

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Municipal Corp.

March 31, 2024

ASSURED GUARANTY[®]

MUNICIPAL

Assured Guaranty Municipal Corp.

March 31, 2024

Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2023 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024. 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," or "Consolidated AGM," shall mean Assured Guaranty Municipal Corp. (AGM) and its consolidated entities (consisting primarily of Assured Guaranty UK Limited. (AGUK), Assured Guaranty (Europe) SA, AG Asset Strategies LLC (AGAS) certain variable interest entities. Certain prior year balances have been reclassified to conform to the current year's presentation.

Cautionary Statement Regarding Forward Looking Statements

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) significant changes in inflation, interest rates, the world's credit markets or segments thereof, credit spreads, foreign exchange rates or general economic conditions, including the possibility of a recession or stagflation; (2) geopolitical risk, including Russia's invasion of Ukraine and risk of intentional or accidental escalation between The North Atlantic Treaty Organization (NATO) and Russia, conflict in the Middle East, confrontation over Iran's nuclear program, U.S. – China strategic competition and pursuit of technological independence; (3) global terrorism risk with threats increasing from conflicts in the Middle East and Ukraine/Russia, and the polarized political environment of the 2024 U.S. presidential election; (4) the impacts of artificial intelligence, machine learning and other technological advances, including potentially increasing the risks of malicious cyber attacks, dissemination of misinformation, and disruption of markets; (5) the possibility of a U.S. government shutdown, payment defaults on the debt of the U.S. government or instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, and downgrades to their credit ratings; (6) public health crises, including pandemics and endemics, and the governmental and private actions taken in response to such events; (7) developments in the world's financial and capital markets, including stresses in the financial condition of banking institutions in the U.S. and the possibility that increasing participation of unregulated financial institutions in these markets results in losses or lower valuations of assets, reduced liquidity and credit and/or contraction of these markets, that adversely affect repayment rates of insured obligors, Assured Guaranty's insurance loss or recovery experience, or investments of Assured Guaranty; (8) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (9) the possibility that budget or pension shortfalls or other factors will result in credit losses or liquidity claims on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (10) insured losses, including losses with respect to related legal proceedings, in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the final resolution of Assured Guaranty's Puerto Rico Electric Power Authority exposure or the amounts recovered on securities received in connection with the resolution of Puerto Rico exposures already resolved; (11) the impact of the Company satisfying its obligations under insurance policies with respect to legacy insured Puerto Rico bonds; (12) increased competition, including from new entrants into the financial guaranty industry, nonpayment insurance and other forms of capital saving or risk syndication available to banks and insurers; (13) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity, or to other negative or unanticipated consequences; (14) the impacts of Assured Guaranty's transactions with Sound Point Capital Management, LP (Sound Point, LP) and certain of its investment management affiliates (together with Sound Point, LP, Sound Point) and/or Assured Healthcare Partners LLC (AHP) on Assured Guaranty and its relationships with its shareholders, regulators, rating agencies, employees and the obligors it insures and on the asset management business contributed to Sound Point, LP and on the business of AHP and their relationships with their respective clients and employees; (15) the possibility that strategic transactions made by Assured Guaranty, including the consummation of the transactions with Sound Point and/or AHP, do not result in the benefits anticipated or subject Assured Guaranty to negative consequences; (16) the inability to control the business, management or policies of entities in which the Company holds a minority interest; (17) the impact of market volatility on the fair value of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, contracts accounted for as derivatives, its committed capital securities, its consolidated investment vehicles and certain consolidated variable interest entities (VIEs); (18) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's insurance subsidiaries have insured; (19) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (20) changes in applicable accounting policies or practices; (21) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (22) difficulties with the execution of Assured Guaranty's business strategy; (23) loss of key personnel; (24) the effects of mergers, acquisitions and divestitures; (25) natural or man-made catastrophes; (26) the impact of climate change on Assured Guaranty's business and regulatory actions taken related to such risk; (27) other risk factors identified in AGL's filings with the U.S. SEC; (28) other risks and uncertainties that have not been identified at this time; and (29) management's response to these factors. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Assured Guaranty Municipal Corp.

Selected Financial Highlights (1 of 2)

(dollars in millions)

	Three Months Ended	
	March 31,	
	2024	2023
GAAP⁽¹⁾ Highlights		
Net income (loss) attributable to AGM	\$ 70	\$ 73
Gross written premiums (GWP)	48	58
Effective tax rate on net income	19.5 %	18.4 %
GAAP return on equity (ROE) ⁽²⁾	7.2 %	7.6 %
Non-GAAP Highlights⁽³⁾		
Adjusted operating income (loss) ⁽³⁾	\$ 82	\$ 64
Present value of new business production (PVP) ⁽³⁾	49	52
Gross par written	3,360	3,358
Effective tax rate on adjusted operating income ⁽⁴⁾	19.2 %	18.9 %
Adjusted operating ROE ⁽²⁾⁽³⁾	8.0 %	6.2 %
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	\$ 31	\$ 1
Net income effect	24	1
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues ⁽⁵⁾ , pre-tax	31	1
Adjusted operating income ⁽⁵⁾ effect	24	1

1) Accounting principles generally accepted in the United States of America (GAAP).

2) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.

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

4) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.

5) Condensed consolidated statement of operations items mentioned in this Financial Supplement that are described as operating (i.e. operating net earned premiums) are non-GAAP measures and represent components of adjusted operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Municipal Corp.

Selected Financial Highlights (2 of 2)

(dollars in millions)

	As of	
	March 31, 2024	December 31, 2023
Shareholder's equity attributable to AGM	\$ 3,919	\$ 3,906
Adjusted operating shareholder's equity ⁽¹⁾	4,121	4,094
Adjusted book value ⁽¹⁾	5,870	5,872
Gain (loss) related to financial guaranty variable interest entities (FG VIEs) consolidation included in:		
Adjusted operating shareholder's equity	1	1
Adjusted book value	(7)	(5)
Exposure		
Financial guaranty net debt service outstanding	\$ 259,923	\$ 261,931
Financial guaranty net par outstanding:		
Investment grade	158,486	159,114
Below-investment-grade (BIG)	3,473	3,646
Total	\$ 161,959	\$ 162,760
Claims-paying resources ⁽²⁾	\$ 6,281	\$ 6,351

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 Municipal Corp.
Condensed Consolidated Statements of Operations (unaudited)
(dollars in millions)

	Three Months Ended	
	March 31,	
	2024	2023
Revenues		
Net earned premiums	\$ 76	\$ 52
Net investment income	51	46
Net realized investment gains (losses)	(2)	3
Fair value gains (losses) on committed capital securities (CCS)	(5)	(7)
Fair value gains (losses) on FG VIEs	(1)	(2)
Fair value gains (losses) on consolidated investment vehicles (CIVs)	15	—
Foreign exchange gains (losses) on remeasurement	(9)	16
Fair value gains (losses) on trading securities	8	(1)
Change in ceded funds held	(2)	(3)
Other income (loss)	(2)	3
Total revenues	129	107
Expenses		
Loss and loss adjustment expense (LAE) (benefit)	(1)	(9)
Employee compensation and benefit expenses	33	25
Other expenses	19	19
Total expenses	51	35
Income (loss) before income taxes and equity in earnings (losses) of investees	78	72
Equity in earnings (losses) of investees	23	30
Income (loss) before income taxes	101	102
Less: Provision (benefit) for income taxes	20	19
Net income (loss)	81	83
Less: Noncontrolling interests	11	10
Net income (loss) attributable to AGM	\$ 70	\$ 73

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

	As of	
	March 31, 2024	December 31, 2023
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 3,092	\$ 3,202
Fixed-maturity securities, trading, at fair value	82	107
Short-term investments, at fair value	1,200	1,224
Surplus note of affiliate, held-to-maturity, at amortized cost	300	300
Equity method investments	471	411
Other invested assets, at fair value	3	2
Total investments	5,148	5,246
Cash	41	21
Loans receivable from affiliate	163	163
Premiums receivable	1,082	1,103
Ceded unearned premium reserve	744	745
Reinsurance recoverable on unpaid losses	68	72
Salvage and subrogation recoverable	253	256
FG VIEs' assets	157	271
Assets of CIVs	290	284
Other assets	216	240
Total assets	\$ 8,162	\$ 8,401
Liabilities		
Unearned premium reserve	\$ 2,992	\$ 3,030
Loss and LAE reserve	186	244
Reinsurance balances payable, net	279	287
FG VIEs' liabilities, at fair value	207	321
Other liabilities	233	278
Total liabilities	3,897	4,160
Shareholder's equity		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	702	702
Retained earnings	3,450	3,427
Accumulated other comprehensive income (loss)	(248)	(238)
Total shareholder's equity attributable to AGM	3,919	3,906
Noncontrolling interests	346	335
Total shareholder's equity	4,265	4,241
Total liabilities and shareholder's equity	\$ 8,162	\$ 8,401

Assured Guaranty Municipal Corp.

Adjusted Operating Income Adjustments and Effect of FG VIE and CIV Consolidation (dollars in millions)

Adjusted Operating Income Adjustments and Effect of FG VIE and CIV Consolidation

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Adjusted Operating Income Adjustments ⁽¹⁾	Effect of FG VIE and CIV Consolidation ⁽²⁾	Adjusted Operating Income Adjustments ⁽¹⁾	Effect of FG VIE Consolidation ⁽²⁾
Adjustments to revenues:				
Net earned premiums	\$ —	\$ (1)	\$ —	\$ (1)
Net investment income	—	—	—	(1)
Net realized investment gains (losses)	(2)	—	3	—
Fair value gains (losses) on CCS	(5)	—	(7)	—
Fair value gains (losses) on FG VIEs	—	(1)	—	(2)
Fair value gains (losses) on CIVs	—	15	—	—
Foreign exchange gains (losses) on remeasurement	(8)	—	16	—
Change in ceded funds held	—	—	(1)	—
Total revenue adjustments	<u>(15)</u>	<u>13</u>	<u>11</u>	<u>(4)</u>
Adjustments to expenses:				
Loss expense	—	(2)	—	—
Total expense adjustments	<u>—</u>	<u>(2)</u>	<u>—</u>	<u>—</u>
Pre-tax adjustments	<u>(15)</u>	<u>15</u>	<u>11</u>	<u>(4)</u>
Add: Equity in earnings (losses) of investees	—	(15)	—	—
Less: Tax effect of adjustments	(3)	—	2	(1)
After-tax adjustments	<u>\$ (12)</u>	<u>\$ —</u>	<u>\$ 9</u>	<u>\$ (3)</u>

- 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 and CIV 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 Municipal Corp.
Selected Financial Highlights
GAAP to Non-GAAP Reconciliations (1 of 2)
(dollars in millions)

Adjusted Operating Income Reconciliation

	Three Months Ended	
	March 31,	
	2024	2023
Net income (loss) attributable to AGM	\$ 70	\$ 73
Less pre-tax adjustments:		
Realized gains (losses) on investments ⁽¹⁾	(2)	2
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives ⁽²⁾	—	—
Fair value gains (losses) on CCS	(5)	(7)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(8)	16
Total pre-tax adjustments	(15)	11
Less tax effect on pre-tax adjustments	3	(2)
Adjusted operating income (loss)	\$ 82	\$ 64

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

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

ROE Reconciliation and Calculation

	As of			
	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
	Shareholder's equity attributable to AGM	\$ 3,919	\$ 3,906	\$ 3,903
Adjusted operating shareholder's equity	4,121	4,094	4,136	4,097
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholder's equity	1	1	(6)	(2)

	Three Months Ended	
	March 31,	
	2024	2023
Net income (loss) attributable to AGM	\$ 70	\$ 73
Adjusted operating income (loss)	82	64
Average shareholder's equity attributable to AGM	\$ 3,913	\$ 3,859
Average adjusted operating shareholder's equity	4,108	4,117
Gain (loss) related to FG VIE consolidation included in average adjusted operating shareholder's equity	1	(4)
GAAP ROE ⁽¹⁾	7.2 %	7.6 %
Adjusted operating ROE ⁽¹⁾	8.0 %	6.2 %

1) Quarterly ROE calculations represent annualized returns.

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

Assured Guaranty Municipal Corp.
Selected Financial Highlights
GAAP to Non-GAAP Reconciliations (2 of 2)
(dollars in millions)

	As of			
	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Reconciliation of shareholder's equity attributable to AGM to adjusted book value:				
Shareholder's equity attributable to AGM	\$ 3,919	\$ 3,906	\$ 3,903	\$ 3,815
Less pre-tax reconciling items:				
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	—	(1)	(1)	(1)
Fair value gains (losses) on CCS	1	6	16	22
Unrealized gain (loss) on investment portfolio	(241)	(229)	(284)	(346)
Less taxes	38	36	36	43
Adjusted operating shareholder's equity	4,121	4,094	4,136	4,097
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(60)	(63)	(62)	(57)
Plus: Net present value of estimated net future revenue	2	2	2	3
Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed	2,165	2,199	2,256	2,295
Plus taxes	(478)	(486)	(484)	(492)
Adjusted book value	<u>\$ 5,870</u>	<u>\$ 5,872</u>	<u>\$ 5,972</u>	<u>\$ 5,960</u>
Gain (loss) related to FG VIE consolidation included in:				
Adjusted operating shareholder's equity (net of tax (provision) benefit of \$0, \$0, \$2, and \$1)	\$ 1	\$ 1	\$ (6)	\$ (2)
Adjusted book value (net of tax (provision) benefit of \$2, \$2, \$4, and \$3)	\$ (7)	\$ (5)	\$ (13)	\$ (10)

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

Assured Guaranty Municipal Corp.

Claims-Paying Resources

(dollars in millions)

	As of	
	March 31, 2024	December 31, 2023
Claims-paying resources		
Policyholders' surplus	\$ 2,665	\$ 2,646
Contingency reserve	892	876
Qualified statutory capital	3,557	3,522
Unearned premium reserve and net deferred ceding commission income ⁽¹⁾	2,036	2,077
Loss and LAE reserves ⁽¹⁾⁽⁵⁾	—	7
Total policyholders' surplus and reserves	5,593	5,606
Present value of installment premium ⁽¹⁾	488	545
CCS	200	200
Total claims-paying resources	\$ 6,281	\$ 6,351
Statutory net par outstanding ⁽²⁾	\$ 160,856	\$ 161,630
Net debt service outstanding ⁽²⁾	258,785	260,771
Ratios:		
Statutory net par outstanding to qualified statutory capital	45:1	46:1
Capital ratio ⁽³⁾	73:1	74:1
Financial resources ratio ⁽⁴⁾	41:1	41:1
Statutory net par outstanding to claims-paying resources	26:1	25:1

1) The numbers shown for AGM have been adjusted to include 100% share of its United Kingdom (U.K.) and French insurance subsidiaries.

2) Net par outstanding and net debt service outstanding are presented on a statutory basis.

3) The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.

4) The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.

5) Loss and LAE reserves exclude adjustments to claims-paying resources for AGM because the balance was in a net recoverable position of \$32 million as of March 31, 2024.

Assured Guaranty Municipal Corp.

New Business Production

(dollars in millions)

Reconciliation of GWP to PVP for the Three Months Ended March 31, 2024 and March 31, 2023

	Three Months Ended March 31, 2024					Three Months Ended March 31, 2023				
	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	\$ 44	\$ 1	\$ 1	\$ 2	\$ 48	\$ 22	\$ 35	\$ 1	\$ —	\$ 58
Less: Installment GWP and other GAAP adjustments ⁽¹⁾	12	1	1	2	16	7	33	1	—	41
Upfront GWP	32	—	—	—	32	15	2	—	—	17
Plus: Installment premiums and other	11	1	2	3	17	7	28	—	—	35
Total PVP	\$ 43	\$ 1	\$ 2	\$ 3	\$ 49	\$ 22	\$ 30	\$ —	\$ —	\$ 52
 Gross par written	 \$ 2,909	 \$ —	 \$ 149	 \$ 302	 \$ 3,360	 \$ 2,906	 \$ 360	 \$ 21	 \$ 71	 \$ 3,358

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

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

Assured Guaranty Municipal Corp.

Gross Par Written

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31,	
	2024	2023
Sector:		
U.S. public finance:		
General obligation	\$ 1,162	\$ 1,410
Transportation	642	36
Tax backed	571	102
Municipal utilities	418	765
Healthcare	116	388
Higher education	—	205
Total U.S. public finance	2,909	2,906
Non-U.S. public finance:		
Regulated utilities	—	107
Sovereign and sub-sovereign	—	253
Total non-U.S. public finance	—	360
Total public finance	2,909	3,266
U.S. structured finance:		
Subscription finance facilities	149	21
Total U.S. structured finance	149	21
Non-U.S. structured finance:		
Subscription finance facilities	302	71
Total non-U.S. structured finance	302	71
Total structured finance	451	92
Total gross par written	\$ 3,360	\$ 3,358

Please refer to the Glossary for a description of sectors.

Assured Guaranty Municipal Corp.

Investment Portfolio, Cash and CIVs

(dollars in millions)

Carrying Value as of March 31, 2024				
	AGM Consolidated (Excluding AGAS)	AGAS (stand-alone)	Consolidations/ Eliminations	AGM Consolidated
Fixed-maturity securities, available-for-sale	\$ 3,092	\$ —	\$ —	3,092
Fixed-maturity securities, trading ⁽¹⁾	82	—	—	82
Short-term investments	865	335	—	1,200
Surplus note of affiliate	300	—	—	300
Equity method investments:				
Collateralized loan obligations (CLOs)	—	317	(233)	84
Healthcare	—	137	—	137
Asset-based/specialty finance	—	175	(51)	124
Middle market direct lending	—	3	—	3
Other	123	—	—	123
Total equity method investments	123	632	(284)	471
Other invested assets	3	—	—	3
Cash	36	5	—	41
Total investment portfolio and cash	\$ 4,501	\$ 972	\$ (284)	\$ 5,189
CIVs ⁽²⁾				
Assets of CIVs	—	—	290	290
Liabilities of CIVs ⁽³⁾	—	—	(3)	(3)
Noncontrolling interests	—	—	(3)	(3)
Total CIVs	\$ —	\$ —	\$ 284	\$ 284

Carrying Value as of December 31, 2023				
	AGM Consolidated (Excluding AGAS)	AGAS (stand-alone)	Consolidations/ Eliminations	AGM Consolidated
Fixed-maturity securities, available-for-sale	\$ 3,202	\$ —	\$ —	3,202
Fixed-maturity securities, trading ⁽¹⁾	107	—	—	107
Short-term investments	855	369	—	1,224
Surplus note of affiliate	300	—	—	300
Equity method investments:				
CLOs	—	302	(223)	79
Healthcare	—	102	—	102
Asset-based/specialty finance	—	166	(54)	112
Middle market direct lending	—	1	—	1
Other	117	—	—	117
Total equity method investments	117	571	(277)	411
Other invested assets	2	—	—	2
Cash	21	—	—	21
Total investment portfolio and cash	\$ 4,604	\$ 940	\$ (277)	\$ 5,267
CIVs ⁽²⁾				
Assets of CIVs	—	—	284	284
Liabilities of CIVs ⁽³⁾	—	—	(4)	(4)
Noncontrolling interests	—	—	(3)	(3)
Total CIVs	\$ —	\$ —	\$ 277	\$ 277

- 1) Represents contingent value instruments (CVIs) received in connection with 2022 Puerto Rico Resolutions (see page 21). These securities are not rated.
- 2) In connection with the Sound Point and AHP transactions in July 2023, the Company re-evaluated the consolidation conclusions for all Sound Point and AHP entities in which it had a variable interest and determined that the Company was the primary beneficiary (in accordance with GAAP) for two funds (Sound Point CLO Warehouse Fund (US) L.P. and Sound Point Asset Backed Income Fund (US) L.P.). Therefore, these two funds were consolidated in July 2023.
- 3) Included in "other liabilities" in the condensed consolidated balance sheets.

Assured Guaranty Municipal Corp.
Fixed-Maturity Securities, Short-Term Investments and Cash
As of March 31, 2024
(dollars in millions)

	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ⁽¹⁾
Fixed-maturity securities, available-for-sale:						
Obligations of state and political subdivisions ⁽²⁾	\$ 1,173	\$ —	3.29 %	3.01 %	\$ 1,134	\$ 39
U.S. government securities	36	—	1.97	1.56	31	1
Corporate securities	1,209	(3)	2.45	2.15	1,087	29
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) ⁽²⁾	294	(20)	5.66	4.47	217	17
Commercial mortgage-backed securities	97	—	3.82	3.02	95	4
Asset-backed securities (ABS):						
CLOs	349	—	7.55	5.96	348	26
Other ABS ⁽²⁾	102	(2)	5.43	4.58	97	5
Non-U.S. government securities	99	—	1.11	1.10	83	1
Fixed-maturity securities, available-for-sale	<u>3,359</u>	<u>(25)</u>	<u>3.64</u>	<u>3.11</u>	<u>3,092</u>	<u>122</u>
Short-term investments	1,200	—	5.19	4.15	1,200	63
Cash ⁽³⁾	41	—	—	—	41	—
Total	<u><u>\$ 4,600</u></u>	<u><u>\$ (25)</u></u>	<u><u>4.05 %</u></u>	<u><u>3.38 %</u></u>	<u><u>\$ 4,333</u></u>	<u><u>\$ 185</u></u>

Fixed-maturity securities, trading ⁽⁵⁾ \$ 82

Ratings ⁽⁴⁾:	Fair Value	% of Portfolio
U.S. government securities	\$ 31	1.1 %
AAA/Aaa	548	17.7
AA/Aa	1,129	36.5
A/A	858	27.7
BBB	351	11.4
BIG	158	5.1
Not rated	17	0.5
Total fixed-maturity securities, available-for-sale	<u><u>\$ 3,092</u></u>	<u><u>100.0 %</u></u>

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

2.6

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 3) Cash is not included in the yield calculation.
- 4) Ratings are represented by the lower of the Moody's Ratings or S&P Global Ratings Services classifications except for purchased securities that it has insured, and for which it had expected losses to be paid (Loss Mitigation Securities) and certain other securities, which use internal ratings classifications. Loss mitigation and other securities total \$345 million in par with carrying value of \$176 million and are primarily included in the BIG category.
- 5) Represents CVIs received in connection with 2022 Puerto Rico Resolutions (see page 21). These securities are not rated.

Assured Guaranty Municipal Corp.

Estimated Net Exposure Amortization ⁽¹⁾ and Estimated Future Financial Guaranty Net Premium and Credit Derivative Revenues (dollars in millions)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ⁽²⁾			Future Credit Derivative Revenues ⁽³⁾
			Expected PV Net Earned Premiums (i.e. Net Deferred Premium Revenue)	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	
2023 (as of March 31)		\$ 259,923				
2024 2Q	\$ 2,797	257,126	\$ 42	\$ 4	\$ 1	\$ —
2024 3Q	4,516	252,610	42	4	1	—
2024 4Q	3,165	249,445	41	4	1	—
2025	13,682	235,763	158	13	3	—
2026	13,870	221,893	149	13	2	1
2027	12,348	209,545	140	12	2	—
2028	12,479	197,066	133	12	2	—
2024-2028	62,857	197,066	705	62	12	1
2029-2033	58,750	138,316	554	50	10	1
2034-2038	45,995	92,321	392	37	8	—
2039-2043	33,164	59,157	252	25	—	—
After 2043	59,157	—	360	38	—	—
Total	\$ 259,923		\$ 2,263	\$ 212	\$ 30	\$ 2

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2024. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.

2) See also page 16, for "Net Expected Loss to be Expensed."

3) Represents expected future premiums on insured credit derivatives.

Assured Guaranty Municipal Corp.
Roll Forward of Net Expected Loss and LAE to be Paid
(dollars in millions)

Roll Forward of Net Expected Loss and LAE to be Paid ⁽¹⁾ for the Three Months Ended March 31, 2024

	Net Expected Loss to be Paid (Recovered) as of December 31, 2023	Net Economic Loss Development (Benefit) During 1Q-24	Net (Paid) Recovered Losses During 1Q-24	Net Expected Loss to be Paid (Recovered) as of March 31, 2024
Public Finance:				
U.S. public finance	\$ 112	\$ (2)	\$ (9)	\$ 101
Non-U.S. public finance	18	—	—	18
Public Finance	<u>130</u>	<u>(2)</u>	<u>(9)</u>	<u>119</u>
Structured Finance:				
U.S. RMBS	(13)	(3)	(40)	(56)
Other structured finance	4	—	—	4
Structured Finance	<u>(9)</u>	<u>(3)</u>	<u>(40)</u>	<u>(52)</u>
Total	<u>\$ 121</u>	<u>\$ (5)</u>	<u>\$ (49)</u>	<u>\$ 67</u>

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

Assured Guaranty Municipal Corp.

Loss Measures
As of March 31, 2024
(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended March 31, 2024		
		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	\$ 1,944	\$ (1)	\$ (1)	\$ (2)
Non-U.S. public finance	1,008	—	—	—
Public finance	<u>2,952</u>	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
Structured finance:				
U.S. RMBS	508	—	—	—
Other structured finance	13	—	—	—
Structured finance	<u>521</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 3,473</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ (2)</u>

- 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 Municipal Corp.

Net Expected Loss to be Expensed ⁽¹⁾

As of March 31, 2024

(dollars in millions)

	<u>GAAP</u>
2024 2Q	\$ 2
2024 3Q	1
2024 4Q	1
2025	6
2026	5
2027	6
2028	5
2024-2028	<u>26</u>
2029-2033	29
2034-2038	25
2039-2043	9
After 2043	<u>9</u>
Total expected present value of net expected loss to be expensed ⁽²⁾	98
Future accretion	(59)
Total expected future loss and LAE	<u>\$ 39</u>

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 4.14% to 5.33% for U.S. dollar denominated obligations.

2) Excludes \$20 million related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (1 of 3)

(dollars in millions)

Net Par Outstanding by Asset Type

	<u>As of March 31, 2024</u>	<u>As of December 31, 2023</u>
U.S. public finance:		
General obligation	\$ 51,332	\$ 51,078
Tax backed	22,243	22,278
Municipal utilities	20,078	20,662
Transportation	14,605	14,328
Healthcare	9,650	9,714
Higher education	5,020	5,033
Infrastructure finance	3,331	3,346
Housing revenue	795	795
Other public finance	242	243
Total U.S. public finance	<u>127,296</u>	<u>127,477</u>
Non-U.S. public finance:		
Infrastructure finance	11,835	12,138
Regulated utilities	11,407	11,474
Sovereign and sub-sovereign	7,989	8,165
Renewable energy	1,584	1,604
Total non-U.S. public finance	<u>32,815</u>	<u>33,381</u>
Total public finance	<u>160,111</u>	<u>160,858</u>
U.S. structured finance:		
RMBS	1,072	1,144
Financial products	468	464
Subscription finance facilities	15	9
Other structured finance	27	29
Total U.S. structured finance	<u>1,582</u>	<u>1,646</u>
Non-U.S. structured finance:		
RMBS	86	93
Subscription finance facilities	47	29
Other structured finance	133	134
Total non-U.S. structured finance	<u>266</u>	<u>256</u>
Total structured finance	<u>1,848</u>	<u>1,902</u>
Total net par outstanding	<u>\$ 161,959</u>	<u>\$ 162,760</u>

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (2 of 3)

As of March 31, 2024

(dollars in millions)

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	
	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 10	— %	\$ 781	2.4 %	\$ 266	16.8 %	\$ 143	53.8 %	\$ 1,200	0.8 %
AA	10,770	8.5	2,874	8.7	748	47.3	2	0.7	14,394	8.9
A	70,785	55.6	8,388	25.6	14	0.9	47	17.7	79,234	48.9
BBB	43,787	34.4	19,764	60.2	33	2.1	74	27.8	63,658	39.3
BIG	1,944	1.5	1,008	3.1	521	32.9	—	—	3,473	2.1
Net Par Outstanding ⁽¹⁾	\$ 127,296	100.0 %	\$ 32,815	100.0 %	\$ 1,582	100.0 %	\$ 266	100.0 %	\$ 161,959	100.0 %

1) As of March 31, 2024, the Company excluded \$505 million of net par primarily attributable to Loss Mitigation Securities.

Ceded Par Outstanding

	Ceded Par Outstanding ⁽¹⁾⁽²⁾	% of Total
Affiliated reinsurers	\$ 59,554	99.9 %
Non-affiliated reinsurers	56	0.1
Total	\$ 59,610	100.0 %

1) Of the total par ceded to BIG rated reinsurers, \$15 million is rated BIG.

2) The total collateral posted by all affiliated and non-affiliated reinsurers required to post or which had agreed to post collateral is approximately \$749 million.

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 Municipal Corp.

Financial Guaranty Profile (3 of 3)

As of March 31, 2024

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance		
California	\$ 23,380	14.4 %
Texas	14,996	9.3
New York	12,469	7.7
Pennsylvania	12,230	7.6
Illinois	8,739	5.4
Florida	6,028	3.7
New Jersey	5,882	3.6
Michigan	4,004	2.5
Louisiana	3,338	2.1
Ohio	2,357	1.5
Other	33,873	20.8
Total U.S public finance	127,296	78.6
U.S. structured finance (multiple states)	1,582	1.0
Total U.S.	128,878	79.6
Non-U.S.:		
United Kingdom	25,340	15.6
Canada	1,391	0.9
Spain	1,255	0.8
France	1,251	0.8
Australia	1,035	0.6
Other	2,809	1.7
Total non-U.S.	33,081	20.4
Total net par outstanding	\$ 161,959	100.0 %

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

Assured Guaranty Municipal Corp.
Expected Amortization of Net Par Outstanding
(dollars in millions)

	Public Finance		Structured Finance				Estimated Ending Net Par Outstanding
	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding	U.S. RMBS	Financial Products	Other Structured Finance	Total	
2023 (as of March 31)		\$ 160,111					\$ 1,848
2024 2Q	\$ 1,066	159,045	\$ 42	\$ 2	\$ 6	\$ 50	1,798
2024 3Q	2,752	156,293	43	(4)	7	46	1,752
2024 4Q	1,388	154,905	45	(7)	34	72	1,680
2025	6,853	148,052	157	31	34	222	1,458
2026	7,371	140,681	145	39	37	221	1,237
2027	6,211	134,470	138	(9)	51	180	1,057
2028	6,600	127,870	104	53	45	202	855
2024-2028	32,241	127,870	674	105	214	993	855
2029-2033	34,175	93,695	224	279	90	593	262
2034-2038	28,677	65,018	171	68	4	243	19
2039-2043	21,514	43,504	—	16	—	16	3
After 2043	43,504	—	3	—	—	3	—
Total	\$ 160,111		\$ 1,072	\$ 468	\$ 308	\$ 1,848	

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

Assured Guaranty Municipal Corp.

Puerto Rico Profile (1 of 2)

As of March 31, 2024

(dollars in millions)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	\$ 647	\$ 494	\$ 766	\$ 588

Exposure to Puerto Rico by Company ⁽¹⁾

	Net Par Outstanding	Gross Par Outstanding
Defaulted Puerto Rico Exposures		
Puerto Rico Electric Power Authority (PREPA)	\$ 377	\$ 496
Total Defaulted	377	496
Resolved Puerto Rico Exposures ⁽²⁾		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) (second-to-pay policies on affiliate exposure)	12	12
PRHTA (Highway revenue)	21	25
Total Resolved	33	37
Non-Defaulting Puerto Rico Exposures ⁽³⁾		
Puerto Rico Municipal Finance Agency (MFA)	84	114
Total Non-Defaulting	84	114
Total exposure to Puerto Rico	\$ 494	\$ 647

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations aggregating \$494 million net par outstanding as of March 31, 2024. Of that amount, \$482 million was rated BIG, while the remainder was rated AA because it relates to second-to-pay policies on obligations insured by Assured Guaranty Inc. (AG, formerly known as Assured Guaranty Corp.), an affiliate of the Company.

2) In 2022, the Company resolved its exposure to insured Puerto Rico credits experiencing payment default other than PREPA (2022 Puerto Rico Resolutions). In connection with the resolution of PRHTA exposures, the Company received cash, new bonds backed by toll revenues (Toll Bonds) and CVIs. In January 2024, \$91 million of the remaining PRHTA net par was paid down. All of the Toll Bonds received from the PRHTA under the 2022 Puerto Rico Resolutions for the insured PRHTA bonds have been sold or redeemed; therefore, the remaining amounts owed for such insured PRHTA bonds are payable in full by the Company's insurance subsidiaries under their financial guaranty policies and are no longer dependent on the credit of the PRHTA.

4) All debt service on these insured exposures have been paid to date without any insurance claim being made on the Company.

Assured Guaranty Municipal Corp.

Puerto Rico Profile (2 of 2)

As of March 31, 2024

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2024 (2Q)	2024 (3Q)	2024 (4Q)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034- 2036	Total
Defaulted Puerto Rico Exposures														
PREPA	\$ —	\$ 66	\$ —	\$ 53	\$ 57	\$ 59	\$ 29	\$ 30	\$ 24	\$ 59	\$ —	\$ —	\$ —	\$ 377
Total Defaulted	—	66	—	53	57	59	29	30	24	59	—	—	—	377
Resolved Puerto Rico Exposures														
PRHTA (Transportation revenue) (second-to-pay policies) ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	12	12
PRHTA (Highway revenue)	—	—	—	—	—	—	—	—	—	—	4	3	14	21
Total Resolved	—	—	—	—	—	—	—	—	—	—	4	3	26	33
Non-Defaulting Puerto Rico Exposures														
MFA	—	13	—	12	27	12	10	6	4	—	—	—	—	84
Total Non-Defaulting	—	13	—	12	27	12	10	6	4	—	—	—	—	84
Total	\$ —	\$ 79	\$ —	\$ 65	\$ 84	\$ 71	\$ 39	\$ 36	\$ 28	\$ 59	\$ 4	\$ 3	\$ 26	\$ 494

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2024 (2Q)	2024 (3Q)	2024 (4Q)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034- 2036	Total
Defaulted Puerto Rico Exposures														
PREPA	\$ 2	\$ 73	\$ 2	\$ 67	\$ 69	\$ 68	\$ 35	\$ 35	\$ 28	\$ 62	\$ —	\$ —	\$ —	\$ 441
Total Defaulted	2	73	2	67	69	68	35	35	28	62	—	—	—	441
Resolved Puerto Rico Exposures														
PRHTA (Transportation revenue) (second-to-pay policies) ⁽¹⁾	—	—	—	1	1	1	1	1	—	1	—	—	13	19
PRHTA (Highway revenue)	—	1	—	1	1	1	1	1	1	1	6	4	15	33
Total Resolved	—	1	—	2	2	2	2	2	1	2	6	4	28	52
Non-Defaulting Puerto Rico Exposures														
MFA	—	15	—	16	29	13	11	6	5	—	—	—	—	95
Total Non-Defaulting	—	15	—	16	29	13	11	6	5	—	—	—	—	95
Total	\$ 2	\$ 89	\$ 2	\$ 85	\$ 100	\$ 83	\$ 48	\$ 43	\$ 34	\$ 64	\$ 6	\$ 4	\$ 28	\$ 588

1) Represents exposure in which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.

Assured Guaranty Municipal Corp.
Credit Derivative Net Par Outstanding Profile
As of March 31, 2024
(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AA	\$ 18	14.1 %
A	39	30.5
BBB	71	55.4
Total credit derivative net par outstanding ⁽¹⁾	\$ 128	100.0 %

1) Represents U.S. public finance.

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (1 of 3)

(dollars in millions)

BIG Exposures by Asset Exposure Type

	As of	
	March 31, 2024	December 31, 2023
U.S. public finance:		
Healthcare	\$ 897	\$ 897
Municipal utilities	558	558
General obligation	148	149
Tax backed	108	196
Transportation	79	80
Higher education	69	70
Other public finance	85	85
Total U.S. public finance	1,944	2,035
Non-U.S. public finance:		
Infrastructure finance	749	767
Renewable energy	217	222
Sovereign and sub-sovereign	42	43
Total non-U.S. public finance	1,008	1,032
Total public finance	2,952	3,067
U.S. structured finance:		
RMBS	508	565
Other structured finance	13	14
Total U.S. structured finance	521	579
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	521	579
Total BIG net par outstanding	\$ 3,473	\$ 3,646

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 Municipal Corp.
Below Investment Grade Exposures (2 of 3)
(dollars in millions)

Net Par Outstanding by BIG Category ⁽¹⁾

	As of	
	March 31, 2024	December 31, 2023
BIG Category 1		
U.S. public finance	\$ 776	\$ 780
Non-U.S. public finance	1,008	1,032
U.S. structured finance	2	1
Non-U.S. structured finance	—	—
Total BIG Category 1	<u>1,786</u>	<u>1,813</u>
BIG Category 2		
U.S. public finance	720	719
Non-U.S. public finance	—	—
U.S. structured finance	12	13
Non-U.S. structured finance	—	—
Total BIG Category 2	<u>732</u>	<u>732</u>
BIG Category 3		
U.S. public finance	448	536
Non-U.S. public finance	—	—
U.S. structured finance	507	565
Non-U.S. structured finance	—	—
Total BIG Category 3	<u>955</u>	<u>1,101</u>
BIG Total	<u>\$ 3,473</u>	<u>\$ 3,646</u>

1) The Company's surveillance department is responsible for monitoring the 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 Municipal Corp.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2024

(dollars in millions)

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

Name or description	Net Par Outstanding	Internal Rating ⁽¹⁾	60+ Day Delinquencies
U.S. public finance:			
ProMedica Healthcare Obligated Group, Ohio	\$ 682	BB-	
Puerto Rico Electric Power Authority	377	CCC	
OU Health (Medicine), Oklahoma	211	BB+	
Jackson Water & Sewer System, Mississippi	94	BB	
Puerto Rico Municipal Finance Agency	84	CCC	
New Jersey City University	63	BB	
Harrisburg Parking System, Pennsylvania	61	B	
Total U.S. public finance	1,572		
Non-U.S. public finance:			
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	521	B+	
Q Energy - Phase III - FSL Issuer, S.A.U.	217	BB	
Dartford & Gravesham NHS Trust The Hospital Company (Dartford) Plc	118	BB+	
Road Management Services PLC (A13 Highway)	110	B+	
Total non-U.S. public finance	966		
Total public finance	2,538		
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	103	CCC	15.4%
Nomura Asset Accept. Corp. 2007-1	55	CCC	15.1%
Total RMBS - U.S. structured finance	158		
Total non-U.S. structured finance	—		
Total structured finance	158		
Total	\$ 2,696		

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

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (1 of 3)

As of March 31, 2024

(dollars in millions)

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

Credit Name:	Net Par Outstanding	Internal Rating
Pennsylvania (Commonwealth of)	\$ 1,679	BBB+
New Jersey (State of)	1,221	BBB
Metro Washington Airports Authority (Dulles Toll Road)	1,044	BBB
Foothill/Eastern Transportation Corridor Agency, California	1,030	BBB+
New York Power Authority	967	AA-
New York Metropolitan Transportation Authority	926	A-
CommonSpirit Health, Illinois	880	A-
Lower Colorado River Authority	862	A
Alameda Corridor Transportation Authority, California	717	BBB
San Joaquin Hills Transportation, California	696	BBB
Montefiore Medical Center, New York	686	BBB-
ProMedica Healthcare Obligated Group, Ohio	682	BB-
Philadelphia School District, Pennsylvania	663	A-
Illinois (State of)	659	BBB
North Carolina Turnpike Authority	656	BBB
Municipal Electric Authority of Georgia	644	BBB+
Great Lakes Water Authority (Sewerage), Michigan	635	A-
Yankee Stadium LLC New York City Industrial Development Authority	607	BBB
Tucson (City of), Arizona	603	A+
Dade County Seaport, Florida	596	A-
Central Florida Expressway Authority, Florida	577	A+
Massachusetts (Commonwealth of) Water Resources	564	AA
Wisconsin (State of)	563	A
Pittsburgh Water & Sewer, Pennsylvania	540	A-
Anaheim (City of), California	536	A-
South Carolina Public Service Authority - Santee Cooper	528	BBB
Chicago Water, Illinois	521	BBB+
Pennsylvania Turnpike Commission	520	A-
Metropolitan Pier and Exposition Authority, Illinois	514	BBB-
Mets Queens Ballpark	502	BBB
Nassau County, New York	494	AA-
New York (City of), New York	492	AA-
New York Transportation Development Corporation (LaGuardia Airport Terminal Redevelopment Project)	488	BBB-
California (State of)	481	AA-
JFK New Terminal One, New York	480	BBB-
Houston Airport System, Texas	471	A
Clark County School District, Nevada	453	A-
Kansas City, Missouri	442	A
Oglethorpe Power Corporation, Georgia	437	BBB
Philadelphia (City of), Pennsylvania	433	A-
Chicago-O'Hare International Airport, Illinois	420	A-
Los Angeles International Airport (Customer Facility Charge), California	410	A
Hayward Unified School District, California	406	A
Maine (State of)	402	A
Pittsburgh International Airport, Pennsylvania	401	A-
Chicago (City of) Wastewater Transmission, Illinois	399	BBB+
Suffolk County, New York	394	BBB+
Chicago Public Schools, Illinois	382	BBB-
Duval County School Board, Florida	380	A
New York State Thruway Authority	380	A
Total top 50 U.S. public finance exposures	\$ 30,463	

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (2 of 3)

As of March 31, 2024

(dollars in millions)

25 Largest U.S. Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating ⁽¹⁾
Option One 2007-FXD2	\$ 102	CCC
CWABS 2007-4	99	BBB
Nomura Asset Accept. Corp. 2007-1	55	CCC
New Century 2005-A	49	CCC
Countrywide 2007-13	45	AA
Soundview 2007-WMC1	40	CCC
MABS 2007-NCW	39	B
ACE 2007-D1	36	CCC
Countrywide HELOC 2006-I	35	AA
Renaissance (Delta) 2005-4	32	BBB-
Countrywide Home Loans (CWABS) 2004-1	31	AAA
Soundview Home Loan Trust 2008-1	25	CCC
Long Beach 2004-1	25	AAA
Terwin Mortgage Trust 2006-10SL	22	CCC
Asset Backed Funding Corp. 2005-AQ1	22	AAA
Long Beach 2004-4	21	AAA
Wells Fargo Home Equity 2004-2	20	AAA
Terwin Mortgage Trust 2005-16HE	20	CCC
Countrywide HELOC 2007-A	20	AA
Countrywide HELOC 2006-F	19	AA
Renaissance (Delta) 2004-2	19	AAA
Renaissance (Delta) 2004-3	18	AAA
Countrywide HELOC 2007-B	17	AA
Long Beach 2004-3N	17	AAA
Mid-State Trust X	16	AAA
Total top 25 U.S. structured finance exposures	\$ 844	

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

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (3 of 3)

As of March 31, 2024

(dollars in millions)

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

Credit Name:	Country	Net Par Outstanding	Internal Rating
Southern Water Services Limited	United Kingdom	\$ 1,721	BBB-
Anglian Water Services Financing PLC	United Kingdom	1,241	A-
Dwr Cymru Financing Limited	United Kingdom	1,233	A-
Thames Water Utilities Finance PLC	United Kingdom	1,200	BBB
Quebec Province	Canada	1,195	AA-
Channel Link Enterprises Finance PLC	France, United Kingdom	1,088	BBB
Southern Gas Networks PLC	United Kingdom	900	BBB+
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	768	AAA
Capital Hospitals (Issuer) PLC	United Kingdom	706	BBB-
British Broadcasting Corporation (BBC)	United Kingdom	669	A+
Verdun Participations 2 S.A.S.	France	608	BBB-
Yorkshire Water Services Finance Plc	United Kingdom	535	BBB
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	521	B+
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	488	BBB-
Aspire Defence Finance plc	United Kingdom	483	BBB+
Campania Region - Healthcare receivable	Italy	474	BBB-
Heathrow Funding Limited	United Kingdom	461	BBB
Central Nottinghamshire Hospitals PLC	United Kingdom	439	BBB-
Derby Healthcare PLC	United Kingdom	439	BBB
Sydney Airport Finance Company	Australia	427	BBB+
National Grid Gas PLC	United Kingdom	420	A-
Private International Sub-Sovereign Transaction	United Kingdom	407	A+
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	395	BBB
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	390	BBB+
Envestra Limited	Australia	385	A-
South East Water	United Kingdom	367	BBB
Wessex Water Services Finance Plc	United Kingdom	355	BBB+
University of Sussex	United Kingdom	340	BBB
Severn Trent Water Utilities Finance Plc	United Kingdom	319	BBB+
University of Essex, United Kingdom	United Kingdom	275	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	274	A
Western Power Distribution (South West) PLC	United Kingdom	272	BBB+
South Lanarkshire Schools	United Kingdom	271	BBB
National Grid Company PLC	United Kingdom	264	BBB+
South West Water UK	United Kingdom	262	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	237	A
Japan Expressway Holding and Debt Repayment Agency	Japan	235	A+
Hypersol Solar Inversiones, S.A.U.	Spain	234	BBB
Q Energy - Phase II - Pride Investments, S.A.	Spain	232	BBB
Private International Sub-Sovereign Transaction	United Kingdom	227	AA-
University of York (Civitas Living LLP), UK	United Kingdom	222	BBB
Q Energy - Phase III - FSL Issuer, S.A.U.	Spain	217	BB
Feria Muestrario Internacional de Valencia	Spain	215	BBB-
United Utilities Water PLC	United Kingdom	214	A-
Portsmouth Water, United Kingdom	United Kingdom	211	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	211	BBB+
Sutton and East Surrey Water plc	United Kingdom	208	BBB
Octagon Healthcare Funding PLC	United Kingdom	201	BBB
Keele Residential Funding PLC	United Kingdom	201	BBB+
Plenary Health North Bay Finco Inc.	Canada	195	BBB
Total top 50 non-U.S. exposures		\$ 23,852	

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

Assured Guaranty Municipal Corp.
Summary of Statutory Financial and Statistical Data
(dollars in millions)

	As of and for the Three Months Ended March 31,	As of and for Year Ended December 31,			
	2024	2023	2022	2021	2020
Claims-Paying Resources ⁽¹⁾					
Policyholder' surplus	\$ 2,665	\$ 2,646	\$ 2,747	\$ 3,053	\$ 2,864
Contingency reserve	892	876	855	877	940
Qualified statutory capital	3,557	3,522	3,602	3,930	3,804
Unearned premium reserve and net deferred ceding commission income	2,036	2,077	2,134	2,127	2,112
Loss and LAE reserves	—	7	—	12	64
Total policyholders' surplus and reserves	5,593	5,606	5,736	6,069	5,980
Present value of installment premium	488	545	503	460	445
CCS	200	200	200	200	200
Total claims-paying resources (including proportionate Municipal Assurance Corp. (MAC) ownership for AGM)	6,281	6,351	6,439	6,729	6,625
Adjustment for MAC	—	—	—	—	363
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	\$ 6,281	\$ 6,351	\$ 6,439	\$ 6,729	\$ 6,262
Ratios:					
Net par outstanding to qualified statutory capital	45 :1	46 :1	43:1	39:1	38:1
Capital ratio	73 :1	74 :1	69:1	62:1	61:1
Financial resources ratio	41 :1	41 :1	39:1	36:1	35:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGM)	26 :1	25 :1	24:1	23:1	22:1
Other Financial Information (Statutory Basis) ⁽²⁾					
Net debt service outstanding (end of period)	\$ 258,785	\$ 260,771	\$ 249,089	\$ 241,985	\$ 231,966
Gross debt service outstanding (end of period)	354,091	356,011	329,744	320,447	310,948
Net par outstanding (end of period)	160,856	161,630	154,628	152,812	144,501
Gross par outstanding (end of period)	220,233	220,852	205,479	204,014	195,657
Ceded to Assured Guaranty affiliates	59,321	59,166	50,696	50,859	50,768
Ceded par to other companies	56	56	154	343	388
Gross debt service written:					
Public finance	\$ 5,771	\$ 41,340	\$ 38,419	\$ 35,945	\$ 35,457
Structured finance	454	618	375	361	—
Total gross debt service written	\$ 6,225	\$ 41,958	\$ 38,794	\$ 36,306	\$ 35,457

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

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

Glossary

Net Par Outstanding and Internal Ratings

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

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

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

Performance Indicators

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

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.

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, 2023.

U.S. Public Finance:

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

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

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

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

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

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

Glossary (continued)

Sectors (continued)

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.

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

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.

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

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

Non-U.S. Public Finance:

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

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

Sovereign and Sub-Sovereign Obligations primarily includes obligations of local, municipal, regional or national governmental authorities or agencies outside of the U.S.

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

Structured Finance:

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

Financial Products Business is the guaranteed investment contracts (GICs) portion of a line of business previously conducted by Assured Guaranty Municipal Holdings Inc. (AGMH) that Assured Guaranty did not acquire when it purchased AGMH in 2009 from Dexia SA and that is being run off. That line of business consisted of AGMH's GIC business, its medium term notes business and the equity payment agreements associated with AGMH's leveraged lease business. Although Dexia SA and certain of its affiliates (Dexia) assumed the liabilities related to such businesses when the Company purchased AGMH, AGM policies related to such businesses remained outstanding. Assured Guaranty is indemnified by Dexia SA and certain of its affiliates against loss from the former financial products business.

Subscription Finance Facilities are lending facilities provided to closed-end private market funds, most frequently private-equity funds. The facilities are secured by the uncalled capital commitments of the limited partners (LP) to the fund. The Company may guarantee new or existing facilities and on a single facility or portfolio basis. Assured Guaranty's exposures are generally to facilities with characteristics that include a high-quality fund sponsor with strong historical performance, diverse LP base composed primarily of institutional LPs and experienced bank lenders.

Other Structured Finance Obligations are obligations backed by assets not generally described in any of the other U.S. and Non-U.S. Structured Finance Obligations categories above.

Non-GAAP Financial Measures

The Company discloses both: (i) financial measures determined in accordance with GAAP and (ii) financial measures not determined in accordance with GAAP (non-GAAP financial measures).

Financial measures identified as non-GAAP should not be considered substitutes for GAAP financial measures. The primary limitation of non-GAAP financial measures is the potential lack of comparability to financial measures of other companies, whose definitions of non-GAAP financial measures may differ from those of the Company.

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

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

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

The Company discloses the effect of FG VIE and CIV consolidation that is embedded in each non-GAAP financial measure, as applicable. The Company believes this information may also be useful to analysts and investors evaluating Assured Guaranty's financial results. In the case of both the consolidated FG VIEs and the CIVs, the economic effect on the Company of each of the consolidated FG VIEs and CIVs is reflected primarily in the results of the Insurance segment.

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

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

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

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

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

- 1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- 2) Elimination of non-credit impairment-related unrealized fair value gains (losses) on credit derivatives that are recognized in net income, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, the Company's credit spreads, and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of fair value gains (losses) on the Company's CCS that are recognized in net income. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

Non-GAAP Financial Measures (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-GAAP Financial Measures (continued)

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

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

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

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

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

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



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