

Assured Guaranty (Europe) SA

SIREN: 852 597 384

Statutory financial statements

For the year ended 31 December 2022

**ASSURED
GUARANTY®**

Assured Guaranty (Europe) SA

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Assured Guaranty (Europe) SA

Company information

Directors

Robert Bailenson
Dominic Frederico
Dominic Nathan
Richard Nicholas
Nicholas Proud
Penelope Shaw
Raphaël de Tapol

Company secretaries

Joanne Merrick
Isabelle Colombel
Sandali Harvey

Registered office

71, rue du Faubourg Saint-Honoré,
75008 Paris
France

Independent auditors

PricewaterhouseCoopers SA
Chartered Accountants and Statutory Auditors
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Paris
France

Assured Guaranty (Europe) SA

Managing Director's Report

1.1. Principal activities

Assured Guaranty (Europe) SA, (the "Company" or "AGE"), was incorporated in July 2019 and was established to enable the Assured Guaranty Group to continue underwriting new business and service existing European Economic Area ("EEA") policies following the United Kingdom's ("UK's") departure from the European Union ("EU") and EEA (commonly known as "Brexit") in January 2020. On 1 October 2020, an affiliate Company, Assured Guaranty UK Limited ("AGUK") transferred certain of its existing EEA policies to the Company under Part VII of the United Kingdom Financial Services and Markets Act 2000 and French insurance portfolio transfer procedures (the "Portfolio Transfer").

The principal activity of the Company is providing financial guarantees for public finance (including infrastructure finance) and structured finance obligations. Financial guarantee insurance written by the Company generally guarantees scheduled payments of principal and interest on an issuer's obligations in the event, and to the extent of, a payment default.

The Company is governed by the French Insurance Code and regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") and is registered with the Trade and Companies Register ("RCS") in France (SIREN: 852 597 384). The Company is authorised to carry out three classes of general insurance business in France: classes 14 (credit), 15 (suretyship) and 16 (miscellaneous financial loss).

AGE is a subsidiary of Assured Guaranty Municipal Corp. ("AGM"). AGM is an insurance company domiciled in the State of New York, United States of America ("US"). AGM provides financial guarantee insurance on debt obligations issued in the US public finance and global public finance and infrastructure markets.

Parental and Affiliate Support Agreements

The Company benefits from a number of reinsurance and other support agreements from affiliated Assured Guaranty Group companies, including AGM, which owns 99.99% of the Company. These reinsurance and other support agreements are described below.

AGM Transferred Business Reinsurance Agreement

The AGM Transferred Business Reinsurance Agreement reinsures to AGM the business that was transferred to the Company under the Portfolio Transfer. Different percentages of reinsurance cessions are specified for the different reinsured policies.

New Business Reinsurance Agreement

The New Business Reinsurance Agreement reinsures to AGM 90% of the Company's retention on any new policies underwritten by the Company involving a municipal, utility, project finance, infrastructure or similar type risk ("Public Finance"). It also provides reinsurance for certain Public Finance policies transferred to the Company under the Portfolio Transfer for which AGUK, was not reinsured by AGM, for which AGM's quota share percentage cession is approximately 88% to 90%, varying by policy.

Both the AGM Transferred Business Reinsurance Agreement and the New Business Reinsurance Agreement require AGM to pledge collateral to support its reinsurance obligations to the Company. AGM's collateral requirement at the end of each calendar quarter is calculated as the sum of AGM's share of: (a) the Company's unearned premium reserve (net of the Company's reinsurance premium payable to AGM); (b) the Company's provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable), and (c) any unexpired risks provisions, in each case as calculated in accordance with French GAAP.

AGC Transferred Business Reinsurance Agreement

The Assured Guaranty Corp. ("AGC") Transferred Business Reinsurance Agreement preserves AGC's 90% quota share reinsurance of the legacy Assured Guaranty (UK) plc policies and 100% reinsurance of the legacy CIFG Europe S.A. ("CIFGE") policies that were transferred to the Company under the Portfolio Transfer.

Non-Public Finance Business Reinsurance Agreement

The Non-Public Finance Business Reinsurance Agreement, dated 1 July 2021, is between the Company and AGC and reinsures to AGC 90% of the Company's retention on any new non-Public Finance policies.

Both the AGC Transferred Business Reinsurance Agreement and the Non-Public Finance Business Reinsurance Agreement impose a collateral requirement on AGC consistent with the collateral requirement that the AGM Transferred Business and New Business Reinsurance Agreements impose on AGM, as described above.

Assured Guaranty (Europe) SA

Managing Director's Report (continued)

AGRE Transferred Business Reinsurance Agreements

The Assured Guaranty Reinsurance Limited (“AGRE”) Transferred Business Reinsurance Agreements preserves AGRE’s quota share reinsurance of the AGUK and legacy Assured Guaranty (London) plc (“AGLN”) policies transferred to the Company under the Portfolio Transfer. The agreement imposes a collateral requirement on AGRE consistent with the AGM Transferred Business and New Business Reinsurance Agreements and the AGC Transferred Business and Non-Public Finance Business Reinsurance Agreements, as described above.

Excess of Loss Reinsurance Agreement

Under the AGM Excess of Loss Reinsurance Agreement, AGM is required to pay the Company the amount by which (i) the sum of (a) the Company’s incurred losses calculated in accordance with French GAAP and (b) the Company’s net paid losses and loss adjustment expenses, exceed (ii) an amount equal to (a) the Company’s capital resources under French law minus (b) 110% of the amounts as may be required by the ACPR as a condition for the Company to maintain its authorization to carry on a financial guarantee business in France. The Excess of Loss Reinsurance Agreement permits the Company to terminate the agreement upon the following events: a downgrade of AGM’s ratings by Moody’s below A3 or by S&P below A- if AGM fails to restore its rating(s) to the required level within a prescribed period of time, AGM’s insolvency or failure by AGM to maintain the minimum capital required by its home jurisdiction.

AGM Net Worth Maintenance Agreement

Under the terms of the AGM Net Worth Maintenance Agreement AGM is obligated to ensure the Company maintains capital resources equal to 110% of the amounts as may be required by the ACPR as a condition of the Company maintaining its authorization to carry on financial guarantee business in France provided that AGM’s contributions (a) do not exceed 35% of AGM’s policyholders’ surplus on an accumulated basis as determined by the laws of the State of New York, and (b) are in compliance with Section 1505 of the New York Insurance Law.

Ratings

Obligations insured by the Company are generally awarded ratings on the basis of the financial strength ratings given to the Company by major securities rating agencies. As at 20 April 2023, AGM and the Company have been assigned the following insurance financial strength ratings set out below, by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services (“S&P”) and Kroll Bond Rating Agency, Inc. (“KBRA”):

S&P: AA / Stable Outlook

KBRA: AA+ / Stable Outlook

These ratings are subject to continuous review. S&P and KBRA have both reaffirmed the financial strength ratings of AGM and the Company within the last 12 months. Most recently, on 21 October 2022, KBRA affirmed its financial strength rating of AA+ (stable outlook) of AGM and assigned the same rating to the Company. On 8 July 2022, S&P issued a credit rating report in which it affirmed AGM’s financial strength rating of AA (stable outlook) and assigned the same rating to the Company.

1.2. Business Review

Economic environment

In recent years, the European Union and the financial markets have been impacted by the COVID-19 pandemic, political events, including the withdrawal of the UK from the European Union (“Brexit”) and Russia’s invasion of Ukraine and, related to these events, significant increases in inflation and interest rates.

Central banks around the world have raised interest rates to address the current levels of inflation, resulting in decreased global economic growth forecasts and increased risk of global recession during 2023. The UK is the Company’s largest exposure by risk location and several economic forecasts predict the UK economy will contract during 2023 for the first time since 2009. The Eurozone economy is also expected to contract but to a lesser extent. Regardless, the risk of recession is heightened heading into the first half of 2023.

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Managing Director's Report (continued)

Primarily, a rising interest rate environment is regarded as favourable for the Company. Although inflation and higher interest rates could impact certain of AGE's insured transactions, the majority have business models under which cost inflation can be passed to customers or for which revenues are contractually inflation-linked, largely mitigating the financial impacts of the current environment. More favourably, higher interest rates are often accompanied by wider credit spreads which generally make the Company's financial guarantees more attractive, increase the level of premiums which can be charged and improve the competitiveness of the Company's guarantee in a range of sectors. A deteriorating economy can create a more challenging environment for certain of the Company's insured transactions. Such an environment generally also increases investor sensitivity to credit risk, potentially increasing demand for the Company's guarantee.

Equally, although further interest rate rises may impact the market value of fixed-rate securities held in the Company's investment portfolio, over time such impacts are expected to be negated by the Company's book yield investment strategy under which it seeks to hold investments to maturity. Higher interest rates will also increase the amount the Company can earn on its investment portfolio as fixed-rate securities mature and the proceeds are reinvested in higher yielding securities. The Company does not expect unrealised losses on the investment portfolio to significantly impact liquidity coverage ratios, and there was no significant impact on these ratios as at the balance sheet date.

Consumer price inflation increases the Company's insured par for contracts where the insured obligations are inflation-linked. However, such increases are accompanied by corresponding increases in future instalment premiums the Company receives in respect of these exposures.

In addition, fluctuations in foreign exchange rates as a result of the global economic environment may adversely affect the Company's financial performance. The Company's reporting currency is euros. The Company maintains both assets and liabilities in currencies other than euros, which exposes it to changes in currency exchange rates.

During March 2023, several regional US banks collapsed, leading to a broader loss of confidence in the banking sector, and in Europe, following financial difficulties, Credit Suisse was acquired by UBS. The Company is satisfied that these events do not have a material impact on its financial position, financial results or its operations. As the situation continues to develop, it is being closely monitored by management and our risk assessment will be kept under regular review.

Financial position and performance

The Board monitors the performance and position of the Company by reference to, among other measures, the following Key Performance Indicators ("KPIs"):

	2022	2021
Number of new transactions	7	8
	€'000	€'000
Present value of new business production (PVP) ¹	47,007	18,145
Earned premiums, net of reinsurance	(3,103)	(1,534)
Claims incurred, net of reinsurance	—	—
Change in other technical provisions, net of reinsurance	—	—
Acquisition and administrative expenses	2,511	3,022
Net investment income / (loss)	(1,417)	(16)
Profit / (loss) before tax	(2,579)	3,253
Net insured par value of obligations ("par") outstanding	518,846	547,254
Regulatory solvency cover ratio ²	256 %	281 %

¹ PVP, a non-GAAP (Generally Accepted Accounting Principles) financial measure used by Assured Guaranty group companies, is defined as gross upfront and instalment premiums received, plus the present value of gross estimated future instalment premiums on contracts written in the current year. Future instalment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased across Assured Guaranty group companies during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary

² The regulatory solvency cover ratio is the ratio of the Company's Solvency II Own Funds to the Company's Solvency Capital Requirement calculated in accordance with the Solvency II Standard Formula.

Assured Guaranty (Europe) SA

Managing Director's Report (continued)

During 2022 the Company underwrote business in the public finance sector, including a bilateral financial guarantee for a European financial institution and a secondary market transaction extending insurance coverage on several UK regulated utilities, and in the structured finance sector, including bilateral financial guarantees for subscription facilities of a European bank. Total PVP and gross written premiums were €47.0 million (2021: €18.1 million) and €76.0 million (2021: €19.0 million) respectively.

The Company's overall underwriting result for the year was a loss of €0.6 million (2021: profit of €1.5 million). The loss was primarily due to negative net earned premiums which are the result of the pricing of certain reinsurance contracts assumed from AGUK during the Portfolio Transfer. During 2022, there was a termination of one such policy, resulting in the acceleration of the associated reinsurance premiums.

The overall profitability of the Company is expected to increase over the coming years as further new business is added and the business reaches appropriate scale.

AGE has not incurred any claims to date. No claims reserves or unexpired risks provision have been recognised as at the balance sheet date and all of the Company's insured obligations are rated investment grade.

The Company's investment strategy focuses on establishing highly liquid, diversified investment portfolios of high credit quality managed by an external investment manager. Under French GAAP, the Company's investments are recorded on an amortised cost basis. The net investment loss of €1.42 million (2021: loss of €0.02 million) is due to realised losses on disposals in the fourth quarter following the sale of several bonds in order to reduce portfolio interest rate duration.

The overall duration of the Company's investment portfolio as at 31 December 2022 was 5.8 years (2021: 8.3 years), with an average credit quality of AA- (2021: AA-), excluding short term deposits.

As at 31 December 2022, the Company had issued guarantees on financial obligations with gross outstanding par of €7.4 billion (2021: €8.0 billion) and net par after reinsurance of €518.8 million (2021: €547.3 million). The decrease from prior year was primarily due to the termination of the Company's largest insured exposure during the year following refinancing of the insured debt which reduced gross par outstanding by €1.1 billion (€0.1 billion net). The decrease was partially offset by new business underwritten during the year.

The Company remains in a very strong financial position with a regulatory solvency cover ratio of 256% (2021: 281%).

Payments deadlines of clients and suppliers for the past financial year

In accordance with Article D. 441-4 of the French Commercial Code, the information on the payment deadlines relating to customers and suppliers for the past financial year is provided below.

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Managing Director's Report (continued)

Invoices received and issued which were not settled at the closing date of financial year and in arrears
(Table required in Article D.441-4 I of the Commercial Code)

€'000	Invoices <u>received</u> and unpaid as at the end of the financial year and in arrears						Invoices <u>issued</u> and unpaid as at the end of the financial year and in arrears					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Payment delays per tranche												
Number of invoices concerned	-	2	-	-	-	2	-	-	-	-	-	-
Total amount of invoices concerned inclusive of tax	-	7	-	-	-	7	-	-	-	-	-	-
Percentage of the total purchases over the year	-	0.0%	-	-	-	0.0%						
Percentage of the total turnover over the financial year							-	-	-	-	-	-
(B) Invoices excluded from (A) which relate to litigious or non-recorded debts or receivables												
Number of excluded invoices	-						-					
Total amount of excluded invoices (indicate if the VAT is included or excluded)	-						-					
(C) Reference payment deadlines used (contractual or legal - article L. 441-6 or article L. 443-1 of the commercial code)												
Payment deadlines used for the calculation of payment delays	Contractual deadlines						Contractual deadlines					

Assured Guaranty (Europe) SA

Statutory auditor's report on the financial statements

(For the year ended 31 December 2022)



This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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Statutory auditor's report on the financial statements

(For the year ended 31 December 2022)

To the annual general meeting of
Assured Guaranty (Europe) SA
71 RUE DU FAUBOURG SAINT-HONORÉ
75008 PARIS

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Assured Guaranty (Europe) SA for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2022 to the date of our report we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

In addition, the services other than the statutory audit that we have provided during the financial year to your company which are not mentioned in the management report or the notes to the annual accounts are as follows:

- Opinion on the Balance Sheet and Solvency Capital Requirement (SCR) as established in Pillar I of the Solvency II Directive, including also the verification of the information in the Solvency and Financial Condition Report (SFCR) and of Quantitative Reporting Templates (Quantitative Reporting Templates - QRT) S.02.01.02, S.17.01.02, S23.01.01, S.25.01.21 and S.28.01.01, as established in Pillar III of the Solvency II Directive prepared by your company (hereafter the "Company") for the year ended December 31, 2022, all of them included in the sections D 'Valuation for solvency purposes' and E 'Capital management'.

- Review of the schedule which reconciles the Shareholders equity and Net Income of Assured Guaranty (Europe) SA prepared on a French Generally Accepted Accounting Principles (French GAAP) basis, to the equivalent amount measured by reference to US GAAP.

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, it is our responsibility to report to you on the key audit matters of the audit relating to the risks of material misstatement which, in our professional opinion, were the most significant for the audit of the financial statements for the year, and on our responses to those risks.

We determined that there were no key audit matters to report on.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders, except that it is not our responsibility to conclude on the fair presentation and consistency with the financial statements of the solvency related information required by article L. 356-23 of the French Insurance Code (Code des assurances).

The fair presentation and the consistency with the annual financial statements of the information relating to payment terms mentioned in Article D.441-4 of the French commercial code call for the following comment:

As indicated in the management report, this information does not include insurance and reinsurance operations, as your company considers that they do not fall within the scope of the information to be produced, in accordance with the circular of the Fédération Française de l'Assurance of 29 May 2017.

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code (code de commerce).

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditor

We were appointed as statutory auditors of Assured Guaranty (Europe) SA by your status on 8 July 2019. As at 31 December 2022, we were in the 4th year of total uninterrupted engagement.

Responsibilities of management and those charged with governance in relation to the annual accounts

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein ;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, 21 April 2023

The Statutory Auditor
PricewaterhouseCoopers Audit

Christine Billy

Assured Guaranty (Europe) SA
Financial statements and notes

Balance sheet at 31 December 2022

€'000

Assets	2022	2021
1. Uncalled subscribed capital or head office liaison account	—	—
2. Intangible assets	—	—
3. Investments:	109,388	115,572
3a. Land and buildings	—	—
3b. Investments in affiliated companies and companies linked by participating interests	—	—
3c. Other investments	109,388	115,572
3d. Receivables for cash deposited with ceding companies	—	—
4. Investments representing technical provisions relating to unit-linked contracts	—	—
5. Share of outwards reinsurers and retrocessionaires in technical provisions:	241,683	211,280
5a. Provisions for unearned premiums	241,683	211,280
5b. Provisions for claims payable	—	—
5c. Provisions for profit sharing and rebates	—	—
5d. Equalisation provisions	—	—
5e. Other technical provisions	—	—
5f. Technical provisions for unit-linked contracts	—	—
6. Receivables	171,590	108,436
6a. Receivables from direct insurance operations:	134,825	86,301
6aa. Premiums	134,825	86,301
6ab. Other receivables from direct insurance operations	—	—
6b. Receivables from reinsurance transactions	36,266	22,041
6c. Other receivables:	499	94
6ca. Staff	—	—
6cb. State social security and public authorities	306	—
6cc. Miscellaneous debtors	193	94
6d. Unpaid called-up capital	—	—
7. Other assets:	4,792	5,344
7a. Operating tangible assets	182	226
7b. Current account and cash	4,610	5,118
7c. Treasury shares	—	—
8. Accruals – assets:	2,917	2,334
8a. Accrued interest and rent	667	712
8b. Deferred acquisition costs	2,163	1,525
8c. Other accruals and prepayments	87	97
Total assets	530,370	442,966

Assured Guaranty (Europe) SA
Financial statements and notes

€'000

Liabilities	2022	2021
1. Shareholders' equity:	108,189	110,752
1a. Share capital	110,900	110,900
1b. Premiums related to share capital	—	—
1c. Revaluation reserves	—	—
1d. Other reserves	—	—
1e. Carry forward	(148)	(3,061)
1f. Result for the year	(2,563)	2,913
2. Subordinated liabilities	—	—
3. Gross technical provisions:	249,669	208,401
3a. Provisions for unearned premiums	249,669	208,401
3b. Provisions for claims	—	—
3c. Provisions for profit sharing and discounts	—	—
3d. Equalisation provisions	—	—
3e. Other technical provisions	—	—
4. Provisions	—	—
5. Liabilities for cash deposits received from reinsurers	—	—
6. Other liabilities:	128,448	84,289
6a. Payables arising from direct insurance operations	—	—
6b. Payables arising from reinsurance transactions	121,895	78,433
6c. Bonds	—	—
6d. Amounts owed to credit institutions	—	—
6e. Other liabilities:	6,553	5,856
6ea. Negotiable debt securities issued by the Company	—	—
6eb. Other loans, deposits and guarantees received	—	—
6ec. Staff	609	414
6ed. State, Social Security and public authorities	232	515
6ee. Miscellaneous creditors	5,712	4,927
7. Accruals - liabilities	44,064	39,524
Total liabilities	530,370	442,966

Assured Guaranty (Europe) SA
Financial statements and notes

Income statement for the year ended 31 December 2022
€'000

Technical account	2022			2021
	Gross	Cessions and retrocessions	Net	Net
1. Earned premiums:	25,899	(29,002)	(3,103)	(1,534)
1a. Written premiums	71,068	(64,250)	6,818	1,168
1b. Change in provision for unearned premiums	(45,169)	35,248	(9,921)	(2,702)
2. Allocated investment income from the non-technical account	—	—	—	—
3. Other technical income	—	—	—	4
4. Claims expenses:	—	—	—	—
4a. Claims and expenses paid	—	—	—	—
4b. Changes to claims provisions	—	—	—	—
5. Charges to other technical provisions	—	—	—	—
6. Share of profit-sharing	—	—	—	—
7. Acquisition and administration expenses:	(12,117)	14,628	2,511	3,022
7a. Acquisition costs	638	—	638	808
7b. Administration costs	(12,755)	—	(12,755)	(11,643)
7c. Commissions received from reinsurers and substitute guarantors	—	14,628	14,628	13,857
8. Other technical expenses	—	—	—	—
9. Change in the equalisation provision	—	—	—	—
Technical result	13,782	(14,374)	(592)	1,492

Assured Guaranty (Europe) SA
Financial statements and notes

Income statement for the year ended 31 December 2022

€'000

Non-technical account	2022	2021
1. Non-life insurance underwriting result	(592)	1,492
2. Life insurance underwriting result	—	—
3. Investment income:	1,302	1,375
3a. Investment income	1,302	1,375
3b. Other investment income	—	—
3c. Gains on the realisation of investments	—	—
4. Allocated investment income from non-life technical account	—	—
5. Investment expenses:	(2,719)	(1,391)
5a. Internal and external investment management fees and financial expenses	(85)	(68)
5b. Other investment expenses	(726)	(1,119)
5c. Losses from the realisation of investments	(1,908)	(204)
6. Investment return transferred to the non-life technical account	—	—
7. Other non-technical products	—	—
8. Other non-technical expenses:	(570)	1,777
8a. Social security charges	—	—
8b. Other non-technical expenses	(570)	1,777
9. Exceptional results:	—	—
9a. Extraordinary income	—	—
9b. Extraordinary expenses	—	—
10. Employee profit-sharing	—	—
11. Income taxes	16	(340)
12. Profit (loss) for the year	(2,563)	2,913

SECTION 1: ACCOUNTING PRINCIPLES AND METHODS

1.1 Accounting principles

The financial statements of the Company have been prepared in accordance with the following provisions:

- French generally accepted accounting principles, (NCA regulation no. 2015-11 dated 26 November 2015 as amended by ANC Regulation 2018-08 dated 11 December 2018) on the annual accounts of insurance undertakings and transactions of a specific nature;
- Articles L.123-12 to L.123-22 of the French Commercial Code, applicable to insurance companies pursuant to Article L.341-2 of the French Insurance Code (Code des Assurances); and
- NCA regulation no. 2014-03 of 5 June 2014 on the general chart of accounts, amended by regulation 2015-06 of 23 November 2015 on assets and notes, in the absence of specific provisions provided for in NCA regulation no. 2015-11 of 26 November 2015.

The main accounting policies adopted, the notes and details of the balance sheet and income statement are described below.

1.2 Investments

Investments consist of fixed income investments and short-term variable securities.

Entry costs and valuation at year-end

a. Equity and other variable income investments

Equity and other variable-income securities under Article R. 343-10 of the French Insurance Code are recorded at their purchase price, excluding accrued interest. The realisable value for shares of open-ended investment companies and units of mutual funds is the last price published before the balance sheet date.

b. Fixed income investments

Bonds and other fixed-income securities under Articles R. 343-9 of the French Insurance Code are recorded at their purchase price, net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported in the income statement over the remaining term until the repayment date using the actuarial method.

The realisable value is the most recent quoted price at the balance sheet date. The Company does not have any unlisted securities.

Impairment

The Company accounts for impairment of securities under Articles R. 343-9 (i.e., fixed income securities) and R. 343-10 (i.e., equity and other variable income securities) of the French Insurance Code as described below. Credit risk is assessed on the basis of the Company's intention and ability to hold the securities until maturity:

- Fixed income securities (Amortisable securities) under Article R. 343-9
 - A reserve for impairment is recognised when there is reason to believe that the debtor will not be able to honour its commitments, either through a default in the payment of interest or repayment of principal.
- Equity and other variable-income securities under Article R. 343-10
 - When indicators of other-than-temporary impairment arise, a reserve for impairment is recognised for each individual asset holding on a line-by-line basis (Provision pour Dépréciation Durable). In the event of impairment, the impairment recognised by the Company is the difference between the historical cost and recoverable amount.
 - When the fair market value of the overall investment portfolio, excluding amortisable securities for which the Company has the intention and ability to hold until maturity, is lower than historical value, an additional reserve may be recorded in the case of impairment (Provision pour Risque d'Exigibilité).

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Investment income and expenses

Investment income and expenses include income earned on investments and realised gains and losses on sale of investments. The realised gains and losses on financial investments are calculated using the FIFO method (First in, First out).

1.3 Fixed assets

Tangible fixed assets are recorded at cost less depreciation. The costs of tangible fixed assets comprise their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated over the actual useful life of the assets.

In accordance with the provisions of CRC regulation 2002-10, the Company is required to perform an impairment test when internal or external indicators suggest that an intangible or tangible asset may have lost significant value. If the present value (being the higher of value in use and market value) of a fixed asset is lower than the net book value, an impairment loss is recorded, reducing the net book value of the asset to its present value. When an impairment loss is recognised, the depreciable base of the impaired item is changed, as well as its depreciation schedule. The depreciation schedule may be changed again if the asset subsequently recovers its value.

1.4 Other receivables and other liabilities

Receivables are recorded at their nominal value.

1.5 Deferred acquisition costs and ceding commission income

Acquisition costs comprise the direct expenses for the production of new business, which include underwriter salaries and transaction legal fees. Management uses its judgement in determining what types of costs, as well as what percentage of these costs should be deferred.

The Company conducts an annual study to determine how much of the direct costs qualify for deferral. Costs incurred for soliciting potential customers, market research, training, administration, unsuccessful acquisition efforts, and product development as well as all overhead related costs are expensed as incurred and not deferred. Deferred acquisition costs are expensed on a straight-line basis over the shorter of the contractual maturity date on the associated direct policy or a maximum of five years. When an insured obligation is retired early, the remaining related deferred acquisition cost is expensed.

Reinsurance ceding commission income is deferred, subject to recoverability, and earned on a straight-line basis over the shorter of the contractual maturity date on the associated reinsured policy or a maximum of five years.

1.6 Claims and claim expenses incurred

Claims incurred comprise claims and related claims expenses paid in the year and the change in the provision for claims. A provision for claims outstanding is recorded when there is significant deterioration in an insured obligation and the obligation is in default at the balance sheet date. Claims outstanding are calculated gross of any reinsurance recoveries which are separately calculated (see section 1.10, Reinsurance below).

A substantial amount of experience and judgement is involved in assessing the provision for claims, the ultimate cost of which may not be known with certainty for quite some time. Provisions for claims and related reinsurance recoveries are determined on the basis of information available at the balance sheet date; however, it is inherent in the nature of business written that the ultimate liabilities may vary as a result of subsequent developments.

1.7 Unexpired risks provision and equalisation reserve

A provision is established for any deficiencies arising when unearned premiums, net of associated acquisition costs, are insufficient to meet expected claims and expenses, after taking into account future investment return. The expected claims are calculated based on information available at the balance sheet date. The unexpired risks provision is included in other technical provisions gross of reinsurance, whilst the reinsurer's share is included within reinsurer's share of other technical provisions. Within the income statement, the movement in the unexpired risks provision is shown net of reinsurance.

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1.8 Written premiums

Written premiums comprise total expected premiums for policies inception during the year, including estimates of premiums not yet due, together with any differences between premiums recognised in prior years in respect of contracts incepting in prior underwriting years and the current total expected premiums for those policies.

(i) Where the premium on a policy is received up front, the premium is recognised as written on the date of inception.

(ii) Where the premium is received in instalments and the underlying bonds are callable, management considers the nature of the call provision(s) and the likelihood of exercise of those provisions, and determines whether it is reasonably certain that the policy will run its full term. The full expected premium is recorded when it is received or when it is reasonably certain that it will be received. When the policy is not expected to run its full term, the premium that is recognised as written is either the premium amount to the first call point under the policy or the guaranteed minimum premium (where such a clause exists in the policy) or where the policy is callable without any notice period, the Company records the instalments as they fall due.

When instalment premiums to be received under the policy are linked to an outstanding debt that could be paid down faster than anticipated, or where a premium is linked to an index, the Company recognises written premium based upon an analysis of the premium it is reasonably certain to receive. Any anticipated change in the expected premium receivable is recognised as an adjustment to written premium; in the case of decreases in premium, as soon as it is foreseen and in the case of increases in premium, when such an adjustment is assessed as reasonably certain.

1.9 Earned premiums

Written premiums are recognised as earned income over the policy duration on a time apportionment basis which reflects the incidence of risk. Unearned premiums represent the proportion of premiums written in the current or prior years that relate to unexpired terms of policies in force at the balance sheet date.

1.10 Reinsurance

Contracts entered into by the Company with reinsurers, under which the Company is compensated for losses on insurance policies issued by the Company and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts.

Reinsurance premiums are recognised based on the premium reasonably expected to be paid across the life of the reinsurance contract. Reinsurance premiums are recognised as earned with regard to the incidence of risk for the direct business to which they relate.

The amounts recoverable from reinsurers (shown in reinsurer's share of provision for claims payable, reinsurer's share of other technical provisions and reinsurance receivables) are estimated based upon the gross claims outstanding, having due regard to collectability. Collectability is assessed on the basis of market data and other relevant information on the financial strength of each reinsurer and any collateral provided to the Company. The reinsurers' share of claims incurred in the income statement account reflects the change in amounts received or receivable from reinsurers in respect of those claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the income statement as cessions and retrocessions written premiums.

1.11 Operating leases

Leases of assets where a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Any operating lease incentives, including rent free periods, are spread over the period of the lease.

1.12 Foreign currency translation

At the balance sheet date, the balance sheet and income statement items denominated in foreign currencies are converted to euros using the year-end rate. In accordance with Articles 241-5 and 241-6 of ANC Regulation 2015-11, foreign exchange differences are recorded on the balance sheet in the case of translation differences on structural positions; and in foreign exchange gains and losses within the income statement in the case of foreign exchange differences on operational foreign exchange positions.

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1.13 General expenses

Expenses are first entered into the accounts according to their nature and are then allocated to the technical account on the following basis:

- Direct allocation - expenses that can be directly attributed to a department or activity without the application of an allocation key
- Allocation key approach - expenses that cannot be directly attributed to a department or activity and are therefore allocated based on objective, appropriate and verifiable quantitative criteria.

The following categories of costs comprise:

- Loss adjustment expenses - professional legal fees associated with claims;
- Contract acquisition costs - costs associated with successful underwriting activity;
- Contract administration fees - insurance portfolio management and monitoring costs; and
- Other technical expenses - costs that cannot be directly assigned or allocated are classified as other technical expenses.

Loss adjustment expenses which are incurred on a per risk or policy basis are recorded under the direct allocation approach. Policy acquisition costs are recognised under the allocation key approach, as discussed within Deferred acquisition costs and ceding commission income above. Policy administration fees are recognised under the direct allocation approach. Currently, there are no expenses that cannot be allocated to one of the identified cost destinations and no costs are recognised as other technical expenses.

1.14 Income tax

Corporation tax expense is recognised on any profits subject to corporation tax. Tax credits are not recognised in the year when pre-tax losses are made but are used in future years to offset against profits generated from similar activities and recognised in the financial statements at that point in time.

SECTION 2: INFORMATION RELATING TO THE BALANCE SHEET

2.1 Investments

€'000	01.01.2022	Purchases	Sales	31.12.2022
Gross amount				
Land and buildings	—	—	—	—
Investment in related companies and companies linked by and equity relationship	—	—	—	—
Fixed-income bonds and mutual funds	111,169	36,572	(36,627)	111,114
Cash mutual funds	5,685	17,721	(23,046)	360
Cash receivables deposited with ceding companies	—	—	—	—
Other investments	—	—	—	—
Total gross investments	116,854	54,293	(59,673)	111,474
	Depreciation and amortisation 01.01.2022	Depreciation, amortisation and impairment	Reversal of depreciation, amortisation and impairment	Depreciation and impairment 31.12.2022
Land and buildings	—	—	—	—
Investment in related companies and companies linked by and equity relationship	—	—	—	—
Fixed-income bonds and mutual funds	(1,282)	(804)	—	(2,086)
Cash mutual funds	—	—	—	—
Cash receivables deposited with ceding companies	—	—	—	—
Other investments	—	—	—	—
Total	(1,282)	(804)	—	(2,086)
Net amount	115,572	53,489	(59,673)	109,388

€'000	Gross value	Realisable value
Summary of investments		
Bonds and fixed income securities	111,114	88,879
Other loans and similar instruments	—	—
Deposits with ceding companies	—	—
Deposits (other than those above), cash, guarantees and other investments	360	360
Total	111,474	89,239
Of which forward instruments	—	—
Of which listed investments	111,474	89,239
Of which unlisted investments	—	—
Investments	111,474	89,239

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Investments details

€'000	Gross value	Net book value	Realisable value
a) of which			
Investments measured in accordance with Article R.343-9	111,474	109,388	89,239
Investments measured in accordance with Article R.343-10	—	—	—
Investments measured in accordance with Article R.343-13	—	—	—
Investments measured in accordance with Article R.343-11	—	—	—
b) of which			
Securities representing technical reserves other than those listed below	111,474	109,388	89,239
Securities pledged to cover commitments to employee benefits institutions or covering managed investment funds	—	—	—
Securities deposited with ceding insurers (including ceding insurers whose commitments are guaranteed by the Company)	—	—	—
Securities allocated to special technical reserves for other business in France	—	—	—
Other allocated or unallocated investments	—	—	—
c) of which			
Investments and forward financial instruments in OECD (The Organisation for Economic Co-operation and Development) member countries	92,379	90,399	75,796
Investments and forward financial instruments in countries that are not members of the OECD	19,095	18,989	13,443

The value of future years amortisation on fixed income bonds and mutual funds is €6.7 million as at 31 December 2022 (€8.0 million as at 31 December 2021).

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2.2 Statement of due date of receivables

€'000

31.12.2022

	Total	<1 year	1 to 5 years	>5 years
Receivables from direct insurance operations	134,825	11,692	26,429	96,704
Receivables from reinsurance transactions	36,266	2,975	7,158	26,133
Other receivables:	499	499	—	—
Staff	—	—	—	—
State social security and public authorities	306	306	—	—
Deferred tax asset	—	—	—	—
Miscellaneous debtors	193	193	—	—
Unpaid called-up capital	—	—	—	—
Total	171,590	15,166	33,587	122,837

€'000

31.12.2021

	Total	<1 year	1 to 5 years	>5 years
Receivables from direct insurance operations	86,301	14,294	26,645	45,362
Receivables from reinsurance transactions	22,041	3,170	6,597	12,274
Other receivables:	94	45	49	—
Staff	—	—	—	—
State social security and public authorities	—	—	—	—
Deferred tax asset	—	—	—	—
Miscellaneous debtors	94	45	49	—
Unpaid called-up capital	—	—	—	—
Total	108,436	17,509	33,291	57,636

2.3 Fixed assets

€'000	Gross Value 1.1.2022	Inputs	Outputs	Transfers	Gross Value 31.12.2022
Arrangements	—	—	—	—	—
Transport equipment	—	—	—	—	—
Office and computer equipment	183	19	—	—	202
Furniture	92	6	—	—	98
Other non-depreciable property, plant and equipment	—	—	—	—	—
Assets under construction	—	—	—	—	—
Deposits and guarantees	—	—	—	—	—
Total	275	25	—	—	300

	Amortization 1.1.2022	Change due to Amortization	Takeover depreciation	Transfers	Amortisation 31.12.2022
Arrangements	—	—	—	—	—
Transport equipment	—	—	—	—	—
Office and computer equipment	(31)	(46)	—	—	(77)
Furniture	(18)	(23)	—	—	(41)
Total	(49)	(69)	—	—	(118)

Net Value	226	(44)	—	—	182
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2.4 Accrued income and prepaid expenses

€'000	01.01.2022	Inputs	Outputs	31.12.2022
Accrued interest and rentals	712	667	(712)	667
Deferred acquisition cost	1,525	1,141	(503)	2,163
Other accrued income and prepayments:	97	87	(97)	87
Deferred tax asset	—	—	—	—
Prepaid expenses	97	87	(97)	87
Difference on redemption prices to be received	—	—	—	—
Accrued income	—	—	—	—
Other	—	—	—	—
Total	2,334	1,895	(1,312)	2,917

2.5 Shareholders' equity

€'000	01.01.2022	Appropriation of income	Increase	Decrease	31.12.2022
Share capital	110,900	—	—	—	110,900
Share Premium	—	—	—	—	—
Total	110,900	—	—	—	110,900
Other reserves					
Carry forward	(3,061)	2,913	—	—	(148)
Result for the year	2,913	(2,913)	—	(2,563)	(2,563)
Total	(148)	—	—	(2,563)	(2,711)
Total	110,752	—	—	(2,563)	108,189

Composition of the shareholder base

Companies	Securities '000	Values €'000	Voting rights %
Assured Guaranty Municipal Corp	110,889	110,889	100%
Assured Guaranty Municipal Holdings, Inc.	11	11	—
Total	110,900	110,900	100%

No additional shares were issued during the year.

2.6 Provision for contingent liabilities

As at 31 December 2022 the Company does not have any contingent liabilities (31 December 2021: € nil).

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2.7 Statement of liability maturities

€'000	31.12.2022			
	Total	<1 year	1 to 5 years	>5 years
Payables arising from direct insurance operations	—	—	—	—
Payables arising from reinsurance transactions	121,895	10,016	24,057	87,822
Bonds, including convertible bonds	—	—	—	—
Amounts owed to credit institutions	—	—	—	—
Other liabilities:				
Negotiable debt securities issued by the Company	—	—	—	—
Other loans, deposits and guarantees received	—	—	—	—
Staff	609	609	—	—
State, Social Security and public authorities	232	193	39	—
Sundry creditors	5,712	5,712	—	—
Total	128,448	16,530	24,096	87,822

€'000	31.12.2021			
	Total	<1 year	1 to 5 years	>5 years
Payables arising from direct insurance operations	—	—	—	—
Payables arising from reinsurance transactions	78,433	12,444	24,345	41,644
Bonds, including convertible bonds	—	—	—	—
Amounts owed to credit institutions	—	—	—	—
Other liabilities:				
Negotiable debt securities issued by the Company	—	—	—	—
Other loans, deposits and guarantees received	—	—	—	—
Staff	414	414	—	—
State, Social Security and public authorities	515	486	29	—
Sundry creditors	4,927	4,927	—	—
Total	84,289	18,271	24,374	41,644

Amounts owed to Assured Guaranty Group undertakings included within Sundry creditors are unsecured, interest free and payable on demand.

2.8 Accruals and deferred income

€'000	01.01.2022	Additions	Releases	31.12.2022
Amortisation of redemption price differences	—	—	—	—
Reinsurance commission deferred	39,524	20,277	(15,737)	44,064
Totals	39,524	20,277	(15,737)	44,064

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2.9 Analysis of non-life technical reserves

€'000	31.12.2022		31.12.2021	
	Gross	Share of assignees and retrocessionaires	Net	Net
Provision for unearned written premiums	249,669	241,683	7,986	(2,879)
Provision for unexpired risks	—	—	—	—
Provisions for claims	—	—	—	—
Other technical provisions	—	—	—	—
Equalisation provisions	—	—	—	—
Total	249,669	241,683	7,986	(2,879)

2.10 Subordinated liabilities

The Company has no subordinated liabilities as at 31 December 2022 (31 December 2021: € nil).

2.11 Foreign currency assets and liabilities

€'000	31.12.2022			
	Assets in foreign currencies	Of which exchange rate differences	Liabilities in foreign currencies	Of which exchange rate differences
Euro	265,086	—	298,497	—
Pound Sterling	210,037	—	188,553	—
Japanese Yen	30,813	—	27,704	—
US dollar	24,434	—	15,616	—
Total	530,370	—	530,370	—

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2.12 Off-balance sheet commitments

€'000	Affiliated companies	With shareholding link	Others
Schedule of commitments received and given			
1. Commitments received excluding reinsurance			
1a Endorsements, guarantees and leasing	—	—	—
2b Past service cost on IFC common status	—	—	—
2c End-of-career benefits fund	—	—	—
2. Commitments given:			
2a Endorsements, sureties and credit guarantees given	—	—	—
2b Shares and assets acquired with a commitment to resell	—	—	—
2c Other liabilities on securities, assets or income	—	—	—
2d Drawing rights given to a guarantee fund	—	—	—
2e Other commitments given	—	—	—
3. Reciprocal commitments:			
3a Securities received as collateral from assignees and retrocession in reinsurance	91,721	—	—
3b Securities received from companies that have given substitute transactions	—	—	—
3c Other mutual commitments	—	—	—
4. Other securities held on behalf of third parties			
5. Outstanding forward financial instruments:			
7a Breakdown of financial instruments outstanding by strategic category:			
Investment or disinvestment strategies	—	—	—
Performance strategies	—	—	—
Other operations	—	—	—
7b Breakdown of outstanding forward financial instruments by market category:			
Transactions on an over-the-counter market	—	—	—
Transactions on regulated or similar markets	—	—	—
7c Breakdown of outstanding forward financial instruments by type of market risk and instrument:			
Interest rate risk	—	—	—
Currency risk	—	—	—
Equity risk	—	—	—
7d Breakdown of outstanding forward financial instruments by type of instrument:			
Exchange contracts	—	—	—
Forward rate agreements	—	—	—
Forward contracts	—	—	—
Options	—	—	—
7e Breakdown of outstanding forward financial instruments by residual maturity of strategies:			
From 0 to 1 year	—	—	—
From 1 to 5 years	—	—	—
More than 5 years	—	—	—

SECTION 3: INFORMATION RELATING TO THE INCOME STATEMENT

3.1 Investment income and expenses

€'000	Financial income	Financial expenses	Total
Income from investments	1,302	—	1,302
Other financial expenses, commissions, fees	—	(2,719)	(2,719)
Financial income	1,302	—	1,302
Financial expense	—	(2,719)	(2,719)
Total investment income and expense	1,302	(2,719)	(1,417)

3.2 Breakdown of gross written premiums by geographical area

€'000	2022	2021
France	3,244	10,383
European Economic Area - excluding France	424	7,515
Non-European Economic Area countries	67,400	1,374
Total	71,068	19,272

The above table is based on the location of the risk.

3.3 Staff expenses

The Company has four full time employees as at the end of the year (2021: three). All other staff supporting the Company's operations are employees of Assured Guaranty UK Services ("AGUKS") and Assured Guaranty US Group Services Inc ("AGSRV"). In consideration for their services, management service fees were levied on the Company by the service companies. The total of salaries and the component of management fees relating to staff compensation is shown.

€'000	2022	2021
Salaries	2,745	2,366
Pension fund contributions	319	254
Social security charges	728	696
Other	4,048	3,532
Total	7,840	6,848

3.4 Staff

Average number of employees

€'000	2022	2021
Executives	4	3
Staff	—	—
Total	4	3

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3.5 Fees for certification of accounts and other services

€'000	2022	2021
Statutory auditor	148	340
Other services	75	62
Total	223	402

3.6 Analysis of non-technical expenses

Other non-technical expenses	2022	2021
€'000		
Foreign exchange gains / (losses)	(570)	1,777
Total	(570)	1,777

3.7 Analysis of the tax charges

€'000	2022			2021		
	Related to the financial year	Over previous financial years	Total	Related to the financial year	Over previous financial years	Total
Related to ordinary operations	(16)	—	(16)	340	—	340
Related to exceptional income and expenses	—	—	—	—	—	—
Total	(16)	—	(16)	340	—	340

SECTION 4: OTHER INFORMATION

4.1 Related party information

In 2022 the Company did not enter into any agreements governed by Article L.225-37-4, paragraph 2, of the French Commercial Code, i.e., agreements entered into other than in the normal course of business on arm's length terms, directly or through an intermediary, between (i) a director, the Managing Director or a shareholder that holds more than 10% of the voting rights at General Meetings of the Company's shareholders and (ii) a company controlled by the Company.

Commitments received from parent

The Company benefits from a net worth maintenance agreement provided by its parent, AGM. Under the terms of the AGM Net Worth Maintenance Agreement, AGM is obligated to ensure the Company maintains capital resources equal to 110% of the amounts as may be required by the ACPR as a condition of the Company maintaining its authorization to carry on financial guarantee business in France and across the EEA provided that AGM's contributions (a) do not exceed 35% of AGM's policyholders' surplus on an accumulated basis as determined by the laws of the State of New York, and (b) are in compliance with Section 1505 of the New York Insurance Law.

The Company also benefits from collateral pledged by AGM in respect of its reinsurance agreements with the Company. Both the AGM Transferred Business Reinsurance Agreement and the New Business Reinsurance Agreement require AGM to pledge collateral to support its reinsurance obligations to the Company. AGM's collateral requirement at the end of each calendar quarter is calculated as the sum of AGM's share of: (a) the unearned premium reserve (net of AGE's reinsurance premium payable to AGM); (b) provisions for unpaid losses and allocated loss adjustment expenses (net of any salvage recoverable), and (c) any unexpired risk provisions, in each case as calculated in accordance with French GAAP.

4.2 Management information

The management of the Company consists solely of the Company's directors and its Key Function Holders.

4.3 Compensation paid and credit advances granted to members of the Board of Directors

The directors of the Company are either employees of the Company, appointed by the Company or employees of AGUKS, AGSRV or Assured Guaranty Ltd. ("AGL"). In consideration for their services, management fees were levied on the Company by AGUKS, AGSRV and AGL.

The aggregate remuneration (including benefits in kind) paid to members of the Company's Board of Directors by the Company, AGUKS, AGSRV and AGL in respect of their services as directors of the Company during 2022 was €1.8 million (2021: €1.9 million). The Company also paid €0.07 million (2021: €0.06 million) to a money purchase pension scheme in respect of directors' qualifying service.

No credit advances were granted during 2022 or 2021 to members of the Board of Directors.

4.4 Post balance sheet events

During March 2023, several regional US banks collapsed, leading to a broader loss of confidence in the banking sector, and in Europe, following financial difficulties, Credit Suisse was acquired by UBS. The Company is satisfied that these events do not have a material impact on its financial position, financial results or its operations. As the situation continues to develop, it is being closely monitored by management and our risk assessment will be kept under regular review.

INCOME STATEMENT APPENDIX

For the year ended 31 December 2022

Non-life technical result by category

€'000	Credit and suretyship insurance
Premiums	25,899
Cost of services	—
Subscription balance	25,899
Acquisition costs	638
Other net management expenses	(12,755)
Net acquisitions and management expenses	(12,117)
Investment income	—
Profit sharing and technical interests	—
Financial balance	—
Substitute premiums	—
Substitute guarantors' share of service expenses	—
Substitute guarantors' share in profit sharing	—
Commissions received from substitute guarantors	—
Surrogate balance	—
Ceded premiums	(29,002)
Reinsurers' share of benefit expenses	—
Reinsurers' share of profit sharing	—
Commissions received from reinsurers	14,628
Reinsurance balance	(14,374)
Technical balance	(592)
Off-balance sheet items	
Amount of redemptions	—
Gross technical interest for the year	—
Gross technical provisions at the end of the year	—
Opening gross technical provisions	—