—	5,862	100.1 %	19.9 %
Asset-backed securities	2,989	27	(27)	—	(5)	2,994	99.8 %	10.1 %
Non-U.S. government securities	2,861	75	(84)	(9)	(1)	2,871	99.7 %	9.7 %
Commercial mortgage-backed securities	1,146	8	(17)	(9)	(1)	1,156	99.1 %	3.9 %
Residential mortgage-backed securities	1,313	14	(50)	(36)	—	1,349	97.3 %	4.4 %
Municipal bonds	274	2	(11)	(9)	—	283	96.8 %	0.9 %
Total	<u>\$ 29,531</u>	<u>\$ 518</u>	<u>\$ (531)</u>	<u>\$ (13)</u>	<u>\$ (19)</u>	<u>\$ 29,563</u>	99.9 %	100.0 %
At December 31, 2023								
Corporates	\$ 11,517	\$ 157	\$ (464)	\$ (307)	\$ (20)	\$ 11,844	97.2 %	47.5 %
U.S. government and government agencies	5,827	63	(86)	(23)	—	5,850	99.6 %	24.0 %
Asset-backed securities	2,252	11	(55)	(44)	(5)	2,301	97.9 %	9.3 %
Non-U.S. government securities	2,068	33	(100)	(67)	(1)	2,136	96.8 %	8.5 %
Commercial mortgage-backed securities	1,213	3	(34)	(31)	(2)	1,246	97.4 %	5.0 %
Residential mortgage-backed securities	1,103	7	(66)	(59)	—	1,162	94.9 %	4.6 %
Municipal bonds	256	1	(20)	(19)	—	275	93.1 %	1.1 %
Total	<u>\$ 24,236</u>	<u>\$ 275</u>	<u>\$ (825)</u>	<u>\$ (550)</u>	<u>\$ (28)</u>	<u>\$ 24,814</u>	97.7 %	100.0 %

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Credit Quality Distribution and Maturity Profile

The following table summarizes the credit quality distribution and maturity profile of the Company's fixed maturities:

(U.S. Dollars in millions)

	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023						
Credit quality distribution of total fixed maturities (1):															
U.S. government and government agencies (2)	\$	6,725	22.8 %	\$	6,041	23.1 %	\$	5,106	20.8 %	\$	6,493	26.8 %	\$	6,359	27.5 %
AAA		4,876	16.5 %		4,599	17.6 %		4,495	18.3 %		4,305	17.8 %		4,164	18.0 %
AA		2,552	8.6 %		2,507	9.6 %		2,405	9.8 %		2,165	8.9 %		2,061	8.9 %
A		5,664	19.2 %		4,854	18.5 %		4,912	20.0 %		4,629	19.1 %		4,523	19.6 %
BBB		7,361	24.9 %		6,144	23.5 %		5,672	23.1 %		5,058	20.9 %		4,390	19.0 %
BB		1,097	3.7 %		979	3.7 %		920	3.7 %		698	2.9 %		773	3.3 %
B		534	1.8 %		521	2.0 %		484	2.0 %		389	1.6 %		352	1.5 %
Lower than B		37	0.1 %		29	0.1 %		30	0.1 %		15	0.1 %		16	0.1 %
Not rated		685	2.3 %		501	1.9 %		534	2.2 %		484	2.0 %		491	2.1 %
Total fixed maturities, at fair value	\$	29,531	100.0 %	\$	26,175	100.0 %	\$	24,558	100.0 %	\$	24,236	100.0 %	\$	23,129	100.0 %
Maturity profile of total fixed maturities:															
Due in one year or less	\$	506	1.7 %	\$	672	2.6 %	\$	580	2.4 %	\$	516	2.1 %	\$	706	3.1 %
Due after one year through five years		16,255	55.0 %		14,036	53.6 %		13,582	55.3 %		13,279	54.8 %		13,272	57.4 %
Due after five years through ten years		6,760	22.9 %		5,852	22.4 %		4,816	19.6 %		5,420	22.4 %		4,679	20.2 %
Due after 10 years		562	1.9 %		469	1.8 %		440	1.8 %		453	1.9 %		61	0.3 %
		24,083	81.6 %		21,029	80.3 %		19,418	79.1 %		19,668	81.2 %		18,718	80.9 %
Residential mortgage-backed securities		1,313	4.4 %		1,186	4.5 %		1,179	4.8 %		1,103	4.6 %		965	4.2 %
Commercial mortgage-backed securities		1,146	3.9 %		1,160	4.4 %		1,197	4.9 %		1,213	5.0 %		1,102	4.8 %
Asset-backed securities		2,989	10.1 %		2,800	10.7 %		2,764	11.3 %		2,252	9.3 %		2,344	10.1 %
Total fixed maturities, at fair value	\$	29,531	100.0 %	\$	26,175	100.0 %	\$	24,558	100.0 %	\$	24,236	100.0 %	\$	23,129	100.0 %

(1) For individual fixed maturities, S&P ratings are used. In the absence of an S&P rating, ratings from Moody's are used, followed by ratings from Fitch Ratings.

(2) Includes U.S. government-sponsored agency mortgage backed securities and agency commercial mortgage backed securities.

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Analysis of Corporate Exposures

The following table summarizes the Company's corporate bonds by sector:

(U.S. Dollars in millions)	September 30, 2024		June 30, 2024		March 31, 2024		December 31, 2023		September 30, 2023	
Sector:										
Industrials	\$ 8,145	54.0 %	\$ 6,886	53.0 %	\$ 6,691	53.1 %	\$ 5,525	48.0 %	\$ 4,918	46.0 %
Financials	5,208	34.5 %	4,573	35.2 %	4,477	35.5 %	4,523	39.3 %	4,326	40.5 %
Utilities	1,237	8.2 %	1,135	8.7 %	1,065	8.4 %	1,039	9.0 %	962	9.0 %
All other (1)	491	3.3 %	401	3.1 %	375	3.0 %	430	3.7 %	478	4.5 %
Total	\$ 15,081	100.0 %	\$ 12,995	100.0 %	\$ 12,608	100.0 %	\$ 11,517	100.0 %	\$ 10,684	100.0 %
Credit quality distribution (2):										
AAA	\$ 241	1.6 %	\$ 213	1.6 %	\$ 229	1.8 %	\$ 295	2.6 %	\$ 297	2.8 %
AA	1,002	6.6 %	1,061	8.2 %	1,067	8.5 %	1,038	9.0 %	938	8.8 %
A	4,771	31.6 %	4,092	31.5 %	4,217	33.4 %	4,043	35.1 %	3,936	36.8 %
BBB	7,022	46.6 %	5,819	44.8 %	5,362	42.5 %	4,744	41.2 %	4,118	38.5 %
BB	1,019	6.8 %	909	7.0 %	856	6.8 %	634	5.5 %	715	6.7 %
B	529	3.5 %	516	4.0 %	481	3.8 %	389	3.4 %	351	3.3 %
Lower than B	37	0.2 %	29	0.2 %	30	0.2 %	15	0.1 %	16	0.1 %
Not rated	460	3.1 %	356	2.7 %	366	2.9 %	359	3.1 %	313	2.9 %
Total	\$ 15,081	100.0 %	\$ 12,995	100.0 %	\$ 12,608	100.0 %	\$ 11,517	100.0 %	\$ 10,684	100.0 %

(1) Includes sovereign securities, supranational securities and other.

(2) For individual fixed maturities, S&P ratings are used. In the absence of an S&P rating, ratings from Moody's are used, followed by ratings from Fitch Ratings.

The following table summarizes the Company's top ten exposures to fixed income corporate issuers by fair value at September 30, 2024:

(U.S. Dollars in millions)	Fair Value	% of Asset Class	% of Investable Assets	Credit Quality (1)
Issuer:				
JPMorgan Chase & Co.	\$ 412	2.7 %	1.0 %	A-/A1
Morgan Stanley	359	2.4 %	0.8 %	A-/A1
Bank of America Corporation	332	2.2 %	0.8 %	A-/A1
The Goldman Sachs Group, Inc.	263	1.7 %	0.6 %	A-/A2
Citigroup Inc.	257	1.7 %	0.6 %	BBB+/A3
Blue Owl Capital Inc.	246	1.6 %	0.6 %	BBB-/Baa3
Hyundai Motor Company	211	1.4 %	0.5 %	A-/A3
Ford Motor Company	210	1.4 %	0.5 %	BBB-/Ba1
Blackstone Inc.	176	1.2 %	0.4 %	BBB-/Baa2
UBS Group AG	157	1.0 %	0.4 %	A-/A3
Total	\$ 2,623	17.4 %	6.1 %	

(1) Average credit ratings assigned by S&P and Moody's, respectively.

Arch Capital Group Ltd. and Subsidiaries
Investment Information — Structured Securities

The following table provides the composition of the Company's structured securities:

(U.S. Dollars in millions)

	Agencies	AAA	AA	A	BBB	Non-Investment Grade	Total
At September 30, 2024							
Residential mortgage-backed securities	\$ 852	\$ 399	\$ 21	\$ 1	\$ —	\$ 40	\$ 1,313
Commercial mortgage-backed securities	7	640	190	75	141	93	1,146
Asset-backed securities	—	1,604	340	695	185	165	2,989
Total	<u>\$ 859</u>	<u>\$ 2,643</u>	<u>\$ 551</u>	<u>\$ 771</u>	<u>\$ 326</u>	<u>\$ 298</u>	<u>\$ 5,448</u>
At December 31, 2023							
Residential mortgage-backed securities	\$ 658	\$ 416	\$ 29	\$ —	\$ —	\$ —	\$ 1,103
Commercial mortgage-backed securities	7	757	198	45	126	80	1,213
Asset-backed securities	—	1,302	231	440	170	109	2,252
Total	<u>\$ 665</u>	<u>\$ 2,475</u>	<u>\$ 458</u>	<u>\$ 485</u>	<u>\$ 296</u>	<u>\$ 189</u>	<u>\$ 4,568</u>

Arch Capital Group Ltd. and Subsidiaries

Comments on Non-GAAP Financial Measures

Throughout this financial supplement, the Company presents its operations in the way it believes will be the most meaningful and useful to investors, analysts, rating agencies and others who use the Company's financial information in evaluating the performance of the Company. This presentation includes the use of after-tax operating income available to Arch common shareholders, which is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which includes realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains and losses realized from the acquisition or disposition of subsidiaries), equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, net of income taxes and the use of annualized operating return on average common equity. The presentation of after-tax operating income available to Arch common shareholders and annualized operating return on average common equity are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to net income available to Arch common shareholders and annualized net income return on average common equity (the most directly comparable GAAP financial measures) in accordance with Regulation G is included on the following page.

The Company believes that net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other, in any particular period are not indicative of the performance of, or trends in, the Company's business. Although net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method and net foreign exchange gains or losses are an integral part of the Company's operations, the decision to realize these items are independent of the insurance underwriting process and result, in large part, from general economic and financial market conditions. Furthermore, certain users of the Company's financial information believe that, for many companies, the timing of the realization of investment gains or losses is largely opportunistic. In addition, changes in the allowance for credit losses and net impairment losses recognized in earnings on the Company's investments represent other-than-temporary declines in expected recovery values on securities without actual realization.

The use of the equity method on certain of the Company's investments in certain funds that invest in fixed maturity securities is driven by the ownership structure of such funds (either limited partnerships or limited liability companies). In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the fair value of the underlying securities in the funds). This method of accounting is different from the way the Company accounts for its other fixed maturity securities and the timing of the recognition of equity in net income or loss of investment funds accounted for using the equity method may differ from gains or losses in the future upon sale or maturity of such investments.

Transaction costs and other include advisory, financing, legal, severance, incentive compensation and other transaction costs related to acquisitions. The Company believes that transaction costs and other, due to their non-recurring nature, are not indicative of the performance of, or trends in, the Company's business performance.

In the 2023 fourth quarter, the Company established a net deferred tax benefit of \$1.18 billion consistent with the transition provisions specified in the Bermuda Corporate Income Tax Act of 2023. Due to the non-recurring nature of this one-time item, the Company believes that excluding this item from after-tax operating income or loss available to common shareholders provides the user with a better evaluation of the Company's ongoing business performance.

The Company believes that showing net income available to Arch common shareholders exclusive of the items referred to above reflects the underlying fundamentals of the Company's business since the Company evaluates the performance of and manages its business to produce an underwriting profit. In addition to presenting net income available to Arch common shareholders, the Company believes that this presentation enables investors and other users of the Company's financial information to analyze the Company's performance in a manner similar to how the Company's management analyzes performance. The Company also believes that this measure follows industry practice and, therefore, allows the users of the Company's financial information to compare the Company's performance with its industry peer group. The Company believes that the equity analysts and certain rating agencies that follow the Company and the insurance industry as a whole generally exclude these items from their analyses for the same reasons.

The Company's segment information includes the presentation of consolidated underwriting income or loss and a subtotal of underwriting income or loss. Such measures represent the pre-tax profitability of the Company's underwriting operations and include net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to the Company's individual underwriting operations. Underwriting income or loss does not include certain income and expense items which are included in corporate. While these measures are presented in the Segment Information footnote to the Company's Consolidated Financial Statements, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis. The reconciliations of underwriting income or loss to income before income taxes (the most directly comparable GAAP financial measure) on a consolidated basis, in accordance with Regulation G, is shown on pages 9 to 12.

In addition, the Company's segment information includes the use of a combined ratio excluding catastrophic activity and prior year development, for the insurance and reinsurance segments, and a combined ratio excluding prior year development, for the mortgage segment. These ratios are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to the combined ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G are shown on the individual segment pages. The Company's management utilizes the adjusted combined ratios excluding current accident year catastrophic events and favorable or adverse development in prior year loss reserves in its analysis of the underwriting performance of each of its underwriting segments.

Total return on investments includes investment income, equity in net income or loss of investment funds accounted for using the equity method, net realized gains and losses (excluding changes in the allowance for credit losses on non-investment related financial assets) and the change in unrealized gains and losses generated by the Company's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses, and reflects the effect of financial market conditions along with foreign currency fluctuations. Management uses total return on investments as a key measure of the return generated to Arch common shareholders, and compares the return generated by the Company's investment portfolio against benchmark returns during the periods presented.

Arch Capital Group Ltd. and Subsidiaries
Operating Income Reconciliation and Annualized Operating Return on Average Common Equity

The following table summarizes the Company's consolidated financial data, including a reconciliation of net income (loss) available to Arch common shareholders to after-tax operating income (loss) available to Arch common shareholders and related diluted per share results:

(U.S. Dollars and shares in millions, except per share data)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2024	September 30, 2023
Net income available to Arch common shareholders	\$ 978	\$ 1,259	\$ 1,110	\$ 2,324	\$ 713	\$ 3,347	\$ 2,079
Net realized (gains) losses (1)	(169)	(122)	(67)	(189)	248	(358)	354
Equity in net (income) loss of investment funds accounted for using the equity method	(171)	(167)	(99)	(102)	(59)	(437)	(176)
Net foreign exchange (gains) losses	63	(1)	(31)	60	(22)	31	2
Transaction costs and other	30	18	7	4	1	55	2
Income tax expense (benefit) (2)	31	(6)	13	(1,152)	(5)	38	(5)
After-tax operating income available to Arch common shareholders	<u>\$ 762</u>	<u>\$ 981</u>	<u>\$ 933</u>	<u>\$ 945</u>	<u>\$ 876</u>	<u>\$ 2,676</u>	<u>\$ 2,256</u>
Diluted per common share results:							
Net income available to Arch common shareholders	\$ 2.56	\$ 3.30	\$ 2.92	\$ 6.12	\$ 1.88	\$ 8.78	\$ 5.50
Net realized (gains) losses (1)	(0.44)	(0.32)	(0.18)	(0.50)	0.65	(0.94)	0.93
Equity in net (income) loss of investment funds accounted for using the equity method	(0.45)	(0.44)	(0.26)	(0.27)	(0.16)	(1.15)	(0.47)
Net foreign exchange (gains) losses	0.16	0.00	(0.08)	0.16	(0.05)	0.09	0.01
Transaction costs and other	0.08	0.05	0.02	0.01	0.00	0.15	0.00
Income tax expense (benefit) (2)	0.08	(0.02)	0.03	(3.03)	(0.01)	0.09	(0.01)
After-tax operating income available to Arch common shareholders	<u>\$ 1.99</u>	<u>\$ 2.57</u>	<u>\$ 2.45</u>	<u>\$ 2.49</u>	<u>\$ 2.31</u>	<u>\$ 7.02</u>	<u>\$ 5.96</u>
Weighted average common shares and common share equivalents outstanding - diluted	382.3	381.6	380.5	379.8	379.4	381.3	378.3
Beginning common shareholders' equity	\$ 19,835	\$ 18,525	\$ 17,523	\$ 14,409	\$ 13,811	\$ 17,523	\$ 12,080
Ending common shareholders' equity	<u>21,444</u>	<u>19,835</u>	<u>18,525</u>	<u>17,523</u>	<u>14,409</u>	<u>21,444</u>	<u>14,409</u>
Average common shareholders' equity	<u>\$ 20,640</u>	<u>\$ 19,180</u>	<u>\$ 18,024</u>	<u>\$ 15,966</u>	<u>\$ 14,110</u>	<u>\$ 19,484</u>	<u>\$ 13,245</u>
Annualized net income return on average common equity	19.0 %	26.3 %	24.6 %	58.2 %	20.2 %	22.9 %	20.9 %
Annualized operating return on average common equity	14.8 %	20.5 %	20.7 %	23.7 %	24.8 %	18.3 %	22.7 %

- (1) Net realized gains or losses include realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments, changes in the allowance for credit losses on financial assets and gains and losses realized from the acquisition or disposition of subsidiaries.
- (2) Income tax expense (benefit) on net realized gains or losses, equity in net income (loss) of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other reflects the relative mix reported by jurisdiction and the varying tax rates in each jurisdiction. The 2023 fourth quarter results were impacted by the establishment of a net deferred tax asset of \$1.18 billion, or \$3.10 per share, related to the enactment of Bermuda's new corporate income tax.

Arch Capital Group Ltd. and Subsidiaries
Operating Income and Effective Tax Rate Calculations

The following table provides a reconciliation of income (loss) before income taxes to after-tax operating income (loss) available to Arch common shareholders and an analysis of the effective tax rate on pre-tax operating income (loss) available to Arch common shareholders:

(U.S. Dollars in millions)

	Three Months Ended				Nine Months Ended		
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	September 30, 2023	
Arch Operating Income Components:							
Income (loss) before income taxes and income (loss) from operating affiliates	\$ 1,050	\$ 1,321	\$ 1,166	\$ 1,188	\$ 741	\$ 3,537	\$ 2,197
Net realized (gains) losses	(169)	(122)	(67)	(189)	248	(358)	354
Equity in net (income) loss of investment funds accounted for using the equity method	(171)	(167)	(99)	(102)	(59)	(437)	(176)
Net foreign exchange (gains) losses	63	—	(31)	60	(22)	32	2
Transaction costs and other	30	18	7	4	1	55	2
Income (loss) from operating affiliates	36	45	55	69	54	136	115
Pre-tax operating income available to Arch (b)	839	1,095	1,031	1,030	963	2,965	2,494
Income tax (expense) benefit (a)	(67)	(104)	(88)	(75)	(77)	(259)	(208)
After-tax operating income available to Arch	772	991	943	955	886	2,706	2,286
Preferred dividends	(10)	(10)	(10)	(10)	(10)	(30)	(30)
After-tax operating income available to Arch common shareholders	\$ 762	\$ 981	\$ 933	\$ 945	\$ 876	\$ 2,676	\$ 2,256
Effective tax rate on pre-tax operating income (loss) available to Arch (a)/(b)	8.0 %	9.5 %	8.5 %	7.3 %	8.0 %	8.7 %	8.3 %

Arch Capital Group Ltd. and Subsidiaries
Capital Structure and Share Repurchase Activity

The following table provides an analysis of the Company's capital structure:

(U.S. Dollars and shares in millions, except per share data)

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Debt:					
Arch senior notes, due May 1, 2034 (\$300 principal, 7.35%)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Arch-U.S. senior notes, due Nov. 1, 2043 (\$500 principal, 5.144%) (1)	500	500	500	500	500
Arch Finance senior notes, due December 15, 2026 (\$500 principal, 4.011%) (2)	500	500	500	500	500
Arch Finance senior notes, due December 15, 2046 (\$450 principal, 5.031%) (2)	450	450	450	450	450
Arch senior notes, due June 30, 2050 (\$1,000 principal, 3.635%)	1,000	1,000	1,000	1,000	1,000
Deferred debt costs on senior notes	(23)	(23)	(23)	(24)	(24)
Revolving credit agreement borrowings, due August 23, 2028	—	—	—	—	—
Total debt	\$ 2,727	\$ 2,727	\$ 2,727	\$ 2,726	\$ 2,726
Shareholders' equity available to Arch:					
Series F non-cumulative preferred shares (5.45%)	330	330	330	330	330
Series G non-cumulative preferred shares (4.55%)	500	500	500	500	500
Common shareholders' equity (a)	21,444	19,835	18,525	17,523	14,409
Total shareholders' equity available to Arch	\$ 22,274	\$ 20,665	\$ 19,355	\$ 18,353	\$ 15,239
Total capital available to Arch	\$ 25,001	\$ 23,392	\$ 22,082	\$ 21,079	\$ 17,965
Common shares outstanding, net of treasury shares (b)	376.2	376.0	375.3	373.3	373.1
Book value per common share (3) (a)/(b)	\$ 57.00	\$ 52.75	\$ 49.36	\$ 46.94	\$ 38.62
Leverage ratios:					
Senior notes/total capital available to Arch	10.9 %	11.7 %	12.3 %	12.9 %	15.2 %
Revolving credit agreement borrowings/total capital available to Arch	— %	— %	— %	— %	— %
Debt/total capital available to Arch	10.9 %	11.7 %	12.3 %	12.9 %	15.2 %
Preferred/total capital available to Arch	3.3 %	3.5 %	3.8 %	3.9 %	4.6 %
Debt and preferred/total capital available to Arch	14.2 %	15.2 %	16.1 %	16.9 %	19.8 %

(1) Issued by Arch Capital Group (U.S.) Inc. ("Arch-U.S."), a wholly owned subsidiary of Arch, and fully and unconditionally guaranteed by Arch.

(2) Issued by Arch Capital Finance LLC ("Arch Finance"), a wholly owned subsidiary of Arch U.S. MI Holdings Inc., and fully and unconditionally guaranteed by Arch.

(3) Excludes the effects of stock options, restricted and performance stock units outstanding.

The following table provides the impact of share repurchases under the Company's share repurchase program:

(U.S. Dollars and shares in millions, except per share data)

	Three Months Ended				Cumulative
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2024
Effect of share repurchases:					
Aggregate cost of shares repurchased	\$ —	\$ —	\$ —	\$ —	\$ 5,872
Shares repurchased	—	—	—	—	433.6
Average price per share repurchased	\$ —	\$ —	\$ —	\$ —	\$ 13.54
Remaining share repurchase authorization (1)					\$ 1,000

(1) Repurchases under the share repurchase authorization may be effected from time to time in open market or privately negotiated transactions through December 31, 2024.