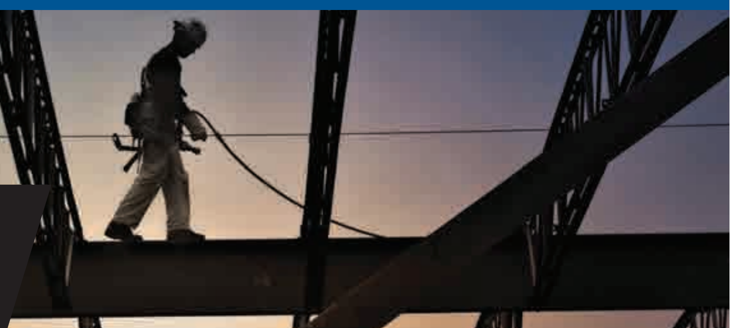

Financial Supplement

Assured Guaranty Corp.
March 31, 2023

Assured Guaranty Corp.
March 31, 2023
Financial Supplement

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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, 2022 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023. 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) significant changes in inflation, interest rates, the world’s credit markets or segments thereof, credit spreads, foreign exchange rates or general economic conditions, including the possibility of a recession; (2) geopolitical risk, including United States (U.S.)-China strategic competition and technology decoupling, Russia’s invasion of Ukraine and the resulting economic sanctions, fragmentation of global supply chains, volatility in energy prices, potential for increased cyberattacks, and risk of intentional or accidental escalation between NATO and Russia; (3) the possibility of a U.S. government shutdown, payment defaults on the debt of the U.S. government or instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, and downgrades to their credit ratings; (4) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, and the global consequences of the pandemic and such actions, including their impact on the factors listed in this section; (5) developments in the world’s financial and capital markets, including stresses in the financial condition of banking institutions in the U.S., that adversely affect repayment rates related to commercial real estate, municipalities and other insured obligors, Assured Guaranty’s insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (6) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty’s insurance; (7) 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; (8) 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; (9) insured losses, including losses with respect to related legal proceedings, 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 final resolution of Assured Guaranty’s remaining Puerto Rico exposures or the amounts recovered on securities received in connection with the resolution of Puerto Rico exposures already resolved; (10) increased competition, including from new entrants into the financial guaranty industry, nonpayment insurance and other forms of capital saving or risk syndication available to banks and insurers; (11) poor performance of Assured Guaranty’s asset management strategies compared to the performance of the asset management strategies of Assured Guaranty’s competitors; (12) 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; (13) the possibility that Assured Guaranty’s planned transactions pursuant to which Assured Guaranty will contribute to Sound Point Capital Management, LP (Sound Point) most of its asset management business, other than that conducted by Assured HealthCare Partners LLC (AssuredIM Contributed Business) and receive an ownership interest in Sound Point, fail to close or are delayed due to the failure to fulfill or waive certain customary closing conditions, which include the receipt of certain consents and regulatory approval, or due to other reasons; (14) the impacts of the announcement and the completion of Assured Guaranty’s planned transactions with Sound Point on Assured Guaranty and its relationships with its shareholders, regulators, rating agencies, employees and the obligors it insures and on the AssuredIM Contributed Business and on the business of Assured Healthcare Partners LLC and their relationships with their respective clients and employees; (15) the possibility that strategic transactions made by Assured Guaranty, including the consummation of the planned transactions with Sound Point, do not result in the benefits anticipated or subject Assured Guaranty to negative consequences; (16) the inability to control the business, management or policies of entities in which the Company holds a minority interest; (17) 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 (CDS) form, and certain consolidated variable interest entities (VIEs); (18) 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; (19) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (20) changes in applicable accounting policies or practices; (21) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (22) difficulties with the execution of Assured Guaranty’s business strategy; (23) loss of key personnel; (24) the effects of mergers, acquisitions and divestitures; (25) natural or man-made catastrophes or pandemics; (26) the impact of climate change on our business and regulatory actions taken related to such risk; (27) other risk factors identified in AGL’s filings with the U.S. Securities and Exchange Commission (SEC); (28) other risks and uncertainties that have not been identified at this time; and (29) 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,	
	2023	**2022**
GAAP [1] Highlights		
Net income (loss)	**$ 27,803**	**$ 67,169**
Gross written premiums (GWP)	**52,536**	**4,029**
Effective tax rate on net income	**17.3 %**	**19.4 %**
GAAP return on equity (ROE) [2]	**5.6 %**	**12.5 %**
Non-GAAP Highlights [3]		
Adjusted operating income (loss) [3]	$ 27,816	$ 67,078
Present value of new business production (PVP) [3]	49,281	8,201
Gross par written	1,827,379	508,547
Effective tax rate on adjusted operating income [4]	17.3 %	19.4 %
Adjusted operating ROE [2][3]	5.4 %	12.9 %
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	**$ 2,053**	**$ 110,202**
Fair value gains (losses) of credit derivatives, pre-tax	**—**	**1,951**
Net income effect	**1,638**	**88,456**
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues [5], pre-tax	2,053	112,153
Adjusted operating income [5] effect	1,638	88,456

1) Accounting principles generally accepted in the United States of America (GAAP).
2) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.
3) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
4) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.
5) 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, 2023	December 31, 2022
Shareholder's equity	**$ 2,000,044**	**$ 1,971,597**
Adjusted operating shareholder's equity (1)	2,053,020	2,046,758
Adjusted book value (1)	2,451,982	2,434,289
Gain (loss) related to FG VIE consolidation included in:		
Adjusted operating shareholders' equity	4,618	3,000
Adjusted book value	6,982	5,455
Exposure		
Financial guaranty net debt service outstanding	$ 34,835,289	$ 32,562,288
Financial guaranty net par outstanding:		
Investment grade	$ 21,225,281	$ 19,809,913
Below-investment-grade (BIG)	898,690	915,129
Total	$ 22,123,971	$ 20,725,042
Claims-paying resources (2)	**$ 2,997,780**	**$ 2,990,292**

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 Statements of Operations (unaudited)

(dollars in thousands)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues		
Net earned premiums	$ 14,928	$ 128,337
Net investment income	24,273	19,724
Net realized investment gains (losses)	(4,366)	4,229
Fair value gains (losses) on credit derivatives	12,910	(2,937)
Fair value gains (losses) on committed capital securities (CCS)	(9,006)	580
Fair value gains (losses) on FG VIEs	(2,847)	(989)
Foreign exchange gains (losses) on remeasurement	1,407	(1,606)
Fair value gains (losses) on trading securities	(1,258)	2,463
Other income (loss)	18,801	1,398
Total revenues	**54,842**	**151,199**
Expenses		
Loss and LAE (benefit)	12,550	54,412
Interest expense on note payable to affiliate	2,625	2,625
Employee compensation and benefit expenses	9,645	9,260
Other expenses	6,738	5,014
Total expenses (benefit)	**31,558**	**71,311**
Income (loss) before income taxes and equity in earnings (losses) of investees	**23,284**	**79,888**
Equity in earnings (losses) of investees	10,319	3,456
Income (loss) before income taxes	33,603	83,344
Less: Provision (benefit) for income taxes	5,800	16,175
Net income (loss)	**$ 27,803**	**$ 67,169**

Assured Guaranty Corp.

Condensed Consolidated Balance Sheets (unaudited)

(dollars in thousands)

	As of	
	March 31, 2023	December 31, 2022
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	$ 2,038,947	$ 2,092,528
Fixed-maturity securities, trading, at fair value	174,639	175,896
Short-term investments, at fair value	189,962	111,452
Equity method investments	221,444	211,125
Other invested assets	750	790
Total investments	2,625,742	2,591,791
Cash	19,322	24,225
Loan receivable from parent	87,500	87,500
Premiums receivable, net of commissions payable	333,533	297,015
Ceded unearned premium reserve	200,487	187,380
Reinsurance recoverable on unpaid losses	156,859	158,641
Salvage and subrogation recoverable	63,946	71,749
Financial guaranty variable interest entities' (FG VIEs') assets	120,020	177,681
Other assets	156,785	242,067
Total assets	**$ 3,764,194**	**$ 3,838,049**
Liabilities		
Unearned premium reserve	$ 688,630	$ 655,404
Loss and loss adjustment expense (LAE) reserve	94,003	84,112
Reinsurance balances payable, net	123,050	168,026
Notes payable to affiliates	300,000	300,000
Credit derivative liabilities, at fair value	145,480	159,498
FG VIEs' liabilities (with recourse of $331,256 and $393,531, without recourse of $1,972 and $1,916)	333,228	395,447
Other liabilities	79,759	103,965
Total liabilities	**1,764,150**	**1,866,452**
Shareholder's equity		
Preferred stock	—	—
Common stock	15,000	15,000
Additional paid-in capital	742,015	742,015
Retained earnings	1,286,311	1,278,108
Accumulated other comprehensive income (loss)	(43,282)	(63,526)
Total shareholder's equity	**2,000,044**	**1,971,597**
Total liabilities and shareholder's equity	**$ 3,764,194**	**$ 3,838,049**

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, 2023 and March 31, 2022

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
	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	$ —	$ (77)	$ —	$ (74)
Net investment income	—	(69)	—	(100)
Net realized investment gains (losses)	(4,366)	—	4,229	—
Fair value gains (losses) on credit derivatives	11,227	—	(6,662)	—
Fair value gains (losses) on CCS	(9,006)	—	580	—
Fair value gains (losses) on FG VIEs	—	(2,847)	—	(989)
Foreign exchange gains (losses) on remeasurement	1,411	—	(1,577)	—
Other income (loss)	936	(797)	(2)	(249)
Total revenue adjustments	202	(3,790)	(3,432)	(1,412)
Adjustments to revenues:				
Loss expense	218	(5,908)	(3,547)	(731)
Total expense adjustments	218	(5,908)	(3,547)	(731)
Pre-tax adjustments	(16)	2,118	115	(681)
Less: Tax effect of adjustments	(3)	445	24	(143)
After-tax adjustments	$ (13)	$ 1,673	$ 91	$ (538)

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,	
	2023	2022
Net income (loss)	**$ 27,803**	**$ 67,169**
Less pre-tax adjustments:		
Realized gains (losses) on investments [1]	(3,430)	4,229
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	11,009	(3,116)
Fair value gains (losses) on CCS	(9,006)	580
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	1,411	(1,578)
Total pre-tax adjustments	(16)	115
Less tax effect on pre-tax adjustments	3	(24)
Adjusted operating income (loss)	$ 27,816	$ 67,078

1) This is net of reinsurer's share of realized gains (losses).

ROE Reconciliation and Calculation	As of			
	March 31, 2023	December 31, 2022	March 31, 2022	December 31, 2021
Shareholder's equity	**$2,000,044**	**$1,971,597**	**$2,078,437**	**$2,237,340**
Adjusted operating shareholder's equity	2,053,020	2,046,758	2,054,186	2,109,931
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity	**4,618**	**3,000**	**(9,242)**	**(8,793)**

	Three Months Ended March 31,	
	2023	2022
Net income (loss)	**$ 27,803**	**$ 67,169**
Adjusted operating income (loss)	27,816	67,078
Average shareholder's equity	**$ 1,985,821**	**$ 2,157,889**
Average adjusted operating shareholder's equity	2,049,889	2,082,059
Gain (loss) related to FG VIE consolidation included in average adjusted operating shareholders' equity	**3,809**	**(9,018)**
GAAP ROE [1]	**5.6 %**	**12.5 %**
Adjusted operating ROE [1]	5.4 %	12.9 %

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, 2023	**December 31, 2022**	**March 31, 2022**	**December 31, 2021**
Reconciliation of shareholders' equity attributable to AGC to adjusted book value:				
Shareholders' equity attributable to AGC	**$ 2,000,044**	**$ 1,971,597**	**$ 2,078,437**	**$ 2,237,340**
Less pre-tax reconciling items:				
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	(31,638)	(42,647)	(32,966)	(29,849)
Fair value gains (losses) on CCS	15,866	24,872	13,357	12,778
Unrealized gain (loss) on investment portfolio	(62,992)	(89,071)	38,600	166,642
Less taxes	25,788	31,685	5,260	(22,162)
Adjusted operating shareholder's equity	2,053,020	2,046,758	2,054,186	2,109,931
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(10,663)	(12,399)	(19,819)	(23,216)
Plus: Net present value of estimated net future revenue	101,647	104,864	110,671	114,085
Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed	392,705	373,283	364,283	395,427
Plus taxes	(106,053)	(103,015)	(103,903)	(111,872)
Adjusted book value	$ 2,451,982	$ 2,434,289	$ 2,445,056	$ 2,530,787
Gain (loss) related to FG VIE consolidation included in:				
Adjusted operating shareholder's equity (net of tax (provision) benefit of $(1,227), $(797), $2,456 and $2,338)	**$ 4,618**	**$ 3,000**	**$ (9,242)**	**$ (8,793)**
Adjusted book value (net of tax (provision) benefit of $(1,855), $(1,450), $2,540 and $2,373)	**$ 6,982**	**$ 5,455**	**$ (9,559)**	**$ (8,920)**

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, 2023	December 31, 2022
Claims-paying resources		
Policyholders' surplus	$ 1,919,734	$ 1,916,078
Contingency reserve	347,499	346,940
Qualified statutory capital	**2,267,233**	**2,263,018**
Unearned premium reserve and net deferred ceding commission income	325,966	326,786
Loss and LAE reserves [4]	—	—
Total policyholders' surplus and reserves	**2,593,199**	**2,589,804**
Present value of installment premium	204,581	200,488
CCS	200,000	200,000
Total claims-paying resources	**2,997,780**	**2,990,292**
Statutory net par outstanding [1]	$ 22,350,972	$ 20,950,705
Net debt service outstanding [1]	35,278,211	32,982,853
Ratios:		
Statutory net par outstanding to qualified statutory capital	10:1	9:1
Capital ratio [2]	16:1	15:1
Financial resources ratio [3]	12:1	11:1
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 it was in a net recoverable position of $39 million as of March 31, 2023 and $49 million as of December 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, 2023 and March 31, 2022

	Three Months Ended March 31, 2023					Three Months Ended March 31, 2022				
	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	**$ 4,763**	**$ 19,981**	**$ 27,481**	**$ 311**	**$ 52,536**	**$ 4,865**	**$ (5,052)**	**$ 4,229**	**$ (13)**	**$ 4,029**
Less: Installment GWP and other GAAP adjustments (1)	1,870	19,897	27,481	311	49,559	(36)	(5,052)	2,229	(13)	(2,872)
Upfront GWP	2,893	84	—	—	2,977	4,901	—	2,000	—	6,901
Plus: Installment premiums and other	1,817	16,760	27,380	347	46,304	—	1,299	1	—	1,300
Total PVP	$ 4,710	$ 16,844	$ 27,380	$ 347	$ 49,281	$ 4,901	$ 1,299	$ 2,001	$ —	$ 8,201
Gross par written	**$649,145**	**$509,366**	**$580,553**	**$ 88,315**	**$ 1,827,379**	**$ 393,060**	**$55,837**	**$ 59,650**	**$ —**	**$ 508,547**

1) 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 and other GAAP adjustments.

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, 2023			Three Months Ended March 31, 2022		
	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross
GWP	**$ 27,875**	**$ 24,661**	**$ 52,536**	**$ (2,283)**	**$ 6,312**	**$ 4,029**
PVP	27,369	21,912	49,281	2,000	6,201	8,201
Gross par written	592,046	1,235,333	1,827,379	59,650	448,897	508,547

Assured Guaranty Corp.

Gross Par Written

(dollars in thousands)

Gross Par Written by Asset Type

	Three Months Ended March 31,			
	2023		2022	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
Sector:				
U.S. public finance:				
General obligation	$ 342,166	A	$ 144,506	A-
Municipal utilities	136,623	A	29,217	A
Healthcare	89,019	A	35,548	BBB
Higher education	46,913	A-	5,247	BBB+
Tax backed	25,623	BBB+	37,384	A-
Transportation	8,801	BBB	140,658	A-
Infrastructure finance	—	—	500	BBB
Total U.S. public finance	649,145	A	393,060	A-
Non-U.S. public finance:				
Regulated utilities	484,122	BBB+	55,837	BBB
Sovereign and sub-sovereign	25,244	A+	—	—
Total non-U.S. public finance	509,366	BBB+	55,837	BBB
Total public finance	**1,158,511**	A-	**448,897**	A-
U.S. structured finance:				
Insurance Securitization	500,000	A	—	—
Structured credit	50,000	BBB	—	—
Other structured finance	30,553	A	59,650	A-
Total U.S. structured finance	580,553	A	59,650	A-
Non-U.S. structured finance:				
Other structured finance	88,315	A	—	—
Total non-U.S. structured finance	88,315	A	—	—
Total structured finance	**668,868**	**A**	**59,650**	**A-**
Total gross par written	**$ 1,827,379**	**A-**	**$ 508,547**	**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, 2023
(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 states and political subdivisions [2][3]	$ 1,231,566	$ (13,410)	3.52 %	3.15 %	$ 1,204,899	$ 43,317
U.S. government and agencies	6,985	—	0.39	0.30	6,460	27
Corporate securities	428,949	(2,304)	3.43	2.71	384,167	14,693
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) [3]	20,686	(1,493)	5.06	4.00	18,235	1,047
Commercial mortgage-backed securities	27,955	—	3.48	2.75	26,398	972
Asset-backed securities (ABS):						
Collateralized loan obligations	64,186	—	6.66	5.26	62,043	4,272
Other ABS [3]	369,017	(27,618)	6.37	5.03	336,745	23,503
Fixed-maturity securities, available-for-sale	2,149,344	(44,825)	4.09	3.44	2,038,947	87,831
Short-term investments	189,962	—	4.77	3.77	189,962	9,054
Cash [4]	19,322	—	—	—	19,322	—
Total	**$ 2,358,628**	**(44,825)**	**4.14 %**	**3.47 %**	**$ 2,248,231**	**$ 96,885**

Fixed-maturity securities, trading [7]	**$ 174,639**

Ratings [5]:	**Fair Value**	**% of Portfolio**
U.S. government and agencies	$ 6,460	0.3 %
AAA/Aaa	187,506	9.2
AA/Aa	825,585	40.5
A/A	355,829	17.5
BBB	254,407	12.5
Below investment grade (BIG)	339,269	16.6
Not rated [6]	69,891	3.4
Total fixed-maturity securities, available-for-sale	**$ 2,038,947**	**100.0 %**

Duration of available-for-sale fixed-maturity securities and short-term investments (in years):	**3.9**
Average ratings of available-for-sale fixed-maturity securities and short-term investments	**A-**

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 total $518 million in par with carrying value of $384 million and primarily included in the BIG category.
6) Includes $25 million of new recovery bonds received in connection with 2022 Puerto Rico Resolutions (see page 20).
7) Represents contingent value instruments received in connection with 2022 Puerto Rico Resolutions (see page 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): Expected PV Net Earned Premiums (i.e. Net Deferred Premium Revenue)	Financial Guaranty Insurance (2): Accretion of Discount	Financial Guaranty Insurance (2): Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	Future Credit Derivative Revenues (3)
2023 (as of March 31)		$ 34,835,289				
2023 Q2	$ 302,325	34,532,964	$ 12,497	$ 953	$ 81	$ 1,813
2023 Q3	537,410	33,995,554	12,330	942	85	1,789
2023 Q4	624,047	33,371,507	12,034	923	83	1,776
2024	1,729,639	31,641,868	45,855	3,471	316	6,912
2025	2,179,308	29,462,560	42,732	3,160	295	6,623
2026	1,803,566	27,658,994	39,318	2,870	278	6,338
2027	1,794,585	25,864,409	35,662	2,594	263	6,071
2023-2027	8,970,880	25,864,409	200,428	14,913	1,401	31,322
2028-2032	8,576,692	17,287,717	138,674	9,349	971	27,379
2033-2037	6,482,736	10,804,981	79,540	5,010	769	22,334
2038-2042	4,601,244	6,203,737	34,138	2,828	65	15,026
After 2042	6,203,737	—	38,764	2,053	—	10,430
Total	**$ 34,835,289**		**$ 491,544**	**$ 34,153**	**$ 3,206**	**$ 106,491**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2023. 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 also 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, 2023

	Net Expected Loss to be Paid (Recovered) as of December 31, 2022	Economic Loss Development (Benefit) During 1Q-23	Net (Paid) Recovered Losses During 1Q-23	Net Expected Loss to be Paid (Recovered) as of March 31, 2023
Public Finance:				
U.S. public finance	$ 187,961	$ 3,014	$ (3,005)	$ 187,970
Non-U.S public finance	1,050	(15)	—	1,035
Public Finance	189,011	2,999	(3,005)	189,005
Structured Finance:				
U.S. RMBS	58,352	15,168	2,662	76,182
Other structured finance	(58,584)	(576)	1,402	(57,758)
Structured Finance	(232)	14,592	4,064	18,424
Total	**$ 188,779**	**$ 17,591**	**$ 1,059**	**$ 207,429**

1) Includes net expected loss to be paid (recovered), economic loss development (benefit) 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, 2023

(dollars in thousands)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended March 31, 2023		
		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	$ 494,172	**$ (2,276)**	$ (2,276)	$ (5,819)
Non-U.S. public finance	65,106	**(1)**	(1)	—
Public finance	559,278	**(2,277)**	(2,277)	(5,819)
Structured finance:				
U.S. RMBS	331,221	**15,334**	15,116	(89)
Other structured finance	8,191	**(507)**	(507)	—
Structured finance	339,412	**14,827**	14,609	(89)
Total	**$ 898,690**	**$ 12,550**	$ 12,332	$ (5,908)

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, 2023

(dollars in thousands)

	GAAP
2023 Q2	$ 1,421
2023 Q3	1,446
2023 Q4	1,493
2024	6,226
2025	6,627
2026	9,721
2027	9,060
2023-2027	35,994
2028-2032	36,455
2033-2037	25,281
2038-2042	786
After 2042	323
Total expected present value of net expected loss to be expensed (2)	**98,839**
Future accretion	17,490
Total expected future loss and LAE	**$ 116,329**

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 3.44% to 4.87% for U.S. dollar denominated obligations.
2) Excludes $5.5 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, 2023		As of December 31, 2022	
	Net Par Outstanding	Average Internal Rating	Net Par Outstanding	Average Internal Rating
U.S. public finance:				
General obligation	$ 3,895,396	A	$ 3,572,690	A
Transportation	2,787,108	A-	2,768,610	A-
Tax backed	2,447,494	BBB	2,483,477	BBB
Infrastructure finance	1,745,844	A+	1,763,072	A+
Municipal utilities	1,493,039	A-	1,355,883	A-
Healthcare	518,317	BBB+	474,660	BBB+
Higher education	407,226	A	366,948	A
Renewable energy	121,353	A-	121,353	A-
Investor-owned utilities	100,441	A	101,501	A
Housing revenue	84,763	B	84,771	B
Other public finance	513,830	BBB	519,879	BBB
Total U.S. public finance	14,114,811	A-	13,612,844	A-
Non-U.S. public finance:				
Regulated utilities	2,532,759	BBB+	1,878,033	BBB+
Infrastructure finance	630,242	BBB	629,756	BBB
Pooled infrastructure	551,615	AAA	540,258	AAA
Sovereign and sub-sovereign	264,059	A	231,376	A-
Renewable energy	38,853	BBB-	38,622	BBB-
Total non-U.S. public finance	4,017,528	A-	3,318,045	A-
Total public finance	**18,132,339**	**A-**	**16,930,889**	**A-**
U.S. structured finance:				
Life insurance transactions	1,272,871	A+	1,094,457	AA-
RMBS	558,213	BB+	569,455	BB+
Pooled corporate obligations	555,558	AAA	562,764	AAA
Consumer receivables	232,939	AA	251,621	AA
Other structured finance	745,041	BBB+	727,920	BBB+
Total U.S. structured finance	3,364,622	A	3,206,217	A
Non-U.S. structured finance:				
Pooled corporate obligations	277,400	AAA	273,492	AAA
RMBS	153,369	A+	152,655	A+
Other structured finance	196,241	A	161,789	A
Total non-U.S. structured finance	627,010	AA	587,936	AA
Total structured finance	**3,991,632**	**A+**	**3,794,153**	**A+**
Total net par outstanding	**$ 22,123,971**	**A**	**$ 20,725,042**	**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, 2023

(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	$ 6,644	— %	$ 627,858	15.7 %	$ 540,825	16.0 %	$ 291,068	46.4 %	$ 1,466,395	6.6 %
AA	2,977,623	21.1	185,742	4.6	1,317,573	39.2	15,197	2.4	4,496,135	20.3
A	5,806,964	41.1	767,802	19.1	806,171	24.0	307,864	49.1	7,688,801	34.8
BBB	4,829,408	34.3	2,371,020	59.0	360,641	10.7	12,881	2.1	7,573,950	34.2
BIG	494,172	3.5	65,106	1.6	339,412	10.1	—	—	898,690	4.1
Net Par Outstanding (1)	**$ 14,114,811**	**100.0 %**	**$ 4,017,528**	**100.0 %**	**$ 3,364,622**	**100.0 %**	**$ 627,010**	**100.0 %**	**$ 22,123,971**	**100.0 %**

1) As of March 31, 2023, the company excluded $475.6 million of net par attributable to Loss Mitigation Securities.

Ceded Par Outstanding

	Ceded Par Outstanding (1)(2)	% of Total
Affiliated reinsurers	$ 8,506,849	99.7 %
Non-affiliated reinsurers	25,500	0.3 %
Total	**$ 8,532,349**	**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 $186.3 million posted by affiliated reinsurers as of March 31, 2023.

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, 2023
(dollars in thousands)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 4,388,572	19.8 %
Texas	1,964,512	8.9
New Jersey	948,800	4.3
Florida	750,923	3.4
Virginia	728,227	3.3
New York	704,211	3.2
Illinois	703,055	3.2
Pennsylvania	541,354	2.4
Puerto Rico	310,101	1.4
Georgia	300,638	1.4
Other	2,774,418	12.5
Total U.S public finance	14,114,811	63.8
U.S. structured finance	3,364,622	15.2
Total U.S.	**17,479,433**	**79.0**
Non-U.S.:		
United Kingdom	3,381,230	15.3
Australia	168,024	0.8
Mexico	141,172	0.6
Italy	140,125	0.6
France	138,033	0.6
Other	675,954	3.1
Total non-U.S.	**4,644,538**	**21.0**
Total net par outstanding	**$ 22,123,971**	**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 2)
As of March 31, 2023
(dollars in thousands)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	**Net**	**Gross**	**Net**
Total	$ 446,228	$ 310,101	$ 686,188	$ 472,299

Exposure to Puerto Rico by Company [1]

	Net Par Outstanding	Gross Par Outstanding
Defaulted Puerto Rico Exposures		
Puerto Rico Electric Power Authority (PREPA)	$ 68,882	$ 118,040
Total Defaulted	**68,882**	**118,040**
Resolved Puerto Rico Exposures [2]		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) [3]	181,671	259,663
PRHTA (Highway revenue) [3]	29,207	31,815
Commonwealth of Puerto Rico - General Obligation (GO) [4]	18,936	25,248
Puerto Rico Public Buildings Authority (PBA) [4]	4,139	4,196
Total Resolved	**233,953**	**320,922**
Other Puerto Rico Exposures		
Puerto Rico Municipal Finance Agency (MFA) [5]	6,021	6,021
Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR) [5]	1,245	1,245
Total Other	**7,266**	**7,266**
Total exposure to Puerto Rico	**$ 310,101**	**$ 446,228**

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2) A substantial portion of the Company's Puerto Rico exposure was resolved in 2022 in accordance with four orders (including orders implementing the GO/ PBA Plan and HTA Plan described below) entered by the United States District Court of the District of Puerto Rico (Federal District Court of Puerto Rico) related to the Company's exposure to all insured Puerto Rico credits experiencing payment default in 2022 except Puerto Rico Electric Power Authority (PREPA) (2022 Puerto Rico Resolutions). Under the Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, and the Puerto Rico Public Buildings Authority (GO/PBA Plan), the Company received cash, new general obligation bonds (New GO Bonds) and contingent value instruments (CVIs). Under the Modified Fifth Amended Title III Plan of Adjustment for PRHTA (HTA Plan), the Company received cash, new bonds backed by toll revenues (Toll Bonds) and CVIs.
3) The Company's remaining PRHTA exposures consist of insured bondholders who elected to receive custody receipts that represent an interest in the legacy insurance policy plus cash and Toll Bonds that constitute distributions under the HTA Plan.
4) The Company's remaining GO/PBA exposures consist of insured bondholders who elected to receive custody receipts that represent an interest in the legacy insurance policy plus cash, New GO Bonds and CVIs that constitute distributions under the GO/PBA Plan.
5) 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 2)
As of March 31, 2023
(dollars in thousands)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2023 (2Q)	2023 (3Q)	2023 (4Q)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033-2037	2038-2041	Total
Defaulted Puerto Rico Exposures															
PREPA	$ —	$ 1,270	$ —	$ 1,331	$ 1,397	$19,264	$17,030	$16,652	$ 1,053	$ 2,784	$ 1,839	$ 5,680	$ 582	$ —	$ 68,882
Total Defaulted	—	1,270	—	1,331	1,397	19,264	17,030	16,652	1,053	2,784	1,839	5,680	582	—	68,882
Resolved Puerto Rico Exposures															
PRHTA (Transportation revenue)	—	1,310	—	—	6,575	6,562	—	—	9,962	—	—	—	99,414	57,848	181,671
PRHTA (Highway revenue)	—	—	—	—	—	—	—	730	682	714	15,874	2,373	8,834	—	29,207
Commonwealth of Puerto Rico - GO	—	—	—	—	—	1,151	3,255	161	14,369	—	—	—	—	—	18,936
PBA	—	2,070	—	—	2,069	—	—	—	—	—	—	—	—	—	4,139
Total Resolved	—	3,380	—	—	8,644	7,713	3,255	891	25,013	714	15,874	2,373	108,248	57,848	233,953
Other Puerto Rico Exposures															
MFA	—	351	—	358	326	1,567	1,271	1,064	614	470	—	—	—	—	6,021
PRASA and U of PR	—	47	—	620	52	55	58	61	64	67	70	74	77	—	1,245
Total Other	—	398	—	978	378	1,622	1,329	1,125	678	537	70	74	77	—	7,266
Total	**$ —**	**$ 5,048**	**$ —**	**$ 2,309**	**$10,419**	**$28,599**	**$21,614**	**$18,668**	**$26,744**	**$ 4,035**	**$17,783**	**$ 8,127**	**$108,907**	**$ 57,848**	**$ 310,101**

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2023 (2Q)	2023 (3Q)	2023 (4Q)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033-2037	2038-2041	Total
Defaulted Puerto Rico Exposures															
PREPA	$ 52	$ 2,853	$ 52	$ 4,542	$ 4,528	$22,336	$19,161	$18,052	$ 1,627	$ 3,320	$ 2,250	$ 5,995	$ 661	$ —	$ 85,429
Total Defaulted	52	2,853	52	4,542	4,528	22,336	19,161	18,052	1,627	3,320	2,250	5,995	661	—	85,429
Resolved Puerto Rico Exposures															
PRHTA (Transportation revenue)	—	6,085	—	9,527	16,102	15,727	8,804	8,804	18,766	8,257	8,256	8,256	129,375	66,232	304,191
PRHTA (Highway revenue)	—	789	—	1,578	1,579	1,578	1,578	2,309	2,220	2,215	17,335	2,962	10,134	—	44,277
Commonwealth of Puerto Rico - GO	—	492	—	1,041	1,041	2,193	4,233	961	15,159	—	—	—	—	—	25,120
PBA	—	2,173	—	109	2,177	—	—	—	—	—	—	—	—	—	4,459
Total Resolved	—	9,539	—	12,255	20,899	19,498	14,615	12,074	36,145	10,472	25,591	11,218	139,509	66,232	378,047
Other Puerto Rico Exposures															
MFA	—	502	—	641	591	1,817	1,441	1,171	668	493	—	—	—	—	7,324
PRASA and U of PR	—	82	—	686	81	81	81	81	81	81	82	81	82	—	1,499
Total Other	—	584	—	1,327	672	1,898	1,522	1,252	749	574	82	81	82	—	8,823
Total	**$ 52**	**$12,976**	**$ 52**	**$18,124**	**$26,099**	**$43,732**	**$35,298**	**$31,378**	**$38,521**	**$14,366**	**$27,923**	**$17,294**	**$140,252**	**$ 66,232**	**$ 472,299**

Assured Guaranty Corp.
U.S. RMBS Profile
As of March 31, 2023
(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	$ 6,134	$ 25,389	$ 6,338	$ 75,665	$ 130	$ 113,656
AA	6,801	53,104	87	7,849	33,561	101,402
A	45	—	—	2,788	2,205	5,038
BBB	2,478	—	1	4,246	171	6,896
BIG	11,000	50,031	3,566	248,608	18,016	331,221
Total exposures	**$ 26,458**	**$ 128,524**	**$ 9,992**	**$ 339,156**	**$ 54,083**	**$ 558,213**

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	$ 7,859	$ 479	$ 23	$ 47,540	$ 4,421	$ 60,322
2005	14,337	31,507	6,225	93,525	11,991	157,585
2006	4,262	368	—	37,501	5,977	48,108
2007	—	96,170	3,744	160,590	31,694	292,198
Total exposures	**$ 26,458**	**$ 128,524**	**$ 9,992**	**$ 339,156**	**$ 54,083**	**$ 558,213**

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, 2023

(dollars in thousands)

Distribution of Direct Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Average Initial Credit Enhancement	Average Current Credit Enhancement
Ratings:				
AAA	$ 477,414	76.5 %	43.7%	57.6%
AA	51,302	8.2	41.2%	51.8%
A	73,782	11.8	37.5%	45.9%
BBB	21,771	3.5	42.2%	45.0%
Total exposures	**$ 624,269**	**100.0 %**	**42.7%**	**55.3%**

Distribution of Direct Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Average Initial Credit Enhancement	Average Current Credit Enhancement	Number of Transactions	Average Rating
Asset class:						
Trust preferred:						
Banks and insurance	$ 350,345	56.1 %	43.9%	63.3%	12	AAA
U.S. mortgage and real estate investment trusts	62,793	10.1	47.3%	64.2%	3	A+
Collateralized loan obligations	211,131	33.8	39.3%	39.4%	7	AAA
Total exposures	**$ 624,269**	**100.0 %**	**42.7%**	**55.3%**	**22**	**AAA**

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, 2023

(dollars in thousands)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	$ 724,388	34.1 %
AA	1,012,682	47.5
A	152,517	7.2
BBB	188,337	8.9
BIG	47,850	2.3
Total credit derivative net par outstanding	**$ 2,125,774**	**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	$ 952,587	AA
Non-U.S. public finance	736,967	AA
Total public finance	**1,689,554**	**AA**
U.S. structured finance:		
Pooled corporate obligations	186,942	AAA
RMBS	125,908	A-
Total U.S. structured finance	312,850	AA
Non-U.S. structured finance:		
RMBS	123,370	A
Total non-U.S. structured finance	123,370	A
Total structured finance	**436,220**	**AA-**
Total credit derivative net par outstanding	**$ 2,125,774**	**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, 2023	December 31, 2022
U.S. public finance:		
Tax backed	$ 231,622	$ 234,066
Municipal utilities	81,692	82,507
General obligation	65,998	66,657
Housing revenue	56,201	56,201
Transportation	14,599	15,458
Healthcare	12,650	12,650
Higher education	2,675	3,610
Other public finance	28,735	29,164
Total U.S. public finance	494,172	500,313
Non-U.S. public finance:		
Infrastructure finance	45,704	45,088
Renewable energy	18,654	18,424
Sovereign and sub-sovereign	748	772
Total non-U.S. public finance	65,106	64,284
Total public finance	**559,278**	**564,597**
U.S. structured finance:		
RMBS	331,221	339,425
Life insurance transactions	6,385	6,385
Consumer receivables	111	118
Other structured finance	1,695	4,604
Total U.S. structured finance	339,412	350,532
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**339,412**	**350,532**
Total BIG net par outstanding	**$ 898,690**	**$ 915,129**

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, 2023	December 31, 2022
BIG Category 1		
U.S. public finance	$ 140,042	$ 144,701
Non-U.S. public finance	65,106	64,284
U.S. structured finance	8,310	12,702
Non-U.S. structured finance	—	—
Total BIG Category 1	213,458	221,687
BIG Category 2		
U.S. public finance	51,295	51,296
Non-U.S. public finance	—	—
U.S. structured finance	22,687	22,795
Non-U.S. structured finance	—	—
Total BIG Category 2	73,982	74,091
BIG Category 3		
U.S. public finance	302,835	304,316
Non-U.S. public finance	—	—
U.S. structured finance	308,415	315,035
Non-U.S. structured finance	—	—
Total BIG Category 3	611,250	619,351
BIG Total	**$ 898,690**	**$ 915,129**

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, 2023

(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	$ 210,878	CCC
Puerto Rico Electric Power Authority	68,882	CCC
Subtotal U.S. public finance	**279,760**	
Non-U.S. public finance	—	
U.S. structured finance		
RMBS:		
Option One Mortgage Loan Trust 2007-HL1	98,784	CCC
Argent Securities Inc. 2005-W4	92,618	CCC
Subtotal RMBS	**191,402**	
Non-RMBS	—	
Subtotal U.S. structured finance	**191,402**	
Non-U.S. structured finance		
Total	**$ 471,162**	

1) Transactions rated 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, 2023
(dollars in thousands)

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

Credit Name:	Net Par Outstanding	Internal Rating (1)
San Diego Family Housing, LLC	$ 906,185	AA
North Texas Tollway Authority	864,796	A+
New Jersey (State of)	792,825	BBB
Alameda Corridor Transportation Authority, California	480,552	BBB+
LCOR Alexandria LLC	374,045	BBB
Metro Washington Airports Authority (Dulles Toll Road)	315,924	BBB+
Miami-Dade County, Florida	215,692	AA-
Puerto Rico Highways & Transportation Authority	210,878	CCC
New York Metropolitan Transportation Authority	195,443	BBB+
Houston Hotel Occupancy Tax, Texas	194,916	BBB
California (State of)	158,417	AA-
Palomar Health	154,329	BBB+
San Joaquin Hills Transportation, California	150,463	BBB
Dodger Tickets LLC	138,128	BBB
Southern California Logistic Airport, California	129,762	BBB-
Navy Midwest Family Housing LLC	121,370	AA-
Lower Colorado River Authority	115,665	A
Washington Water Power (Avista Project)	107,250	A-
Escondido Union High School District, California	105,090	AA-
Municipal Gas Authority of Georgia	90,583	A+
Offutt Air Force Base, Nebraska - America First Communities, LLC	88,799	A+
Grossmont-Cuyamaca Community College District, California	87,159	AA-
Santa Ana Unified School District, California	86,878	A+
New York (City of), New York	85,199	AA
Municipal Electric Authority of Georgia	84,949	BBB+
St. Louis, Missouri	83,397	BBB+
Ohana Military Communities, LLC	81,810	A+
Pasco County (H. Lee Moffitt Cancer Center Project), Florida	81,471	A
Dade County Seaport, Florida	80,033	A
West Contra Costa Unified School District, California	79,362	A+
Yankee Stadium LLC New York City Industrial Development Authority	77,940	BBB
San Diego County, California	77,935	AA-
Duke Energy Florida	77,613	A
Denver (City & County) Airport System, Colorado	72,760	A+
Aurora Military Housing I & II (Elmendorf Air Force Base), LLC	72,524	AA
North Carolina Turnpike Authority	71,359	BBB-
Long Beach Bond Financing Authority (Natural Gas Prepayment Transaction), California	69,617	A
Puerto Rico Electric Power Authority	68,882	CCC
New Haven Unified School District, California	67,006	A+
Chicago Water, Illinois	66,862	BBB+
Fort Benning Family Communities LLC	65,732	A-
Massachusetts State College Building Authority	63,119	AA-
E-470 Public Highway Authority, Colorado	61,523	A-
Los Angeles Department of Airports (LAX Project), California	60,866	A
New York Power Authority	60,831	AA-
Maine (State of)	59,065	A
Pennsylvania (Commonwealth of)	58,481	BBB-
South Carolina Public Service Authority - Santee Cooper	56,843	BBB
Los Medanos California Community Development Pittsburg, California	54,549	A
Piedmont Municipal Power Authority, South Carolina	53,727	A-
Total top 50 U.S. public finance exposures	**$ 7,978,604**	

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, 2023

(dollars in thousands)

25 Largest U.S. Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating [1]
Private US Insurance Securitization	$ 360,000	A
Private US Insurance Securitization	179,399	AA-
SLM Student Loan Trust 2007-A	170,776	AA
Private US Insurance Securitization	169,267	AA-
Private US Insurance Securitization	165,000	AA
Private US Insurance Securitization	154,600	AA-
Private US Insurance Securitization	115,800	AA-
Private Middle Market CLO	109,480	AAA
Private US Insurance Securitization	108,920	AA
Option One Mortgage Loan Trust 2007-HL1	98,784	CCC
Argent Securities Inc. 2005-W4	92,618	CCC
Private Balloon Note Guarantee	85,000	A
ALESCO Preferred Funding XIII, Ltd.	65,388	AAA
Private Balloon Note Guarantee	59,500	BBB
CAPCO - Excess SIPC Excess of Loss Reinsurance	53,550	BBB
Private Other Structured Finance Transaction	53,102	A-
SLM Student Loan Trust 2006-C	49,208	AA
Preferred Term Securities XXIV, Ltd.	49,201	AAA
CWALT Alternative Loan Trust 2007-HY9	46,117	A+
Alesco Preferred Funding XVI, Ltd.	44,221	A
Private Other Structured Finance Transaction	43,209	A-
Private Balloon Note Guarantee	42,500	A
Sonic Capital LLC 2020-1	39,310	BBB
Preferred Term Securities XXIII	37,845	AAA
ALESCO Preferred Funding XII, Ltd.	36,959	AAA
Total top 25 U.S. structured finance exposures	**$ 2,429,754**	

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, 2023

(dollars in thousands)

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

Credit Name:	Country	Net Par Outstanding	Internal Rating
Southern Water Services Limited	United Kingdom	$ 388,237	BBB
Dwr Cymru Financing Limited	United Kingdom	315,997	A-
Anglian Water Services Financing PLC	United Kingdom	231,511	A-
Thames Water Utilities Finance Plc	United Kingdom	210,229	BBB
National Grid Gas PLC	United Kingdom	209,086	BBB+
International Infrastructure Pool	United Kingdom	183,871	AAA
International Infrastructure Pool	United Kingdom	183,871	AAA
International Infrastructure Pool	United Kingdom	183,871	AAA
Wessex Water Services Finance plc	United Kingdom	151,302	AA
Yorkshire Water Services Finance Plc	United Kingdom	148,954	BBB
Northumbrian Water PLC	United Kingdom	148,289	BBB+
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	140,422	BBB-
Private International Residential Mortgage Transaction	United Kingdom	123,370	A
Regione Lazio	Italy	115,648	BBB-
Private Subscription Finance Transaction	Refer to Note 1	107,757	A
Channel Link Enterprises Finance PLC	France, United Kingdom	102,052	BBB
National Grid Company plc	United Kingdom	100,839	BBB+
M77 - Glasgow Southern Orbital PFI Road Project	Scotland	95,665	BBB-
Bain Capital EURO CLO 2021-2	Refer to Note 2	94,724	AAA
United Utilities Water PLC	United Kingdom	94,523	A-
Southern Gas Networks PLC	United Kingdom	88,891	BBB
North Westerly V Leveraged Loan Strategies CLO	Refer to Note 3	88,049	AAA
Tymon Park CLO DAC Reset	Refer to Note 4	85,107	AAA
Ancora (OAHS) Pty Ltd.	Australia	78,814	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	75,998	AAA
Envestra Limited	Australia	73,196	A-
Sociedad Concesionaria Autopista Vespucio Sur S.A., Chile	Chile	66,629	BBB
Electricity North West Ltd	United Kingdom	52,420	BBB+
Severn Trent Water Utilities Finance Plc	United Kingdom	52,353	BBB+
Private Subscription Finance Transaction	Refer to Note 5	50,782	A
Capital Hospitals (Issuer) PLC	United Kingdom	47,177	BBB-
Newcastle Hospitals PFI Project	United Kingdom	33,329	BB+
Feria Muestrario Internacional de Valencia	Spain	31,388	BBB-
Private International Sub-Sovereign Transaction	Scotland	25,906	A+
Southern Electric Power Distribution Plc	United Kingdom	24,674	BBB
Private Subscription Finance Transaction	Refer to Note 6	23,481	A
Heathrow Funding Limited	United Kingdom	22,840	BBB
Western Power Distribution (South West) PLC	United Kingdom	22,514	BBB+
ALBA 2005-1 PLC	United Kingdom	22,306	AAA
Derby Healthcare PLC	United Kingdom	21,184	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	20,755	BBB+
Quebec Province	Canada	20,199	AA-
Verdun Participations 2 S.A.S.	France	18,903	BBB-
Breeze Finance S.A.	Germany	18,654	B-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	16,469	BBB+
University of Essex, United Kingdom	United Kingdom	15,134	A-
South Tees	United Kingdom	13,915	BBB+
MPC Funding Limited	Australia	13,341	BBB+
Portsmouth Water, United Kingdom	United Kingdom	12,160	BBB+
Belfast Gas Transmission Financing plc	United Kingdom	10,658	A
Total top 50 non-U.S. exposures		**$ 4,477,444**	

1) Primarily Germany, Luxembourg, United Kingdom, Netherlands, and Singapore.
2) Primarily France, Luxembourg, Netherlands, United Kingdom, and Germany.
3) Primarily France, Germany, Netherlands, United Kingdom, and Luxembourg.
4) Primarily United Kingdom, France, Netherlands, Luxembourg, and Germany.
5) Primarily United Kingdom, Switzerland, Germany, Norway, and Sweden.
6) Primarily Netherlands, Italy, Switzerland, France, and Denmark.

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,	As of and for Year Ended December 31,			
	2023	2022	2021	2020	2019
Claims-Paying Resources [1]					
Policyholders' surplus	$ 1,919,734	$ 1,916,078	$ 2,069,827	$ 1,716,777	$ 1,775,111
Contingency reserve	347,499	346,940	348,062	617,634	621,131
Qualified statutory capital	**2,267,233**	**2,263,018**	**2,417,889**	**2,334,411**	**2,396,242**
Unearned premium reserve and net deferred ceding commission income	325,966	326,786	352,782	363,452	430,665
Loss and LAE reserves	—	—	7,072	13,118	150,811
Total policyholders' surplus and reserves	**2,593,199**	**2,589,804**	**2,777,743**	**2,710,981**	**2,977,718**
Present value of installment premium	204,581	200,488	193,521	189,445	187,369
CCS	200,000	200,000	200,000	200,000	200,000
Total claims-paying resources (including proportionate Municipal Assurance Corp. (MAC) ownership for AGC)	**2,997,780**	**2,990,292**	**3,171,264**	**3,100,426**	**3,365,087**
Adjustment for MAC	—	—	—	234,852	239,643
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 2,997,780**	**$ 2,990,292**	**$ 3,171,264**	**$ 2,865,574**	**$ 3,125,444**
Ratios:					
Net par outstanding to qualified statutory capital	10:1	9:1	9:1	11:1	13:1
Capital ratio	16:1	15:1	14:1	16:1	19:1
Financial resources ratio	12:1	11:1	10:1	12:1	14:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGC)	7:1	7:1	7:1	8:1	9:1
Other Financial Information (Statutory Basis) [2]					
Net debt service outstanding (end of period)	$ 35,278,211	$32,982,853	$33,024,098	$38,015,005	$45,707,258
Gross debt service outstanding (end of period)	47,261,666	44,599,698	45,424,851	50,842,602	60,496,257
Net par outstanding (end of period)	22,350,972	20,950,705	21,603,648	25,377,477	30,069,673
Gross par outstanding (end of period)	31,087,958	29,302,574	30,328,782	34,273,962	40,158,338
Ceded to Assured Guaranty affiliates	8,711,487	8,326,369	8,699,634	8,870,984	9,989,191
Gross debt service written:					
Public finance - U.S.	$ 1,230,604	$ 3,690,150	$ 3,480,668	$ —	$ 922,886
Public finance - non-U.S.	1,119,747	480,692	56,226	—	663,929
Structured finance - U.S.	580,895	1,107,988	1,311,776	508,015	1,703,593
Structured finance - non-U.S.	89,346	259,941	357,051	—	—
Total gross debt service written	$ 3,020,592	$ 5,538,771	$ 5,205,721	$ 508,015	$ 3,290,408

1) See page 8 for additional detail on claims-paying resources and exposure. The December 31, 2019 - 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) 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, 2022.

U.S. 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.

Other Public Finance Bonds include other debt issued, guaranteed or otherwise supported by U.S. national or local governmental authorities, as well as student loans, revenue bonds, and obligations of some not-for-profit organizations.

Non-U.S. Public Finance:

Infrastructure Finance Obligations are obligations issued by a variety of entities engaged in the financing of non-U.S. infrastructure projects, such as roads, airports, ports, social infrastructure, student accommodations, stadiums, and other physical assets delivering essential services supported either by long-term concession arrangements or a regulatory regime. The majority of the Company's non-U.S. infrastructure business is conducted in the United Kingdom.

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 non-U.S. regulated utility business is conducted in the U.K.

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. The Company has not entered into a pooled infrastructure transaction since 2006.

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

Renewable Energy Bonds are obligations secured by revenues relating to renewable energy sources, typically solar or wind farms. These transactions often benefit from regulatory support in the form of regulated minimum prices for the electricity produced. The majority of the Company's international renewable energy business is conducted in Spain.

Other Public Finance Obligations 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. 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. In the case of both the consolidated FG VIEs and the CIVs, the economic effect on the Company of each of the consolidated FG VIEs and CIVs is reflected primarily in the results of the Insurance segment.

Management of the Company and AGL's Board of Directors 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 shareholders' 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; and (4) PVP.

Management believes that many investors, analysts and financial news reporters use adjusted operating shareholders' 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 shareholders' 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 Shareholders' Equity and Adjusted Book Value: Management believes that adjusted operating shareholders' 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 shareholders' equity is defined as shareholders' 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 shareholders' 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 shareholders' 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 in the Insurance segment 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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