ASSURED GUARANTY®

Financial Supplement

Assured Guaranty Municipal Corp.

September 30, 2023

Assured Guaranty Municipal Corp.
September 30, 2023
Financial Supplement

This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2022 and its Quarterly Reports on Forms 10-Q for the quarterly periods ended March 31, 2023, June 30, 2023 and September 30, 2023. This financial supplement should also be read in conjunction with the Company's most recent annual financial statements as of and for the year ended December 31, 2022 posted on agltd.com/investor-information. For the purposes of this financial supplement, all references to the “Company,” 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) and certain variable interest entities). AGM owns 65% of AGAS.

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 the resulting economic sanctions, volatility in energy prices, potential for increased cyberattacks, 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, and U.S. – China strategic competition and the pursuit of technological independence; (3) the possibility of a U.S. government shutdown, payment defaults on the debt of the U.S. government or instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, and downgrades to their credit ratings; (4) public health crises, including pandemics and endemics, and the governmental and private actions taken in response to such events; (5) developments in the world's financial and capital markets, including stresses in the financial condition of banking institutions in the U.S., that adversely affect repayment rates related to commercial real estate, municipalities and other insured obligors, Assured Guaranty's insurance loss or recovery experience, or investments of Assured Guaranty; (6) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (7) the 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; (8) insured losses, including losses with respect to related legal proceedings, in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the final resolution of Assured Guaranty's remaining Puerto Rico exposures or the amounts recovered on securities received in connection with the resolution of Puerto Rico exposures already resolved; (9) the impact of the Company satisfying its obligations under insurance policies with respect to legacy insured Puerto Rico bonds; (10) increased competition, including from new entrants into the financial guaranty industry, nonpayment insurance and other forms of capital saving or risk syndication available to banks and insurers; (11) 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 other negative or unanticipated consequences; (12) the impacts of the completion of Assured Guaranty's transactions with Sound Point Capital Management, 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 and on the business of AHP and their relationships with their respective clients and employees; (13) 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; (14) the inability to control the business, management or policies of entities in which the Company holds a minority interest; (15) 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, contracts accounted for as derivatives, and certain consolidated variable interest entities (VIEs); (16) 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; (17) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (18) changes in applicable accounting policies or practices; (19) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (20) difficulties with the execution of Assured Guaranty's business strategy; (21) loss of key personnel; (22) the effects of mergers, acquisitions and divestitures; (23) natural or man-made catastrophes or pandemics; (24) the impact of climate change on Assured Guaranty's business and regulatory actions taken related to such risk; (25) other risk factors identified in AGL's filings with the U.S. SEC; (26) other risks and uncertainties that have not been identified at this time; and (27) 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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
GAAP [1] Highlights				
Net income (loss) attributable to AGM	**$ (6)**	**$ 37**	**$ 123**	**$ 12**
Gross written premiums (GWP)	**26**	**98**	**124**	**241**
Effective tax rate on net income	**127.5 %**	**(102.4)%**	**10.5 %**	**136.9 %**
GAAP return on equity (ROE) [2]	**(0.6)%**	**3.9 %**	**4.3 %**	**0.4 %**
Non-GAAP Highlights [3]				
Adjusted operating income (loss) [3]	$ 29	$ 101	$ 133	$ 152
Present value of new business production (PVP) [3]	31	91	121	244
Gross par written	5,167	3,622	14,721	14,962
Effective tax rate on adjusted operating income [4]	(1.0) %	(11.5) %	10.4 %	(2.2) %
Adjusted operating ROE [2][3]	2.8 %	9.7 %	4.3 %	4.8 %
Effect of refundings and terminations on GAAP measures:				
Net earned premiums, pre-tax	**$ 10**	**$ 7**	**$ 17**	**$ 30**
Net income effect	**8**	**6**	**14**	**24**
Effect of refundings and terminations on non-GAAP measures:				
Operating net earned premiums and credit derivative revenues [5], pre-tax	10	7	17	30
Adjusted operating income [5] effect	8	6	14	24

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	
	September 30, 2023	December 31, 2022
Shareholder's equity attributable to AGM	**$ 3,767**	**$ 3,815**
Adjusted operating shareholder's equity [1]	4,070	4,097
Adjusted book value [1]	5,827	5,960
Gain (loss) related to financial guaranty variable interest entities (FG VIEs) consolidation included in:		
Adjusted operating shareholders' equity	—	(2)
Adjusted book value	(8)	(10)
Exposure		
Financial guaranty net debt service outstanding	$ 253,449	$ 251,434
Financial guaranty net par outstanding:		
Investment grade	$ 154,635	$ 152,944
Below-investment-grade (BIG)	3,410	3,864
Total	$ 158,045	$ 156,808
Claims-paying resources [2]	**$ 6,216**	**$ 6,439**

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 September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues				
Net earned premiums	$ 56	$ 54	$ 159	$ 172
Net investment income	51	37	148	108
Net realized investment gains (losses)	(3)	(9)	1	(27)
Fair value gains (losses) on committed capital securities (CCS)	(9)	—	(16)	6
Fair value gains (losses) on FG VIEs	1	8	—	15
Fair value gains (losses) on consolidated investment vehicles (CIVs)	6	—	6	—
Foreign exchange gains (losses) on remeasurement	(29)	(65)	8	(152)
Fair value gains (losses) on trading securities	2	(1)	16	(13)
Gain (loss) on ceded funds held with affiliates	(1)	—	(10)	16
Other income (loss)	—	—	5	—
Total revenues	**74**	**24**	**317**	**125**
Expenses				
Loss and loss adjustment expense (LAE) (benefit)	62	(41)	93	(10)
Employee compensation and benefit expenses	23	22	70	69
Other expenses	14	12	50	37
Total expenses	**99**	**(7)**	**213**	**96**
Income (loss) before income taxes and equity in earnings (losses) of investees	**(25)**	**31**	**104**	**29**
Equity in earnings (losses) of investees	19	(12)	54	(46)
Income (loss) before income taxes	**(6)**	**19**	**158**	**(17)**
Less: Provision (benefit) for income taxes	(7)	(20)	17	(23)
Net income (loss)	**1**	**39**	**141**	**6**
Less: Noncontrolling interests	7	2	18	(6)
Net income (loss) attributable to AGM	**$ (6)**	**$ 37**	**$ 123**	**$ 12**

Assured Guaranty Municipal Corp.

Condensed Consolidated Balance Sheets (unaudited)

(dollars in millions)

	As of	
	September 30, 2023	December 31, 2022
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	$ 3,183	$ 3,839
Fixed-maturity securities, trading, at fair value	142	127
Short-term investments, at fair value	1,163	456
Surplus note of affiliate, held-to-maturity, at amortized cost	300	300
Equity method investments	350	686
Other invested assets	2	4
Total investments	5,140	5,412
Cash	40	17
Loans receivable from affiliate	163	163
Premiums receivable	1,015	1,013
Ceded unearned premium reserve	712	668
Reinsurance recoverable on unpaid losses	71	68
Salvage and subrogation recoverable	240	211
FG VIEs’ assets	267	314
Assets of CIVs	253	—
Other assets	288	360
Total assets	**$ 8,189**	**$ 8,226**
Liabilities		
Unearned premium reserve	$ 2,964	$ 3,027
Loss and LAE reserve	238	189
Reinsurance balances payable, net	241	312
FG VIEs’ liabilities	314	395
Other liabilities	341	277
Total liabilities	**4,098**	**4,200**
Shareholder’s equity		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	702	694
Retained earnings	3,398	3,452
Accumulated other comprehensive income (loss)	(348)	(346)
Total shareholder’s equity attributable to AGM	**3,767**	**3,815**
Noncontrolling interests	324	211
Total shareholder’s equity	**4,091**	**4,026**
Total liabilities and shareholder’s equity	**$ 8,189**	**$ 8,226**

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 September 30, 2023		Three Months Ended September 30, 2022	
	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	$ —	$ (2)	$ —	$ (1)
Net investment income	—	—	—	(1)
Net realized investment gains (losses)	(3)	—	(9)	—
Fair value gains (losses) on CCS	(9)	—	—	—
Fair value gains (losses) on FG VIEs	—	1	—	8
Fair value gains (losses) on CIVs	—	6	—	—
Foreign exchange gains (losses) on remeasurement	(29)	—	(64)	—
Gain (loss) on ceded funds held with affiliates	(1)	—	(1)	—
Total revenue adjustments	(42)	5	(74)	6
Adjustments to expenses:				
Loss expense	—	(2)	—	1
Total expense adjustments	—	(2)	—	1
Pre-tax adjustments	(42)	7	(74)	5
Add: Equity in earnings (losses) of investees	—	(6)	—	—
Less: Tax effect of adjustments	(7)	—	(10)	1
After-tax adjustments	$ (35)	$ 1	$ (64)	$ 4

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

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	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	$ —	$ (3)	$ —	$ (3)
Net investment income	—	(2)	—	(2)
Net realized investment gains (losses)	1	—	(27)	—
Fair value gains (losses) on CCS	(16)	—	6	—
Fair value gains (losses) on FG VIEs	—	—	—	15
Fair value gains (losses) on CIVs	—	6	—	—
Foreign exchange gains (losses) on remeasurement	7	—	(148)	—
Gain (loss) on ceded funds held with affiliates	(3)	—	11	—
Other income (loss)	—	—	(2)	—
Total revenue adjustments	(11)	1	(160)	10
Adjustments to expenses:				
Loss expense	—	—	—	9
Total expense adjustments	—	—	—	9
Pre-tax adjustments	(11)	1	(160)	1
Add: Equity in earnings (losses) of investees	—	(6)	—	—
Less: Tax effect of adjustments	(1)	(1)	(20)	—
After-tax adjustments	$ (10)	$ (4)	$ (140)	$ 1

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss) attributable to AGM	**$ (6)**	**$ 37**	**$ 123**	**$ 12**
Less pre-tax adjustments:				
Realized gains (losses) on investments [1]	(4)	(10)	(2)	(16)
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives [2]	—	—	—	(2)
Fair value gains (losses) on CCS	(9)	—	(16)	6
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(29)	(64)	7	(148)
Total pre-tax adjustments	(42)	(74)	(11)	(160)
Less tax effect on pre-tax adjustments	7	10	1	20
Adjusted operating income (loss)	$ 29	$ 101	$ 133	$ 152

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					
	September 30, 2023	June 30, 2023	December 31, 2022	September 30, 2022	June 30, 2022	December 31, 2021
Shareholder's equity attributable to AGM	**$ 3,767**	**$ 3,950**	**$ 3,815**	**$ 3,725**	**$ 3,946**	**$ 4,428**
Adjusted operating shareholder's equity	4,070	4,193	4,097	4,125	4,168	4,309
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholder's equity	**—**	**(6)**	**(2)**	**8**	**7**	**7**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss) attributable to AGM	**$ (6)**	**$ 37**	**$ 123**	**$ 12**
Adjusted operating income (loss)	29	101	133	152
Average shareholder's equity attributable to AGM	**$ 3,859**	**$ 3,836**	**$ 3,791**	**$ 4,077**
Average adjusted operating shareholder's equity	4,132	4,147	4,084	4,217
Gain (loss) related to FG VIE consolidation included in average adjusted operating shareholder's equity	(3)	8	(1)	8
GAAP ROE [1]	**(0.6)%**	**3.9 %**	**4.3 %**	**0.4 %**
Adjusted operating ROE [1]	2.8 %	9.7 %	4.3 %	4.8 %

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					
	September 30, 2023	**June 30, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**December 31, 2021**
Reconciliation of shareholder's equity attributable to AGM to adjusted book value:						
Shareholder's equity attributable to AGM	**$ 3,767**	**$ 3,950**	**$ 3,815**	**$ 3,725**	**$ 3,946**	**$ 4,428**
Less pre-tax reconciling items:						
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	(1)	(1)	(1)	(1)	(1)	1
Fair value gains (losses) on CCS	6	16	22	16	16	10
Unrealized gain (loss) on investment portfolio	(361)	(298)	(346)	(471)	(271)	139
Less taxes	53	40	43	56	34	(31)
Adjusted operating shareholder's equity	4,070	4,193	4,097	4,125	4,168	4,309
Pre-tax reconciling items:						
Less: Deferred acquisition costs	(58)	(61)	(57)	(54)	(49)	(58)
Plus: Net present value of estimated net future revenue	2	2	3	3	3	3
Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed	2,177	2,217	2,295	2,276	2,284	2,252
Plus taxes	(480)	(490)	(492)	(486)	(487)	(483)
Adjusted book value	$ 5,827	$ 5,983	$ 5,960	$ 5,972	$ 6,017	$ 6,139
Gain (loss) related to FG VIE consolidation included in:						
Adjusted operating shareholder's equity (net of tax (provision) benefit of $0, $1, $1, $2 $1, $2)	**$ —**	**$ (6)**	**$ (2)**	**$ 8**	**$ 7**	**$ 7**
Adjusted book value (net of tax (provision) benefit of $2, $3, $3, $1, $1, $0)	**$ (8)**	**$ (13)**	**$ (10)**	**$ (2)**	**$ (1)**	**$ —**

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	
	September 30, 2023	December 31, 2022
Claims-paying resources		
Policyholders' surplus	$ 2,569	$ 2,747
Contingency reserve	908	855
Qualified statutory capital	**3,477**	**3,602**
Unearned premium reserve and net deferred ceding commission income [1]	2,048	2,134
Loss and LAE reserves [1] [5]	—	—
Total policyholders' surplus and reserves	**5,525**	**5,736**
Present value of installment premium [1]	491	503
CCS	200	200
Total claims-paying resources	**$ 6,216**	**$ 6,439**
Statutory net par outstanding [2]	$ 156,708	$ 154,628
Net debt service outstanding [2]	252,070	249,089
Ratios:		
Statutory net par outstanding to qualified statutory capital	45:1	43:1
Capital ratio [3]	72:1	69:1
Financial resources ratio [4]	41:1	39:1
Statutory net par outstanding to claims-paying resources	25:1	24:1

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 they were in a net recoverable position of $16 million as of September 30, 2023 and $26 million as of December 31, 2022.

Assured Guaranty Municipal Corp.

New Business Production

(dollars in millions)

Reconciliation of GWP to PVP

	Three Months Ended September 30, 2023					Three Months Ended September 30, 2022				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
Total GWP	$ 29	$ (4)	$ 1	$ —	$ 26	$ 56	$ 42	$ —	$ —	$ 98
Less: Installment GWP and other GAAP adjustments (1)	6	(4)	1	—	3	2	42	—	—	44
Upfront GWP	23	—	—	—	23	54	—	—	—	54
Plus: Installment premiums and other	6	2	—	—	8	3	34	—	—	37
Total PVP	$ 29	$ 2	$ —	$ —	$ 31	$ 57	$ 34	$ —	$ —	$ 91
Gross par written	**$ 5,098**	**$ 61**	**$ 2**	**$ 6**	**$ 5,167**	**$ 3,622**	**$ —**	**$ —**	**$ —**	**$ 3,622**

Reconciliation of GWP to PVP

	Nine Months Ended September 30, 2023					Nine Months Ended September 30, 2022				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
Total GWP	$ 82	$ 39	$ 2	$ 1	$ 124	$ 171	$ 70	$ —	$ —	$ 241
Less: Installment GWP and other GAAP adjustments (1)	14	36	2	1	53	11	70	—	—	81
Upfront GWP	68	3	—	—	71	160	—	—	—	160
Plus: Installment premiums and other	14	35	—	1	50	12	72	—	—	84
Total PVP	$ 82	$ 38	$ —	$ 1	$ 121	$ 172	$ 72	$ —	$ —	$ 244
Gross par written	**$ 13,747**	**$ 670**	**$ 50**	**$ 254**	**$ 14,721**	**$ 14,121**	**$ 782**	**$ 16**	**$ 43**	**$ 14,962**

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 (1 of 2)

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended September 30,	
	2023	2022
Sector:		
U.S. public finance:		
General obligation	$ 1,444	$ 1,481
Municipal utilities	1,180	394
Tax backed	1,105	589
Transportation	815	742
Healthcare	243	225
Housing revenue	217	—
Higher education	94	125
Infrastructure finance	—	66
Total U.S. public finance	5,098	3,622
Non-U.S. public finance:		
Regulated utilities	61	—
Total non-U.S. public finance	61	—
Total public finance	**5,159**	**3,622**
U.S. structured finance:		
Other structured finance	2	—
Total U.S. structured finance	2	—
Non-U.S. structured finance:		
Other structured finance	6	—
Total non-U.S. structured finance	6	—
Total structured finance	**8**	**—**
Total gross par written	**$ 5,167**	**$ 3,622**

Please refer to the Glossary for a description of sectors.

Assured Guaranty Municipal Corp.

Gross Par Written (2 of 2)

(dollars in millions)

Gross Par Written by Asset Type

	Nine Months Ended September 30,	
	2023	**2022**
Sector:		
U.S. public finance:		
General obligation	$ 6,063	$ 4,864
Municipal utilities	3,895	2,260
Tax backed	1,526	1,805
Transportation	1,040	2,974
Healthcare	706	1,585
Higher education	299	368
Housing revenue	217	—
Infrastructure finance	1	265
Total U.S. public finance	13,747	14,121
Non-U.S. public finance:		
Regulated utilities	417	224
Sovereign and sub-sovereign	253	—
Infrastructure finance	—	558
Total non-U.S. public finance	670	782
Total public finance	**14,417**	**14,903**
U.S. structured finance:		
Other structured finance	50	16
Total U.S. structured finance	50	16
Non-U.S. structured finance:		
Other structured finance	254	43
Total non-U.S. structured finance	254	43
Total structured finance	**304**	**59**
Total gross par written	**$ 14,721**	**$ 14,962**

Please refer to the Glossary for a description of sectors.

Assured Guaranty Municipal Corp.

Investment Portfolio, Cash and CIVs
As of September 30, 2023
(dollars in millions)

	Carrying Value as of September 30, 2023			
	AGM Consolidated (Excluding AGAS)	AGAS	Eliminations	AGM Consolidated
Fixed-maturity securities, available-for-sale	$ 3,183	$ —	$ —	$ 3,183
Fixed-maturity securities, trading [1]	142	—	—	142
Short-term investments	749	414	—	1,163
Surplus note of affiliate	300	—	—	300
Equity method investments:				
Collateralized loan obligations (CLOs)	—	234	(184)	50
Asset-based	—	132	(61)	71
Healthcare	—	103	—	103
Other	126	—	—	126
Total equity method investments	126	469	(245)	350
Other invested assets	2	—	—	2
Cash	15	25	—	40
Total investment portfolio and cash	**$ 4,517**	**$ 908**	**$ (245)**	**$ 5,180**
CIVs [2]				
Assets of CIVs	$ —	$ —	$ 253	$ 253
Liabilities of CIVs [3]	—	—	(4)	(4)
Noncontrolling interests	—	—	(4)	(4)
Total CIVs	**$ —**	**$ —**	**$ 245**	**$ 245**

	Carrying Value as of December 31, 2022			
	AGM Consolidated (Excluding AGAS)	AGAS	Eliminations	AGM Consolidated
Fixed-maturity securities, available-for-sale	$ 3,839	$ —	$ —	$ 3,839
Fixed-maturity securities, trading [1]	127	—	—	127
Short-term investments	418	38	—	456
Surplus note of affiliate	300	—	—	300
Equity method investments:				
AssuredIM Funds [4]				
CLOs	—	272	—	272
Asset-based	—	101	—	101
Healthcare	—	91	—	91
Municipal bonds	—	105	—	105
Other	117	—	—	117
Total equity method investments	117	569	—	686
Other invested assets	4	—	—	4
Cash	17	—	—	17
Total	**$ 4,822**	**$ 607**	**$ —**	**$ 5,429**

1) Represents contingent value instruments (CVIs) received in connection with 2022 Puerto Rico Resolutions (see page 22). 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.
4) Funds managed by Assured Investment Management LLC and its investment management affiliates prior to July 2023.

Assured Guaranty Municipal Corp.

Investments and Cash
As of September 30, 2023
(dollars in millions)

Fixed-Maturity, Short-Term Investments and Cash	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Fixed-maturity securities, available-for-sale:						
Obligations of state and political subdivisions [2]	$ 1,446	$ —	3.33 %	3.07 %	$ 1,371	$ 48
U.S. government securities	37	—	1.98	1.56	31	1
Corporate securities	1,233	(3)	2.36	2.08	1,048	29
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) [2]	258	(18)	5.90	4.67	174	15
Commercial mortgage-backed securities	76	—	3.28	2.59	71	3
Asset-backed securities (ABS):						
CLOs	362	—	7.53	5.95	356	27
Other ABS [2]	48	(4)	3.86	3.67	40	2
Non-U.S. government securities	115	—	1.10	1.09	92	1
Fixed-maturity securities, available-for-sale	3,575	(25)	3.53	3.05	3,183	126
Short-term investments	1,163	—	5.04	3.99	1,163	59
Cash [3]	40	—	—	—	40	—
Total	**$ 4,778**	**$ (25)**	**3.90 %**	**3.28 %**	**$ 4,386**	**$ 185**
Fixed-maturity securities, trading [5]					**$ 142**	

Ratings [4]:	Fair Value	% of Portfolio
U.S. government securities	$ 31	1.0 %
AAA/Aaa	538	16.9
AA/Aa	1,159	36.4
A/A	908	28.5
BBB	340	10.7
BIG	155	4.9
Not rated [6]	52	1.6
Total fixed-maturity securities, available-for-sale	$ 3,183	100.0 %
Duration of available-for-sale fixed-maturity securities and short-term investments (in years):		**2.7**

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 Investors Service, Inc. or Standard & Poor's Financial Services LLC 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 $352 million in par with carrying value of $173 million and are primarily included in the BIG category.
5) Represents contingent value instruments received in connection with 2022 Puerto Rico Resolutions (see page 22). These securities are not rated.
6) Includes $37 million of new general obligation bonds and new bonds backed by toll revenue received in connection with 2022 Puerto Rico Resolutions (see page 22).

Assured Guaranty Municipal Corp.

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

(dollars in millions)

			Financial Guaranty Insurance [2]			
	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	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	Future Credit Derivative Revenues [3]
2023 (as of September 30)		$ 253,449				
2023 4Q	$ 3,050	250,399	$ 43	$ 3	$ 1	$ —
2024	13,074	237,325	165	12	3	1
2025	13,324	224,001	155	12	2	—
2026	13,486	210,515	145	11	2	—
2027	11,967	198,548	137	10	2	—
2023-2027	54,901	198,548	645	48	10	1
2028-2032	58,504	140,044	575	43	11	1
2033-2037	46,295	93,749	411	30	10	—
2038-2042	34,444	59,305	263	21	—	—
After 2042	59,305	—	374	33	—	—
Total	**$ 253,449**		**$ 2,268**	**$ 175**	**$ 31**	**$ 2**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 2023. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
2) See also page 17, 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 September 30, 2023

	Net Expected Loss to be Paid (Recovered) as of June 30, 2023	Net Economic Loss Development (Benefit) During 3Q-23	Net (Paid) Recovered Losses During 3Q-23	Net Expected Loss to be Paid (Recovered) as of September 30, 2023
Public Finance:				
U.S. public finance	$ 121	$ 89	$ (95)	$ 115
Non-U.S. public finance	9	(1)	—	8
Public Finance	130	88	(95)	123
Structured Finance:				
U.S. RMBS	8	(30)	10	(12)
Other structured finance	4	—	—	4
Structured Finance	12	(30)	10	(8)
Total	**$ 142**	**$ 58**	**$ (85)**	**$ 115**

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

	Net Expected Loss to be Paid (Recovered) as of December 31, 2022	Net Economic Loss Development (Benefit) During 2023	Net (Paid) Recovered Losses During 2023	Net Expected Loss to be Paid (Recovered) as of September 30, 2023
Public Finance:				
U.S. public finance	$ 87	$ 140	$ (112)	$ 115
Non-U.S. public finance	7	1	—	8
Public Finance	94	141	(112)	123
Structured Finance:				
U.S. RMBS	7	(45)	26	(12)
Other structured finance	5	—	(1)	4
Structured Finance	12	(45)	25	(8)
Total	**$ 106**	**$ 96**	**$ (87)**	**$ 115**

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 September 30, 2023

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
		GAAP Loss and LAE (1)	Loss and LAE included in Adjusted Operating Income (2)	Effect of FG VIE Consolidation (3)	GAAP Loss and LAE (1)	Loss and LAE included in Adjusted Operating Income (2)	Effect of FG VIE Consolidation (3)
Public finance:							
U.S. public finance	$ 2,049	**$ 88**	$ 88	$ (4)	**$ 128**	$ 128	$ (3)
Non-U.S. public finance	771	**—**	—	—	**—**	—	—
Public finance	2,820	**88**	88	(4)	**128**	128	(3)
Structured finance:							
U.S. RMBS	576	**(26)**	(26)	2	**(35)**	(35)	3
Other structured finance	14	**—**	—	—	**—**	—	—
Structured finance	590	**(26)**	(26)	2	**(35)**	(35)	3
Total	**$ 3,410**	**$ 62**	$ 62	$ (2)	**$ 93**	$ 93	$ —

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 September 30, 2023

(dollars in millions)

		GAAP
2023 4Q	$	2
2024		6
2025		6
2026		6
2027		6
2023-2027		26
2028-2032		22
2033-2037		22
2038-2042		10
After 2042		11
Total expected present value of net expected loss to be expensed [2]		**91**
Future accretion		(27)
Total expected future loss and LAE	**$**	**64**

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 4.51% to 5.45% for U.S. dollar denominated obligations.
2) Excludes $21 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

	As of September 30, 2023	As of December 31, 2022
U.S. public finance:		
General obligation	$ 50,346	$ 49,895
Tax backed	22,220	23,017
Municipal utilities	20,227	19,165
Transportation	13,416	12,820
Healthcare	9,282	8,917
Higher education	5,037	4,955
Infrastructure finance	3,346	3,250
Housing revenue	790	685
Renewable energy	1	6
Other public finance	244	248
Total U.S. public finance	124,909	122,958
Non-U.S. public finance:		
Infrastructure finance	11,101	11,215
Regulated utilities	10,728	10,723
Sovereign and sub-sovereign	7,794	8,257
Renewable energy	1,597	1,634
Total non-U.S. public finance	31,220	31,829
Total public finance	**156,129**	**154,787**
U.S. structured finance:		
RMBS	1,173	1,267
Financial products	447	453
Other structured finance	39	43
Total U.S. structured finance	1,659	1,763
Non-U.S. structured finance:		
RMBS	93	103
Other structured finance	164	155
Total non-U.S. structured finance	257	258
Total structured finance	**1,916**	**2,021**
Total net par outstanding	**$ 158,045**	**$ 156,808**

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 September 30, 2023

(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	$ 158	0.1 %	$ 763	2.5 %	$ 283	17.0 %	$ 144	56.0 %	$ 1,348	0.8 %
AA	10,066	8.1	2,843	9.1	727	43.8	1	0.4	13,637	8.6
A	69,434	55.6	7,601	24.3	26	1.6	32	12.5	77,093	48.8
BBB	43,202	34.6	19,242	61.6	33	2.0	80	31.1	62,557	39.6
BIG	2,049	1.6	771	2.5	590	35.6	—	—	3,410	2.2
Net Par Outstanding [1]	**$ 124,909**	**100.0 %**	**$ 31,220**	**100.0 %**	**$ 1,659**	**100.0 %**	**$ 257**	**100.0 %**	**$ 158,045**	**100.0 %**

1) As of September 30, 2023, the Company excluded $513 million of net par primarily attributable to Loss Mitigation Securities.

Ceded Par Outstanding

	Ceded Par Outstanding [1][2]	% of Total
Affiliated reinsurers	$ 56,529	99.7 %
Non-affiliated reinsurers	150	0.3
Total	**$ 56,679**	**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 $722 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 September 30, 2023

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 22,888	14.5 %
Texas	14,070	8.9
Pennsylvania	11,976	7.6
New York	11,689	7.4
Illinois	8,910	5.6
New Jersey	6,152	3.9
Florida	5,861	3.7
Michigan	3,749	2.4
Louisiana	3,417	2.2
Alabama	2,802	1.8
Other	33,395	21.1
Total U.S. public finance	124,909	79.1
U.S. structured finance	1,659	1.0
Total U.S.	**126,568**	**80.1**
Non-U.S.:		
United Kingdom	23,865	15.1
Canada	1,449	0.9
France	1,210	0.8
Spain	1,200	0.8
Australia	1,022	0.6
Other	2,731	1.7
Total non-U.S.	**31,477**	**19.9**
Total net par outstanding	**$ 158,045**	**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 Net Par Amortization	Estimated Ending Net Par Outstanding	U.S. RMBS	Financial Products	Other Structured Finance	Total	Estimated Ending Net Par Outstanding
2023 (as of September 30)		$ 156,129					$ 1,916
2023 4Q	$ 1,053	155,076	$ 47	$ (3)	$ 24	$ 68	1,848
2024	6,205	148,871	173	10	40	223	1,625
2025	6,801	142,070	164	29	19	212	1,413
2026	7,303	134,767	130	36	27	193	1,220
2027	6,154	128,613	119	(9)	29	139	1,081
2023-2027	27,516	128,613	633	63	139	835	1,081
2028-2032	33,628	94,985	297	305	116	718	363
2033-2037	28,799	66,186	230	64	41	335	28
2038-2042	22,799	43,387	11	15	—	26	2
After 2042	43,387	—	2	—	—	2	—
Total	**$ 156,129**		**$ 1,173**	**$ 447**	**$ 296**	**$ 1,916**	

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

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (1 of 2)

As of September 30, 2023

(dollars in millions)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	$ 752	$ 584	$ 949	$ 743

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) [3]	14	14
PRHTA (Highway revenue) [3]	109	128
Total Resolved	**123**	**142**
Other Puerto Rico Exposures		
Puerto Rico Municipal Finance Agency (MFA) [4]	84	114
Total Other	**84**	**114**
Total exposure to Puerto Rico	**$ 584**	**$ 752**

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations aggregating $584 million net par outstanding as of September 30, 2023. Of that amount, $570 million was rated BIG, while the remainder was rated AA because it relates to second-to-pay policies on obligations insured by Assured Guaranty Corp. (AGC), an affiliate of the Company.
2) A substantial portion of the Company's Puerto Rico exposure was resolved in 2022 in accordance with two orders (including orders implementing the GO/PBA Plan and HTA Plan described below) entered by the United States District Court of the District of Puerto Rico (Federal District Court of Puerto Rico) related to the Company's exposure to all insured Puerto Rico credits experiencing payment default in 2022 except PREPA (2022 Puerto Rico Resolutions). Under the Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, and the Puerto Rico Public Buildings Authority (GO/PBA Plan), the Company received cash, new general obligation bonds (New GO Bonds) and CVIs. In connection with the Modified Fifth Amended Title III Plan of Adjustment for PRHTA (HTA Plan) and related arrangements, the Company received cash and new bonds backed by toll revenues (Toll Bonds) from the PRHTA and CVIs from the Commonwealth of Puerto Rico.
3) The Company's remaining PRHTA exposures consist of insured bondholders who elected to receive custody receipts that represent an interest in the legacy insurance policy plus cash and Toll Bonds that constitute distributions under the HTA Plan.
4) 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.

Exposure to Puerto Rico (2 of 2)

As of September 30, 2023

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2023 (4Q)	2024 (1Q)	2024 (2Q)	2024 (3Q)	2024 (4Q)	2025	2026	2027	2028	2029	2030	2031	2032	2033-2036	Total
Defaulted Puerto Rico Exposures															
PREPA	$ —	$ —	$ —	$ 66	$ —	$ 54	$ 57	$ 58	$ 29	$ 30	$ 24	$ 59	$ —	$ —	$ 377
Total Defaulted	—	—	—	66	—	54	57	58	29	30	24	59	—	—	377
Resolved Puerto Rico Exposures															
PRHTA (Transportation revenue) (Second-to-pay policies) [1]	—	—	—	—	—	—	—	—	—	—	—	—	—	14	14
PRHTA (Highway revenue)	—	—	—	—	—	—	—	—	—	—	—	—	23	86	109
Total Resolved	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**23**	**100**	**123**
Other Puerto Rico Exposures															
MFA	—	—	—	13	—	12	27	12	10	6	4	—	—	—	84
Total Other	**—**	**—**	**—**	**13**	**—**	**12**	**27**	**12**	**10**	**6**	**4**	**—**	**—**	**—**	**84**
Total	**$ —**	**$ —**	**$ —**	**$ 79**	**$ —**	**$ 66**	**$ 84**	**$ 70**	**$ 39**	**$ 36**	**$ 28**	**$ 59**	**$ 23**	**$ 100**	**$ 584**

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2023 (4Q)	2024 (1Q)	2024 (2Q)	2024 (3Q)	2024 (4Q)	2025	2026	2027	2028	2029	2030	2031	2032	2033-2036	Total
Defaulted Puerto Rico Exposures															
PREPA	$ 2	$ 7	$ 2	$ 73	$ 2	$ 67	$ 68	$ 68	$ 35	$ 35	$ 28	$ 62	$ —	$ —	$ 449
Total Defaulted	2	7	2	73	2	67	68	68	35	35	28	62	—	—	449
Resolved Puerto Rico Exposures															
PRHTA (Transportation revenue) (Second-to-pay policies) [1]	—	—	—	—	—	1	1	1	1	1	1	—	—	17	23
PRHTA (Highway revenue)	—	3	—	3	—	5	6	6	6	6	5	6	29	98	173
Total Resolved	**—**	**3**	**—**	**3**	**—**	**6**	**7**	**7**	**7**	**7**	**6**	**6**	**29**	**115**	**196**
Other Puerto Rico Exposures															
MFA	—	2	—	15	—	16	30	13	11	6	5	—	—	—	98
Total Other	**—**	**2**	**—**	**15**	**—**	**16**	**30**	**13**	**11**	**6**	**5**	**—**	**—**	**—**	**98**
Total	**$ 2**	**$ 12**	**$ 2**	**$ 91**	**$ 2**	**$ 89**	**$ 105**	**$ 88**	**$ 53**	**$ 48**	**$ 39**	**$ 68**	**$ 29**	**$ 115**	**$ 743**

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.

U.S. RMBS Profile
As of September 30, 2023
(dollars in millions)

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	$ —	$ 30	$ —	$ 248	$ —	$ 278
AA	—	11	6	132	131	280
A	—	—	—	—	6	6
BBB	—	—	—	33	—	33
BIG	13	133	10	341	79	576
Total exposures	**$ 13**	**$ 174**	**$ 16**	**$ 754**	**$ 216**	**$ 1,173**

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	$ —	$ 6	$ —	$ 255	$ 6	$ 267
2005	—	74	5	84	22	185
2006	13	23	—	—	81	117
2007	—	71	11	390	107	579
2008	—	—	—	25	—	25
Total exposures	**$ 13**	**$ 174**	**$ 16**	**$ 754**	**$ 216**	**$ 1,173**

1) AGM 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 Municipal Corp.

Credit Derivative Net Par Outstanding Profile

As of September 30, 2023

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AA	$ 15	12.0 %
A	37	29.6
BBB	73	58.4
Total credit derivative net par outstanding [(1)]	**$ 125**	**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	
	September 30, 2023	December 31, 2022
U.S. public finance:		
Healthcare	$ 897	$ 897
Municipal utilities	561	636
Tax backed	196	468
General obligation	159	149
Transportation	80	81
Higher education	71	73
Other public finance	85	52
Total U.S. public finance	2,049	2,356
Non-U.S. public finance:		
Infrastructure finance	726	831
Sovereign and sub-sovereign	45	50
Total non-U.S. public finance	771	881
Total public finance	**2,820**	**3,237**
U.S. structured finance:		
RMBS	576	611
Other structured finance	14	16
Total U.S. structured finance	590	627
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**590**	**627**
Total BIG net par outstanding	**$ 3,410**	**$ 3,864**

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	
	September 30, 2023	December 31, 2022
BIG Category 1		
U.S. public finance	$ 794	$ 1,673
Non-U.S. public finance	771	881
U.S. structured finance	1	2
Non-U.S. structured finance	—	—
Total BIG Category 1	1,566	2,556
BIG Category 2		
U.S. public finance	719	37
Non-U.S. public finance	—	—
U.S. structured finance	13	13
Non-U.S. structured finance	—	—
Total BIG Category 2	732	50
BIG Category 3		
U.S. public finance	536	646
Non-U.S. public finance	—	—
U.S. structured finance	576	612
Non-U.S. structured finance	—	—
Total BIG Category 3	1,112	1,258
BIG Total	**$ 3,410**	**$ 3,864**

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 September 30, 2023

(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+	
Puerto Rico Highways & Transportation Authority	109	CCC	
Jackson Water & Sewer System, Mississippi	95	BB	
Puerto Rico Municipal Finance Agency	84	CCC	
New Jersey City University	63	BB	
Harrisburg Parking System, Pennsylvania	62	B	
Total U.S. public finance	**1,683**		
Non-U.S. public finance:			
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	494	B+	
Road Management Services PLC (A13 Highway)	116	B+	
Dartford & Gravesham NHS Trust The Hospital Company (Dartford) Plc	116	BB+	
Total non-U.S. public finance	**726**		
Total public finance	**2,409**		
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	108	CCC	15.1%
Nomura Asset Accept. Corp. 2007-1	59	CCC	18.1%
New Century 2005-A	52	CCC	13.0%
Total RMBS - U.S. structured finance	**219**		
Subtotal U.S. structured finance	**219**		
Subtotal Non-U.S. structured finance	—		
Total	**$ 2,628**		

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 September 30, 2023

(dollars in millions)

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

Credit Name:	Net Par Outstanding	Internal Rating
Pennsylvania (Commonwealth of)	$ 1,693	BBB+
New Jersey (State of)	1,421	BBB
Foothill/Eastern Transportation Corridor Agency, California	1,083	BBB+
Metro Washington Airports Authority (Dulles Toll Road)	1,042	BBB
New York Metropolitan Transportation Authority	954	A-
CommonSpirit Health, Illinois	880	A-
Port Authority of New York and New Jersey	804	BBB
San Joaquin Hills Transportation, California	696	BBB
Montefiore Medical Center, New York	687	BBB-
ProMedica Healthcare Obligated Group, Ohio	682	BB-
Illinois (State of)	674	BBB
Jefferson County Alabama Sewer	665	BBB
Philadelphia School District, Pennsylvania	662	A-
Great Lakes Water Authority (Sewerage), Michigan	653	A-
Municipal Electric Authority of Georgia	634	BBB+
Lower Colorado River Authority	623	A
Yankee Stadium LLC New York City Industrial Development Authority	608	BBB
Dade County Seaport, Florida	606	A-
Tucson (City of), Arizona	603	A+
Alameda Corridor Transportation Authority, California	586	BBB+
Central Florida Expressway Authority, Florida	577	A+
Wisconsin (State of)	564	A
Massachusetts (Commonwealth of) Water Resources	564	AA
Los Angeles Department of Airports (LAX Project), California	548	A-
Pittsburgh Water & Sewer, Pennsylvania	540	A-
South Carolina Public Service Authority - Santee Cooper	531	BBB
Anaheim (City of), California	530	A-
New York Power Authority	526	AA-
Chicago Water, Illinois	526	BBB+
Pennsylvania Turnpike Commission	520	A-
Mets Queens Ballpark	516	BBB
New York (City of), New York	506	AA-
Metropolitan Pier and Exposition Authority, Illinois	502	BBB-
Oglethorpe Power Corporation, Georgia	500	BBB
Nassau County, New York	494	AA-
California (State of)	482	AA-
Houston Airport System, Texas	471	A
Clark County School District, Nevada	453	A-
Kansas City, Missouri	442	A
Suffolk County, New York	435	BBB+
Philadelphia (City of), Pennsylvania	432	A-
Chicago-O'Hare International Airport, Illinois	421	A-
North Carolina Turnpike Authority	420	BBB-
Hayward Unified School District, California	405	A
Chicago Public Schools, Illinois	402	BBB-
Chicago (City of) Wastewater Transmission, Illinois	400	BBB+
Duval County School Board, Florida	381	A
Garden State Preservation Trust, New Jersey Open Space & Farmland	380	BBB+
Long Island Power Authority	380	A-
New York State Thruway Authority	380	A-
Total top 50 U.S. public finance exposures	**$ 30,484**	

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 September 30, 2023
(dollars in millions)

25 Largest U.S. Structured Finance Exposures

Credit Name:		Net Par Outstanding	Internal Rating [1]
Option One 2007-FXD2	$	108	CCC
CWABS 2007-4		100	A+
Nomura Asset Accept. Corp. 2007-1		59	CCC
New Century 2005-A		52	CCC
ACE 2007-SL1		49	CCC
Countrywide 2007-13		47	AA
MABS 2007-NCW		41	B
Soundview 2007-WMC1		40	CCC
Countrywide HELOC 2006-I		38	AA
ACE 2007-D1		37	CCC
Countrywide Home Loans (CWABS) 2004-1		33	AAA
Renaissance (Delta) 2005-4		32	BBB-
Long Beach 2004-1		27	AAA
Soundview Home Loan Trust 2008-1		25	CCC
Asset Backed Funding Corp. 2005-AQ1		24	AAA
Terwin Mortgage Trust 2006-10SL		22	CCC
Wells Fargo Home Equity 2004-2		22	AAA
Countrywide HELOC 2007-A		21	AA
Long Beach 2004-4		21	AAA
Countrywide HELOC 2006-F		21	AA
Terwin Mortgage Trust 2005-16HE		20	CCC
Renaissance (Delta) 2004-2		19	AAA
Countrywide HELOC 2007-B		19	AA
Renaissance (Delta) 2004-3		19	AAA
Mid-State Trust X		18	AAA
Total top 25 U.S. structured finance exposures	**$**	**914**	

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 September 30, 2023
(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	$ 1,639	BBB
Quebec Province	Canada	1,242	AA-
Anglian Water Services Financing PLC	United Kingdom	1,166	A-
Dwr Cymru Financing Limited	United Kingdom	1,165	A-
Thames Water Utilities Finance PLC	United Kingdom	1,127	BBB
Channel Link Enterprises Finance PLC	France, United Kingdom	1,042	BBB
Southern Gas Networks PLC	United Kingdom	847	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	748	AAA
Capital Hospitals (Issuer) PLC	United Kingdom	669	BBB-
British Broadcasting Corporation (BBC)	United Kingdom	667	A+
Verdun Participations 2 S.A.S.	France	588	BBB-
Yorkshire Water Services Finance Plc	United Kingdom	515	BBB
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	494	B+
Aspire Defence Finance plc	United Kingdom	475	BBB+
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	465	BBB-
Derby Healthcare PLC	United Kingdom	429	BBB
Sydney Airport Finance Company	Australia	422	BBB+
Central Nottinghamshire Hospitals PLC	United Kingdom	418	BBB-
Private International Sub-Sovereign Transaction	United Kingdom	395	A+
National Grid Gas PLC	United Kingdom	391	BBB+
Campania Region - Healthcare receivable	Italy	382	BBB-
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	379	BBB
Envestra Limited	Australia	377	A-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	369	BBB+
South East Water	United Kingdom	345	BBB
Wessex Water Services Finance Plc	United Kingdom	332	BBB+
Heathrow Funding Limited	United Kingdom	330	BBB
Severn Trent Water Utilities Finance Plc	United Kingdom	304	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	264	A
University of Essex, United Kingdom	United Kingdom	263	BBB+
South Lanarkshire Schools	United Kingdom	260	BBB
Western Power Distribution (South West) PLC	United Kingdom	253	BBB+
National Grid Company PLC	United Kingdom	246	BBB+
Hypersol Solar Inversiones, S.A.U.	Spain	238	BBB
Japan Expressway Holding and Debt Repayment Agency	Japan	238	A+
Q Energy - Phase II - Pride Investments, S.A.	Spain	236	BBB
Private International Sub-Sovereign Transaction	United Kingdom	229	A
Private International Sub-Sovereign Transaction	United Kingdom	219	AA-
Q Energy - Phase III - FSL Issuer, S.A.U.	Spain	219	BBB
University of York (Civitas Living LLP), UK	United Kingdom	215	BBB
Feria Muestrario Internacional de Valencia	Spain	213	BBB-
Western Power Distribution (South Wales) PLC	United Kingdom	204	BBB+
United Utilities Water PLC	United Kingdom	204	A-
Octagon Healthcare Funding PLC	United Kingdom	201	BBB
South West Water UK	United Kingdom	200	BBB+
Portsmouth Water, United Kingdom	United Kingdom	199	BBB
Plenary Health North Bay Finco Inc.	Canada	198	BBB
University of Sussex - East Slope Residencies PLC	United Kingdom	192	BBB+
Keele Residential Funding PLC	United Kingdom	190	BBB+
Bakethin Finance Plc	United Kingdom	189	A-
Total top 50 non-U.S. exposures		**$ 22,592**	

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 Nine Months Ended September 30,	As of and for Year Ended December 31,			
	2023	**2022**	**2021**	**2020**	**2019**
Claims-Paying Resources [1]					
Policyholders' surplus	$ 2,569	$ 2,747	$ 3,053	$ 2,864	$ 2,691
Contingency reserve	908	855	877	940	986
Qualified statutory capital	**3,477**	**3,602**	**3,930**	**3,804**	**3,677**
Unearned premium reserve and net deferred ceding commission income	2,048	2,134	2,127	2,112	2,027
Loss and LAE reserves	—	—	12	64	196
Total policyholders' surplus and reserves	**5,525**	**5,736**	**6,069**	**5,980**	**5,900**
Present value of installment premium	491	503	460	445	409
CCS	200	200	200	200	200
Total claims-paying resources (including proportionate Municipal Assurance Corp. (MAC) ownership for AGM)	**6,216**	**6,439**	**6,729**	**6,625**	**6,509**
Adjustment for MAC	—	—	—	363	370
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	**$ 6,216**	**$ 6,439**	**$ 6,729**	**$ 6,262**	**$ 6,139**
Ratios:					
Net par outstanding to qualified statutory capital	45:1	43:1	39:1	38:1	38:1
Capital ratio	72:1	69:1	62:1	61:1	62:1
Financial resources ratio	41:1	39:1	36:1	35:1	35:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGM)	25:1	24:1	23:1	22:1	22:1
Other Financial Information (Statutory Basis) [2]					
Net debt service outstanding (end of period)	$ 252,070	$ 249,089	$ 241,985	$ 231,966	$ 228,284
Gross debt service outstanding (end of period)	341,748	329,744	320,447	310,948	308,725
Net par outstanding (end of period)	156,708	154,628	152,812	144,501	140,579
Gross par outstanding (end of period)	212,980	205,479	204,014	195,657	192,018
Ceded to Assured Guaranty affiliates	56,122	50,696	50,859	50,768	50,665
Ceded par to other companies	150	154	343	388	774
Gross debt service written:					
Public finance	$ 25,965	$ 38,419	$ 35,945	$ 35,457	$ 45,642
Structured finance	308	375	361	—	—
Total gross debt service written	$ 26,273	$ 38,794	$ 36,306	$ 35,457	$ 45,642

1) See page 8 for additional detail on claims-paying resources and exposure. The December 31, 2019 - 2020 numbers shown for AGM have been adjusted to include its indirect share of MAC. Until April 1, 2021, AGM and AGC owned 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc. (MAC Holdings), which owned 100% of the outstanding common stock of MAC. On April 1, 2021, as part of a multi-step transaction, AGC sold its interest in MAC Holdings to AGM and MAC was merged with and into AGM, with AGM as the surviving company.
2) The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Companies are prepared on a stand-alone basis.

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

Glossary

Net Par Outstanding and Internal Ratings

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

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

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

Performance Indicators

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

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, 2022.

U.S. Public Finance:

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

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

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

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

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

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

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

Glossary (continued)

Sectors (continued)

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 United Kingdom.

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

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

Structured Finance:

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

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.

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

Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.

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

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

Non-GAAP Financial Measures (continued)

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

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

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

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

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

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

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

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

Management uses adjusted book value, further adjusted 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 shareholders' equity, as defined above, further adjusted for the following:

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

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

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

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

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

Non-GAAP Financial Measures (continued)

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

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

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

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

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

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

Assured Guaranty Municipal Corp.
1633 Broadway
New York, NY 10019
(212) 974-0100
www.assuredguaranty.com

Contacts:

Equity and Fixed Income Investors:

Robert Tucker
Senior Managing Director, Investor Relations and Corporate Communications
(212) 339-0861
rtucker@agltd.com

Michael Walker
Managing Director, Fixed Income Investor Relations
(212) 261-5575
mwalker@agltd.com

Andre Thomas
Managing Director, Equity Investor Relations
(212) 339-3551
athomas@agltd.com

Media:

Ashweeta Durani
Vice President, Media Relations
(212) 408-6042
adurani@agltd.com