ASSURED GUARANTY®

Financial Supplement

Assured Guaranty Corp.

March 31, 2021

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Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021. This financial supplement should also be read in conjunction with the Company's financial statements 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) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, the effectiveness, acceptance and distribution of COVID-19 vaccines, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) changes in the world's credit markets, segments thereof, interest rates, credit spreads or general economic conditions; (3) developments in the world's financial and capital markets that adversely affect insured obligors' repayment rates, Assured Guaranty's insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (4) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (5) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (6) 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; (7) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the failure to resolve Assured Guaranty's Puerto Rico exposure in a manner substantially consistent with the support agreements signed to date; (8) increased competition, including from new entrants into the financial guaranty industry; (9) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (10) 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; (11) 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 contracts written in credit default swap form, and variable interest entities as well as on the mark-to-market of assets Assured Guaranty manages; (12) 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; (13) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (14) changes in applicable accounting policies or practices; (15) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (16) the failure of Assured Guaranty to successfully integrate the business of BlueMountain Capital Management, LLC (BlueMountain now known as Assured Investment Management LLC) and its associated entities; (17) the possibility that acquisitions made by Assured Guaranty, including its acquisition of BlueMountain (BlueMountain Acquisition), do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (18) difficulties with the execution of Assured Guaranty's business strategy; (19) loss of key personnel; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes or pandemics; (22) other risk factors identified in AGL's filings with the U.S. SEC; (23) other risks and uncertainties that have not been identified at this time; and; (24) management's response to these factors. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Assured Guaranty Corp.

Selected Financial Highlights (1 of 2)

(dollars in thousands)

	Three Months Ended March 31,	
	2021	**2020**
GAAP Highlights		
Net income (loss)	**$ (24,438)**	**$ (52,812)**
Gross written premiums (GWP)	**9,289**	**22,219**
Effective tax rate on net income	**19.4 %**	**24.4 %**
GAAP return on equity (ROE)[1]	**(4.4)%**	**(9.7)%**
Non-GAAP Highlights[2]		
Adjusted operating income (loss)[2]	$ (1,046)	$ (8,055)
Present value of new business production (PVP)[2]	11,407	9,154
Gross par written	187,777	15,000
Effective tax rate on adjusted operating income[3]	37.4 %	40.9 %
Adjusted operating ROE[1][2]	(0.2) %	(1.6) %
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	**$ 895**	**$ 2,421**
Net change in fair value of credit derivatives, pre-tax	**306**	**—**
Net income effect	**1,357**	**3,315**
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues[4], pre-tax	$ 905	$ 2,421
Adjusted operating income[4] effect	1,123	3,315

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

Assured Guaranty Corp.

Selected Financial Highlights (2 of 2)

(dollars in thousands)

	As of	
	March 31, 2021	December 31, 2020
Shareholder's equity	**$ 2,194,914**	**$ 2,265,008**
Adjusted operating shareholder's equity[1]	2,017,090	2,031,871
Adjusted book value[1]	2,436,451	2,454,386
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) included in adjusted operating shareholders' equity	(6,093)	(5,829)
Gain (loss) related to FG VIE consolidation included in adjusted book value	(6,278)	(6,038)
Exposure		
Financial guaranty net debt service outstanding	$ 28,970,168	$ 29,466,117
Financial guaranty net par outstanding	19,125,909	19,483,389
Claims-paying resources (including Municipal Assurance Corp. (MAC))[2]	**3,099,902**	**3,100,426**

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

Assured Guaranty Corp.

Condensed Consolidated Balance Sheets (unaudited)

(dollars in thousands)

	As of	
	March 31, 2021	December 31, 2020
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	$ 2,356,578	$ 2,368,822
Short-term investments, at fair value	52,186	65,609
Equity method investments	410,504	414,292
Other invested assets, at fair value	1,357	1,415
Total investment portfolio	2,820,625	2,850,138
Loan receivable from parent	87,500	87,500
Cash	15,161	56,103
Premiums receivable, net of commissions payable	262,795	269,756
Ceded unearned premium reserve	195,917	200,219
Reinsurance recoverable on unpaid losses	162,119	165,318
Salvage and subrogation recoverable	434,887	420,894
Financial guaranty variable interest entities' (FG VIEs') assets, at fair value	36,982	38,811
Other assets	159,639	154,261
Total assets	**$ 4,175,625**	**$ 4,243,000**
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	$ 781,951	$ 796,939
Loss and loss adjustment expense (LAE) reserve	540,275	528,006
Reinsurance balances payable, net	140,879	139,240
Notes payable to affiliates	300,000	300,000
Credit derivative liabilities	119,585	97,282
FG VIE liabilities at fair value (with recourse of $34,934 and $36,775, without recourse of $1,059 and $1,254)	35,993	38,029
Other liabilities	62,028	78,496
Total liabilities	**1,980,711**	**1,977,992**
Shareholders' equity:		
Preferred stock	—	—
Common stock	15,000	15,000
Additional paid-in capital	742,015	742,015
Retained earnings	1,281,551	1,318,989
Accumulated other comprehensive income	156,348	189,004
Total shareholders' equity	**2,194,914**	**2,265,008**
Total liabilities and shareholders' equity	**$ 4,175,625**	**$ 4,243,000**

Assured Guaranty Corp.

Condensed Consolidated Statements of Operations (unaudited)

(dollars in thousands)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues:		
Net earned premiums	$ 19,685	$ 24,830
Net investment income	23,301	26,333
Net realized investment gains (losses)	(900)	(695)
Net change in fair value of credit derivatives	(20,425)	(67,495)
Fair value gain (loss) on committed capital securities (CCS)	(9,951)	24,707
Other income (loss)	2,555	(3,107)
Total revenues	**14,265**	**4,573**
Expenses:		
Loss and LAE	26,423	53,939
Interest expense on note payable to affiliate	2,625	2,625
Employee compensation and benefit expenses	9,167	10,708
Other operating expenses	6,119	5,729
Total expenses	**44,334**	**73,001**
Income (loss) before provision for income taxes and equity in earnings of investees	**(30,069)**	**(68,428)**
Equity in earnings of investees	3,589	7
Income (loss) before income taxes	**(26,480)**	**(68,421)**
Less: Provision (benefit) for income taxes	(5,131)	(16,708)
Income (loss) before equity in after-tax earnings of investee	**(21,349)**	**(51,713)**
Equity in after-tax earnings of investee	(3,089)	(1,099)
Net income (loss)	**$ (24,438)**	**$ (52,812)**

Assured Guaranty Corp.

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation

(dollars in thousands)

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation for the Three Months Ended March 31, 2021 and March 31, 2020

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	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	—	(105)	—	(37)
Net investment income	—	(257)	—	(299)
Net realized investment gains (losses)	(900)	—	(695)	—
Net change in fair value of credit derivatives	(23,258)	—	(70,429)	—
Fair value gains (losses) on CCS	(9,951)	—	24,707	—
Other income (loss)	333	932	(3,780)	(2,302)
Total revenue adjustments	(33,776)	570	(50,197)	(2,638)
Adjustments to expenses:				
Loss expense	(4,673)	1,067	6,443	787
Total expense adjustments	(4,673)	1,067	6,443	787
Pre-tax adjustments	(29,103)	(497)	(56,640)	(3,425)
Tax effect of adjustments	(6,112)	(104)	(11,894)	(719)
Equity in after-tax earnings of investee	(401)	—	(11)	—
After-tax adjustments	$ (23,392)	$ (393)	$ (44,757)	$ (2,706)

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

Assured Guaranty Corp.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (1 of 2)

(dollars in thousands)

Adjusted Operating Income Reconciliation

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net income (loss)	**$ (24,438)**	**$ (52,812)**
Less pre-tax adjustments:		
Realized gains (losses) on investments	(1,409)	(709)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(18,583)	(76,872)
Fair value gains (losses) on CCS[1]	(9,951)	24,707
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves[1]	333	(3,780)
Total pre-tax adjustments	(29,610)	$ (56,654)
Less tax effect on pre-tax adjustments	6,218	11,897
Adjusted operating income	$ (1,046)	$ (8,055)

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

ROE Reconciliation and Calculation

	As of March 31, 2021	As of December 31, 2020	As of March 31, 2020	As of December 31, 2019
Shareholder's equity	**$ 2,194,914**	**$ 2,265,008**	**$ 2,077,019**	**$ 2,277,317**
Adjusted operating shareholder's equity	2,017,090	2,031,871	2,029,124	2,123,543
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity	**(6,093)**	**(5,829)**	**(3,949)**	**(3,426)**

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Net income (loss)	**$ (24,438)**	**$ (52,812)**
Adjusted operating income	(1,046)	(8,055)
Average shareholder's equity	**$ 2,229,961**	**$ 2,177,168**
Average adjusted operating shareholder's equity	2,024,481	2,076,334
Gain (loss) related to FG VIE consolidation included in average adjusted operating shareholder's equity	**(5,961)**	**(3,688)**
GAAP ROE [1]	**(4.4)%**	**(9.7)%**
Adjusted operating ROE[1]	(0.2) %	(1.6) %

1) Quarterly ROE calculations represent annualized returns.

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

Assured Guaranty Corp.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (2 of 2)

(dollars in thousands)

	As of			
	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Reconciliation of shareholder's equity to adjusted book value:				
Shareholder's equity	**$ 2,194,914**	**$ 2,265,008**	**$ 2,077,019**	**$ 2,277,317**
Less pre-tax reconciling items:				
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	7,213	25,796	(110,168)	(33,296)
Fair value gains (losses) on CCS	17,931	27,882	52,368	27,660
Unrealized gain (loss) on investment portfolio	186,081	226,424	104,819	186,326
Less taxes	(33,401)	(46,965)	876	(26,916)
Adjusted operating shareholders' equity	2,017,090	2,031,871	2,029,124	2,123,543
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(20,738)	(21,927)	(25,141)	(22,340)
Plus: Net present value of estimated net future credit derivative revenue	131,322	133,792	141,024	140,827
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	378,777	379,110	428,922	432,611
Plus taxes	(111,476)	(112,314)	(124,968)	(125,113)
Adjusted book value	$ 2,436,451	$ 2,454,386	$ 2,499,243	$ 2,594,208
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholder's equity (net of tax benefit of $1,620, $1,551, $1,050 and $910)	**$ (6,093)**	**$ (5,829)**	**$ (3,949)**	**$ (3,426)**
Gain (loss) related to FG VIE consolidation included in adjusted book value (net of tax benefit of $1,668, $1,606, $1,122 and $988)	**$ (6,278)**	**$ (6,038)**	**$ (4,220)**	**$ (3,717)**

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

Assured Guaranty Corp.

Claims-Paying Resources

(dollars in thousands)

	As of	
	March 31, 2021	December 31, 2020
Claims-paying resources		
Policyholders' surplus	$ 1,672,175	$ 1,716,777
Contingency reserve [(1)]	619,208	617,634
Qualified statutory capital	**2,291,383**	**2,334,411**
Unearned premium reserve and net deferred ceding commission income [(1)]	364,644	363,452
Loss and LAE reserves [(1)]	60,145	13,118
Total policyholders' surplus and reserves	**2,716,172**	**2,710,981**
Present value of installment premium [(1)]	183,730	189,445
CCS	200,000	200,000
Total claims-paying resources (including proportionate MAC ownership for AGC)	**3,099,902**	**3,100,426**
Adjustment for MAC [(2)]	234,992	234,852
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 2,864,910**	**$ 2,865,574**
Statutory net par outstanding [(3)]	$ 19,599,283	$ 19,947,679
Equity method adjustment [(2)]	5,231,756	5,429,798
Adjusted statutory net par outstanding [(1)]	$ 24,831,039	$ 25,377,477
Net debt service outstanding [(3)]	$ 29,479,801	$ 29,966,037
Equity method adjustment [(2)]	7,745,774	8,048,968
Adjusted net debt service outstanding [(1)]	$ 37,225,575	$ 38,015,005
Ratios:		
Adjusted net par outstanding to qualified statutory capital	11:1	11:1
Capital ratio [(4)]	16:1	16:1
Financial resources ratio [(5)]	12:1	12:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGC)	8:1	8:1

1) The numbers shown for AGC have been adjusted to include its indirect share of MAC. Assured Guaranty Municipal Corp. (AGM) and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. On April 1, 2021, MAC was merged with and into AGM, with AGM as the surviving company. The steps leading up to the merger included (i) reassumption by AGM and AGC of their respective remaining cessions to MAC, (ii) distribution of MAC's earned surplus to AGM and AGC in accordance with their respective 60.7% and 39.3% direct ownership interests in MAC Holdings, and (iii) AGM's purchase of AGC's 39.3% interest in MAC Holdings.(i) reassumption by AGM and AGC of their respective remaining cessions to MAC, (ii) distribution of MAC's earned surplus to AGM and AGC in accordance with their respective 60.7% and 39.3% direct ownership interests in MAC Holdings, and (iii) AGM's purchase of AGC's 39.3% interest in MAC Holdings.
2) Represents adjustment for AGC's interest and indirect ownership of MAC.
3) Net par outstanding and net debt service outstanding are presented on a statutory basis.
4) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
5) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGC).

Assured Guaranty Corp.

New Business Production

(dollars in thousands)

Reconciliation of GWP to PVP for the Three Months Ended March 31, 2021 and March 31, 2020

	Three Months Ended March 31, 2021					Three Months Ended March 31, 2020				
	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	**$ 6,532**	**$ 699**	**$ 2,054**	**$ 4**	**$ 9,289**	**$ (4)**	**$21,498**	**$ 873**	**$ (148)**	**$ 22,219**
Less: Installment GWP and other GAAP adjustments(1)	6,532	699	(96)	4	7,139	(4)	21,498	873	(148)	22,219
Upfront GWP	—	—	2,150	—	2,150	—	—	—	—	—
Plus: Installment premium PVP	9,257	—	—	—	9,257	—	8,776	378	—	9,154
Total PVP	$ 9,257	$ —	$ 2,150	$ —	$ 11,407	$ —	$ 8,776	$ 378	$ —	$ 9,154
Gross par written	**$142,647**	**$ —**	**$45,130**	**$ —**	**$187,777**	**$ —**	**$ —**	**$15,000**	**$ —**	**$ 15,000**

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

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

Assured Guaranty Corp.

Gross Par Written

(dollars in thousands)

Gross Par Written by Asset Type

	Three Months Ended March 31, 2021	
	Gross Par Written	Avg. Internal Rating
Sector		
U.S. public finance		
Infrastructure finance	$ 142,647	A+
Total U.S. public finance	142,647	A+
Non-U.S. public finance:		
Total non-U.S. public finance	—	—
Total public finance	**142,647**	A+
U.S. structured finance:		
Commercial mortgage-backed securities	37,000	A
Other structured finance	8,130	A-
Total U.S. structured finance	45,130	A
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**45,130**	**A**
Total gross par written	**$ 187,777**	**A+**

Assured Guaranty Corp.

Fixed-Maturity Securities, Short-Term Investments and Cash

As of March 31, 2021

(dollars in thousands)

	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Fixed-maturity securities:						
Obligations of state and political subdivisions[2][3]	$ 1,288,948	$ (11,352)	3.68 %	3.30 %	$ 1,403,525	$ 47,496
U.S. government and agencies	33,989	—	2.24 %	1.77 %	34,522	763
Corporate securities	376,562	(408)	3.22 %	2.54 %	393,179	12,114
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS)[3]	32,232	(493)	5.43 %	4.29 %	33,670	1,750
Commercial mortgage-backed securities (CMBS)	29,574	—	3.50 %	2.77 %	31,993	1,036
Asset-backed securities (ABS):						
Collateralized loan obligations	67,035	—	2.14 %	1.69 %	67,237	1,433
Other ABS [3]	369,347	(6,802)	6.10 %	4.82 %	392,452	22,527
Total fixed-maturity securities	2,197,687	(19,055)	3.96 %	3.36 %	2,356,578	87,119
Short-term investments	52,186	—	0.02 %	0.02 %	52,186	11
Cash [4]	15,161	—	— %	— %	15,161	—
Total	**$ 2,265,034**	**$ (19,055)**	**3.87 %**	**3.28 %**	**$ 2,423,925**	**$ 87,130**

Ratings [5]:	**Fair Value**	**% of Portfolio**
U.S. government and agencies	$ 34,522	1.5 %
AAA/Aaa	198,520	8.4
AA/Aa	928,803	39.4
A/A	413,932	17.6
BBB	314,329	13.3
Below investment grade (BIG) [6]	410,453	17.4
Not rated	56,019	2.4
Total fixed-maturity securities, available-for-sale	**$ 2,356,578**	**100.0 %**
Duration of fixed-maturity securities and short-term investments (in years):		**5.3**
Average ratings of 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 BBB, 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.
4) Cash is not included in the yield calculation.
5) Ratings are the lower of Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $518.4 million in par with carrying value of $410.3 million.

Assured Guaranty Corp.

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

(dollars in thousands)

			Financial Guaranty Insurance [2]			
	Estimated Net Debt Service Amortization[1]	**Estimated Ending Net Debt Service Outstanding[1]**	**Expected PV Net Earned Premiums**	**Accretion of Discount**	**Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount**	**Future Credit Derivative Revenues**
2021 (as of March 31)		$ 28,970,168				
2021 Q2	$ 416,232	28,553,936	$ 17,729	$ 674	$ 106	$ 2,393
2021 Q3	730,780	27,823,156	16,815	669	105	2,335
2021 Q4	690,399	27,132,757	16,425	658	101	2,283
2022	1,906,588	25,226,169	61,431	2,484	357	8,563
2023	1,479,684	23,746,485	55,763	2,297	322	8,193
2024	1,337,184	22,409,301	51,252	2,122	297	7,901
2025	1,477,944	20,931,357	47,515	1,941	274	7,623
2021-2025	$ 8,038,811	$ 20,931,357	$ 266,930	$ 10,845	$ 1,562	$ 39,291
2026-2030	6,604,005	14,327,352	177,951	7,325	1,154	34,140
2031-2035	5,326,703	9,000,649	110,017	4,097	938	28,572
2036-2040	4,651,319	4,349,330	39,401	1,982	397	19,187
After 2040	4,349,330	—	30,484	1,241	—	15,568
Total	**$ 28,970,168**		**$ 624,783**	**$ 25,490**	**$ 4,051**	**$ 136,758**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2021. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
2) See page 15 for ‘‘Net Expected Loss to be Expensed.’’

Assured Guaranty Corp.

Rollforward of Net Expected Loss and LAE to be Paid

(dollars in thousands)

Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended March 31, 2021

	Net Expected Loss to be Paid (Recovered) as of December 31, 2020	Economic Loss Development (Benefit) During 1Q-21	(Paid) Recovered Losses During 1Q-21	Net Expected Loss to be Paid (Recovered) as of March 31, 2021
Public Finance:				
U.S. public finance [2]	$ 199,041	$ 22,597	$ (28,234)	$ 193,404
Non-U.S public finance	3,122	(983)	—	2,139
Public Finance	202,163	21,614	(28,234)	195,543
Structured Finance:				
U.S. RMBS [3]	73,701	(3,716)	4,890	74,875
Other structured finance	(38,336)	(1,922)	(45)	(40,303)
Structured Finance	35,365	(5,638)	4,845	34,572
Total	**$ 237,528**	**$ 15,976**	**$ (23,389)**	**$ 230,115**

1) Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
2) The total net expected loss for troubled U.S. public finance exposures is net of a credit of $379.5 million as of March 31, 2021 and $431.7 million as of December 31, 2020 for estimated future recoveries of claims already paid.
3) Includes future net representations and warranties (R&W) receivable of $5.2 million as of March 31, 2021 and $8.0 million as of December 31, 2020.

Assured Guaranty Corp.

Loss Measures

As of March 31, 2021

(dollars in thousands)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended March 31, 2021 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	$ 1,320,542	**$ 35,392**	$ 35,392	$ —
Non-U.S public finance	78,807	**2**	2	—
Public finance	1,399,349	**35,394**	35,394	—
Structured finance:				
U.S. RMBS	448,796	**(6,195)**	(3,789)	1,067
Other structured finance	31,713	**(2,776)**	(509)	—
Structured finance	480,509	**(8,971)**	(4,298)	1,067
Total	**$ 1,879,858**	**$ 26,423**	$ 31,096	$ 1,067

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

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

Assured Guaranty Corp.

Net Expected Loss to be Expensed[1]

As of March 31, 2021

(dollars in thousands)

		GAAP
2021 Q2	$	4,450
2021 Q3		5,538
2021 Q4		5,689
2022		23,031
2023		24,070
2024		22,621
2025		23,274
2021-2025		108,673
2026-2030		95,853
2031-2035		57,919
2036-2040		12,250
After 2040		487
Total expected present value of net expected loss to be expensed[2]		275,182
Future accretion		32,974
Total expected future loss and LAE	$	308,156

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.00% to 2.49% for U.S. dollar denominated obligations.
2) Excludes $2.8 million related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Corp.

Financial Guaranty Profile (1 of 3)

(dollars in thousands)

Net Par Outstanding and Average Rating by Asset Type

	As of March 31, 2021		As of December 31, 2020	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
Tax backed	$ 2,593,708	BB+	$ 2,670,755	BB+
Transportation	2,271,709	A-	2,283,159	A-
General obligation	1,889,682	BBB+	1,927,620	BBB+
Infrastructure finance	1,835,973	A+	1,795,801	A+
Municipal utilities	878,553	A-	935,471	A-
Healthcare	352,645	BBB	357,714	BBB
Investor-owned utilities	334,727	A-	336,587	A-
Higher education	205,184	A-	210,277	A-
Renewable energy	125,926	A-	125,926	A-
Housing revenue	103,568	BB	103,599	BB
Other public finance	575,166	A-	580,877	A-
Total U.S. public finance	11,166,841	BBB+	11,327,786	BBB+
Non-U.S. public finance:				
Regulated utilities	1,748,186	BBB+	1,730,724	BBB+
Infrastructure finance	1,361,719	BBB	1,404,850	BBB
Pooled infrastructure	730,317	AAA	724,330	AAA
Sovereign and sub-sovereign	281,180	A	289,167	A-
Renewable energy	218,430	BBB	261,841	BBB+
Total non-U.S. public finance	4,339,832	A-	4,410,912	A-
Total public finance	**15,506,673**	**A-**	**15,738,698**	**BBB+**
U.S. structured finance:				
Pooled corporate obligations	896,578	AA	947,947	AA
RMBS	866,328	BBB-	928,067	BBB-
Life insurance transactions	703,987	AA-	716,106	AA-
Consumer receivables	403,699	A+	428,374	A+
Other structured finance	474,139	BBB+	438,732	BBB+
Total U.S. structured finance	3,344,731	A	3,459,226	A
Non-U.S. structured finance:				
RMBS	190,887	A+	190,945	A+
Pooled corporate obligations	142	AAA	251	AA
Other structured finance	83,476	BBB+	94,269	BBB
Total non-U.S. structured finance	274,505	A	285,465	A
Total structured finance	**3,619,236**	**A**	**3,744,691**	**A**
Total	**$ 19,125,909**	**A-**	**$ 19,483,389**	**A-**

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

Assured Guaranty Corp.

Financial Guaranty Profile (2 of 3)

As of March 31, 2021

(dollars in thousands)

Distribution by Ratings of Financial Guaranty Portfolio

	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
Ratings:	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**
AAA	$ 15,679	0.1 %	$ 829,457	19.1 %	$ 546,729	16.3 %	$ 50,266	18.3 %	$ 1,442,131	7.6 %
AA	2,551,556	22.8	164,981	3.8	1,316,168	39.4	8,142	3.0	4,040,847	21.1
A	3,775,582	33.8	392,413	9.0	617,139	18.4	137,830	50.2	4,922,964	25.7
BBB	3,503,482	31.5	2,874,174	66.3	384,186	11.5	78,267	28.5	6,840,109	35.8
BIG	1,320,542	11.8	78,807	1.8	480,509	14.4	—	—	1,879,858	9.8
Net Par Outstanding(1)	**$ 11,166,841**	**100.0 %**	**$ 4,339,832**	**100.0 %**	**$ 3,344,731**	**100.0 %**	**$ 274,505**	**100.0 %**	**$ 19,125,909**	**100.0 %**

1) As of March 31, 2021, excludes $539.4 million of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio, which are primarily BIG.

Ceded Par Outstanding

	Ceded Par Outstanding(1)(2)	% of Total
Affiliated reinsurers	$ 10,599,703	99.8 %
Non-affiliated reinsurers	25,500	0.2 %
Total	**$ 10,625,203**	**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 $166.0 million posted by affiliated reinsurers as of March 31, 2021.

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

Assured Guaranty Corp.

Financial Guaranty Profile (3 of 3)

As of March 31, 2021

(dollars in thousands)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 3,109,594	16.3 %
Puerto Rico	1,117,377	5.8
Texas	1,082,749	5.7
New Jersey	932,509	4.8
Illinois	534,078	2.8
New York	495,886	2.6
Virginia	438,206	2.3
Florida	418,296	2.2
District of Columbia	341,567	1.8
Pennsylvania	322,625	1.7
Other	2,373,954	12.4
Total U.S. public finance	11,166,841	58.4
U.S. structured finance:	3,344,731	17.5
Total U.S.	**14,511,572**	**75.9**
Non-U.S.:		
United Kingdom	3,169,871	16.6
Australia	397,694	2.1
Mexico	161,233	0.8
New Zealand	149,828	0.8
Italy	143,650	0.8
Other	592,061	3.0
Total non-U.S.	**4,614,337**	**24.1**
Total net par outstanding	**$ 19,125,909**	**100.0 %**

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

Assured Guaranty Corp.

Exposure to Puerto Rico (1 of 3)

As of March 31, 2021

(dollars in thousands)

Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Total	$ 1,340,097	$ 1,117,377	$ 2,080,702	$ 1,716,139

Exposure to Puerto Rico by Risk[1]

	Net Par Outstanding[2]	Gross Par Outstanding
Puerto Rico Exposures Subject to a Support Agreement [2]		
Commonwealth of Puerto Rico - General Obligation Bonds[3]	$ 184,835	$ 215,802
Puerto Rico Public Buildings Authority (PBA)[3]	134,094	134,650
Subtotal - GO/PBA PSA	318,929	350,452
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)[3]	472,365	596,347
PRHTA (Highways revenue)[3]	62,723	66,353
Puerto Rico Convention Center District Authority (PRCCDA)	152,250	152,250
Subtotal - HTA/CCDA PSA	687,338	814,950
Puerto Rico Electric Power Authority (PREPA)[3]	70,858	120,165
Subtotal Subject to a Support Agreement	**1,077,125**	**1,285,567**
Other Puerto Rico Exposures		
Puerto Rico Municipal Finance Agency (MFA)[4]	23,074	36,687
Puerto Rico Infrastructure Financing Authority (PRIFA)	15,335	16,000
Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR)[4]	1,843	1,843
Subtotal Other Puerto Rico Exposures	**40,252**	**54,530**
Total exposure to Puerto Rico	**$ 1,117,377**	**$ 1,340,097**

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2) The Support Agreements, including the GO/PBA plan support agreements (PSA) and the HTA/CCDA PSA, are described in the AGC Condensed Consolidated Financial Statements for the quarterly period ended March 31, 2021, Notes to the Condensed Consolidated Financial Statements, Note 2, Outstanding Exposure.
3) As of the date of this filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.
4) As of the date of this filing, the Company has not paid claims on these credits.

Assured Guaranty Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2021

(dollars in thousands)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2021 (2Q)	2021 (3Q)	2021 (4Q)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2042	Total
Puerto Rico Exposures Subject to a Support Agreement																
Commonwealth of Puerto Rico - General Obligation Bonds	$ —	$14,877	$ —	$12,916	$ 7,832	$ 9,000	$ 8,424	$15,934	$ 23,075	$ 6,848	$37,799	$ 5,644	$ 42,486	$ —	$ —	$ 184,835
PBA	—	12,725	—	64	6,931	71	6,610	11,078	39,510	535	560	587	38,932	16,491	—	134,094
Subtotal - GO/PBA PSA	—	27,602	—	12,980	14,763	9,071	15,034	27,012	62,585	7,383	38,359	6,231	81,418	16,491	—	318,929
PRHTA (Transportation revenue)	—	5,341	—	13,975	19,192	4,173	21,127	16,986	7,943	11,590	20,921	4,606	177,856	143,820	24,835	472,365
PRHTA (Highway revenue)	—	11,629	—	—	477	493	509	16	—	877	1,567	1,882	40,665	4,608	—	62,723
PRCCDA	—	—	—	—	—	—	—	—	19,075	—	—	—	104,150	29,025	—	152,250
Subtotal - HTA/CCDA PSA	—	16,970	—	13,975	19,669	4,666	21,636	17,002	27,018	12,467	22,488	6,488	322,671	177,453	24,835	687,338
PREPA	—	1,399	—	577	1,269	1,331	1,397	19,264	17,031	16,652	1,053	2,784	7,851	250	—	70,858
Subtotal Subject to a Support Agreement	—	45,971	—	27,532	35,701	15,068	38,067	63,278	106,634	36,502	61,900	15,503	411,940	194,194	24,835	1,077,125
Other Puerto Rico Exposures																
MFA	—	7,402	—	7,243	2,639	395	360	1,617	1,270	1,064	614	470	—	—	—	23,074
PRIFA	—	—	—	—	1,700	—	—	—	—	—	—	—	—	9,969	3,666	15,335
PRASA and U of PR	—	43	—	45	47	1,130	52	55	58	61	64	67	221	—	—	1,843
Subtotal Other Puerto Rico Exposures	—	7,445	—	7,288	4,386	1,525	412	1,672	1,328	1,125	678	537	221	9,969	3,666	40,252
Total	$ —	$53,416	$ —	$34,820	$40,087	$16,593	$38,479	$64,950	$107,962	$37,627	$62,578	$16,040	$412,161	$204,163	$ 28,501	$1,117,377

Assured Guaranty Corp.

Exposure to Puerto Rico (3 of 3)

As of March 31, 2021

(dollars in thousands)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2021 (2Q)	2021 (3Q)	2021 (4Q)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2042	Total
Puerto Rico Exposures Subject to a Support Agreement																
Commonwealth of Puerto Rico - General Obligation Bonds	$ —	$19,676	$ —	$21,714	$15,926	$16,700	$15,674	$ 22,754	$ 29,086	$11,670	$42,277	$ 8,078	$ 49,875	$ —	$ —	$ 253,430
PBA	—	16,201	—	6,347	13,211	5,987	12,522	16,644	44,495	3,447	3,447	3,447	48,583	17,320	—	191,651
Subtotal - GO/PBA PSA	—	35,877	—	28,061	29,137	22,687	28,196	39,398	73,581	15,117	45,724	11,525	98,458	17,320	—	445,081
PRHTA (Transportation revenue)	—	17,664	—	38,327	42,768	26,778	43,525	38,256	28,312	31,563	40,313	22,869	259,938	168,972	26,376	785,661
PRHTA (Highway revenue)	—	13,356	—	2,729	3,206	3,198	3,190	2,672	2,655	3,533	4,175	4,406	46,564	4,850	—	94,534
PRCCDA	—	3,473	—	6,947	6,947	6,947	6,946	6,947	26,022	5,992	5,993	5,993	127,342	30,331	—	239,880
Subtotal - HTA/CCDA PSA	—	34,493	—	48,003	52,921	36,923	53,661	47,875	56,989	41,088	50,481	33,268	433,844	204,153	26,376	1,120,075
PREPA	52	3,033	52	3,878	4,542	4,542	4,528	22,336	19,161	18,051	1,627	3,320	8,631	275	—	94,028
Subtotal Subject to a Support Agreement	52	73,403	52	79,942	86,600	64,152	86,385	109,609	149,731	74,256	97,832	48,113	540,933	221,748	26,376	1,659,184
Other Puerto Rico Exposures																
MFA	—	7,996	—	8,045	3,065	685	630	1,869	1,441	1,171	668	493	—	—	—	26,063
PRIFA	—	383	—	767	2,467	682	682	681	682	682	682	681	3,409	12,897	3,849	28,544
PRASA and U of PR	—	95	—	147	147	1,227	81	81	81	82	81	82	244	—	—	2,348
Subtotal Other Puerto Rico Exposures	—	8,474	—	8,959	5,679	2,594	1,393	2,631	2,204	1,935	1,431	1,256	3,653	12,897	3,849	56,955
Total	$ 52	$81,877	$ 52	$88,901	$92,279	$66,746	$87,778	$112,240	$151,935	$76,191	$99,263	$49,369	$544,586	$234,645	$30,225	$1,716,139

Assured Guaranty Corp.

Direct Pooled Corporate Obligations Profile
As of March 31, 2021
(dollars in thousands)

Distribution of Direct Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Ratings:				
AAA	$ 292,819	32.9 %	44.9 %	68.6 %
AA	361,828	40.7	42.0	49.2
A	217,577	24.5	40.3	43.3
BBB	16,781	1.9	49.3	51.0
Total exposures	**$ 889,005**	**100.0 %**	**42.7 %**	**54.2 %**

Distribution of Direct Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Number of Transactions	Avg. Rating
Asset class:						
Trust preferred						
Banks and insurance	$ 486,394	54.7 %	44.4 %	60.7 %	14	AA+
U.S. mortgage and real estate investment trusts	71,884	8.1 %	47.3	64.1	3	A
Collateralized loan obligations	330,727	37.2 %	39.1	42.5	3	AA-
Total exposures	**$ 889,005**	**100.0 %**	**42.7 %**	**54.2 %**	**20**	**AA**

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

Assured Guaranty Corp.

U.S. RMBS Profile
As of March 31, 2021
(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	$ 3,321	$ 41,071	$ 8,663	$ 160,673	$ 3	$ 213,731
AA	11,363	56,286	127	14,680	12,133	94,589
A	6,312	20,075	—	20,891	13	47,291
BBB	3,657	—	504	46	57,714	61,921
BIG	17,780	67,049	4,778	317,944	41,245	448,796
Total exposures	**$ 42,433**	**$ 184,481**	**$ 14,072**	**$ 514,234**	**$ 111,108**	**$ 866,328**

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	$ 12,627	$ 881	$ 41	$ 73,500	$ 14,422	$ 101,471
2005	23,740	44,564	8,505	93,824	22,300	192,933
2006	6,066	503	—	117,055	11,264	134,888
2007	—	138,533	5,526	229,855	63,122	437,036
Total exposures	**$ 42,433**	**$ 184,481**	**$ 14,072**	**$ 514,234**	**$ 111,108**	**$ 866,328**

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.

Credit Derivative Net Par Outstanding Profile
As of March 31, 2021
(dollars in thousands)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating	Net Par Outstanding	% of Total
AAA	$ 1,020,029	31.5 %
AA	1,276,644	39.4
A	352,223	10.9
BBB	488,716	15.1
BIG	99,594	3.1
Total credit derivative net par outstanding	**$ 3,237,206**	**100.0 %**

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

	Net Par Outstanding	Average Internal Rating
Public finance		
U.S. public finance	$ 1,071,399	AA
Non-U.S. public finance	1,188,229	AA
Total public finance	**2,259,628**	**AA**
U.S. structured finance:		
Pooled corporate obligations	497,818	AA
RMBS	267,408	A
Consumer receivables	74,522	A+
Total U.S. structured finance	839,748	AA-
Non-U.S. structured finance:		
RMBS	137,830	A
Total non-U.S. structured finance	137,830	A
Total structured finance	**977,578**	**AA-**
Total credit derivative net par outstanding	**$ 3,237,206**	**AA-**

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

Assured Guaranty Corp.

Below Investment Grade Exposures (1 of 3)

(dollars in thousands)

BIG Exposures by Asset Exposure Type

	As of	
	March 31, 2021	December 31, 2020
U.S. public finance:		
Tax backed	$ 745,466	$ 736,543
General obligation	356,169	362,887
Municipal utilities	87,258	87,258
Housing revenue	60,335	60,335
Higher education	31,341	33,126
Healthcare	25,820	25,820
Transportation	14,153	14,218
Total U.S. public finance	1,320,542	1,320,187
Non-U.S. public finance:		
Infrastructure finance	42,194	43,783
Renewable energy	35,509	36,980
Sovereign and sub-sovereign	1,104	38,708
Total non-U.S. public finance	78,807	119,471
Total public finance	**1,399,349**	**1,439,658**
U.S. structured finance:		
RMBS	448,796	460,743
Life insurance transactions	6,385	6,430
Consumer receivables	2,436	2,630
Other structured finance	22,892	22,921
Total U.S. structured finance	480,509	492,724
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**480,509**	**492,724**
Total BIG net par outstanding	**$ 1,879,858**	**$ 1,932,382**

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

Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(dollars in thousands)

Net Par Outstanding by BIG Category[1]

	As of	
	March 31, 2021	**December 31, 2020**
BIG Category 1		
U.S. public finance	$ 216,999	$ 216,644
Non-U.S. public finance	78,633	119,290
U.S. structured finance	90,039	96,256
Non-U.S. structured finance	—	—
Total BIG Category 1	385,671	432,190
BIG Category 2		
U.S. public finance	11,083	11,083
Non-U.S. public finance	—	—
U.S. structured finance	22,170	22,558
Non-U.S. structured finance	—	—
Total BIG Category 2	33,253	33,641
BIG Category 3		
U.S. public finance	1,092,460	1,092,460
Non-U.S. public finance	174	181
U.S. structured finance	368,300	373,910
Non-U.S. structured finance	—	—
Total BIG Category 3	1,460,934	1,466,551
BIG Total	**$ 1,879,858**	**$ 1,932,382**

1) Assured Guaranty's surveillance department is responsible for monitoring the Company's portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims which are claims that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

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

Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2021

(dollars in thousands)

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	$ 535,088	CCC
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	334,264	CCC
Puerto Rico Convention Center District Authority	152,250	CCC
Puerto Rico Electric Power Authority	70,858	CCC
Subtotal U.S. public finance	**1,092,460**	
Non-U.S. public finance:		
Subtotal non-U.S. public finance	—	
U.S. structured finance		
RMBS:		
Option One Mortgage Loan Trust 2007-HL1	106,073	CCC
Argent Securities Inc. 2005-W4	92,618	CCC
Subtotal RMBS	**198,691**	
Non-RMBS:		
Subtotal non-RMBS	—	
Subtotal U.S. structured finance	**198,691**	
Total	**$ 1,291,151**	

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.

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

Assured Guaranty Corp.

Largest Exposures by Sector (1 of 3)

As of March 31, 2021

(dollars in thousands)

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

Credit Name	Net Par Outstanding	Internal Rating(1)
San Diego Family Housing, LLC	$ 931,330	AA
New Jersey (State of)	863,613	BBB
North Texas Tollway Authority	703,775	A
Puerto Rico Highways & Transportation Authority	535,088	CCC
LCOR Alexandria LLC	415,674	A-
Alameda Corridor Transportation Authority, California	394,390	BBB+
Metro Washington Airports Authority (Dulles Toll Road)	341,567	BBB+
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	334,264	CCC
California (State of)	212,018	AA-
Dallas (City of) Civic Center Convention Complex, Texas	202,785	A+
San Joaquin Hills Transportation, California	196,523	BBB-
Dodger Tickets LLC	165,196	BBB
Puerto Rico Convention Center District Authority	152,250	CCC
Duke Energy Florida	149,195	A
Miami-Dade County, Florida	145,521	AA-
New York Metropolitan Transportation Authority	134,719	BBB+
New York (City of), New York	134,361	AA
Navy Midwest Family Housing LLC	123,840	AA-
GMH Military Housing Navy Northeast Family Housing Privatization Project	121,250	A+
Southern California Logistic Airport, California	108,496	BBB-
Washington Water Power (Avista Project)	107,250	A-
San Diego County, California	105,695	AA-
San Francisco Airports Commission (San Francisco International Airport), California	102,544	A+
Denver (City & County) Airport System, Colorado	100,532	A+
Offutt Air Force Base, Nebraska - America First Communities, LLC	90,623	A+
Municipal Gas Authority of Georgia	90,583	A+
St. Louis, Missouri	85,078	BBB+
Ohana Military Communities, LLC	84,326	A
Aurora Military Housing I & II (Elmendorf Air Force Base), LLC	75,459	AA
Massachusetts State College Building Authority	74,488	AA-
North Oaks Health System	74,250	BBB-
Piedmont Municipal Power Authority, South Carolina	71,818	A-
Puerto Rico Electric Power Authority	70,858	CCC
Long Beach Bond Financing Authority (Natural Gas Prepayment Transaction), California	69,617	A
Chicago Water, Illinois	68,886	BBB+
Fort Benning Family Communities LLC	67,274	A-
Duke Energy Ohio	67,210	A-
E-470 Public Highway Authority, Colorado	66,323	A-
San Bernardino County, California	60,206	A+
Yankee Stadium LLC New York City Industrial Development Authority	59,069	BBB
Maine (State of)	57,254	A
Fairfield Water, California	55,485	AA-
ACTS Retirement Life Communities, Pennsylvania	54,320	BBB+
BMC Special Care Facilities Financing Authority, Alabama	51,370	BBB+
Jets Stadium Development, LLC	49,097	BBB
Oregon School Boards Association, Oregon	48,977	AA-
Chicago Public Schools, Illinois	48,610	BBB
Carolina Power & Light Company (First Mortgage), North Carolina	47,337	A-
Indiana University of Pennsylvania, Pennsylvania	44,605	BB
North Carolina Turnpike Authority	44,195	BBB-
Total top 50 U.S. public finance exposures	**$ 8,459,194**	

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

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

Assured Guaranty Corp.

Largest Exposures by Sector (2 of 3)

As of March 31, 2021

(dollars in thousands)

25 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating(1)
SLM Student Loan Trust 2007-A	$ 275,509	A+
Fortress Credit Opportunities VII CLO Limited	157,300	AA-
Private US Insurance Securitization	155,662	AA-
Private US Insurance Securitization	150,000	AA
Private US Insurance Securitization	150,000	AA-
ABPCI Direct Lending Fund CLO I Ltd	135,200	A
Private US Insurance Securitization	121,644	AA-
Private US Insurance Securitization	115,797	AA
Option One Mortgage Loan Trust 2007-HL1	106,073	CCC
SLM Student Loan Trust 2006-C	102,663	AA-
Argent Securities Inc. 2005-W4	92,618	CCC
New Century Home Equity Loan Trust 2006-1	83,340	AAA
Preferred Term Securities XXIV, Ltd.	68,942	AA-
ALESCO Preferred Funding XIII, Ltd.	67,584	AAA
Soundview Home Equity Loan Trust 2006-OPT1	64,420	AAA
CWALT Alternative Loan Trust 2007-HY9	63,559	A+
Private Balloon Note Guarantee	59,500	BBB
OwnIt Mortgage Loan ABS Certificates 2006-3	57,520	AAA
CAPCO - Excess SIPC Excess of Loss Reinsurance	53,550	BBB
Structured Asset Investment Loan Trust 2006-1	52,905	AAA
Preferred Term Securities XXIII	50,002	AA
Alesco Preferred Funding XVI, Ltd.	46,774	A
ALESCO Preferred Funding XII, Ltd.	45,536	AAA
Sonic Capital LLC 2020-1	39,948	BBB
Countrywide Home Equity Loan Trust 2007-D	38,743	BBB-
Total top 25 U.S. structured finance exposures	**$ 2,354,789**	

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

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

Assured Guaranty Corp.

Largest Exposures by Sector (3 of 3)

As of March 31, 2021

(dollars in thousands)

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

Credit Name	Country	Net Par Outstanding	Internal Rating
South Lanarkshire Schools	United Kingdom	$ 344,015	BBB
International Infrastructure Pool	United Kingdom	243,439	AAA
International Infrastructure Pool	United Kingdom	243,439	AAA
International Infrastructure Pool	United Kingdom	243,439	AAA
Thames Water Utilities Finance PLC	United Kingdom	200,100	BBB
National Grid Gas PLC	United Kingdom	195,706	BBB+
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	160,483	BBB-
Sydney Airport Finance Company	Australia	154,877	BBB+
Mighty River Power, New Zealand	New Zealand	149,828	BBB+
Northumbrian Water PLC	United Kingdom	144,564	BBB+
Private International Residential Mortgage Transaction	United Kingdom	137,830	A
Wessex Water Services Finance plc	United Kingdom	133,864	AA
Regione Lazio	Italy	126,052	BBB-
M77 - Glasgow Southern Orbital PFI Road Project	United Kingdom	117,789	BBB-
Channel Link Enterprises Finance PLC	France, United Kingdom	111,873	BBB
Anglian Water Services Financing PLC	United Kingdom	107,655	A-
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	98,829	AAA
National Grid Company PLC	United Kingdom	94,148	BBB+
Ancora (OAHS) Pty Ltd.	Australia	90,530	BBB
United Utilities Water PLC	United Kingdom	90,524	BBB+
Yorkshire Water Services Finance Plc	United Kingdom	89,958	A-
Southern Gas Networks PLC	United Kingdom	88,030	BBB
Sociedad Concesionaria Autopista Vespucio Sur S.A., Chile	Chile	82,705	BBB
Envestra Limited	Australia	81,999	A-
Southern Water Services Limited	United Kingdom	68,935	BBB
Private Other Structured Finance Transaction	Guatemala	67,875	BBB-
Dwr Cymru Financing Limited	United Kingdom	67,337	A-
BBI (DBCT) Finance Pty Limited	Australia	54,326	BBB
Societe des Autoroutes du Nord et de l'est de la France S.A.	France	50,853	BBB+
Electricity North West Ltd	United Kingdom	49,584	BBB+
Capital Hospitals (Issuer) PLC	United Kingdom	48,445	BBB-
Sociedad Concesionaria Autopista del Bosque S.A., Chile	Chile	46,498	BBB-
Severn Trent Water Utilities Finance Plc	United Kingdom	36,876	BBB+
Feria Muestrario Internacional de Valencia	Spain	35,683	BBB-
Breeze Finance S.A.	Germany	35,509	B-
Newcastle Hospitals PFI Project	United Kingdom	34,770	BB+
ALBA 2005-1 PLC	United Kingdom	34,473	AAA
Quebec Province	Canada	33,093	AA-
Southern Electric Power Distribution Plc	United Kingdom	27,566	BBB+
Derby Healthcare PLC	United Kingdom	24,496	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	23,187	BBB+
Western Power Distribution (South West) PLC	United Kingdom	21,562	BBB+
Verdun Participations 2 S.A.S.	France	19,882	BBB-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	16,789	BBB+
Scotland Gas Networks plc	United Kingdom	16,631	BBB
MPC Funding Limited	Australia	15,962	BBB+
South Tees	United Kingdom	15,142	BBB+
Private Commercial Receivable Transaction	Refer to Note 1	13,453	AAA
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	11,169	BBB
Central Nottinghamshire Hospitals PLC	United Kingdom	11,015	BBB
Total top 50 non-U.S. exposures		**$ 4,412,787**	

1) Primarily United Kingdom, Canada, Aruba, Bulgaria and Iceland.

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 Three Months Ended March 31,	As of and for Year Ended December 31,			
	2021	2020	2019	2018	2017
Claims-Paying Resources[1]					
Policyholders' surplus	$ 1,672,175	$ 1,716,777	$ 1,775,111	$ 1,792,961	$ 2,073,166
Contingency reserve	619,208	617,634	621,131	628,738	641,930
Qualified statutory capital	**2,291,383**	**2,334,411**	**2,396,242**	**2,421,699**	**2,715,096**
Unearned premium reserve and net deferred ceding commission income	364,644	363,452	430,665	483,836	353,554
Loss and LAE reserves	60,145	13,118	150,811	236,295	135,023
Total policyholders' surplus and reserves	**2,716,172**	**2,710,981**	**2,977,718**	**3,141,830**	**3,203,673**
Present value of installment premium	183,730	189,445	187,369	167,058	153,082
CCS	200,000	200,000	200,000	200,000	200,000
Excess of loss reinsurance facility	—	—	—	180,000	180,000
Total claims-paying resources (including proportionate MAC ownership for AGC)	**3,099,902**	**3,100,426**	**3,365,087**	**3,688,888**	**3,736,755**
Adjustment for MAC	234,992	234,852	239,643	281,013	292,179
Total claims-paying resources (excluding proportionate MAC ownership for AGC)	**$ 2,864,910**	**$ 2,865,574**	**$ 3,125,444**	**$ 3,407,875**	**$ 3,444,576**
Ratios:					
Net par outstanding to qualified statutory capital	11:1	11:1	13:1	15:1	13:1
Capital ratio	16:1	16:1	19:1	22:1	20:1
Financial resources ratio	12:1	12:1	14:1	14:1	14:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGC)	8:1	8:1	9:1	10:1	10:1
Other Financial Information (Statutory Basis)[2]					
Net debt service outstanding (end of period)	$ 37,225,575	$38,015,005	$45,707,258	$53,213,108	$53,437,089
Gross debt service outstanding (end of period)	49,864,759	50,842,602	60,496,257	70,087,190	67,864,890
Net par outstanding (end of period)	24,831,039	25,377,477	30,069,673	35,545,662	35,743,672
Gross par outstanding (end of period)	33,582,282	34,273,962	40,158,338	47,201,518	45,664,045
Ceded to Assured Guaranty affiliates	8,725,734	8,870,984	9,989,191	11,556,382	9,845,784
Gross debt service written:					
Public finance - U.S.	$ 310,816	$ —	$ 922,886	$10,932,113	$ 14,582
Public finance - non-U.S.	—	—	663,929	6,369,827	—
Structured finance - U.S.	47,794	508,015	1,703,593	1,190,662	55,955
Structured finance - non-U.S.	—	—	—	230,439	326
Total gross debt service written	$ 358,610	$ 508,015	$ 3,290,408	$18,723,041	$ 70,863

1) See page 8 for additional detail on claims-paying resources and exposure.
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, 2020.

Public Finance:

General Obligation Bonds are full faith and credit obligations 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 ad valorem 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. They include tax-backed revenue bonds, general fund obligations and lease revenue bonds. Tax-backed obligations may be secured by a lien on specific pledged tax revenues, such as a gasoline or excise 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. Bonds in this category also include moral obligations of municipalities or governmental authorities.

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.

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

Glossary (continued)

***Sectors* (continued)**

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

Renewable Energy Bonds are obligations backed by renewable energy sources, such as solar, wind farm, hydroelectric, geothermal and fuel cell.

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

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

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

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

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

Structured Finance:

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

Residential Mortgage-Backed Securities (RMBS) are obligations backed by closed-end and open-end first and second lien mortgage loans on one-to-four family residential properties, including condominiums and cooperative apartments. First lien mortgage loan products in these transactions include fixed rate, adjustable rate (ARM) and option adjustable-rate (Option ARM) mortgages. 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, usually as determined by credit score and/or credit history. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

Additional insured obligations within RMBS include Home Equity Lines of Credit (HELOCs), which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral consisting of home equity lines of credit. U.S. Prime First Lien is a type of residential mortgage-backed securities transaction backed primarily by prime first-lien loan collateral plus an insignificant amount of other miscellaneous RMBS transactions.

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

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

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

Non-GAAP Financial Measures

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

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

GAAP requires the Company to consolidate:

- certain FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and
- certain investment vehicles for which the Company is deemed the primary beneficiary.

The Company provides the effect of VIE 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 of each of the consolidated FG VIEs and CIVs is reflected primarily in the results of the Insurance segment.

Management and the Board of Directors use non-GAAP financial measures further adjusted to remove the effect of VIE 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 core financial measures that the Company uses to help determine compensation are: (1) adjusted operating income, further adjusted to remove the effect of VIE consolidation, (2) adjusted operating shareholders' equity, further adjusted to remove the effect of VIE consolidation, (3) growth in adjusted book value per share, further adjusted to remove the effect of VIE 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 VIE 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 VIE consolidation to evaluate the Company's capital adequacy.

Adjusted operating income, further adjusted for the effect of VIE 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 AGL, 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 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 AGL, as reported under GAAP, adjusted for the following:

1) Elimination of non-credit-impairment 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) (excluding foreign exchange remeasurement). 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 should 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 VIE consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in adjusted book value per share, further adjusted for VIE 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 value of the present value of estimated net future revenue for contracts other than financial guaranty insurance contracts (such as specialty insurance and reinsurance contracts and credit derivatives). This amount represents the net present value of estimated future revenue from these contracts (other than credit derivatives with net expected losses), net of reinsurance, ceding commissions and premium taxes.

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

PVP or Present Value of New Business Production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as additional installment premium 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), whether in insurance or credit derivative contract 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 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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