

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Corp.

June 30, 2023



Assured Guaranty Corp.
June 30, 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 United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2022 and its Quarterly Reports on Form 10-Q for the quarterly period ended March 31, 2023 and June 30, 2023. This financial supplement should also be read in conjunction with the Company's most recent annual financial statements as of and for the year ended December 31, 2022 posted on agltd.com/investor-information. For the purposes of this financial supplement, all references to the "Company" shall mean Assured Guaranty Corp. (AGC) and its consolidated entities.

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 The North Atlantic Treaty Organization (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) public health crises, including pandemics and endemics, and the governmental and private actions taken in response to such events; (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, or investments of Assured Guaranty; (6) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (7) the risk that the Company's investments in funds managed by Sound Point Capital Management, LP (Sound Point) do not result in the benefits anticipated or subject Assured Guaranty to negative consequences; (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) the impact of the Company satisfying its obligations under insurance policies with respect to legacy insured Puerto Rico bonds; (11) 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; (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 impacts of the completion of Assured Guaranty's transactions with Sound Point and/or Assured Healthcare Partners LLC (AHP) 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 AHP and their relationships with their respective clients and employees; (14) the possibility that strategic transactions made by Assured Guaranty, including the consummation of the transactions with Sound Point and/or AHP, do not result in the benefits anticipated or subject Assured Guaranty to negative consequences; (15) the inability to control the business, management or policies of entities in which the Company holds a minority interest; (16) 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); (17) 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; (18) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (19) changes in applicable accounting policies or practices; (20) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (21) difficulties with the execution of Assured Guaranty's business strategy; (22) loss of key personnel; (23) the effects of mergers, acquisitions and divestitures; (24) natural or man-made catastrophes or pandemics; (25) the impact of climate change on Assured Guaranty's business and regulatory actions taken related to such risk; (26) other risk factors identified in AGL's filings with the U.S. SEC; (27) other risks and uncertainties that have not been identified at this time; and (28) 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		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
GAAP ⁽¹⁾ Highlights				
Net income (loss)	\$ 87,219	\$ 28,358	\$ 115,022	\$ 95,527
Gross written premiums (GWP)	68,839	293	121,375	4,322
Effective tax rate on net income	19.9 %	16.6 %	19.3 %	18.6 %
GAAP return on equity (ROE) ⁽²⁾	17.2 %	5.5 %	11.5 %	9.0 %
Non-GAAP Highlights ⁽³⁾				
Adjusted operating income (loss) ⁽³⁾	\$ 33,950	\$ 33,986	\$ 61,766	\$ 101,064
Present value of new business production (PVP) ⁽³⁾	67,362	7,363	116,643	15,564
Gross par written	4,790,035	703,408	6,617,414	1,211,955
Effective tax rate on adjusted operating income ⁽⁴⁾	18.1 %	17.4 %	17.7 %	18.7 %
Adjusted operating ROE ⁽²⁾⁽³⁾	6.6 %	6.6 %	6.0 %	9.7 %
Effect of refundings and terminations on GAAP measures:				
Net earned premiums, pre-tax	\$ 486	\$ 764	\$ 2,539	\$ 110,966
Fair value gains (losses) of credit derivatives, pre-tax	—	—	—	1,951
Net income effect	390	602	2,028	89,058
Effect of refundings and terminations on non-GAAP measures:				
Operating net earned premiums and credit derivative revenues ⁽⁵⁾ , pre-tax	486	764	2,539	112,917
Adjusted operating income ⁽⁵⁾ effect	390	602	2,028	89,058

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	
	June 30, 2023	December 31, 2022
Shareholder's equity	\$ 2,046,213	\$ 1,971,597
Adjusted operating shareholder's equity ⁽¹⁾	2,059,739	2,046,758
Adjusted book value ⁽¹⁾	2,492,953	2,434,289
Gain (loss) related to financial guaranty variable interest entities (FG VIEs) consolidation included in:		
Adjusted operating shareholders' equity	(6,751)	3,000
Adjusted book value	(4,508)	5,455
 Exposure		
Financial guaranty net debt service outstanding	\$ 41,555,011	\$ 32,562,288
Financial guaranty net par outstanding:		
Investment grade	\$ 25,236,086	\$ 19,809,913
Below-investment-grade (BIG)	888,318	915,129
Total	\$ 26,124,404	\$ 20,725,042
 Claims-paying resources ⁽²⁾	 \$ 3,054,918	 \$ 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		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Revenues				
Net earned premiums	\$ 14,829	\$ 15,300	\$ 29,757	\$ 143,637
Net investment income	26,367	18,960	50,640	38,684
Net realized investment gains (losses)	(9,009)	(11,095)	(13,375)	(6,866)
Fair value gains (losses) on credit derivatives	74,861	6,063	87,771	3,126
Fair value gains (losses) on committed capital securities (CCS)	166	4,802	(8,840)	5,382
Fair value gains (losses) on FG VIEs	(3,165)	9,721	(6,012)	8,732
Fair value gains (losses) on trading securities	24,907	(12,449)	23,649	(9,986)
Foreign exchange gains (losses) on remeasurement	2,136	(4,318)	3,543	(5,924)
Other income (loss)	(3,839)	3,431	14,962	4,829
Total revenues	127,253	30,415	182,095	181,614
Expenses				
Loss and loss adjustment expense (LAE) (benefit)	(1,503)	(31,922)	11,047	22,490
Interest expense on note payable to affiliate	2,625	2,625	5,250	5,250
Employee compensation and benefit expenses	9,197	8,395	18,842	17,655
Other expenses	8,543	5,697	15,281	10,711
Total expenses (benefit)	18,862	(15,205)	50,420	56,106
Income (loss) before income taxes and equity in earnings (losses) of investees	108,391	45,620	131,675	125,508
Equity in earnings (losses) of investees	471	(11,619)	10,790	(8,163)
Income (loss) before income taxes	108,862	34,001	142,465	117,345
Less: Provision (benefit) for income taxes	21,643	5,643	27,443	21,818
Net income (loss)	\$ 87,219	\$ 28,358	\$ 115,022	\$ 95,527

Assured Guaranty Corp.
Condensed Consolidated Balance Sheets (unaudited)
(dollars in thousands)

	As of	
	June 30, 2023	December 31, 2022
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 1,965,323	\$ 2,092,528
Fixed-maturity securities, trading, at fair value	199,546	175,896
Short-term investments, at fair value	191,611	111,452
Equity method investments	221,915	211,125
Other invested assets	714	790
Total investments	2,579,109	2,591,791
Cash	41,332	24,225
Loan receivable from parent	87,500	87,500
Premiums receivable, net of commissions payable	386,338	297,015
Ceded unearned premium reserve	204,788	187,380
Reinsurance recoverable on unpaid losses	164,480	158,641
Salvage and subrogation recoverable	63,262	71,749
FG VIEs' assets	121,677	177,681
Other assets	134,719	242,067
Total assets	\$ 3,783,205	\$ 3,838,049
Liabilities		
Unearned premium reserve	\$ 740,300	\$ 655,404
Loss and LAE reserve	93,342	84,112
Reinsurance balances payable, net	126,234	168,026
Notes payable to affiliates	300,000	300,000
Credit derivative liabilities, at fair value	53,980	159,498
FG VIEs' liabilities	335,014	395,447
Other liabilities	88,122	103,965
Total liabilities	1,736,992	1,866,452
Shareholder's equity		
Preferred stock	—	—
Common stock	15,000	15,000
Additional paid-in capital	742,015	742,015
Retained earnings	1,349,530	1,278,108
Accumulated other comprehensive income (loss)	(60,332)	(63,526)
Total shareholder's equity	2,046,213	1,971,597
Total liabilities and shareholder's equity	\$ 3,783,205	\$ 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 June 30, 2023 and June 30, 2022

	Three Months Ended June 30, 2023		Three Months Ended June 30, 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	\$ —	\$ (69)	\$ —	\$ (56)
Net investment income	—	(186)	—	(463)
Net realized investment gains (losses)	(9,009)	—	(11,095)	—
Fair value gains (losses) on credit derivatives	72,899	—	4,148	—
Fair value gains (losses) on CCS	166	—	4,802	—
Fair value gains (losses) on FG VIEs	—	(3,165)	—	9,721
Foreign exchange gains (losses) on remeasurement	2,131	—	(4,196)	—
Other income (loss)	318	(415)	(457)	(942)
Total revenue adjustments	66,505	(3,835)	(6,798)	8,260
Adjustments to expenses:				
Loss expense	(924)	11,251	326	(1,042)
Total expense adjustments	(924)	11,251	326	(1,042)
Pre-tax adjustments	67,429	(15,086)	(7,124)	9,302
Less: Tax effect of adjustments	14,160	(3,168)	(1,496)	1,953
After-tax adjustments	\$ 53,269	\$ (11,918)	\$ (5,628)	\$ 7,349

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation for the Six Months Ended June 30, 2023 and June 30, 2022

	Six Months Ended June 30, 2023		Six Months Ended June 30, 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	\$ —	\$ (146)	\$ —	\$ (130)
Net investment income	—	(255)	—	(563)
Net realized investment gains (losses)	(13,375)	—	(6,866)	—
Fair value gains (losses) on credit derivatives	84,126	—	(2,514)	—
Fair value gains (losses) on CCS	(8,840)	—	5,382	—
Fair value gains (losses) on FG VIEs	—	(6,012)	—	8,732
Foreign exchange gains (losses) on remeasurement	3,542	—	(5,773)	—
Other income (loss)	1,254	(1,212)	(459)	(1,191)
Total revenue adjustments	66,707	(7,625)	(10,230)	6,848
Adjustments to expenses:				
Loss expense	(706)	5,343	(3,221)	(1,773)
Total expense adjustments	(706)	5,343	(3,221)	(1,773)
Pre-tax adjustments	67,413	(12,968)	(7,009)	8,621
Less: Tax effect of adjustments	14,157	(2,723)	(1,472)	1,810
After-tax adjustments	\$ 53,256	\$ (10,245)	\$ (5,537)	\$ 6,811

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 (2 of 2)
(dollars in thousands)

	As of					
	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Reconciliation of shareholders' equity attributable to AGC to adjusted book value:						
Shareholders' equity attributable to AGC	\$ 2,046,213	\$ 2,000,044	\$ 1,971,597	\$ 2,018,020	\$ 2,078,437	\$ 2,237,340
Less pre-tax reconciling items:						
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	42,184	(31,638)	(42,647)	(29,143)	(32,966)	(29,849)
Fair value gains (losses) on CCS	16,031	15,866	24,872	18,160	13,357	12,778
Unrealized gain (loss) on investment portfolio	(87,043)	(62,992)	(89,071)	(43,301)	38,600	166,642
Less taxes	15,302	25,788	31,685	20,648	5,260	(22,162)
Adjusted operating shareholder's equity	2,059,739	2,053,020	2,046,758	2,051,656	2,054,186	2,109,931
Pre-tax reconciling items:						
Less: Deferred acquisition costs	(8,485)	(10,663)	(12,399)	(16,737)	(19,819)	(23,216)
Plus: Net present value of estimated net future revenue	100,053	101,647	104,864	108,259	110,671	114,085
Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed	439,834	392,705	373,283	354,779	364,283	395,427
Plus taxes	(115,158)	(106,053)	(103,015)	(100,753)	(103,903)	(111,872)
Adjusted book value	<u>\$ 2,492,953</u>	<u>\$ 2,451,982</u>	<u>\$ 2,434,289</u>	<u>\$ 2,430,678</u>	<u>\$ 2,445,056</u>	<u>\$ 2,530,787</u>
Gain (loss) related to FG VIE consolidation included in:						
Adjusted operating shareholder's equity (net of tax benefit of \$1,795, \$(1,227), \$(797), \$526, \$2,456, \$2,338)	\$ (6,751)	\$ 4,618	\$ 3,000	\$ (1,978)	\$ (9,242)	\$ (8,793)
Adjusted book value (net of tax benefit of \$1,199, \$(1,855), \$(1,450), \$469, \$2,540, \$2,373)	\$ (4,508)	\$ 6,982	\$ 5,455	\$ (1,767)	\$ (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	
	June 30, 2023	December 31, 2022
Claims-paying resources		
Policyholders' surplus	\$ 1,911,279	\$ 1,916,078
Contingency reserve	358,423	346,940
Qualified statutory capital	2,269,702	2,263,018
Unearned premium reserve and net deferred ceding commission income	339,243	326,786
Loss and LAE reserves ⁽⁴⁾	—	—
Total policyholders' surplus and reserves	2,608,945	2,589,804
Present value of installment premium	245,973	200,488
CCS	200,000	200,000
Total claims-paying resources	\$ 3,054,918	\$ 2,990,292
Statutory net par outstanding ⁽¹⁾	\$ 26,351,069	\$ 20,950,705
Net debt service outstanding ⁽¹⁾	42,007,573	32,982,853
Ratios:		
Statutory net par outstanding to qualified statutory capital	12:1	9:1
Capital ratio ⁽²⁾	19:1	15:1
Financial resources ratio ⁽³⁾	14:1	11:1
Statutory net par outstanding to claims-paying resources	9:1	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 \$76.0 million as of June 30, 2023 and \$49.3 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 June 30, 2023 and June 30, 2022

	Three Months Ended June 30, 2023					Three Months Ended June 30, 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	\$ 54,923	\$ 7,534	\$ 3,623	\$ 2,759	\$ 68,839	\$ (2,365)	\$ 1,910	\$ 340	\$ 408	\$ 293
Less: Installment GWP and other GAAP adjustments ⁽¹⁾	41,053	7,314	3,623	2,759	54,749	(8,064)	1,910	340	408	(5,406)
Upfront GWP	13,870	220	—	—	14,090	5,699	—	—	—	5,699
Plus: Installment premiums and other	40,574	5,220	2,140	5,338	53,272	—	1,496	48	120	1,664
Total PVP	<u>\$ 54,444</u>	<u>\$ 5,440</u>	<u>\$ 2,140</u>	<u>\$ 5,338</u>	<u>\$ 67,362</u>	<u>\$ 5,699</u>	<u>\$ 1,496</u>	<u>\$ 48</u>	<u>\$ 120</u>	<u>\$ 7,363</u>
Gross par written	\$3,440,168	\$392,652	\$249,246	\$707,969	\$4,790,035	\$ 640,675	\$17,619	\$ 12,271	\$ 32,843	\$ 703,408

Reconciliation of GWP to PVP for the Six Months Ended June 30, 2023 and June 30, 2022

	Six Months Ended June 30, 2023					Six Months Ended June 30, 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	\$ 59,686	\$ 27,515	\$ 31,104	\$ 3,070	\$ 121,375	\$ 2,500	\$ (3,142)	\$ 4,569	\$ 395	\$ 4,322
Less: Installment GWP and other GAAP adjustments ⁽¹⁾	42,923	27,211	31,104	3,070	104,308	(8,100)	(3,142)	2,569	395	(8,278)
Upfront GWP	16,763	304	—	—	17,067	10,600	—	2,000	—	12,600
Plus: Installment premiums and other	42,391	21,980	29,520	5,685	99,576	—	2,795	49	120	2,964
Total PVP	<u>\$ 59,154</u>	<u>\$ 22,284</u>	<u>\$ 29,520</u>	<u>\$ 5,685</u>	<u>\$ 116,643</u>	<u>\$ 10,600</u>	<u>\$ 2,795</u>	<u>\$ 2,049</u>	<u>\$ 120</u>	<u>\$ 15,564</u>
Gross par written	\$4,089,313	\$902,018	\$829,799	\$796,284	\$6,617,414	\$ 1,033,735	\$73,456	\$71,921	\$ 32,843	\$ 1,211,955

1) Includes the present value (PV) 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 June 30, 2023			Three Months Ended June 30, 2022		
	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross
GWP	\$ 54,246	\$ 14,593	\$ 68,839	\$ (6,724)	\$ 7,017	\$ 293
PVP	53,299	14,063	67,362	—	7,363	7,363
Gross par written	2,778,305	2,011,730	4,790,035	—	703,408	703,408
	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross	Direct and Assumed from Third Parties	Assumed from Affiliates	Total Gross
GWP	\$ 82,121	\$ 39,254	\$ 121,375	\$ (9,007)	\$ 13,329	\$ 4,322
PVP	80,668	35,975	116,643	2,000	13,564	15,564
Gross par written	3,370,351	3,247,063	6,617,414	59,650	1,152,305	1,211,955

Assured Guaranty Corp.

Gross Par Written (1 of 2)

(dollars in thousands)

Gross Par Written by Asset Type

	Three Months Ended June 30,			
	2023		2022	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
Sector:				
U.S. public finance:				
Infrastructure finance	\$ 1,784,564	BBB+	\$ 5,364	BBB
General obligation	852,300	A	193,202	A
Municipal utilities	486,891	A-	157,365	A+
Tax backed	223,357	BBB	84,212	A
Transportation	47,050	BBB	80,953	BBB+
Healthcare	18,831	A-	100,527	A-
Higher education	—	—	19,052	A-
Other public finance	27,175	A	—	—
Total U.S. public finance	<u>3,440,168</u>	A-	<u>640,675</u>	A
Non-U.S. public finance:				
Infrastructure finance	190,309	A-	17,619	BBB-
Sovereign and sub-sovereign	177,461	A+	—	—
Regulated utilities	24,882	BBB-	—	—
Total non-U.S. public finance	<u>392,652</u>	A	<u>17,619</u>	BBB-
Total public finance	<u>3,832,820</u>	A-	<u>658,294</u>	A
U.S. structured finance:				
Structured credit	225,000	BBB	—	—
Other structured finance	24,246	A	12,271	A
Total U.S. structured finance	<u>249,246</u>	BBB	<u>12,271</u>	A
Non-U.S. structured finance:				
Other structured finance	707,969	A	32,843	A
Total non-U.S. structured finance	<u>707,969</u>	A	<u>32,843</u>	A
Total structured finance	<u>957,215</u>	A-	<u>45,114</u>	A
Total gross par written	<u>\$ 4,790,035</u>	A-	<u>\$ 703,408</u>	A

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

Assured Guaranty Corp.

Gross Par Written (2 of 2)

(dollars in thousands)

Gross Par Written by Asset Type

	Six Months Ended June 30,			
	2023		2022	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
Sector:				
U.S. public finance:				
Infrastructure finance	\$ 1,784,564	BBB+	\$ 5,864	BBB
General obligation	1,194,466	A	337,708	A
Municipal utilities	623,514	A-	186,582	A
Tax backed	248,980	BBB	121,596	A
Healthcare	107,850	A	136,075	BBB+
Transportation	55,851	BBB	221,611	A-
Higher education	46,913	A-	24,299	A-
Other public finance	27,175	A	—	—
Total U.S. public finance	<u>4,089,313</u>	A-	<u>1,033,735</u>	A-
Non-U.S. public finance:				
Regulated utilities	509,004	BBB+	55,837	BBB
Sovereign and sub-sovereign	202,705	A+	—	—
Infrastructure finance	190,309	A-	17,619	BBB-
Total non-U.S. public finance	<u>902,018</u>	A-	<u>73,456</u>	BBB
Total public finance	<u>4,991,331</u>	A-	<u>1,107,191</u>	A-
U.S. structured finance:				
Insurance securitization	500,000	A	—	—
Structured credit	275,000	BBB	—	—
Other structured finance	54,799	A	71,921	A-
Total U.S. structured finance	<u>829,799</u>	A-	<u>71,921</u>	A-
Non-U.S. structured finance:				
Other structured finance	796,284	A	32,843	A
Total non-U.S. structured finance	<u>796,284</u>	A	<u>32,843</u>	A
Total structured finance	<u>1,626,083</u>	A	<u>104,764</u>	A-
Total gross par written	<u>\$ 6,617,414</u>	A-	<u>\$ 1,211,955</u>	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 June 30, 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⁾	\$ 1,196,082	\$ (13,916)	3.48 %	3.10 %	\$ 1,157,846	\$ 41,566
U.S. government and agencies	6,977	—	0.39	0.30	6,403	27
Corporate securities	421,119	(2,246)	3.45	2.73	372,103	14,538
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) ⁽³⁾	20,235	(1,670)	5.37	4.24	17,372	1,086
Commercial mortgage-backed securities	27,630	—	3.47	2.74	25,822	959
Asset-backed securities (ABS):						
Collateralized loan obligations	64,356	—	7.09	5.60	62,844	4,560
Other ABS ⁽³⁾	373,405	(36,377)	5.20	4.11	322,933	19,413
Fixed-maturity securities, available-for-sale	<u>2,109,804</u>	<u>(54,209)</u>	<u>3.89</u>	<u>3.28</u>	<u>1,965,323</u>	<u>82,149</u>
Short-term investments	191,611	—	5.07	4.00	191,611	9,710
Cash ⁽⁴⁾	41,332	—	—	—	41,332	—
Total	<u>\$ 2,342,747</u>	<u>(54,209)</u>	<u>3.99 %</u>	<u>3.34 %</u>	<u>\$ 2,198,266</u>	<u>\$ 91,859</u>

Fixed-maturity securities, trading ⁽⁷⁾

\$ 199,546

Ratings ^{(5):}	Fair Value	% of Portfolio
U.S. government and agencies	\$ 6,403	0.3 %
AAA/Aaa	183,989	9.4
AA/Aa	801,026	40.8
A/A	353,823	18.0
BBB	243,152	12.4
BIG	325,254	16.5
Not rated ⁽⁶⁾	51,676	2.6
Total fixed-maturity securities, available-for-sale	<u>\$ 1,965,323</u>	<u>100.0 %</u>

Duration of available-for-sale fixed-maturity securities and short-term investments (in years):

3.7

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 \$515.6 million in par with carrying value of \$369.9 million and primarily included in the BIG category.
- 6) Includes \$7.3 million of new general obligation bonds and new bonds backed by toll revenue received in connection with 2022 Puerto Rico Resolutions (see page 21).
- 7) Represents contingent value instruments (CVIs) received in connection with 2022 Puerto Rico Resolutions (see page 21). 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	
2023 (as of June 30)		\$ 41,555,011				
2023 3Q	\$ 576,356	40,978,655	\$ 14,233	\$ 1,352	\$ 79	\$ 1,794
2023 4Q	626,546	40,352,109	13,964	1,312	83	1,781
2024	2,320,377	38,031,732	52,319	4,899	315	6,931
2025	2,584,570	35,447,162	47,160	4,439	294	6,647
2026	2,114,897	33,332,265	43,004	4,051	277	6,361
2027	2,053,272	31,278,993	39,145	3,686	261	6,091
2023-2027	10,276,018	31,278,993	209,825	19,739	1,309	29,605
2028-2032	9,983,315	21,295,678	153,781	13,609	962	27,399
2033-2037	7,995,522	13,300,156	90,268	7,485	760	22,325
2038-2042	5,584,899	7,715,257	40,180	3,998	64	15,019
After 2042	7,715,257	—	43,704	2,472	—	10,421
Total	\$ 41,555,011		\$ 537,758	\$ 47,303	\$ 3,095	\$ 104,769

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of June 30, 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 17, "Net Expected Loss to be Expensed."

3) Represents expected future premiums on insured credit derivatives.

Assured Guaranty Corp.

Roll Forward of Net Expected Loss and LAE to be Paid (dollars in thousands)

Roll Forward of Net Expected Loss and LAE to be Paid ⁽¹⁾ for the Three Months Ended June 30, 2023

	Net Expected Loss to be Paid (Recovered) as of March 31, 2023	Economic Loss Development (Benefit) During 2Q-23	Net (Paid) Recovered Losses During 2Q-23	Net Expected Loss to be Paid (Recovered) as of June 30, 2023
Public Finance:				
U.S. public finance	\$ 187,970	\$ (1,900)	\$ 1,516	\$ 187,586
Non-U.S. public finance	1,035	(105)	—	930
Public Finance	<u>189,005</u>	<u>(2,005)</u>	<u>1,516</u>	<u>188,516</u>
Structured Finance:				
U.S. RMBS	76,182	(2,296)	(10,204)	63,682
Other structured finance	(57,758)	(9,274)	2,795	(64,237)
Structured Finance	<u>18,424</u>	<u>(11,570)</u>	<u>(7,409)</u>	<u>(555)</u>
Total	<u>\$ 207,429</u>	<u>\$ (13,575)</u>	<u>\$ (5,893)</u>	<u>\$ 187,961</u>

Roll Forward of Net Expected Loss and LAE to be Paid ⁽¹⁾ for the Six Months Ended June 30, 2023

	Net Expected Loss to be Paid (Recovered) as of December 31, 2022	Economic Loss Development (Benefit) During 2023	Net (Paid) Recovered Losses During 2023	Net Expected Loss to be Paid (Recovered) as of June 30, 2023
Public Finance:				
U.S. public finance	\$ 187,961	\$ 1,114	\$ (1,489)	\$ 187,586
Non-U.S. public finance	1,050	(120)	—	930
Public Finance	<u>189,011</u>	<u>994</u>	<u>(1,489)</u>	<u>188,516</u>
Structured Finance:				
U.S. RMBS	58,352	12,872	(7,542)	63,682
Other structured finance	(58,584)	(9,850)	4,197	(64,237)
Structured Finance	<u>(232)</u>	<u>3,022</u>	<u>(3,345)</u>	<u>(555)</u>
Total	<u>\$ 188,779</u>	<u>\$ 4,016</u>	<u>\$ (4,834)</u>	<u>\$ 187,961</u>

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 June 30, 2023
(dollars in thousands)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
		GAAP Loss and LAE ⁽¹⁾	Loss and LAE Included in Adjusted Operating Income ⁽²⁾	Effect of FG VIE Consolidation ⁽³⁾	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	\$ 487,135	\$ 9,696	\$ 9,696	\$ 11,218	\$ 7,420	\$ 7,420	\$ 5,399
Non-U.S. public finance	65,325	(1)	(1)	—	(2)	(2)	—
Public finance	552,460	9,695	9,695	11,218	7,418	7,418	5,399
Structured finance:							
U.S. RMBS	327,880	(754)	(396)	33	14,580	14,720	(56)
Other structured finance	7,978	(10,444)	(9,878)	—	(10,951)	(10,385)	—
Structured finance	335,858	(11,198)	(10,274)	33	3,629	4,335	(56)
Total	\$ 888,318	\$ (1,503)	\$ (579)	\$ 11,251	\$ 11,047	\$ 11,753	\$ 5,343

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 June 30, 2023
(dollars in thousands)

	GAAP
2023 3Q	\$ 1,452
2023 4Q	1,465
2024	5,995
2025	6,222
2026	9,881
2027	9,234
2023-2027	34,249
2028-2032	36,867
2033-2037	25,461
2038-2042	896
After 2042	452
Total expected present value of net expected loss to be expensed ⁽²⁾	97,925
Future accretion	38,920
Total expected future loss and LAE	\$ 136,845

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 3.73% to 5.37% for U.S. dollar denominated obligations.

2) Excludes \$5.3 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 June 30, 2023		As of December 31, 2022	
	Net Par Outstanding	Average Internal Rating	Net Par Outstanding	Average Internal Rating
U.S. public finance:				
General obligation	\$ 4,719,173	A	\$ 3,572,690	A
Infrastructure finance	3,258,836	A	1,763,072	A+
Transportation	2,861,339	A-	2,768,610	A-
Tax backed	2,638,713	BBB	2,483,477	BBB
Municipal utilities	1,964,526	A-	1,355,883	A-
Healthcare	532,423	BBB+	474,660	BBB+
Higher education	399,143	A	366,948	A
Renewable energy	121,353	A-	121,353	A-
Investor-owned utilities	100,398	A	101,501	A
Housing revenue	81,860	B	84,771	B
Other public finance	531,445	BBB	519,879	BBB
Total U.S. public finance	17,209,209	A-	13,612,844	A-
Non-U.S. public finance:				
Regulated utilities	2,688,089	BBB+	1,878,033	BBB+
Infrastructure finance	831,962	BBB	629,756	BBB
Pooled infrastructure	565,380	AAA	540,258	AAA
Sovereign and sub-sovereign	444,265	A	231,376	A-
Renewable energy	36,408	BBB	38,622	BBB-
Total non-U.S. public finance	4,566,104	A-	3,318,045	A-
Total public finance	21,775,313	A-	16,930,889	A-
U.S. structured finance:				
Life insurance transactions	1,276,688	A+	1,094,457	AA-
RMBS	546,554	BB+	569,455	BB+
Pooled corporate obligations	544,861	AAA	562,764	AAA
Consumer receivables	214,201	AA	251,621	AA
Other structured finance	944,778	BBB+	727,920	BBB+
Total U.S. structured finance	3,527,082	A	3,206,217	A
Non-U.S. structured finance:				
Pooled corporate obligations	280,252	AAA	273,492	AAA
RMBS	156,244	A+	152,655	A+
Other structured finance	385,513	A	161,789	A
Total non-U.S. structured finance	822,009	AA-	587,936	AA
Total structured finance	4,349,091	A	3,794,153	A+
Total net par outstanding	\$ 26,124,404	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 June 30, 2023
(dollars in thousands)

Distribution by Ratings of Financial Guaranty Portfolio

Ratings:	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 6,622	— %	\$ 642,584	14.1 %	\$ 527,442	14.9 %	\$ 292,469	35.5 %	\$ 1,469,117	5.6 %
AA	3,155,641	18.4	255,229	5.6	1,299,805	36.9	14,898	1.8	4,725,573	18.1
A	7,022,612	40.8	980,974	21.5	894,765	25.4	501,849	61.1	9,400,200	36.0
BBB	6,537,199	38.0	2,621,992	57.4	469,212	13.3	12,793	1.6	9,641,196	36.9
BIG	487,135	2.8	65,325	1.4	335,858	9.5	—	—	888,318	3.4
Net Par Outstanding⁽¹⁾	\$ 17,209,209	100.0 %	\$ 4,566,104	100.0 %	\$ 3,527,082	100.0 %	\$ 822,009	100.0 %	\$ 26,124,404	100.0 %

1) As of June 30, 2023, the Company excluded \$472.5 million of net par primarily attributable to Loss Mitigation Securities.

Ceded Par Outstanding

	Ceded Par Outstanding ⁽¹⁾⁽²⁾	% of Total
Affiliated reinsurers	\$ 8,981,824	99.7 %
Non-affiliated reinsurers	25,500	0.3 %
Total	\$ 9,007,324	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 \$179.9 million posted by affiliated reinsurers as of June 30, 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 June 30, 2023
(dollars in thousands)

Geographic Distribution of Financial Guaranty Portfolio

	<u>Net Par Outstanding</u>	<u>% of Total</u>
U.S.:		
U.S. public finance:		
California	\$ 4,511,719	17.3 %
Texas	2,524,219	9.7
New Jersey	1,083,369	4.1
Illinois	981,634	3.8
New York	968,630	3.7
Florida	866,124	3.3
Virginia	780,846	3.0
Pennsylvania	625,053	2.4
Georgia	486,918	1.9
North Carolina	479,585	1.8
Other	3,901,112	14.9
Total U.S public finance	<u>17,209,209</u>	<u>65.9</u>
U.S. structured finance	<u>3,527,082</u>	<u>13.5</u>
Total U.S.	<u>20,736,291</u>	<u>79.4</u>
Non-U.S.:		
United Kingdom	4,071,681	15.6
Australia	171,791	0.7
France	153,218	0.6
Italy	140,420	0.5
Mexico	136,357	0.5
Other	714,646	2.7
Total non-U.S.	<u>5,388,113</u>	<u>20.6</u>
Total net par outstanding	<u>\$ 26,124,404</u>	<u>100.0 %</u>

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 June 30, 2023
(dollars in thousands)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	\$ 446,003	\$ 309,905	\$ 685,718	\$ 471,883

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⁾	181,475	259,438
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	233,757	320,697
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	\$ 309,905	\$ 446,003

- 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 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 CVIs. In connection with the Modified Fifth Amended Title III Plan of Adjustment for PRHTA (HTA Plan) and related arrangements, the Company received cash and new bonds backed by toll revenues (Toll Bonds) from the PRHTA and CVIs from the Commonwealth of Puerto Rico.
- 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 June 30, 2023
(dollars in thousands)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	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	—	—	—	99,384	57,682	\$ 181,475
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	108,218	57,682	233,757
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	\$108,877	\$ 57,682	\$ 309,905

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2023 (3Q)	2023 (4Q)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033- 2037	2038- 2041	Total
Defaulted Puerto Rico Exposures														
PREPA	\$ 2,853	\$ 52	\$ 4,542	\$ 4,528	\$22,336	\$19,161	\$18,052	\$ 1,627	\$ 3,320	\$ 2,250	\$ 5,995	\$ 661	\$ —	\$ 85,377
Total Defaulted	2,853	52	4,542	4,528	22,336	19,161	18,052	1,627	3,320	2,250	5,995	661	—	85,377
Resolved Puerto Rico Exposures														
PRHTA (Transportation revenue)	6,077	—	9,517	16,091	15,717	8,794	8,794	18,756	8,246	8,246	8,245	129,294	66,050	303,827
PRHTA (Highway revenue)	789	—	1,578	1,578	1,578	1,579	2,309	2,220	2,215	17,335	2,962	10,134	—	44,277
Commonwealth of Puerto Rico - GO	492	—	1,041	1,042	2,193	4,233	960	15,159	—	—	—	—	—	25,120
PBA	2,173	—	109	2,177	—	—	—	—	—	—	—	—	—	4,459
Total Resolved	9,531	—	12,245	20,888	19,488	14,606	12,063	36,135	10,461	25,581	11,207	139,428	66,050	377,683
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	82	81	81	81	82	81	—	1,499
Total Other	584	—	1,327	672	1,898	1,522	1,253	749	574	81	82	81	—	8,823
Total	\$12,968	\$ 52	\$18,114	\$26,088	\$43,722	\$35,289	\$31,368	\$38,511	\$14,355	\$27,912	\$17,284	\$140,170	\$ 66,050	\$ 471,883

Assured Guaranty Corp.

U.S. RMBS Profile

As of June 30, 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	\$ 7,277	\$ 24,433	\$ 6,183	\$ 72,004	\$ 9	\$ 109,906
AA	5,826	52,425	83	7,656	32,029	98,019
A	45	—	—	2,705	1,952	4,702
BBB	1,848	—	1	4,164	34	6,047
BIG	10,488	49,335	3,564	247,189	17,304	327,880
Total exposures	\$ 25,484	\$ 126,193	\$ 9,831	\$ 333,718	\$ 51,328	\$ 546,554

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	\$ 7,500	\$ 376	\$ 128	\$ 46,089	\$ 3,661	\$ 57,754
2005	13,935	30,896	5,976	93,507	11,177	155,491
2006	4,049	358	—	35,693	5,798	45,898
2007	—	94,563	3,727	158,429	30,692	287,411
Total exposures	\$ 25,484	\$ 126,193	\$ 9,831	\$ 333,718	\$ 51,328	\$ 546,554

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 June 30, 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	\$ 468,919	76.2 %	43.6%	57.4%
AA	52,168	8.5	41.3%	52.2%
A	72,813	11.8	37.4%	46.2%
BBB	21,659	3.5	42.1%	45.1%
Total exposures	\$ 615,559	100.0 %	42.6%	55.2%

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	\$ 342,064	55.6 %	43.8%	63.3%	12	AAA
U.S. mortgage and real estate investment trusts	61,768	10.0	47.3%	64.8%	3	A+
Collateralized loan obligations	211,727	34.4	39.3%	39.2%	7	AAA
Total exposures	\$ 615,559	100.0 %	42.6%	55.2%	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 June 30, 2023
(dollars in thousands)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	\$ 735,936	34.8 %
AA	1,001,948	47.3
A	151,052	7.1
BBB	182,088	8.6
BIG	47,187	2.2
Total credit derivative net par outstanding	\$ 2,118,211	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	\$ 935,780	AA
Non-U.S. public finance	745,273	AA+
Total public finance	1,681,053	AA
U.S. structured finance:		
Pooled corporate obligations	186,768	AAA
RMBS	123,360	A-
Total U.S. structured finance	310,128	AA
Non-U.S. structured finance:		
RMBS	127,030	A
Total non-U.S. structured finance	127,030	A
Total structured finance	437,158	AA-
Total credit derivative net par outstanding	\$ 2,118,211	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	
	June 30, 2023	December 31, 2022
U.S. public finance:		
Tax backed	\$ 225,205	\$ 234,066
Municipal utilities	81,692	82,507
General obligation	66,150	66,657
Housing revenue	55,666	56,201
Transportation	14,799	15,458
Healthcare	12,650	12,650
Higher education	2,675	3,610
Other public finance	28,298	29,164
Total U.S. public finance	<u>487,135</u>	<u>500,313</u>
Non-U.S. public finance:		
Infrastructure finance	48,392	45,088
Renewable energy	16,209	18,424
Sovereign and sub-sovereign	724	772
Total non-U.S. public finance	<u>65,325</u>	<u>64,284</u>
Total public finance	<u>552,460</u>	<u>564,597</u>
U.S. structured finance:		
RMBS	327,880	339,425
Life insurance transactions	6,385	6,385
Consumer receivables	105	118
Other structured finance	1,488	4,604
Total U.S. structured finance	<u>335,858</u>	<u>350,532</u>
Non-U.S. structured finance:		
Total non-U.S. structured finance	<u>—</u>	<u>—</u>
Total structured finance	<u>335,858</u>	<u>350,532</u>
Total BIG net par outstanding	<u>\$ 888,318</u>	<u>\$ 915,129</u>

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	
	June 30, 2023	December 31, 2022
BIG Category 1		
U.S. public finance	\$ 126,201	\$ 144,701
Non-U.S. public finance	65,325	64,284
U.S. structured finance	7,740	12,702
Non-U.S. structured finance	—	—
Total BIG Category 1	<u>199,266</u>	<u>221,687</u>
BIG Category 2		
U.S. public finance	58,295	51,296
Non-U.S. public finance	—	—
U.S. structured finance	20,991	22,795
Non-U.S. structured finance	—	—
Total BIG Category 2	<u>79,286</u>	<u>74,091</u>
BIG Category 3		
U.S. public finance	302,639	304,316
Non-U.S. public finance	—	—
U.S. structured finance	307,127	315,035
Non-U.S. structured finance	—	—
Total BIG Category 3	<u>609,766</u>	<u>619,351</u>
BIG Total	<u><u>\$ 888,318</u></u>	<u><u>\$ 915,129</u></u>

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 June 30, 2023
(dollars in thousands)

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

Name or description	Net Par Outstanding	Internal Rating ⁽¹⁾
U.S. public finance:		
Puerto Rico Highways & Transportation Authority	\$ 210,683	CCC
Puerto Rico Electric Power Authority	68,882	CCC
Subtotal U.S. public finance	279,565	
Non-U.S. public finance	—	
U.S. structured finance		
RMBS:		
Option One Mortgage Loan Trust 2007-HL1	98,550	CCC
Argent Securities Inc. 2005-W4	92,618	CCC
Subtotal RMBS	191,168	
Non-RMBS	—	
Subtotal U.S. structured finance	191,168	
Non-U.S. structured finance	—	
Total	\$ 470,733	

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 June 30, 2023
(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)	\$ 923,003	BBB
San Diego Family Housing, LLC	903,045	AA
North Texas Tollway Authority	875,439	A+
Alameda Corridor Transportation Authority, California	487,393	BBB+
LCOR Alexandria LLC	368,352	BBB-
Private Transaction	344,141	BBB-
Metro Washington Airports Authority (Dulles Toll Road)	319,996	BBB+
Private Transaction	304,226	BBB+
Private Transaction	236,594	A
Private Transaction	232,058	BBB+
Miami-Dade County, Florida	218,375	AA-
Puerto Rico Highways & Transportation Authority	210,682	CCC
Chicago Water, Illinois	201,591	BBB+
New York Metropolitan Transportation Authority	197,705	BBB+
Houston Hotel Occupancy Tax, Texas	197,647	BBB
Private Transaction	186,976	A
Lower Colorado River Authority	186,550	A
California (State of)	158,417	AA-
Palomar Health	156,629	BBB+
San Joaquin Hills Transportation, California	151,271	BBB
Dodger Tickets LLC	138,128	BBB
Southern California Logistic Airport, California	129,762	BBB-
Navy Midwest Family Housing LLC	121,370	AA-
San Antonio Electric and Gas Systems, Texas	118,630	AA
Chicago (City of) Wastewater Transmission, Illinois	116,309	BBB+
Washington Water Power (Avista Project)	107,250	A-
Escondido Union High School District, California	106,802	AA-
Municipal Gas Authority of Georgia	90,583	A+
Chicago Public Schools, Illinois	89,846	BBB-
Municipal Electric Authority of Georgia	89,116	BBB+
Private Transaction	88,945	A-
Santa Ana Unified School District, California	88,513	A+
Grossmont-Cuyamaca Community College District, California	88,354	AA-
Offutt Air Force Base, Nebraska - America First Communities, LLC	88,059	A+
New York (City of), New York	85,004	AA
Maine (State of)	82,164	A
Pasco County (H. Lee Moffitt Cancer Center Project), Florida	81,471	A
Ohana Military Communities, LLC	81,275	A+
West Contra Costa Unified School District, California	80,675	A+
St. Louis, Missouri	80,435	BBB+
Dade County Seaport, Florida	80,033	A
Yankee Stadium LLC New York City Industrial Development Authority	79,615	BBB
San Diego County, California	77,935	AA-
Duke Energy Florida	77,613	A
North Carolina Turnpike Authority	72,801	BBB-
Denver (City & County) Airport System, Colorado	72,760	A+
Aurora Military Housing I & II (Elmendorf Air Force Base), LLC	71,763	AA
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	68,156	A+
Total top 50 U.S. public finance exposures	\$ 9,551,956	

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 June 30, 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	179,397	AA-
Private US Insurance Securitization	169,017	AA-
Private US Insurance Securitization	165,000	AA
Private US Insurance Securitization	159,647	AA-
SLM Student Loan Trust 2007-A	159,176	AA
DB Master Finance LLC	116,691	BBB
Private US Insurance Securitization	115,800	AA-
Private Middle Market CLO	109,480	AAA
Private US Insurance Securitization	107,942	AA
Option One Mortgage Loan Trust 2007-HL1	98,550	CCC
Argent Securities Inc. 2005-W4	92,618	CCC
Private Balloon Note Guarantee	85,000	A
ALESCO Preferred Funding XIII, Ltd.	62,753	AAA
Private Balloon Note Guarantee	59,500	BBB
CAPCO - Excess SIPC Excess of Loss Reinsurance	53,550	BBB
Private Other Structured Finance Transaction	52,100	A-
Preferred Term Securities XXIV, Ltd.	49,172	AAA
CWALT Alternative Loan Trust 2007-HY9	45,855	A
Alesco Preferred Funding XVI, Ltd.	44,126	A
SLM Student Loan Trust 2006-C	43,514	AA
Private Other Structured Finance Transaction	42,602	A-
Private Balloon Note Guarantee	42,500	A
Sonic Capital LLC 2020-1	39,209	BBB
Preferred Term Securities XXIII	37,700	AAA
Total top 25 U.S. structured finance exposures	<u>\$ 2,490,899</u>	

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 June 30, 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	\$ 404,244	BBB
Dwr Cymru Financing Limited	United Kingdom	332,784	A-
Anglian Water Services Financing PLC	United Kingdom	272,581	A-
Thames Water Utilities Finance Plc	United Kingdom	224,483	BBB
National Grid Gas PLC	United Kingdom	223,444	BBB+
Aspire Defence Finance plc	United Kingdom	190,309	A-
International Infrastructure Pool	United Kingdom	188,460	AAA
International Infrastructure Pool	United Kingdom	188,460	AAA
International Infrastructure Pool	United Kingdom	188,460	AAA
British Broadcasting Corporation (BBC)	United Kingdom	178,465	A+
Wessex Water Services Finance plc	United Kingdom	161,582	AA
Northumbrian Water PLC	United Kingdom	157,849	BBB+
Yorkshire Water Services Finance Plc	United Kingdom	155,946	BBB
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	135,407	BBB-
Private International Residential Mortgage Transaction	United Kingdom	127,030	A
Regione Lazio	Italy	116,198	BBB-
National Grid Company PLC	United Kingdom	107,562	BBB+
Channel Link Enterprises Finance PLC	France, United Kingdom	103,656	BBB
United Utilities Water PLC	United Kingdom	101,014	A-
M77 - Glasgow Southern Orbital PFI Road Project	United Kingdom	98,503	BBB-
Bain Capital EURO CLO 2021-2	Refer to Note 1	95,586	AAA
Southern Gas Networks PLC	United Kingdom	94,286	BBB
Private Subscription Finance Transaction	Refer to Note 2	92,767	A
North Westerly V Leveraged Loan Strategies CLO	Refer to Note 3	88,670	AAA
Tymon Park CLO DAC Reset	Refer to Note 4	86,476	AAA
Ancora (OAHs) Pty Ltd.	Australia	78,325	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	76,969	AAA
Envestra Limited	Australia	73,172	A-
Private Subscription Finance Transaction	Refer to Note 5	65,480	A
Sociedad Concesionaria Autopista Vespucio Sur S.A., Chile	Chile	61,123	BBB
Private Subscription Finance Transaction	Refer to Note 6	59,853	A
Electricity North West Ltd	United Kingdom	55,962	BBB+
Severn Trent Water Utilities Finance Plc	United Kingdom	55,325	BBB+
Capital Hospitals (Issuer) PLC	United Kingdom	50,417	BBB-
Newcastle Hospitals PFI Project	United Kingdom	35,618	BB+
Feria Muestrario Internacional de Valencia	Spain	31,591	BBB-
Private International Sub-Sovereign Transaction	United Kingdom	26,675	A+
Private Other Structured Finance Transaction	Refer to Note 7	26,073	A
Southern Electric Power Distribution Plc	United Kingdom	25,406	BBB
Western Power Distribution (South West) PLC	United Kingdom	24,060	BBB+
Heathrow Funding Limited	United Kingdom	23,962	BBB
ALBA 2005-1 PLC	United Kingdom	21,703	AAA
Derby Healthcare PLC	United Kingdom	21,623	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	21,370	BBB+
Private Subscription Finance Transaction	Refer to Note 8	20,301	A
Quebec Province	Canada	20,199	AA-
Verdun Participations 2 S.A.S.	France	18,981	BBB-
Private Other Structured Finance Transaction	Refer to Note 9	18,122	A
Private Other Structured Finance Transaction	Refer to Note 10	18,030	A
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	17,600	BBB+
Total top 50 non-U.S. exposures		\$ 5,062,162	

- 1) Primarily France, Luxembourg, United Kingdom, Netherlands, Germany.
- 2) Primarily Netherlands, Luxembourg, France, Norway, Singapore.
- 3) Primarily France, Germany, Netherlands, United Kingdom, Sweden.
- 4) Primarily United Kingdom, France, Netherlands, Luxembourg, Germany.
- 5) Primarily Germany, Luxembourg, United Kingdom, Netherlands, Singapore.
- 6) Primarily United Kingdom, Switzerland, Germany, Norway, Sweden.
- 7) Primarily Canada, China, Hong Kong, Saudi Arabia, South Korea
- 8) Primarily Netherlands, Italy, Switzerland, France, Denmark
- 9) Primarily Finland, South Korea, Cayman Islands, United Kingdom, France
- 10) Primarily Canada, Kuwait, China, Cayman Islands, Australia

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 Six Months Ended June 30,	As of and for Year Ended December 31,			
	2023	2022	2021	2020	2019
Claims-Paying Resources ⁽¹⁾					
Policyholders' surplus	\$ 1,911,279	\$ 1,916,078	\$ 2,069,827	\$ 1,716,777	\$ 1,775,111
Contingency reserve	358,423	346,940	348,062	617,634	621,131
Qualified statutory capital	2,269,702	2,263,018	2,417,889	2,334,411	2,396,242
Unearned premium reserve and net deferred ceding commission income	339,243	326,786	352,782	363,452	430,665
Loss and LAE reserves	—	—	7,072	13,118	150,811
Total policyholders' surplus and reserves	2,608,945	2,589,804	2,777,743	2,710,981	2,977,718
Present value of installment premium	245,973	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)	3,054,918	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)	\$ 3,054,918	\$ 2,990,292	\$ 3,171,264	\$ 2,865,574	\$ 3,125,444
Ratios:					
Net par outstanding to qualified statutory capital	12:1	9:1	9:1	11:1	13:1
Capital ratio	19:1	15:1	14:1	16:1	19:1
Financial resources ratio	14:1	11:1	10:1	12:1	14:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGC)	9:1	7:1	7:1	8:1	9:1
Other Financial Information (Statutory Basis) ⁽²⁾					
Net debt service outstanding (end of period)	\$ 42,007,573	\$32,982,853	\$33,024,098	\$38,015,005	\$45,707,258
Gross debt service outstanding (end of period)	54,750,942	44,599,698	45,424,851	50,842,602	60,496,257
Net par outstanding (end of period)	26,351,069	20,950,705	21,603,648	25,377,477	30,069,673
Gross par outstanding (end of period)	35,562,957	29,302,574	30,328,782	34,273,962	40,158,338
Ceded to Assured Guaranty affiliates	9,186,388	8,326,369	8,699,634	8,870,984	9,989,191
Gross debt service written:					
Public finance - U.S.	\$ 7,552,053	\$ 3,690,150	\$ 3,480,668	\$ —	\$ 922,886
Public finance - non-U.S.	1,662,412	480,692	56,226	—	663,929
Structured finance - U.S.	830,491	1,107,988	1,311,776	508,015	1,703,593
Structured finance - non-U.S.	810,244	259,941	357,051	—	—
Total gross debt service written	\$ 10,855,200	\$ 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. (MAC Holdings), 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 issued by investor-owned utilities and include first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, as well as 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 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. 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.

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: (i) financial measures determined in accordance with GAAP; and (ii) 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.

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 the Company uses 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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