ASSURED GUARANTY®

Financial Supplement

Assured Guaranty Corp.

March 31, 2022

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Financial Supplement

Table of Contents Page

This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2021 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022. For the purposes of this financial supplement, all references to the "Company" shall mean Assured Guaranty Corp. (AGC) and its consolidated entities. Some amounts in this financial supplement may not add due to rounding.

Cautionary Statement Regarding Forward Looking Statements

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, the effectiveness, acceptance and distribution of COVID-19 vaccines and therapeutics, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) consequences of the conflict in Ukraine, including economic sanctions, volatility in energy prices, and the potential for increased cyberattacks; (3)changes in the world’s credit markets, segments thereof, interest rates, inflation, credit spreads or general economic conditions; (4) developments in the world’s financial and capital markets that adversely affect insured obligors’ repayment rates, Assured Guaranty’s insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (5) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (6) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (7) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (8) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the failure to resolve Assured Guaranty's Puerto Rico exposures in a manner substantially consistent with the support agreements signed to date; (9) increased competition, including from new entrants into the financial guaranty industry; (10) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (11) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments and investments it manages, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity or to unanticipated consequences; (12) the impact of market volatility on the mark-to-market of Assured Guaranty’s assets and liabilities subject to mark-to-market, including certain of its investments, most of its financial guaranty contracts written in credit default swap form, and certain consolidated variable interest entities; (13) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL’s insurance subsidiaries have insured; (14) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (15) changes in applicable accounting policies or practices; (16) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (17) the possibility that acquisitions made by Assured Guaranty, including its acquisition of BlueMountain Capital Management, LLC (now known as Assured Investment Management LLC) and its associated entities (BlueMountain Acquisition), do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (18) difficulties with the execution of Assured Guaranty’s business strategy; (19) loss of key personnel; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes or pandemics; (22) other risk factors identified in AGL’s filings with the U.S. SEC; (23) other risks and uncertainties that have not been identified at this time; and; (24) management’s response to these factors. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Assured Guaranty Corp.

Selected Financial Highlights (1 of 2)

(dollars in thousands)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
GAAP Highlights		
Net income (loss)	**$ 67,169**	**$ (24,438)**
Gross written premiums (GWP)	**4,029**	**9,289**
Effective tax rate on net income	**19.4 %**	**19.4 %**
GAAP return on equity (ROE)(1)	**12.5 %**	**(4.4)%**
Non-GAAP Highlights(2)		
Adjusted operating income (loss)(2)	$ 67,078	$ (1,046)
Present value of new business production (PVP)(2)	8,201	11,407
Gross par written	508,547	187,777
Effective tax rate on adjusted operating income(3)	19.4 %	37.4 %
Adjusted operating ROE(1)(2)	12.9 %	(0.2) %
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	**$ 110,202**	**$ 895**
Fair value gains (losses) of credit derivatives, pre-tax	**1,951**	**306**
Net income effect	**88,456**	**1,357**
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues(4), pre-tax	112,153	905
Adjusted operating income(4) effect	88,456	1,123

1) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.
2) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
3) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.
4) Condensed consolidated statement of operations items mentioned in this Financial Supplement that are described as operating (i.e. operating net earned premiums) are non-GAAP measures and represent components of adjusted operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Selected Financial Highlights (2 of 2)

(dollars in thousands)

	As of	
	March 31, 2022	December 31, 2021
Shareholder's equity	**$ 2,078,437**	**$ 2,237,340**
Adjusted operating shareholder's equity(1)	2,054,186	2,109,931
Adjusted book value(1)	2,445,056	2,530,787
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) included in adjusted operating shareholder's equity	(9,242)	(8,793)
Gain (loss) related to FG VIE consolidation included in adjusted book value	(9,559)	(8,920)
Exposure		
Financial guaranty net debt service outstanding	$ 30,927,156	$ 32,802,599
Financial guaranty net par outstanding	20,207,237	21,365,671
Claims-paying resources(2)	**3,066,693**	**3,171,264**

1) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
2) See page 8 for additional detail on claims-paying resources.

Assured Guaranty Corp.

Condensed Consolidated Balance Sheets (unaudited)

(dollars in thousands)

	As of	
	March 31, 2022	December 31, 2021
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	$ 2,352,369	$ 2,397,328
Fixed-maturity securities, trading, at fair value	71,050	30
Short-term investments, at fair value	33,179	231,374
Equity method investments	219,280	225,038
Other invested assets, at fair value	1,087	1,136
Total investments	2,676,965	2,854,906
Cash	43,390	55,603
Loan receivable from parent	87,500	87,500
Premiums receivable, net of commissions payable	290,077	302,427
Ceded unearned premium reserve	186,299	193,144
Reinsurance recoverable on unpaid losses	142,996	150,424
Salvage and subrogation recoverable	187,842	367,709
Financial guaranty variable interest entities' (FG VIEs') assets, at fair value	85,428	30,586
Other assets	211,752	181,697
Total assets	**$ 3,912,249**	**$ 4,223,996**
Liabilities		
Unearned premium reserve	$ 688,202	$ 795,436
Loss and loss adjustment expense (LAE) reserve	386,997	464,021
Reinsurance balances payable, net	157,265	134,059
Notes payable to affiliates	300,000	300,000
Credit derivative liabilities	154,397	153,799
FG VIEs' liabilities at fair value (with recourse of $83,785 and $26,144, without recourse of $2,318 and $2,351)	86,103	28,495
Other liabilities	60,848	110,846
Total liabilities	**1,833,812**	**1,986,656**
Shareholder's equity		
Preferred stock	—	—
Common stock	15,000	15,000
Additional paid-in capital	742,015	742,015
Retained earnings	1,283,230	1,341,061
Accumulated other comprehensive income	38,192	139,264
Total shareholder's equity	**2,078,437**	**2,237,340**
Total liabilities and shareholder's equity	**$ 3,912,249**	**$ 4,223,996**

Assured Guaranty Corp.

Condensed Consolidated Statements of Operations (unaudited)

(dollars in thousands)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues		
Net earned premiums	$ 128,337	$ 19,685
Net investment income	19,724	23,301
Net realized investment gains (losses)	4,229	(900)
Fair value gains (losses) on credit derivatives	(2,937)	(20,425)
Fair value gains (losses) on committed capital securities	580	(9,951)
Fair value gains (losses) on financial guaranty variable interest entities	(989)	932
Other income (loss)	2,255	1,623
Total revenues	**151,199**	**14,265**
Expenses		
Loss and LAE	54,412	26,423
Interest expense on note payable to affiliate	2,625	2,625
Employee compensation and benefit expenses	9,260	9,167
Other expenses	5,014	6,119
Total expenses	**71,311**	**44,334**
Income (loss) before income taxes and equity in earnings of investees	**79,888**	**(30,069)**
Equity in earnings of investees	3,456	3,589
Income (loss) before income taxes	83,344	(26,480)
Less: Provision (benefit) for income taxes	16,175	(5,131)
Income (loss) before equity in after-tax earnings of investee	**67,169**	**(21,349)**
Equity in after-tax earnings of investee	—	(3,089)
Net income (loss)	**$ 67,169**	**$ (24,438)**

Assured Guaranty Corp.

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation

(dollars in thousands)

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation for the Three Months Ended March 31, 2022 and March 31, 2021

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Adjusted Operating Income Adjustments(1)	Effect of FG VIE Consolidation (2)	Adjusted Operating Income Adjustments(1)	Effect of FG VIE Consolidation (2)
Adjustments to revenues:				
Net earned premiums	$ —	$ (74)	$ —	$ (105)
Net investment income	—	(100)	—	(257)
Net realized investment gains (losses)	4,229	—	(900)	—
Fair value gains (losses) on credit derivatives	(6,662)	—	(23,258)	—
Fair value gains (losses) on CCS	580	—	(9,951)	—
Fair value gains (losses) on FG VIEs	—	(989)	—	932
Other income (loss)	(1,579)	(249)	333	—
Total revenue adjustments	(3,432)	(1,412)	(33,776)	570
Adjustments to expenses:				
Loss expense	(3,547)	(731)	(4,673)	1,067
Total expense adjustments	(3,547)	(731)	(4,673)	1,067
Pre-tax adjustments	115	(681)	(29,103)	(497)
Less: Tax effect of adjustments	24	(143)	(6,112)	(104)
Equity in after-tax earnings of investee	—	—	(401)	—
After-tax adjustments	$ 91	$ (538)	$ (23,392)	$ (393)

1) The "Adjusted Operating Income Adjustments" column represents the amounts recorded in the condensed consolidated statements of operations that the Company removes to arrive at adjusted operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
2) The "Effect of FG VIE Consolidation" column represents the amounts included in the condensed consolidated statements of operations and adjusted operating income that the Company removes to arrive at the core financial measures that management uses in certain of its compensation calculations and its decision making process. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (1 of 2)

(dollars in thousands)

Adjusted Operating Income Reconciliation

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income (loss)	**$ 67,169**	**$ (24,438)**
Less pre-tax adjustments:		
Realized gains (losses) on investments	4,229	(1,409)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(3,116)	(18,583)
Fair value gains (losses) on CCS	580	(9,951)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves(1)	(1,578)	333
Total pre-tax adjustments	$ 115	$ (29,610)
Less tax effect on pre-tax adjustments	(24)	6,218
Adjusted operating income (loss)	$ 67,078	$ (1,046)

1) Included in other income (loss) in the condensed consolidated statements of operations.

ROE Reconciliation and Calculation

	As of March 31, 2022	December 31, 2021	March 31, 2021	December 31, 2020
Shareholder's equity	**$ 2,078,437**	**$2,237,340**	**$2,194,914**	**$2,265,008**
Adjusted operating shareholder's equity	2,054,186	2,109,931	2,017,090	2,031,871
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholder's equity	**(9,242)**	**(8,793)**	**(6,093)**	**(5,829)**

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income (loss)	**$ 67,169**	**$ (24,438)**
Adjusted operating income (loss)	67,078	(1,046)
Average shareholder's equity	**$ 2,157,889**	**$ 2,229,961**
Average adjusted operating shareholder's equity	2,082,059	2,024,481
Gain (loss) related to FG VIE consolidation included in average adjusted operating shareholder's equity	**(9,018)**	**(5,961)**
GAAP ROE (1)	**12.5 %**	**(4.4)%**
Adjusted operating ROE(1)	12.9 %	(0.2) %

1) Quarterly ROE calculations represent annualized returns.

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (2 of 2)

(dollars in thousands)

	As of			
	March 31, 2022	December 31, 2021	March 31, 2021	December 31, 2020
Reconciliation of shareholder's equity to adjusted book value:				
Shareholder's equity	**$ 2,078,437**	**$ 2,237,340**	**$ 2,194,914**	**$ 2,265,008**
Less pre-tax reconciling items:				
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	(32,966)	(29,849)	7,213	25,796
Fair value gains (losses) on CCS	13,357	12,778	17,931	27,882
Unrealized gain (loss) on investment portfolio	38,600	166,642	186,081	226,424
Less taxes	5,260	(22,162)	(33,401)	(46,965)
Adjusted operating shareholder's equity	2,054,186	2,109,931	2,017,090	2,031,871
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(19,819)	(23,216)	(20,738)	(21,927)
Plus: Net present value of estimated net future credit derivative revenue	110,671	114,085	131,322	133,792
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	364,283	395,427	378,777	379,110
Plus taxes	(103,903)	(111,872)	(111,476)	(112,314)
Adjusted book value	$ 2,445,056	$ 2,530,787	$ 2,436,451	$ 2,454,386
Gain (loss) related to FG VIE consolidation included in:				
Adjusted operating shareholder's equity (net of tax benefit of $2,456, $2,338, $1,620 and $1,551)	**$ (9,242)**	**$ (8,793)**	**$ (6,093)**	**$ (5,829)**
Adjusted book value (net of tax benefit of $2,540, $2,373, $1,668 and $1,606)	**$ (9,559)**	**$ (8,920)**	**$ (6,278)**	**$ (6,038)**

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

Claims-Paying Resources

(dollars in thousands)

	As of	
	March 31, 2022	December 31, 2021
Claims-paying resources		
Policyholders' surplus	$ 1,992,338	$ 2,069,827
Contingency reserve	348,214	348,062
Qualified statutory capital	**2,340,552**	**2,417,889**
Unearned premium reserve and net deferred ceding commission income	332,995	352,782
Loss and LAE reserves[4]	—	7,072
Total policyholders' surplus and reserves	**2,673,547**	**2,777,743**
Present value of installment premium	193,146	193,521
CCS	200,000	200,000
Total claims-paying resources	**3,066,693**	**3,171,264**
Statutory net par outstanding [1]	$ 20,435,935	$ 21,603,648
Net debt service outstanding [1]	$ 31,162,971	$ 33,024,098
Ratios:		
Statutory net par outstanding to qualified statutory capital	9 :1	9 :1
Capital ratio [2]	13 :1	14 :1
Financial resources ratio [3]	10 :1	10 :1
Statutory net par outstanding to claims-paying resources	7:1	7 :1

1) Net par outstanding and net debt service outstanding are presented on a statutory basis.
2) The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
3) The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.
4) Loss and LAE reserves exclude adjustments to claims-paying resources for AGC because they were in a net recoverable position of $13.0 million as of March 31, 2022.

Assured Guaranty Corp.

New Business Production (1 of 2)

(dollars in thousands)

Reconciliation of GWP to PVP for the Three Months Ended March 31, 2022 and March 31, 2021

	Three Months Ended March 31, 2022					Three Months Ended March 31, 2021				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non-U.S.	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	U.S.	Non-U.S.	Total
Total GWP	**$ 4,865**	**$ (5,052)**	**$ 4,229**	**$ (13)**	**$ 4,029**	**$ 6,532**	**$ 699**	**$ 2,054**	**$ 4**	**$ 9,289**
Less: Installment GWP and other GAAP adjustments(1)	(36)	(5,052)	2,229	(13)	(2,872)	6,532	699	(96)	4	7,139
Upfront GWP	4,901	—	2,000	—	6,901	—	—	2,150	—	2,150
Plus: Installment premiums and other(2)	—	1,299	1	—	1,300	9,257	—	—	—	9,257
Total PVP	$ 4,901	$ 1,299	$ 2,001	$ —	$ 8,201	$ 9,257	$ —	$ 2,150	$ —	$ 11,407
Gross par written	**$ 393,060**	**$ 55,837**	**$ 59,650**	**$ —**	**$ 508,547**	**$ 142,647**	**$ —**	**$ 45,130**	**$ —**	**$ 187,777**

(1) This includes the present value of new business on installment policies discounted at the prescribed GAAP discount rates, GWP adjustments on existing installment policies due to changes in assumptions, any cancellations of assumed reinsurance contracts, and other GAAP adjustments.

(2) This includes the present value of future premiums and fees on new business paid in installments discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than certain fixed-maturities such as loss mitigation securities.

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Corp.

New Business Production (2 of 2)

(dollars in thousands)

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross
GWP	**$ (2,283)**	**$ 6,312**	**$ 4,029**	**$ 9,041**	**$ 248**	**$ 9,289**
PVP	2,000	6,201	8,201	11,407	—	11,407
Gross par written	59,650	448,897	508,547	187,777	—	187,777

Assured Guaranty Corp.

Gross Par Written (1 of 2)

(dollars in thousands)

Gross Par Written by Asset Type

	Three Months Ended March 31,			
	2022		2021	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
Sector				
U.S. public finance				
General obligation	$ 144,506	A-	$ —	—
Transportation	140,658	A-	—	—
Tax backed	37,384	A-	—	—
Healthcare	35,548	BBB	—	—
Municipal utilities	29,217	A	—	—
Higher education	5,247	BBB+	—	—
Infrastructure finance	500	BBB	142,647	A+
Other public finance	—	—	—	—
Total U.S. public finance	393,060	A-	142,647	A+
Non-U.S. public finance:				
Regulated utilities	55,837	BBB	—	—
Total non-U.S. public finance	55,837	BBB	—	—
Total public finance	**448,897**	A-	**142,647**	A+
U.S. structured finance:				
Commercial mortgage-backed securities	—	—	37,000	A
Other structured finance	59,650	A-	8,130	A-
Total U.S. structured finance	59,650	A-	45,130	A
Non-U.S. structured finance:				
Total non-U.S. structured finance	—	—	—	—
Total structured finance	**59,650**	**A-**	**45,130**	**A**
Total gross par written	**$ 508,547**	**A-**	**$ 187,777**	**A+**

Please refer to the Glossary for a description of internal ratings and sectors.

Assured Guaranty Corp.

Fixed-Maturity Securities, Short-Term Investments and Cash

As of March 31, 2022

(dollars in thousands)

Fixed-Maturity, Short-Term Investments and Cash	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Fixed-maturity securities, available-for-sale:						
Obligations of state and political subdivisions[2][3]	$ 1,422,075	$ (13,335)	3.37 %	3.04 %	$ 1,444,303	$ 47,921
U.S. government and agencies	24,931	—	1.28	1.01	24,499	319
Corporate securities	409,544	(1,196)	3.18	2.51	394,485	13,034
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS)[3]	19,452	(938)	4.51	3.56	19,164	877
Commercial mortgage-backed securities (CMBS)	28,191	—	3.50	2.76	28,284	986
Asset-backed securities (ABS):						
Collateralized loan obligations	64,172	—	2.06	1.63	63,772	1,320
Other ABS [3]	369,474	(11,219)	3.54	2.80	377,862	13,095
Total fixed-maturity securities, available-for-sale	2,337,839	(26,688)	3.32	2.85	2,352,369	77,552
Short-term investments	33,179	—	0.10	0.08	33,179	33
Cash[4]	43,390	—	—	—	43,390	—
Total	**$ 2,414,408**	**(26,688)**	**3.27 %**	**2.81 %**	**$ 2,428,938**	**$ 77,585**

Fixed-maturity securities, trading [7]	**$ 71,050**

Ratings [5]:	Fair Value	% of Portfolio
U.S. government and agencies	$ 24,499	1.0 %
AAA/Aaa	196,537	8.4
AA/Aa	874,899	37.2
A/A	405,052	17.2
BBB	295,620	12.5
Below investment grade (BIG)	394,261	16.8
Not rated [6]	161,501	6.9
Total fixed-maturity securities, available-for-sale	**$ 2,352,369**	**100.0 %**

Duration of available-for-sale fixed maturity securities and short-term investments (in years):	**4.4**
Average ratings of available-for-sale fixed-maturity securities and short-term investments	**BBB+**

1) Represents annualized investment income based on amortized cost and pre-tax book yields.
2) Includes obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's).
3) Includes securities purchased or obtained for loss mitigation purposes and other risk management securities.
4) Cash is not included in the yield calculation.
5) Ratings are represented by the lower of the Moody's or S&P classifications except for purchased securities that it has insured, and for which it had expected losses to be paid (loss mitigation securities) and certain other securities, which use internal ratings classifications. Loss mitigation and other securities for which internal ratings are used total $498.2 million in par with carrying value of $394.2 million and are included in the BIG category.
6) Includes $109.0 million of new recovery bonds received in connection with the consummation of the March Puerto Rico Resolutions (see pg.20).
7) Includes primarily contingent value instruments received in connection with the consummation of the March Puerto Rico Resolutions (see pg.20). These securities are not rated.

Assured Guaranty Corp.

Estimated Net Exposure Amortization[1] and Estimated Future Financial Guaranty Net Premium and Credit Derivative Revenues

(dollars in thousands)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance [2]			Future Credit Derivative Revenues[3]
			Expected PV Net Earned Premiums (i.e. Net Deferred Premium Revenue)	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	
2022 (as of March 31)		$ 30,927,156				
2022 Q2	$ 291,037	30,636,119	$ 14,090	$ 668	$ 116	$ 1,891
2022 Q3	563,175	30,072,944	13,524	664	115	1,847
2022 Q4	601,230	29,471,714	13,246	655	112	1,843
2023	1,637,292	27,834,422	49,309	2,475	417	7,161
2024	1,566,691	26,267,731	45,058	2,297	388	6,879
2025	2,004,477	24,263,254	41,390	2,112	366	6,579
2026	1,686,957	22,576,297	37,443	1,939	348	6,304
2022-2026	8,350,859	22,576,297	214,060	10,810	1,862	32,504
2027-2031	7,435,265	15,141,032	140,850	7,435	1,132	28,405
2032-2036	5,850,388	9,290,644	88,393	4,253	863	23,691
2037-2041	4,491,269	4,799,375	34,898	2,144	221	16,529
After 2041	4,799,375	—	33,178	1,250	—	12,910
Total	**$ 30,927,156**		**$ 511,379**	**$ 25,892**	**$ 4,078**	**$ 114,039**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2022. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
2) See page 16, ‘‘Net Expected Loss to be Expensed.’’
3) Represents expected future premiums on insured credit derivatives.

Assured Guaranty Corp.

Rollforward of Net Expected Loss and LAE to be Paid

(dollars in thousands)

Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended March 31, 2022

	Net Expected Loss to be Paid (Recovered) as of December 31, 2021	Economic Loss Development (Benefit) During 1Q-22	Net (Paid) Recovered Losses During 1Q-22	Net Expected Loss to be Paid (Recovered) as of March 31, 2022
Public Finance:				
U.S. public finance	$ 149,471	$ (35,666)	$ 54,473	$ 168,278
Non-U.S public finance	1,696	(172)	—	1,524
Public Finance	151,167	(35,838)	54,473	169,802
Structured Finance:				
U.S. RMBS	64,757	5,059	7,613	77,429
Other structured finance	(40,496)	(3,108)	(3,839)	(47,443)
Structured Finance	24,261	1,951	3,774	29,986
Total	**$ 175,428**	**$ (33,887)**	**$ 58,247**	**$ 199,788**

1) Includes net expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).

Assured Guaranty Corp.

Loss Measures
As of March 31, 2022
(dollars in thousands)

		Three Months Ended March 31, 2022		
	Total Net Par Outstanding for BIG Transactions	GAAP Loss and LAE [(1)]	Loss and LAE Included in Adjusted Operating Income [(2)]	Effect of FG VIE Consolidation [(3)]
Public finance:				
U.S. public finance	$ 821,351	**$ 58,883**	$ 58,883	$ (796)
Non-U.S. public finance	69,666	**(1)**	(1)	—
Public finance	891,017	**58,882**	58,882	(796)
Structured finance:				
U.S. RMBS	358,285	**(1,457)**	1,897	65
Other structured finance	13,145	**(3,013)**	(2,820)	—
Structured finance	371,430	**(4,470)**	(923)	65
Total	**$ 1,262,447**	**$ 54,412**	$ 57,959	$ (731)

1) Includes loss expense related to contracts that are accounted for as insurance contracts.
2) Includes loss expense related to contracts that are accounted for as insurance contracts and credit derivatives.
3) The "Effect of FG VIE Consolidation" column represents amounts included in the condensed consolidated statements of operations and adjusted operating income that the Company removes to arrive at the core financial measures that management uses in certain of its compensation calculations and its decision making process. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Please refer to the Glossary for an explanation of the presentation of net par outstanding and of the various sectors.

Assured Guaranty Corp.

Net Expected Loss to be Expensed[1]

As of March 31, 2022

(dollars in thousands)

	GAAP
2022 Q2	$ 3,413
2022 Q3	3,095
2022 Q4	3,136
2023	11,553
2024	11,158
2025	10,559
2026	13,188
2022-2026	56,102
2027-2031	51,253
2032-2036	34,008
2037-2041	5,519
After 2041	214
Total expected present value of net expected loss to be expensed[2]	**147,096**
Future accretion	84,952
Total expected future loss and LAE	**$ 232,048**

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.00% to 2.61% for U.S. dollar denominated obligations.
2) Excludes $2.8 million related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Corp.

Financial Guaranty Profile (1 of 3)

(dollars in thousands)

Net Par Outstanding and Average Internal Rating by Asset Type

	As of March 31, 2022		As of December 31, 2021	
	Net Par Outstanding	Average Internal Rating	Net Par Outstanding	Average Internal Rating
U.S. public finance:				
General obligation	$ 3,270,531	A	$ 3,402,588	A-
Tax backed	2,758,746	BBB-	3,145,417	BBB-
Transportation	2,596,688	A-	2,634,675	A-
Infrastructure finance	1,809,601	A+	1,830,544	A+
Municipal utilities	1,193,481	A-	1,205,084	A-
Higher education	348,264	A	355,706	A
Healthcare	343,896	BBB+	326,718	BBB+
Investor-owned utilities	248,629	A-	321,233	A-
Renewable energy	123,706	A-	123,706	A-
Housing revenue	89,165	B	89,176	B
Other public finance	548,669	A-	557,308	A-
Total U.S. public finance	13,331,376	A-	13,992,155	A-
Non-U.S. public finance:				
Regulated utilities	1,765,966	BBB+	1,733,458	BBB+
Infrastructure finance	744,367	BBB	1,130,079	BBB
Pooled infrastructure	623,243	AAA	685,913	AAA
Sovereign and sub-sovereign	236,470	A-	238,873	A-
Renewable energy	47,663	BB+	61,308	BBB-
Total non-U.S. public finance	3,417,709	A-	3,849,631	A-
Total public finance	**16,749,085**	**A-**	**17,841,786**	**A-**
U.S. structured finance:				
Life insurance transactions	943,426	AA-	950,535	AA-
RMBS	633,199	BB+	676,905	BB+
Pooled corporate obligations	472,767	AA+	486,320	AA+
Consumer receivables	309,703	AA	330,123	AA
Other structured finance	599,177	BBB+	554,128	BBB+
Total U.S. structured finance	2,958,272	A	2,998,011	A
Non-U.S. structured finance:				
Pooled corporate obligations	271,523	AAA	278,554	AAA
RMBS	176,546	A+	183,393	A+
Other structured finance	51,811	A-	63,927	A-
Total non-U.S. structured finance	499,880	AA	525,874	AA
Total structured finance	**3,458,152**	**A**	**3,523,885**	**A**
Total	**$ 20,207,237**	**A-**	**$ 21,365,671**	**A-**

Please refer to the Glossary for an explanation of the presentation of net par outstanding and the Company's internal rating approach, and of the various sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (2 of 3)

As of March 31, 2022

(dollars in thousands)

Distribution by Ratings of Financial Guaranty Portfolio

	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
Ratings:	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	$ 7,875	0.1 %	$ 695,766	20.4 %	$ 355,689	12.0 %	$ 294,326	58.9 %	$ 1,353,656	6.8 %
AA	3,027,478	22.7	161,304	4.7	1,359,056	45.9	17,892	3.6	4,565,730	22.6
A	5,273,645	39.5	291,296	8.5	492,901	16.7	150,019	30.0	6,207,861	30.7
BBB	4,201,027	31.5	2,199,677	64.4	379,196	12.8	37,643	7.5	6,817,543	33.7
BIG	821,351	6.2	69,666	2.0	371,430	12.6	—	—	1,262,447	6.2
Net Par Outstanding[(1)]	**$ 13,331,376**	**100.0 %**	**$ 3,417,709**	**100.0 %**	**$ 2,958,272**	**100.0 %**	**$ 499,880**	**100.0 %**	**$ 20,207,237**	**100.0 %**

1) As of March 31, 2022, the company excluded $502.9 million of net par attributable to loss mitigation securities.

Ceded Par Outstanding

	Ceded Par Outstanding[(1)(2)]	% of Total
Affiliated reinsurers	$ 8,090,314	99.7 %
Non-affiliated reinsurers	25,500	0.3 %
Total	**$ 8,115,814**	**100.0 %**

1) Of the total par ceded to non-affiliates, none is rated BIG.
2) There was no collateral posted by third party reinsurers and $151.9 million posted by affiliated reinsurers as of March 31, 2022.

Please refer to the Glossary for an explanation of the presentation of net par outstanding and the Company's internal rating approach, and of the various sectors.

Assured Guaranty Corp.

Financial Guaranty Profile (3 of 3)

As of March 31, 2022

(dollars in thousands)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 4,305,175	21.3 %
Texas	1,470,449	7.3
New Jersey	1,075,004	5.3
Virginia	737,838	3.7
Illinois	660,070	3.3
Puerto Rico	637,617	3.2
New York	569,271	2.8
Florida	565,565	2.8
Pennsylvania	464,639	2.3
Georgia	261,636	1.3
Other	2,584,112	12.8
Total U.S public finance	13,331,376	66.1
U.S. structured finance	2,958,272	14.6
Total U.S.	**16,289,648**	**80.7**
Non-U.S.:		
United Kingdom	2,757,125	13.6
Australia	240,148	1.2
France	170,613	0.8
Mexico	151,203	0.7
Italy	137,010	0.7
Other	461,490	2.3
Total non-U.S.	**3,917,589**	**19.3**
Total net par outstanding	**$ 20,207,237**	**100.0 %**

Please refer to the Glossary for an explanation of the presentation of net par outstanding and of the various sectors.

Assured Guaranty Corp.

Exposure to Puerto Rico (1 of 3)
As of March 31, 2022
(dollars in thousands)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	$ 830,924	$ 637,617	$ 1,299,707	$ 985,390

Exposure to Puerto Rico by Risk[1]

	Net Par Outstanding	Gross Par Outstanding
Puerto Rico Exposures Subject to a Plan or Support Agreement		
Commonwealth of Puerto Rico - General Obligation Bonds (GO)[2]	$ 28,312	$ 37,565
Puerto Rico Public Buildings Authority (PBA)[2]	4,500	4,563
Subtotal - GO/PBA Plan	32,812	42,128
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)	467,024	590,406
PRHTA (Highways revenue)	51,094	54,724
Subtotal - HTA/CCDA PSA	518,118	645,130
Subtotal Subject to a Plan or Support Agreement	**550,930**	**687,258**
Other Puerto Rico Exposures		
Puerto Rico Electric Power Authority (PREPA)	69,459	118,616
Puerto Rico Municipal Finance Agency (MFA)[3]	15,673	23,495
Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR)[3]	1,555	1,555
Subtotal Other Puerto Rico Exposures	**86,687**	**143,666**
Total exposure to Puerto Rico	**$ 637,617**	**$ 830,924**

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2) On March 15, 2022, the Modified Eighth Amended Title III Joint Plan of Adjustment, confirmed on January 18, 2022 (GO/PBA Plan), was consummated, pursuant to which the Company, among other things, fully paid claims on all of its directly insured Puerto Rico GO bonds, other than certain GO bonds whose holders made certain elections. On the same date and pursuant to the same GO/PBA Plan, the Company fully paid claims on all of its directly insured PBA bonds, other than certain PBA bonds whose holders made certain elections. Also on March 15, 2022, orders modifying the debt of the Puerto Rico Convention Center District Authority and the Puerto Rico Infrastructure Financing Authority were consummated, resulting in the extinguishment of the Company's obligations under its related policies (such modifications orders together with the GO/PBA Plan, the March Puerto Rico Resolutions).
3) All debt service on these insured exposures have been paid to date without any insurance claim being made on the Company.

Assured Guaranty Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2022

(dollars in thousands)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2022 (2Q)	2022 (3Q)	2022 (4Q)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2036	2037-2041	2042	Total
Puerto Rico Exposures Subject to a Plan or Support Agreement																
Commonwealth of Puerto Rico - GO	$ —	$ 8,309	$ —	$ —	$ —	$ —	$ 1,219	$ 3,439	$ 169	$15,176	$ —	$ —	$ —	$ —	$ —	$ 28,312
PBA	—	—	—	2,251	—	2,249	—	—	—	—	—	—	—	—	—	4,500
Subtotal - GO/PBA Plan	—	8,309	—	2,251	—	2,249	1,219	3,439	169	15,176	—	—	—	—	—	32,812
PRHTA (Transportation revenue)	—	13,975	—	19,192	4,173	21,127	16,986	7,943	11,590	20,921	4,606	2,841	248,125	90,545	5,000	467,024
PRHTA (Highway revenue)	—	—	—	477	493	509	16	—	877	1,567	1,882	21,904	23,369	—	—	51,094
Subtotal - HTA/ CCDA PSA	—	13,975	—	19,669	4,666	21,636	17,002	7,943	12,467	22,488	6,488	24,745	271,494	90,545	5,000	518,118
Subtotal Subject to a Plan or Support Agreement	—	22,284	—	21,920	4,666	23,885	18,221	11,382	12,636	37,664	6,488	24,745	271,494	90,545	5,000	550,930
Other Puerto Rico Exposures																
PREPA	—	577	—	1,269	1,331	1,398	19,264	17,031	16,652	1,053	2,784	1,839	6,011	250	—	69,459
MFA	—	7,243	—	2,639	395	360	1,617	1,270	1,064	614	471	—	—	—	—	15,673
PRASA and U of PR	—	45	—	47	885	52	55	58	61	64	67	70	151	—	—	1,555
Subtotal Other Puerto Rico Exposures	$ —	$ 7,865	$ —	$ 3,955	$ 2,611	$ 1,810	$20,936	$ 18,359	$17,777	$ 1,731	$ 3,322	$ 1,909	$ 6,162	$ 250	$ —	$ 86,687
Total	**$ —**	**$30,149**	**$ —**	**$25,875**	**$ 7,277**	**$25,695**	**$39,157**	**$ 29,741**	**$30,413**	**$39,395**	**$ 9,810**	**$26,654**	**$277,656**	**$ 90,795**	**$5,000**	**$ 637,617**

Assured Guaranty Corp.

Exposure to Puerto Rico (3 of 3)

As of March 31, 2022

(dollars in thousands)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2022 (2Q)	2022 (3Q)	2022 (4Q)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2036	2037-2041	2042	Total
Puerto Rico Exposures Subject to a Plan or Support Agreement																
Commonwealth of Puerto Rico - GO	$ —	$ 8,728	$ —	$ 1,100	$ 1,100	$ 1,100	$ 2,319	$ 4,472	$ 1,013	$16,012	$ —	$ —	$ —	$ —	$ —	$ 35,844
PBA	—	60	—	2,487	118	2,367	—	—	—	—	—	—	—	—	—	5,032
Subtotal - GO/PBA Plan	—	8,788	—	3,587	1,218	3,467	2,319	4,472	1,013	16,012	—	—	—	—	—	40,876
PRHTA (Transportation revenue)	—	26,151	—	42,768	26,778	43,525	38,256	28,313	31,563	40,313	22,869	20,875	320,956	108,205	5,250	755,822
PRHTA (Highway revenue)	—	1,364	—	3,206	3,198	3,190	2,672	2,655	3,533	4,175	4,406	24,327	27,087	—	—	79,813
Subtotal - HTA/CCDA PSA	—	27,515	—	45,974	29,976	46,715	40,928	30,968	35,096	44,488	27,275	45,202	348,043	108,205	5,250	835,635
Subtotal Subject to a Plan or Support Agreement	—	36,303	—	49,561	31,194	50,182	43,247	35,440	36,109	60,500	27,275	45,202	348,043	108,205	5,250	876,511
Other Puerto Rico Exposures																
PREPA	52	2,175	52	4,542	4,542	4,528	22,336	19,161	18,051	1,627	3,320	2,250	6,393	263	—	89,292
MFA	—	7,644	—	3,065	685	630	1,869	1,441	1,171	668	494	—	—	—	—	17,667
PRASA and U of PR	—	89	—	132	968	81	81	81	82	82	80	81	163	—	—	1,920
Subtotal Other Puerto Rico Exposures	52	9,908	52	7,739	6,195	5,239	24,286	20,683	19,304	2,377	3,894	2,331	6,556	263	—	108,879
Total	**$ 52**	**$46,211**	**$ 52**	**$57,300**	**$37,389**	**$55,421**	**$ 67,533**	**$ 56,123**	**$55,413**	**$62,877**	**$31,169**	**$ 47,533**	**$354,599**	**$108,468**	**$5,250**	**$ 985,390**

Assured Guaranty Corp.

U.S. RMBS Profile

As of March 31, 2022

(dollars in thousands)

Distribution of U.S. RMBS by Rating and Type of Exposure [1]

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	$ 2,683	$ 30,204	$ 6,759	$ 88,590	$ 1,211	$ 129,447
AA	5,163	45,035	103	13,877	2,388	66,566
A	3,003	14,684	—	5,132	10	22,829
BBB	5,065	—	391	8,063	42,553	56,072
BIG	15,525	54,830	3,680	255,812	28,438	358,285
Total exposures	**$ 31,439**	**$ 144,753**	**$ 10,933**	**$ 371,474**	**$ 74,600**	**$ 633,199**

Distribution of U.S. RMBS by Year Insured and Type of Exposure

Year insured:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
2004 and prior	$ 9,362	$ 616	$ 31	$ 56,149	$ 8,287	$ 74,445
2005	17,007	35,000	6,867	93,661	16,633	169,168
2006	5,070	425	—	48,610	7,499	61,604
2007	—	108,712	4,035	173,054	42,181	327,982
Total exposures	**$ 31,439**	**$ 144,753**	**$ 10,933**	**$ 371,474**	**$ 74,600**	**$ 633,199**

1) AGC has not insured any new U.S. RMBS transactions since 2008.

Please refer to the Glossary for an explanation of the Company's presentation of net par outstanding, internal ratings and a description of sectors.

Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile

As of March 31, 2022

(dollars in thousands)

Distribution of Direct Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Ratings:				
AAA	$ 264,054	49.9 %	44.6%	62.1%
AA	165,858	31.3	43.0%	58.2%
A	77,304	14.6	37.9%	47.8%
BBB	22,375	4.2	42.2%	43.9%
Total exposures	**$ 529,591**	**100.0 %**	**43.0%**	**58.0%**

Distribution of Direct Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Number of Transactions	Avg. Rating
Asset class:						
Trust preferred						
Banks and insurance	368,554	69.6	44.0%	62.4%	12	AA+
U.S. mortgage and real estate investment trusts	66,967	12.6	47.4%	65.4%	3	A+
Collateralized loan obligations	94,070	17.8	35.9%	35.5%	6	AAA
Total exposures	**$ 529,591**	**100.0 %**	**43.0%**	**58.0%**	**21**	**AA+**

Please refer to the Glossary for an explanation of internal ratings, performance indicators and sectors.

Assured Guaranty Corp.

Credit Derivative Net Par Outstanding Profile
As of March 31, 2022
(dollars in thousands)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	$ 728,960	31.7 %
AA	1,125,833	48.9
A	187,948	8.2
BBB	207,308	9.0
BIG	51,171	2.2
Total credit derivative net par outstanding	**$ 2,301,220**	**100.0 %**

Distribution of Credit Derivative Net Par Outstanding by Sector and Average Rating

	Net Par Outstanding	Average Internal Rating
Public finance		
U.S. public finance	$ 1,008,529	AA
Non-U.S. public finance	820,847	AA+
Total public finance	**1,829,376**	**AA**
U.S. structured finance:		
Pooled corporate obligations	197,166	AA+
RMBS	143,298	A-
Total U.S. structured finance	340,464	AA-
Non-U.S. structured finance:		
RMBS	131,380	A
Total non-U.S. structured finance	131,380	A
Total structured finance	**471,844**	**A+**
Total credit derivative net par outstanding	**$ 2,301,220**	**AA**

Please refer to the Glossary for a description of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(dollars in thousands)

BIG Exposures by Asset Exposure Type

	As of	
	March 31, 2022	**December 31, 2021**
U.S. public finance:		
Tax backed	$ 551,697	$ 719,158
General obligation	84,935	344,109
Municipal utilities	84,599	84,599
Housing revenue	58,325	58,325
Transportation	23,250	24,053
Healthcare	14,890	16,910
Higher education	3,655	14,745
Total U.S. public finance	821,351	1,261,899
Non-U.S. public finance:		
Infrastructure finance	41,203	43,244
Renewable energy	27,464	28,216
Sovereign and sub-sovereign	999	1,026
Total non-U.S. public finance	69,666	72,486
Total public finance	**891,017**	**1,334,385**
U.S. structured finance:		
RMBS	358,285	367,533
Life insurance transactions	6,385	6,385
Consumer receivables	138	1,241
Other structured finance	6,622	6,651
Total U.S. structured finance	371,430	381,810
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**371,430**	**381,810**
Total BIG net par outstanding	**$ 1,262,447**	**$ 1,716,195**

Please refer to the Glossary for an explanation of the Company's presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(dollars in thousands)

Net Par Outstanding by BIG Category[1]

	As of	
	March 31, 2022	**December 31, 2021**
BIG Category 1		
U.S. public finance	$ 147,977	$ 162,425
Non-U.S. public finance	69,509	72,325
U.S. structured finance	5,377	23,083
Non-U.S. structured finance	—	—
Total BIG Category 1	222,863	257,833
BIG Category 2		
U.S. public finance	52,985	52,985
Non-U.S. public finance	—	—
U.S. structured finance	29,376	20,217
Non-U.S. structured finance	—	—
Total BIG Category 2	82,361	73,202
BIG Category 3		
U.S. public finance	620,389	1,046,489
Non-U.S. public finance	157	161
U.S. structured finance	336,677	338,510
Non-U.S. structured finance	—	—
Total BIG Category 3	957,223	1,385,160
BIG Total	**$ 1,262,447**	**$ 1,716,195**

1) BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims which are claims that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

Please refer to the Glossary for an explanation of the Company's internal rating approach, presentation of net par outstanding and a description of various sectors.

Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2022

(dollars in thousands)

Public Finance and Structured Finance BIG Exposures with Revenue Sources Greater Than $50 Million

	Net Par Outstanding	Internal Rating (1)
Name or description		
U.S. public finance:		
Puerto Rico Highways & Transportation Authority	$ 518,118	CCC
Puerto Rico Electric Power Authority	69,459	CCC
Subtotal U.S. public finance	**587,577**	
Non-U.S. public finance:		
Subtotal non-U.S. public finance	—	
U.S. structured finance		
RMBS:		
Option One Mortgage Loan Trust 2007-HL1	101,719	CCC
Argent Securities Inc. 2005-W4	92,617	CCC
Subtotal RMBS	**194,336**	
Non-RMBS:		
Subtotal non-RMBS	—	
Subtotal U.S. structured finance	**194,336**	
Total	**$ 781,913**	

1) Transactions below B- are categorized as CCC.

Please refer to the Glossary for an explanation of the Company's internal rating approach, presentation of net par outstanding and a description of performance indicators and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (1 of 3)

As of March 31, 2022

(dollars in thousands)

50 Largest U.S. Public Finance Exposures by Revenue Source

Credit Name:	Net Par Outstanding	Internal Rating (1)
New Jersey (State of)	$ 948,596	BBB
San Diego Family Housing, LLC	917,615	AA
North Texas Tollway Authority	823,747	A
Puerto Rico Highways & Transportation Authority	518,118	CCC
Alameda Corridor Transportation Authority, California	418,229	BBB+
LCOR Alexandria LLC	395,692	A-
Metro Washington Airports Authority (Dulles Toll Road)	304,560	BBB+
New York Metropolitan Transportation Authority	208,123	BBB+
Miami-Dade County, Florida	205,431	AA-
Houston Hotel Occupancy Tax, Texas	203,855	BBB
California (State of)	159,227	AA-
Dodger Tickets LLC	152,043	BBB
Palomar Health	143,306	BBB+
Southern California Logistic Airport, California	133,378	BBB-
Navy Midwest Family Housing LLC	122,215	AA-
San Joaquin Hills Transportation, California	120,643	BBB
GMH Military Housing Navy Northeast Family Housing Privatization Project	119,751	A+
Washington Water Power (Avista Project)	107,250	A-
San Diego County, California	105,695	AA-
Escondido Union High School District, California	103,273	AA-
San Francisco Airports Commission (San Francisco International Airport), California	94,294	A+
Municipal Gas Authority of Georgia	90,583	A+
Offutt Air Force Base, Nebraska - America First Communities, LLC	89,375	A+
St. Louis, Missouri	87,111	BBB+
New York (City of), New York	85,212	AA
Ohana Military Communities, LLC	83,165	A
Grossmont-Cuyamaca Community College District, California	82,537	AA-
Santa Ana Unified School District, California	80,673	A+
Dade County Seaport, Florida	80,033	A
West Contra Costa Unified School District, California	79,700	AA-
Denver (City & County) Airport System, Colorado	78,880	A+
Duke Energy Florida	77,613	A
Aurora Military Housing I & II (Elmendorf Air Force Base), LLC	74,031	AA
Long Beach Bond Financing Authority (Natural Gas Prepayment Transaction), California	69,617	A
Puerto Rico Electric Power Authority	69,459	CCC
Massachusetts State College Building Authority	68,949	AA-
Chicago Water, Illinois	68,826	BBB+
Duke Energy Ohio	67,210	BBB+
Fort Benning Family Communities LLC	66,355	A-
Yankee Stadium LLC New York City Industrial Development Authority	65,329	BBB
E-470 Public Highway Authority, Colorado	64,107	A-
New Haven Unified School District, California	63,974	A+
North Carolina Turnpike Authority	63,534	BBB-
Los Angeles Department of Airports (LAX Project), California	59,466	A
Los Medanos California Community Development Pittsburg, California	59,256	A-
Maine (State of)	55,631	A
Fairfield Water, California	53,881	AA-
BMC Special Care Facilities Financing Authority, Alabama	51,319	BBB+
Piedmont Municipal Power Authority, South Carolina	50,809	A-
ACTS Retirement Life Communities, Pennsylvania	50,720	BBB+
Total top 50 U.S. public finance exposures	**$ 8,342,396**	

1) Transactions rated below B- are categorized as CCC.

Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (2 of 3)

As of March 31, 2022

(dollars in thousands)

25 Largest U.S. Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating (1)
SLM Student Loan Trust 2007-A	$ 218,322	AA
Private US Insurance Securitization	174,912	AA-
Private US Insurance Securitization	165,000	AA
Private US Insurance Securitization	163,726	AA-
Private US Insurance Securitization	143,092	A
Private US Insurance Securitization	112,364	AA
Option One Mortgage Loan Trust 2007-HL1	101,719	CCC
Private US Insurance Securitization	94,200	AA-
Argent Securities Inc. 2005-W4	92,617	CCC
New Century Home Equity Loan Trust 2006-1	83,340	AAA
Private US Insurance Securitization	79,247	AA-
SLM Student Loan Trust 2006-C	72,601	AA
ALESCO Preferred Funding XIII, Ltd.	65,388	AAA
Private Balloon Note Guarantee	59,500	BBB
Private Other Structured Finance Transaction	57,632	A-
CAPCO - Excess SIPC Excess of Loss Reinsurance	53,550	BBB
Preferred Term Securities XXIV, Ltd.	51,024	AA
CWALT Alternative Loan Trust 2007-HY9	50,819	A+
Private Other Structured Finance Transaction	50,593	A-
OwnIt Mortgage Loan ABS Certificates 2006-3	45,444	AAA
Alesco Preferred Funding XVI, Ltd.	44,617	A
Structured Asset Investment Loan Trust 2006-1	42,638	AAA
Soundview Home Equity Loan Trust 2006-OPT1	42,055	AAA
Sonic Capital LLC 2020-1	39,747	BBB
Preferred Term Securities XXIII	38,940	AA
Total top 25 U.S. structured finance exposures	**$ 2,143,087**	

1) Transactions rated below B- are categorized as CCC.

Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Largest Exposures by Sector (3 of 3)

As of March 31, 2022

(dollars in thousands)

50 Largest Non-U.S. Exposures by Revenue Source

Credit Name:	Country	Net Par Outstanding	Internal Rating
International Infrastructure Pool	United Kingdom	$ 207,748	AAA
International Infrastructure Pool	United Kingdom	207,748	AAA
International Infrastructure Pool	United Kingdom	207,748	AAA
National Grid Gas PLC	United Kingdom	193,713	BBB+
Thames Water Utilities Finance Plc	United Kingdom	190,447	BBB
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	150,452	BBB-
Yorkshire Water Services Finance Plc	United Kingdom	146,204	BBB
Northumbrian Water PLC	United Kingdom	142,438	BBB+
Wessex Water Services Finance plc	United Kingdom	132,386	AA
Private International Residential Mortgage Transaction	United Kingdom	131,380	A
Regione Lazio	Italy	114,945	BBB-
M77 - Glasgow Southern Orbital PFI Road Project	United Kingdom	107,293	BBB-
Channel Link Enterprises Finance PLC	France, United Kingdom	104,724	BBB
Anglian Water Services Financing PLC	United Kingdom	104,489	A-
Bain Capital EURO CLO 2021-2	Refer to Note 1	95,563	AAA
National Grid Company PLC	United Kingdom	95,048	BBB+
North Westerly V Leveraged Loan Strategies CLO	Refer to Note 2	89,954	AAA
United Utilities Water PLC	United Kingdom	89,602	BBB+
Ancora (OAHS) Pty Ltd.	Australia	87,122	BBB
Southern Gas Networks PLC	United Kingdom	86,390	BBB
Tymon Park CLO DAC Reset	Refer to Note 3	86,006	AAA
Envestra Limited	Australia	81,154	A-
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	72,235	AAA
Sociedad Concesionaria Autopista Vespucio Sur S.A., Chile	Chile	70,651	BBB
Southern Water Services Limited	United Kingdom	65,892	BBB
Dwr Cymru Financing Limited	United Kingdom	65,742	A-
BBI (DBCT) Finance Pty Limited	Australia	53,496	BBB
Electricity North West Ltd	United Kingdom	49,560	BBB+
Capital Hospitals (Issuer) PLC	United Kingdom	46,327	BBB-
Severn Trent Water Utilities Finance Plc	United Kingdom	37,707	BBB+
Societe des Autoroutes du Nord et de l'est de la France S.A.	France	35,772	BBB+
Newcastle Hospitals PFI Project	United Kingdom	32,929	BB+
Feria Muestrario Internacional de Valencia	Spain	32,882	BBB-
ALBA 2005-1 PLC	United Kingdom	30,057	AAA
Breeze Finance S.A.	Germany	27,464	B-
Southern Electric Power Distribution Plc	United Kingdom	26,276	BBB+
Private Other Structured Finance Transaction	Guatemala	23,438	BBB-
Derby Healthcare PLC	United Kingdom	22,970	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	22,102	BBB+
Western Power Distribution (South West) PLC	United Kingdom	21,342	BBB+
Quebec Province	Canada	20,199	AA-
Private Subscription Finance Transaction	Refer to Note 4	18,639	A
Verdun Participations 2 S.A.S.	France	18,577	BBB-
Scotland Gas Networks plc	United Kingdom	16,462	BBB
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	16,121	BBB+
University of Essex, United Kingdom	United Kingdom	15,220	A-
MPC Funding Limited	Australia	15,171	BBB+
South Tees	United Kingdom	14,245	BBB+
Central Nottinghamshire Hospitals PLC	United Kingdom	10,443	BBB-
Belfast Gas Transmission Financing plc	United Kingdom	10,194	A
Total top 50 non-U.S. exposures		**$ 3,744,667**	

1) Primarily France, Luxembourg, Netherlands, United Kingdom, and Germany.
2) Primarily France, Germany, Netherlands, United Kingdom, and Luxembourg,
3) Primarily United Kingdom, France, Germany, Netherlands, and Luxembourg,
4) Primarily Canada, China, Singapore, Denmark, and Finland.

Please refer to the Glossary for an explanation of net par outstanding, internal ratings and sectors.

Assured Guaranty Corp.

Summary of Statutory Financial and Statistical Data

(dollars in thousands)

	As of and for the Three Months Ended March 31, 2022	As of and for Year Ended December 31, 2021	2020	2019	2018
Claims-Paying Resources[1]					
Policyholders' surplus	$ 1,992,338	$ 2,069,827	$ 1,716,777	$ 1,775,111	$ 1,792,961
Contingency reserve	348,214	348,062	617,634	621,131	628,738
Qualified statutory capital	**2,340,552**	**2,417,889**	**2,334,411**	**2,396,242**	**2,421,699**
Unearned premium reserve and net deferred ceding commission income	332,995	352,782	363,452	430,665	483,836
Loss and LAE reserves[2]	—	7,072	13,118	150,811	236,295
Total policyholders' surplus and reserves	**2,673,547**	**2,777,743**	**2,710,981**	**2,977,718**	**3,141,830**
Present value of installment premium	193,146	193,521	189,445	187,369	167,058
CCS	200,000	200,000	200,000	200,000	200,000
Excess of loss reinsurance facility	—	—	—	—	180,000
Total claims-paying resources (including proportionate MAC ownership for AGC)	**3,066,693**	**3,171,264**	**3,100,426**	**3,365,087**	**3,688,888**
Adjustment for MAC	—	—	234,852	239,643	281,013
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 3,066,693**	**$ 3,171,264**	**$ 2,865,574**	**$ 3,125,444**	**$ 3,407,875**
Ratios:					
Net par outstanding to qualified statutory capital	9 :1	9:1	11:1	13:1	15:1
Capital ratio	13 :1	14:1	16:1	19:1	22:1
Financial resources ratio	10 :1	10:1	12:1	14:1	14:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGC)	7 :1	7:1	8:1	9:1	10:1
Other Financial Information (Statutory Basis)[3]					
Net debt service outstanding (end of period)	$31,162,971	$33,024,098	$38,015,005	$45,707,258	$53,213,108
Gross debt service outstanding (end of period)	42,903,585	45,424,851	50,842,602	60,496,257	70,087,190
Net par outstanding (end of period)	20,435,935	21,603,648	25,377,477	30,069,673	35,545,662
Gross par outstanding (end of period)	28,755,979	30,328,782	34,273,962	40,158,338	47,201,518
Ceded to Assured Guaranty affiliates	8,294,544	8,699,634	8,870,984	9,989,191	11,556,382
Gross debt service written:					
Public finance - U.S.	$ 658,152	$ 3,480,668	$ —	$ 922,886	$10,932,113
Public finance - non-U.S.	52,783	56,226	—	663,929	6,369,827
Structured finance - U.S.	59,650	1,311,776	508,015	1,703,593	1,190,662
Structured finance - non-U.S.	—	357,051	—	—	230,439
Total gross debt service written	$ 770,585	$ 5,205,721	$ 508,015	$ 3,290,408	$18,723,041

1) See page 8 for additional detail on claims-paying resources and exposure. The December 31, 2018 - 2020 numbers shown for AGC have been adjusted to include its indirect share of MAC. Until April 1, 2021, AGM and AGC owned 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owned 100% of the outstanding common stock of MAC. On April 1, 2021, as part of a multi-step transaction, AGC sold its interest in MAC Holdings to AGM and MAC was merged with and into AGM, with AGM as the surviving company.
2) Loss and LAE reserves exclude adjustments to claims-paying resources for AGC because they were in a net recoverable position of $13.0 million as of March 31, 2022.
3) The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Companies are prepared on a stand-alone basis.

Please refer to the Glossary for an explanation of the presentation of net debt service and net par outstanding and of the various sectors.

Glossary

Net Par Outstanding and Internal Ratings

Net Par Outstanding is insured par exposure, net of reinsurance cessions. Unless otherwise indicated, GAAP net par outstanding amounts exclude amounts as a result of loss mitigation strategies, including securities the Company has purchased for loss mitigation purposes that are held in the investment portfolio.

Internal Rating utilizes the Company's ratings scale, which is similar to that used by the nationally recognized statistical rating organizations; however, the ratings in the tables may not be the same as ratings assigned by any such rating agency.

Statutory Net Par and Net Debt Service Outstanding. Under statutory accounting, net par and net debt service outstanding would be reduced both when an outstanding issue is legally defeased (i.e., an issuer has legally discharged its obligations with respect to a municipal security by satisfying conditions set forth in defeasance provisions contained in transaction documents and is no longer responsible for the payment of debt service with respect to such obligations) and when such issue is economically defeased (i.e., transaction documents for a municipal security do not contain defeasance provisions but the issuer establishes an escrow account with U.S. government securities in amounts sufficient to pay the refunded bonds when due; the refunded bonds are not considered paid and continue to be outstanding under the transaction documents and the issuer remains responsible to pay debt service when due to the extent monies on deposit in the escrow account are insufficient for such purpose).

Performance Indicators

The performance information described below is obtained from third parties and/or provided by the trustee and may be subject to revision as updated or additional information is obtained:

Average Credit Enhancement is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Some asset classes may not have subordinated tranches so they are excluded from the weighted averages.

Sectors

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2021.

Public Finance:

General Obligation Bonds are full faith and credit obligations that are issued by states, their political subdivisions and other municipal issuers, and are supported by the general obligation of the issuer to pay from available funds and by a pledge of the issuer to levy property taxes in an amount sufficient to provide for the full payment of the bonds.

Tax-Backed Bonds are obligations that are supported by the issuer from specific and discrete sources of taxation and tax-backed revenue bonds. Tax-backed obligations may be secured by a lien on specific pledged tax revenues, such as a gasoline or excise tax, or an income tax, or incrementally from growth in property tax revenue associated with growth in property values. These obligations also include obligations secured by special assessments levied against property owners and often benefit from issuer covenants to enforce collections of such assessments and to foreclose on delinquent properties. Lease revenue bonds typically are general fund obligations of a municipality or other governmental authority that are subject to annual appropriation or abatement; projects financed and subject to such lease payments ordinarily include real estate or equipment serving an essential public purpose.

Municipal Utility Bonds are obligations of all forms of municipal utilities, including electric, water and sewer utilities and resource recovery revenue bonds. These utilities may be organized in various forms, including municipal enterprise systems, authorities or joint action agencies.

Transportation Bonds include a wide variety of revenue-supported obligations, such as bonds for airports, ports, tunnels, municipal parking facilities, toll roads and toll bridges.

Healthcare Bonds are obligations of healthcare facilities, including community-based hospitals and systems, as well as of health maintenance organizations and long-term care facilities.

Higher Education Bonds are obligations secured by revenue collected by either public or private secondary schools, colleges and universities. Such revenue can encompass all of an institution's revenue, including tuition and fees, or in other cases, can be specifically restricted to certain auxiliary sources of revenue or revenue relating to student accommodation.

Infrastructure Bonds include obligations issued by a variety of entities engaged in the financing of infrastructure projects, such as roads, airports, ports, social infrastructure and other physical assets delivering essential services supported by long-term concession arrangements with a public sector entity.

Glossary (continued)

***Sectors* (continued)**

Investor-Owned Utility Bonds are obligations primarily backed by investor-owned utilities, first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, and also include sale-leaseback obligation bonds supported by such entities.

Renewable Energy Bonds are obligations backed by revenue from renewable energy sources.

Housing Revenue Bonds are obligations relating to both single and multi-family housing, issued by states and localities, supported by cash flow and, in some cases, insurance from entities such as the Federal Housing Administration.

Regulated Utility Obligations are obligations issued by government-regulated providers of essential services and commodities, including electric, water and gas utilities, supported by the rates and charges paid by the utilities' customers. The majority of the Company's international regulated utility business is conducted in the United Kingdom.

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of credit default swap obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations.

Sovereign and Sub-Sovereign Obligations primarily include obligations of local, municipal, regional or national governmental authorities or agencies outside of the United States.

Other Public Finance are obligations of or backed by local, municipal, regional or national governmental authorities or agencies not generally described in any of the other described categories.

Structured Finance:

Pooled Corporate Obligations are securities primarily backed by various types of corporate debt obligations, such as secured or unsecured bonds, bank loans or loan participations and trust preferred securities (TruPS). These securities are often issued in ''tranches,'' with subordinated tranches providing credit support to the more senior tranches. The Company's financial guaranty exposures generally are to the more senior tranches of these issues.

Residential Mortgage-Backed Securities are obligations backed by first and second lien mortgage loans on residential properties. The credit quality of borrowers covers a broad range, including "prime," "subprime" and "Alt-A." A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income. RMBS include home equity lines of credit, which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral. The Company has not provided insurance for RMBS in the primary market since 2008.

Consumer Receivables Securities are obligations backed by non-mortgage consumer receivables, such as student loans, automobile loans and leases, manufactured home loans and other consumer receivables.

Life Insurance Transactions are obligations secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

Other Structured Finance Obligations are obligations backed by assets not generally described in any of the other described categories.

Non-GAAP Financial Measures

The Company discloses both (a) financial measures determined in accordance with GAAP and (b) financial measures not determined in accordance with GAAP (non-GAAP financial measures). Financial measures identified as non-GAAP should not be considered substitutes for GAAP financial measures. The primary limitation of non-GAAP financial measures is the potential lack of comparability to financial measures of other companies, whose definitions of non-GAAP financial measures may differ from those of the Company.

The Company believes its presentation of non-GAAP financial measures provides information that is necessary for analysts to calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and for investors, analysts and the financial news media to evaluate Assured Guaranty's financial results.

GAAP requires the Company to consolidate entities where it is deemed to be the primary beneficiary which include:

- FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and
- CIVs in which certain subsidiaries invest and which are managed by AssuredIM.

The Company discloses the effect of FG VIE and CIV consolidation that is embedded in each non-GAAP financial measure, as applicable. The Company believes this information may also be useful to analysts and investors evaluating Assured Guaranty's financial results.

Management and the Board of Directors of AGL and the Company use non-GAAP financial measures further adjusted to remove the effect of FG VIE and CIV consolidation (which the Company refers to as its core financial measures), as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company uses core financial measures in its decision-making process for and in its calculation of certain components of management compensation. The financial measures that AGL and the Company use to help determine compensation are: (1) adjusted operating income, further adjusted to remove the effect of FG VIE and CIV consolidation; (2) adjusted operating shareholder's equity, further adjusted to remove the effect of FG VIE and CIV consolidation; (3) adjusted book value per share, further adjusted to remove the effect of FG VIE and CIV consolidation; (4) PVP, and (5) gross third-party assets raised.

Management believes that many investors, analysts and financial news reporters use adjusted operating shareholder's equity and/or adjusted book value, each further adjusted to remove the effect of FG VIE and CIV consolidation, as the principal financial measures for valuing AGL's current share price or projected share price and also as the basis of their decision to recommend, buy or sell AGL's common shares. Management also believes that many of the Company's fixed income investors also use adjusted operating shareholder's equity, further adjusted to remove the effect of FG VIE and CIV consolidation to evaluate the Company's capital adequacy.

Adjusted operating income, further adjusted for the effect of FG VIE and CIV consolidation enables investors and analysts to evaluate the Company's financial results in comparison with the consensus analyst estimates distributed publicly by financial databases.

The following paragraphs define each non-GAAP financial measure disclosed by the Company and describe why it is useful. To the extent there is a directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

Adjusted Operating Income: Management believes that adjusted operating income is a useful measure because it clarifies the understanding of the operating results of the Company. Adjusted operating income is defined as net income (loss) attributable to the Company, as reported under GAAP, adjusted for the following:

1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.

2) Elimination of non-credit impairment-related unrealized fair value gains (losses) on credit derivatives that are recognized in net income, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, the Company's credit spreads, and other market factors and are not expected to result in an economic gain or loss.

3) Elimination of fair value gains (losses) on the Company's CCS that are recognized in net income. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

Non-GAAP Financial Measures (continued)

4) Elimination of foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves that are recognized in net income. Long-dated receivables and loss and LAE reserves represent the present value of future contractual or expected cash flows. Therefore, the current period's foreign exchange remeasurement gains (losses) are not necessarily indicative of the total foreign exchange gains (losses) that the Company will ultimately recognize.

5) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

Adjusted Operating Shareholder's Equity and Adjusted Book Value: Management believes that adjusted operating shareholder's equity is a useful measure because it excludes the fair value adjustments on investments, credit derivatives and CCS that are not expected to result in economic gain or loss.

Adjusted operating shareholder's equity is defined as shareholder's equity attributable to the Company, as reported under GAAP, adjusted for the following:

1) Elimination of non-credit impairment-related unrealized fair value gains (losses) on credit derivatives, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.

2) Elimination of fair value gains (losses) on the Company's CCS. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

3) Elimination of unrealized gains (losses) on the Company's investments that are recorded as a component of accumulated other comprehensive income (AOCI). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore would not recognize an economic gain or loss.

4) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

Management uses adjusted book value, further adjusted for FG VIE and CIV consolidation, to measure the intrinsic value of the Company, excluding franchise value. Adjusted book value per share, further adjusted for FG VIE and CIV consolidation (core adjusted book value), is one of the key financial measures used in determining the amount of certain long-term compensation elements to management and employees and used by rating agencies and investors. Management believes that adjusted book value is a useful measure because it enables an evaluation of the Company's in-force premiums and revenues net of expected losses. Adjusted book value is adjusted operating shareholder's equity, as defined above, further adjusted for the following:

1) Elimination of deferred acquisition costs, net. These amounts represent net deferred expenses that have already been paid or accrued and will be expensed in future accounting periods.

2) Addition of the net present value of estimated net future revenue. See below.

3) Addition of the deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the present value of the expected future net earned premiums, net of the present value of expected losses to be expensed, which are not reflected in GAAP equity.

4) Elimination of the tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

The unearned premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors.

Non-GAAP Financial Measures (continued)

Adjusted Operating Return on Equity (Adjusted Operating ROE): Adjusted Operating ROE represents adjusted operating income for a specified period divided by the average of adjusted operating shareholder's equity at the beginning and the end of that period. Management believes that adjusted operating ROE is a useful measure to evaluate the Company’s return on invested capital. Many investors, analysts and members of the financial news media use adjusted operating ROE, adjusted for VIE consolidation, to evaluate AGL’s share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Quarterly and year-to-date adjusted operating ROE are calculated on an annualized basis. Adjusted operating ROE, adjusted for VIE consolidation, is one of the key management financial measures used in determining the amount of certain long-term compensation to management and employees and used by rating agencies and investors.

Net Present Value of Estimated Net Future Revenue: Management believes that this amount is a useful measure because it enables an evaluation of the present value of estimated net future revenue for non-financial guaranty insurance contracts. This amount represents the net present value of estimated future revenue from these contracts (other than credit derivatives with net expected losses), net of reinsurance, ceding commissions and premium taxes.

Future installment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary. Net present value of estimated future revenue for an obligation may change from period to period due to a change in the discount rate or due to a change in estimated net future revenue for the obligation, which may change due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation. There is no corresponding GAAP financial measure.

PVP or Present Value of New Business Production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as additional installment premiums and fees on existing contracts (which may result from supplements or fees or from the issuer not calling an insured obligation the Company projected would be called), regardless of form, which management believes GAAP gross written premiums and changes in fair value of credit derivatives do not adequately measure. PVP in respect of contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums.

Future installment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than certain fixed-maturity securities such as loss mitigation securities. The discount rate is recalculated annually and updated as necessary. Under GAAP, financial guaranty installment premiums are discounted at a risk-free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction.

Actual installment premiums may differ from those estimated in the Company's PVP calculation due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

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