Assured Guaranty Ltd. (AGO)
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First Quarter 2022 Earnings Call

Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications

Thank you operator. And thank you all for joining Assured Guaranty for our First Quarter 2022 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. and Rob Bailenson, 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.

Assured Guaranty produced solid results in the first quarter of 2022. Adjusted operating income per share came in at $1.34, almost two and a half times the comparable result in the first quarter of 2021. Our key non-GAAP valuation measures reached new highs of $90.09 per share for adjusted operating shareholders' equity and $133.21 per share for adjusted book value. Shareholders' equity per share at quarter-end was $89.20; the modest decline during the quarter was due to unrealized losses in the investment portfolio, which were caused mainly by rising interest rates. Total claims-paying resources remained at approximately $11 billion.

The signature event of the quarter occurred on March 15th, when several Puerto Rico debt settlements were consummated, extinguishing $1.3 billion of our exposure to Puerto Rico credits. Under those settlements, we paid claims to extinguish the vast majority of our insured exposure to the Commonwealth's general obligation and Public Buildings Authority bonds and to extinguish all of our exposure to the island's Convention Center District Authority and Infrastructure Finance Authority. These settlements reduced our exposure to below-investment-grade credits by $1.3 billion, and our below investment grade credits now represent only 2.4% of our insured portfolio.

In completing these consensual settlements, we received cash and new G.O. bonds totaling approximately $1.2 billion, as well as contingent value instruments.

As of March 31st, our insurance exposure to Puerto Rico credits is now less than 1% of our insured portfolio, and the majority of that remaining Puerto Rico exposure is subject to settlement agreements or is current on debt service payments. This past Monday, the Oversight Board filed the proposed plan of adjustment to restructure claims against the Highway and Transportation Authority, which we anticipate will gain federal court approval by the second half of this year, and while the Commonwealth supported by the Oversight Board terminated the third previously agreed Restructuring Support Agreement for the Puerto Rico Electric Power Authority, the presiding judge has appointed a team of experienced federal bankruptcy judges to facilitate mediation on an expedited timetable.

We have now entered a new stage in Assured Guaranty's evolution, having proven again our commitment and ability to honor our policies while mitigating losses through our active participation in the restructuring process - this time in the largest municipal bankruptcy on record.

Rob will provide more detail on the impact of the settlements on our financial results in a few minutes.

The settlements were well received by the rating agencies, and in March, Moody's upgraded Assured Guaranty, and its subsidiaries AGM and AGUK to A1 from A2 with a stable outlook. Moody's cited our improved credit profile following the settlements and the limited expected volatility among our remaining Puerto Rico exposures. It also wrote that "demand for financial guaranty insurance continues to trend favorably, both in the United States and Europe, which supports the continued alignment of interests between Assured Guaranty's shareholders and its policyholders and creditors."

Turning to production in what we all know was an unpredictable first-quarter environment, Assured Guaranty performed well, producing new business worth more than $69 million in total PVP. Our international infrastructure and global structured finance businesses each increased PVP by 300% compared with their first quarter PVP last year. Our U.S. public finance first-quarter PVP results were very good, as well, exceeded in only two first quarters during the last decade.

Inflation and the expectation of increasing Fed action had a significant impact on the municipal bond market. In January alone, the AAA 30-year municipal benchmark index rose nearly 50 basis points, and for the first time since April 2020, municipal bond funds experienced outflows. Over the entire quarter, that benchmark rose more than 100 basis points and net outflows from muni funds exceeded $25 billion.

Total par volume of new issuance was down more than 7% when compared with the first quarter of last year. Insured penetration exceeded 8.5% of par issued, the highest first-quarter penetration in more than a dozen years and above the par penetration rate of 8.2% for all of 2021, which was also the highest annual rate in 12 years. We led the municipal bond insurance industry again in new-issue par insured, with a 58% market share. Our $4.8 billion of insured par sold in the first quarter was the second highest in 11 years. In total, during the year's first quarter, Assured Guaranty sold U.S. public finance bond insurance on $5.1 billion of par in the primary and secondary markets. U.S. public finance PVP totaled $49 million for the quarter.

We also continued to see issuers using our guaranty to improve the execution of some of the municipal bond market's largest transactions, which we believe is made possible by significant institutional demand for our guaranty and the relative price stability and increased market liquidity our insurance can provide. We guaranteed par amounts of $100 million or more on several large transactions sold in the quarter, including $755 million of Metropolitan Washington Airports' Dulles Toll Road Revenue Refunding Bonds, $546 million of Los Angeles Department of Airports revenue bonds for the LAX rental car facility project, and $272 million of hospital revenue bonds for the University of Louisville.

Among credits with underlying S&P or Moody's ratings in the double-A category, AGM insured 26 transactions for a total of $535 million of insured par during the quarter, a sign that many in the market recognize the value our guaranty can add to even highly rated credits. While transactions of this caliber command comparatively lower premium rates, they also have lower rating agency capital charges and enhance the risk profile of the insured portfolio.

In international infrastructure finance, we produced $12 million of PVP during the quarter. One U.K. transaction was a £170 million, five-year debt service reserve guarantee that replaced a bank liquidity facility within the Yorkshire Water group's securitization structure. The guarantee covers certain senior payment obligations due to bondholders and other senior creditors of Yorkshire Water Services Limited. This is the second time we have provided this type of debt service reserve guarantee in the U.K. water sector.

Global structured finance contributed $8 million of PVP during the first quarter. Among other transactions, we guaranteed a highly overcollateralized portfolio of rental income cash flows for an insurance company.

Our asset management segment improved its adjusted operating income to break even for the first quarter. We had an interim close on Assured Healthcare Partners' Fund II during the quarter and a final close in April, exceeding its original hard cap of $750 million. And although the CLO primary issuance market that boomed in 2021 slowed precipitously, AssuredIM's strong debt investor relationships enabled it to reset one CLO and price a new CLO that closed in April.

During the quarter, AssuredIM navigated a challenging investment environment characterized by rising interest rates, a change in monetary policy, market illiquidity and volatility, reduced primary issuance and geopolitical conflict. In the floating-rate loan market, credit fundamentals remained strong, with few defaults, and there was demand for floating-rate paper, yet the CLO market was volatile. Although the fundamental municipal credit picture is also quite good, municipal bonds' performance in the first quarter of 2022 was the market's worst since the 1980s because of rising rates, widening credit spreads, heavy outflows from municipal bond funds and lack of liquidity in the market. Current municipal valuations have now become more attractive, creating better investment opportunities. Our ABS portfolio continued to deliver great returns, notwithstanding the uncertain market conditions, in part because of a strong consumer balance sheet and, more specifically, because auto loan securitizations benefited from the lack of new car supply and elevated used car prices.

Before I conclude, I want to say that the tragic conditions in the Ukraine and its refugee crisis have troubled us deeply at Assured Guaranty. Our employee-led Corporate Philanthropy Committee quickly identified a number of capable and involved humanitarian charities to which donations from our employees are being matched by the company two dollars for every one dollar donated. At the corporate level, we have directly contributed a total of $100,000 to these organizations. In total, including the additional contributions by our employees and the 2-to-1 corporate match, Assured Guaranty has raised nearly $300,000 for the relief effort. We believe people throughout the world deserve to live in peace and safety.

The war in the Ukraine is just one of the geopolitical and economic forces that continue to heighten uncertainty in today's capital markets. The exodus of retail investors from municipal bond funds has contributed to making municipal borrowing more expensive. Last month we saw the 30-year municipal AAA yields exceed 3% for the first time since three days in March 2020, a month notorious for its pandemic-induced liquidity crisis. We have seen credit spreads widen recently. All this should encourage issuers to look for the most competitive, cost-effective executions, which will frequently involve bond insurance. Similar dynamics are at play in the international and structured finance sectors.

We could be entering the kind of interest rate and credit spread conditions that I have often said would allow greater growth in our financial guaranty business – conditions that would likely give us more opportunities to add value and greater pricing leeway. The Fed's half-point rate increase this week came with an indication of more increases to come. The stock market soared on the news, then plummeted the next day, indicating recession fears have not gone away. Market volatility and recession fears tend to create investor demand for our product. Importantly, our business model has proven to be resilient in difficult times, protecting our company's financial strength and shareholder value while we safeguard our policyholders and save money for issuers. We have been successful through a long period of challenging market conditions, and it looks like we may be entering a more favorable environment. We believe the emerging market conditions in the marketplace could be a springboard for our growth.

I will now turn the call over to Rob.

Robert Bailenson
Chief Financial Officer

Thank you, Dominic, and good morning to everyone on the call.

I am very pleased to report first quarter 2022 adjusted operating income of $90 million, or $1.34 per share - more than twice the amount of adjusted operating income in the first quarter of 2021. Our strong results this quarter were primarily attributable to the success of two of our long-standing key strategic initiatives - Puerto Rico loss mitigation, and capital management.

Insurance segment adjusted operating income in the first quarter of 2022 was $133 million, an increase of 68% compared with the first quarter of 2021. This includes a $63 million benefit associated with the Puerto Rico credits covered by the March settlement.

The Puerto Rico benefit includes an acceleration of unearned premium reserve, and the associated expected losses that had previously been embedded in that unearned premium reserve. It also includes the effect of positive economic development on the settled credits as the value of recoveries received increased between year-end and the dates on which we received such recoveries.

As you know, the timing of loss recognition does not always coincide with the timing of economic loss development because under GAAP, we can only recognize losses to the extent they exceed unearned premium reserves. In the case of Puerto Rico, we had established large unearned premium reserves - partly due to significant fair value adjustments on certain Puerto Rico exposures that we acquired from other monolines in recent years. These fair value adjustments, or repricing of risk, reflected the increased credit risk at the time of acquisition by Assured Guaranty relative to the date the obligations had been insured by the original monoline. Now that our financial guaranty insurance policies on these credits have been extinguished, and the unearned premium reserve has been accelerated into income, the losses that had been embedded in unearned premium reserve, were also recognized as loss expense in the quarter.

The Puerto Rico settlements covering GO, PBA, CCDA and PRIFA exposures, collectively represented a 37% reduction of our total Puerto Rico exposures and were also the largest single contributor to adjusted operating income this quarter.

Under these settlements, the Company paid net claims of $1.3 billion and received net recoveries consisting of:

- over $550 million in cash,
- approximately $570 million in face value of new recovery bonds, and
- contingent value instruments that are intended to provide additional recoveries tied to the performance of the Puerto Rico Sales and Use Tax receipts.

In addition, the Company placed cash and securities into custodial trusts it established for the benefit of bondholders that did not elect to be paid principal and accrued interest on the effective date of the settlement pursuant to the options available under the plan.

Since the settlements in mid-March, the Company has sold some of the new recovery bonds and CVIs. Subject to market conditions, we may sell additional portions of our holdings. As of this week, we have sold over 30% of the new recovery bonds and over 15% of the contingent value instruments related to these settlements.

The increase in net earned premiums from $107 million in the first quarter of 2021 to $219 million in the first quarter of 2022 was mainly attributable to the acceleration of premiums due to the Puerto Rico settlements. In the first quarter of 2022, accelerations were $130 million - including $104 million of Puerto Rico accelerations, a significant increase over first quarter 2021 accelerations of $16 million.

Loss expense and economic development were also primarily driven by the impact of the Puerto Rico settlements. Loss expense in the first quarter of 2022 was $60 million, and economic development was a benefit of $44 million. This difference is due to the acceleration of unearned premium reserves, which has the effect of accelerating loss expense that had been embedded in unearned premium reserve.

Interest rates also affect expected losses, which are discounted at the risk-free rate. Included in total economic development in the first quarter of 2022, is a benefit of $47 million due to the effect of rising discount rates.

Turning to our insurance segment investment results, total income from the portfolio was $58 million in first quarter 2022, compared with $92 million in the first quarter of 2021, and primarily consists of:

- net investment income on the available-for-sale portfolio, which was $63 million in the first quarter of 2022, compared with $73 million in the first quarter of 2021, and

- equity in earnings on alternative investments which was a small net loss in the first quarter of 2022 compared with a gain of $19 million in the first quarter of 2021.

The decline in income from the investment portfolio was primarily due to fair value losses in the first quarter of 2022 associated with certain alternative investments, and lower net investment income from the fixed maturity portfolio due to lower average balances. The fixed maturity security portfolio declined mainly because the Company had been accumulating liquidity in anticipation of the Puerto Rico claim payments. Income from AssuredIM Funds and other alternative investments is a function of mark-to-market movements and is more volatile than net investment income.

As we shift fixed-maturity assets into alternative investments, net investment income from fixed-maturity securities may decline. However, over the long term, we are targeting enhanced returns on the alternative investment portfolio of over 10%, which exceeds our projected returns on the fixed-maturity portfolio, and which has been achieved to date.

The Asset Management segment adjusted operating income broke even for the first quarter of 2022, compared with a loss of $7 million in the first quarter of 2021. The improvement is primarily attributable to new performance fees from healthcare and asset-based funds where we have raised third party capital. In the first quarter of 2022 we continued to wind-down legacy funds and raised new third party AUM in the healthcare strategy. We are optimistic that we will soon put the legacy AssuredIM funds behind us and increase the focus on our core ongoing strategies.

With respect to our capital management objective, we continued the share repurchase program in the first quarter of 2022 with the repurchase of 2.7 million shares for $155 million. Subsequent to the quarter close, we repurchased an additional 1 million shares for $61 million. As of now, the Company's remaining authorization to purchase shares is $240 million.

Continued share repurchases, along with our positive adjusted operating income and new business production results for the quarter have propelled operating shareholders equity and adjusted book value per share to new records of over $90 and $133, respectively.

Since the beginning of our repurchase program in 2013, we have returned $4.4 billion to shareholders, resulting in a 70% reduction in total shares outstanding.

The cumulative effect of these repurchases on our March 31, 2022, reported metrics was a benefit of approximately:

- $39 in adjusted operating shareholders' equity per share, and
- $68 in adjusted book value per share.

From a liquidity standpoint, the holding companies currently have cash and investments of approximately $277 million, of which $107 million resides in AGL. These funds are available for liquidity needs, or for use in the pursuit of our strategic initiatives to either expand our business or repurchase shares to manage our capital.

As we look forward to the rest of the year, and with recent progress on our remaining Puerto Rico exposures, we are optimistic that

- our largest single BIG exposure will be substantially resolved by the end of the year
- the interest rate environment will be more conducive to new insurance business production, and
- that the asset management segment and alternative assets strategies will continue to contribute to the Company's progress towards its long-term strategic goals.

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

QUESTION & ANSWER SESSION

Operator
[Operator Instructions]
Our first question for today comes from Jordan Hymowitz from Philadelphia Financial.

Jordan Hymowitz, *Philadelphia Financial*
My first question is market share, you mentioned on the margin in the quarter was what?

Dominic Frederico
For us, 5-point something, for the industry 8 point – mid-8.

Robert Bailenson
8.5%.

Dominic Frederico
8.5% which exceeds the 8.2% on the prior year.

Jordan Hymowitz
And can you refresh us as to like pre-financial crisis where that number used to be?

Dominic Frederico
Well, once again, depending on what you call pre-financial crisis, but if you go back to the early 2000s, it was 50%. But the interesting thing – and remember, we always talk about what percentage of the market today is insurable and therefore, what is our insurable opportunity for that. I've got some statistics if I can dig them out here that's pretty interesting.

So I believe that we can ultimately get to a 50% market share on the 50% of the market that's insurable or a net-net 25% market share of the marketplace. So to give you an idea, in the first quarter, if you look at the number of deals, we insured 57 – the industry insured 57.7% of all A-rated deals and 57.8% of all BBB rated deals. So on a transaction basis, that number that I think about the 50 of the 50 is achieving – is being achieved right now in the single A and BBB.

On a par basis versus transaction basis that's 36.5% for A and 12.8% for BBB. So obviously, the larger issuers typically do not need insurance to get into the marketplace, the smaller ones do. But as I said, I think those numbers are trending in the right direction. In my view, the 50% of the 50% seems to be achievable depending on what our ultimate ratings are as well as where the market ratings are. The more there's insurable opportunities in the BBB and A, the higher we're going to drive up that insured penetration.

Jordan, I hope you got over the Phillies' loss last night. I just wanted to sympathize with Jordan that the Phillies lost in the ninth inning last night, which was pathetic.

Operator
Our next question comes from Geoffrey Dunn of Dowling & Partners.

Geoffrey Dunn, *Dowling & Partners*
I missed some of your initial comments. With respect to PREPA, I'm not sure if I have my dates right, but I think that they, Puerto Rico came back to the judge this past Tuesday with some sort of plan to move this forward. I heard you say that you pointed a panel to mediate this. But can you go into a little bit more detail what's been going over the last couple of months and how PREPA in particular proceeds from here? And then also an update on HTA RSA.

Dominic Frederico
So for PREPA, what we can talk about publicly is the Commonwealth and the government rejected the RSA that was in place for like 2-plus years because with the rising price of oil and the concern of what rates would have to be relative to debt service. The judge wasn't very pleased with that, immediately gave them a time frame to which they had to reply to the judge on, if not request an extension, the judge appointed a mediation panel, which we're very pleased with. They seem to be rather seasoned and experienced judges

on the panel. The Commonwealth or the Control Board did ask for an extension to the day to July – June 1st, and we're waiting for them to respond. Obviously, we've been involved in mediation since that point in time, which is obviously private at this point in terms of what's being discussed. In terms of HTA, obviously, they submitted the plan. Now it's going to go through the approval process and the court certification. We do expect that to go fairly smoothly and get done before the end of the year.

Geoffrey Dunn
Okay. And back to PREPA, what's the tone around this? It seems like the feeling maybe a quarter ago was everybody wants to get this done on an expedited basis, maybe except for Puerto Rico. Is Judge Swain in particular, still aggressively pushing this forward towards resolution?

Dominic Frederico
We believe she is. And you're right, everybody wants to get it done. They're getting a little tired of this all back and forth. And this is going to be the fourth RSA, if I remember correctly, for PREPA, which is getting a little ridiculous. But as we shrink our exposure to Puerto Rico, obviously, the significance of one remaining credit becomes less and less. If you're dealing with a $5.5 billion problem, it’s a problem. If you’re dealing with an $800 million problem, and that's all you got left in terms of exposure to Puerto Rico, it's a problem, but it's not as great of a problem.

Geoffrey Dunn
Okay. And then last question with HTA. Is the remaining process here really just procedural? Or are there any speed bumps we should be watching out for?

Dominic Frederico
I don't think there's any speed bumps. I think it is pretty much procedural at this point in time. All it has to do is go through confirmation, which the judge has indicated that she is willing to confirm. So I would expect that to go smoothly.

Operator
Our next question comes from Tommy McJoynt of KBW.

Thomas McJoynt, *Keefe, Bruyette, & Woods*
With some economic signals at least flashing yellow that a recession might be ahead, can you talk about how you think about capital preservation versus the attractiveness of share repurchases versus kind of putting new money to work with new production? Just kind of how you balance all those kind of use of capital?

Dominic Frederico
Well, as we talked last call, Tom, and we still believe we're in a significant excess capital position and its capital we can't put to work today in the operating companies. Therefore, our capital management is still our key strategic objective. And as we look at our share authorization repurchase as well as the available cash, and we'll continue to move through the year with that strategic purpose in mind.

Obviously, we talked about increasing the ROE in the company. That's two components, the R&E. We know we need to increase the R, and that's opportunities in asset management as well as the new what I'll call, significant opportunities we see in the marketplace for financial guarantee. And then the E is the E, we've got to get the E down. We had a been carrying this excess capital for a long period of time as we now look to resolve all the Puerto Rico credits. And obviously, as you can see, within our expected loss scenarios that we reserve for, this becomes less of a factor and takes the volatility out of there and we can look at the excess capital even more aggressively, and that's got to be one of our key strategic objectives as we move forward.

Thomas McJoynt
And then switching gears a little bit, can you talk about the kind of impact or kind of the optimal level spreads in your business? Is there kind of a sweet spot where spreads are wide enough that you capture that – those kind of optimal economics, but then when spreads gap out too wide, there are kind of widespread credit concerns kind of is there a sweet spot? Or is the wider the spread, the better?

Dominic Frederico
Well, for us, the wider the spread is the better, to be honest with you. I think we have proven our mettle relative to credit evaluation and credit performance. If you think about Assured and the difficulties we faced in the traditional and nontraditional markets, we've experienced natural catastrophes. We experienced significant recessions. We've experienced pandemics. We've experienced large municipal bankruptcies. And guess what Assured still stands here with almost $11 billion of claims-paying resources after buying back – returning $4.4 billion to our shareholders. So I think – we know how to do the game pretty well. We've shown our ability to handle any marketplace. Underwriting is still reflective of market risk.

So no matter what the spreads are, we still have to do our underwriting requirements in terms of approving the credit. But I think for us, it does create a significant opportunity. And we used to talk about a 4% 10-year treasury, then we lowered that to 3.5%. We're getting a little loose in terms of, well, maybe 3% seals the day for new business opportunities, which we're seeing today. We do think it's going to have a significant impact on business going forward.

Thomas McJoynt
Great. And then just last one for me. Looking at the Asset Management segment, there was the sharp jump in performance fees. It looked like the – went about dollar for dollar to the increase to higher comp. Is that going to normalize when there's going to be that increased performance fees that most of it will just flow through to higher comp.

Dominic Frederico
Performance fees are something that you can't accrue for GAAP, except for the fact that we have to make advances relative to taxable liability relative to the LPs. So what you saw in the first quarter is really an advance relative to the taxable income that's being

accrued on behalf of our LPs. And therefore, we are one of those LPs we get the benefit of that same tax kind of funding against our true tax rate. And then it's offset by an additional comp that we have to recognize relative to the performance. So it gets muted a bit by the compensation we pay so while the compensation is tied to performance fees as well.

Operator
Our next question comes from Michael Temple, an individual investor.

Michael Temple, *Private Investor*
I apologize if this was already asked. I joined the call in progress. But with regard to underwriting spreads, with interest rates having moved significantly higher and credit spreads widening, it looked like the underwriting spreads for Q1 really didn't widen much if anything. I'm just curious here in the second quarter with even further sell-off in interest rates, have you begun to see those new issue underwriting spreads begin to widen because again, we are seeing – we are now in a far different interest rate environment than we were certainly a year ago and even 2 quarters ago.

Dominic Frederico
Yes. Well, the problem you've got is you've got the spreads widening, creating more market opportunity, but then you have volatility in issuance because people are afraid of the market to a certain extent. So you're seeing a lack of volume offset by the better marketplace or relative to spreads. We also see it continuing into the second quarter. We do calculate returns by business segment by transactions. And all I can tell you is our first quarter returns were higher than the previous 4 quarters returns except for some unique transactions done in any given quarter for the international and structured finance.

And as we see the spreads continue to widen out, like we've talked on the call with the AAA spreads and the outflow is going out of the municipal – muni funds, this is a real positive influence that we see in terms of increasing demand for the insurance product. And remember, as rates go up, since we get paid our premium rate on debt service, by default, your premium goes up. But as the spreads widen, you're able to capture a larger percentage of a larger number, therefore, there's really a significant impact on recorded premiums. Also this definitely contributes to an increase in secondary volume. So the secondary volumes were kind of muted these last couple of years because of the significance of the decline in rates and the pressure on refundings and we're seeing now secondary becoming a greater and greater share of our business, which is always good because in the secondary market, you typically paid a lot more than in the primary market.

Robert Bailenson
Yes. And to give you some numbers, Michael, I mean in the secondary market transactions, as Dominic just discussed, we wrote $23 million of premium in the first quarter of '22 versus only $1 million in '21 and $310 million of par versus $50 million. So you could see that when there's less issuance in the primary market with volatility, secondary becomes a real benefit to us and we get paid very well in secondary.

Operator
Our final question for today – my apologies, I will hand back to the speakers for any 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
Thank you for joining today's call. You may now disconnect.