

ASSURED  
GUARANTY®



Financial Supplement

**Assured Guaranty Municipal Corp.**

December 31, 2021

# ASSURED GUARANTY<sup>®</sup>

## MUNICIPAL

### Assured Guaranty Municipal Corp.

December 31, 2021

### Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2021. This financial supplement should also be read in conjunction with the Company's financial statements posted on [agltd.com/investor-information](http://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, and prior to April 1, 2021, MAC Holdings Inc.). Until April 1, 2021 AGM owned 60.7% of the outstanding shares of Municipal Assurance Holdings Inc., and AGM's affiliate Assured Guaranty Corp. (AGC) owned the remaining 39.3%. 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. AGM owns 65% of AGAS. Some amounts in this financial supplement may not add due to rounding.

## Cautionary Statement Regarding Forward Looking Statements

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, the effectiveness, acceptance and distribution of COVID-19 vaccines and therapeutics, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) changes in the world's credit markets, segments thereof, interest rates, credit spreads or general economic conditions; (3) developments in the world's financial and capital markets that adversely affect insured obligors' repayment rates, Assured Guaranty's insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (4) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (5) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (6) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (7) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the failure to resolve Assured Guaranty's Puerto Rico exposures in a manner substantially consistent with the support agreements signed to date; (8) increased competition, including from new entrants into the financial guaranty industry; (9) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (10) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments and investments it manages, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity or to unanticipated consequences; (11) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its financial guaranty contracts written in credit default swap form, and certain consolidated variable interest entities; (12) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's insurance subsidiaries have insured; (13) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (14) changes in applicable accounting policies or practices; (15) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (16) the failure of Assured Guaranty to successfully integrate the business of BlueMountain Capital Management, LLC (BlueMountain, now known as Assured Investment Management LLC) and its associated entities; (17) the possibility that acquisitions made by Assured Guaranty, including its acquisition of BlueMountain (BlueMountain Acquisition), do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (18) difficulties with the execution of Assured Guaranty's business strategy; (19) loss of key personnel; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes or pandemics, including developments in eastern Europe; (22) other risk factors identified in AGL's filings with the U.S. SEC; (23) other risks and uncertainties that have not been identified at this time; and; (24) management's response to these factors. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

# Assured Guaranty Municipal Corp.

## Selected Financial Highlights (1 of 2)

(dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>GAAP Highlights</b>				
Net income (loss) attributable to AGM	\$ 133	\$ 140	\$ 403	\$ 373
Gross written premiums (GWP)	86	114	269	417
Effective tax rate on net income	17.1 %	16.7 %	16.2 %	12.8 %
GAAP return on equity (ROE) <sup>(1)</sup>	12.1 %	12.8 %	9.1 %	8.6 %
<b>Non-GAAP Highlights<sup>(2)</sup></b>				
Adjusted operating income <sup>(2)</sup>	\$ 121	\$ 103	\$ 404	\$ 339
Present value of new business production (PVP) <sup>(2)</sup>	83	120	292	366
Gross par written	6,144	6,342	24,276	22,632
Effective tax rate on adjusted operating income <sup>(3)</sup>	17.4 %	17.9 %	16.1 %	13.0 %
Adjusted operating ROE <sup>(1)(2)</sup>	11.3 %	9.8 %	9.5 %	8.2 %
<b>Effect of refundings and terminations on GAAP measures:</b>				
Net earned premiums, pre-tax	8	\$ 22	32	\$ 65
Net income effect	7	16	27	48
<b>Effect of refundings and terminations on non-GAAP measures:</b>				
Operating net earned premiums and credit derivative revenues <sup>(4)</sup> , pre-tax	8	22	32	65
Adjusted operating income <sup>(4)</sup> effect	7	16	27	48

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

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

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

4) 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	
	December 31, 2021	December 31, 2020
<b>Shareholder's equity attributable to AGM</b>	<b>\$ 4,428</b>	<b>\$ 4,419</b>
Adjusted operating shareholder's equity <sup>(1)</sup>	4,309	4,209
Adjusted book value <sup>(1)</sup>	6,139	6,009
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) included in adjusted operating shareholder's equity	7	7
Gain (loss) related to FG VIE consolidation included in adjusted book value	—	(2)
<b>Exposure</b>		
Financial guaranty net debt service outstanding <sup>(2)</sup>	\$ 245,877	\$ 244,444
Financial guaranty net par outstanding <sup>(2)</sup>	156,219	153,826
<b>Claims-paying resources (including MAC) <sup>(3)</sup></b>	<b>6,729</b>	<b>6,625</b>

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

2) The December 31, 2020 amounts include those 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., 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.

3) See page 8 for additional detail on claims-paying resources.

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

	As of	
	December 31, 2021	December 31, 2020
<b>Assets</b>		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 4,398	\$ 4,966
Short-term investments, at fair value	599	424
Surplus note of affiliate, held-to-maturity, at amortized cost	300	300
Equity method investments	695	438
Other invested assets, at fair value	5	4
<b>Total investments</b>	<b>5,997</b>	<b>6,132</b>
Cash	14	63
Loans receivable from affiliate	163	163
Premiums receivable	1,074	1,094
Ceded unearned premium reserve	643	658
Reinsurance recoverable on unpaid losses	98	154
Salvage and subrogation recoverable	528	637
Financial guaranty variable interest entities' (FG VIEs') assets, at fair value	229	257
Other assets	206	192
<b>Total assets</b>	<b>\$ 8,952</b>	<b>\$ 9,350</b>
<b>Liabilities</b>		
Unearned premium reserve	\$ 2,962	\$ 2,981
Loss and loss adjustment expense (LAE) reserve	384	545
Reinsurance balances payable, net	333	349
FG VIE liabilities, at fair value (with recourse of \$243 and \$279, without recourse of \$17 and \$16)	260	295
Other liabilities	369	353
<b>Total liabilities</b>	<b>4,308</b>	<b>4,523</b>
<b>Shareholders' equity</b>		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	694	698
Retained earnings	3,633	3,521
Accumulated other comprehensive income (loss)	86	185
<b>Total shareholders' equity attributable to Assured Guaranty Municipal Corp.</b>	<b>4,428</b>	<b>4,419</b>
Noncontrolling interests	216	408
<b>Total shareholders' equity</b>	<b>4,644</b>	<b>4,827</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,952</b>	<b>\$ 9,350</b>

**Assured Guaranty Municipal Corp.**  
Consolidated Statements of Operations (unaudited)  
(dollars in millions)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
<b>Revenues</b>				
Net earned premiums	\$ 59	\$ 72	\$ 239	\$ 271
Net investment income	35	40	148	167
Net realized investment gains (losses)	15	1	31	7
Fair value gains (losses) on committed capital securities	—	(6)	(13)	(1)
Fair value gains (losses) on FG VIEs	5	(3)	19	(10)
Foreign exchange gain (loss) on remeasurement	(1)	49	(18)	31
Commutation gains (losses)	—	(1)	(7)	37
Other income (loss)	(5)	12	—	19
<b>Total revenues</b>	<b>108</b>	<b>164</b>	<b>399</b>	<b>521</b>
<b>Expenses</b>				
Loss and LAE (benefit)	(49)	(28)	(113)	(19)
Employee compensation and benefit expenses	22	24	84	87
Write-off of insurance licenses of Municipal Assurance Corp.	—	—	16	—
Other expenses	13	14	49	52
<b>Total expenses (benefit)</b>	<b>(14)</b>	<b>10</b>	<b>36</b>	<b>120</b>
<b>Income (loss) before provision for income taxes and equity in earnings of investees</b>	<b>122</b>	<b>154</b>	<b>363</b>	<b>401</b>
Equity in earnings of investees	43	22	141	59
<b>Income (loss) before income taxes</b>	<b>165</b>	<b>176</b>	<b>504</b>	<b>460</b>
Provision (benefit) for income taxes	29	29	82	59
<b>Net income (loss)</b>	<b>136</b>	<b>147</b>	<b>422</b>	<b>401</b>
Less: Noncontrolling interests	3	7	19	28
<b>Net income (loss) attributable to Assured Guaranty Municipal Corp.</b>	<b>\$ 133</b>	<b>\$ 140</b>	<b>\$ 403</b>	<b>\$ 373</b>

## Assured Guaranty Municipal Corp.

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

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

	Three Months Ended December 31, 2021		Three Months Ended December 31, 2020	
	Adjusted Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Adjusted Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ (1)	\$ —	\$ (1)
Net investment income	—	(1)	—	(1)
Net realized investment gains (losses)	15	—	1	—
Fair value gains (losses) on CCS	—	—	(6)	—
Fair value gains (losses) on FG VIEs	—	5	—	(3)
Foreign exchange gain (loss) on remeasurement	(1)	—	46	—
Other income (loss)	—	—	2	—
<b>Total revenue adjustments</b>	<b>14</b>	<b>3</b>	<b>43</b>	<b>(5)</b>
<b>Adjustments to expenses:</b>				
Loss expense	—	2	—	2
<b>Total expense adjustments</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>2</b>
<b>Pre-tax adjustments</b>	<b>14</b>	<b>1</b>	<b>43</b>	<b>(7)</b>
Less: tax effect of adjustments	2	—	6	(1)
Less: noncontrolling interests	—	—	—	—
<b>After-tax adjustments</b>	<b>\$ 12</b>	<b>\$ 1</b>	<b>\$ 37</b>	<b>\$ (6)</b>

#### Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation for the Year Ended December 31, 2021 and December 31, 2020

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Adjusted Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Adjusted Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ (4)	\$ —	\$ (4)
Net investment income	—	(3)	—	(4)
Net realized investment gains (losses)	31	—	7	—
Fair value gains (losses) on CCS	(13)	—	(1)	—
Fair value gains (losses) on FG VIEs	—	19	—	(10)
Foreign exchange gain (loss) on remeasurement	(17)	—	34	—
Other income (loss)	2	—	(2)	—
<b>Total revenue adjustments</b>	<b>3</b>	<b>12</b>	<b>38</b>	<b>(18)</b>
<b>Adjustments to expenses:</b>				
Loss expense	—	10	—	(6)
<b>Total expense adjustments</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>(6)</b>
<b>Pre-tax adjustments</b>	<b>3</b>	<b>2</b>	<b>38</b>	<b>(12)</b>
Less: tax effect of adjustments	1	—	4	(2)
Less: noncontrolling interests	3	—	—	—
<b>After-tax adjustments</b>	<b>\$ (1)</b>	<b>\$ 2</b>	<b>\$ 34</b>	<b>\$ (10)</b>

1) The "Adjusted Operating Income Adjustments" column represents the amounts recorded in the condensed consolidated statements of operations that the Company removes to arrive at adjusted operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

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





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

	As of				
	December 31,	September 30,	December 31,	September 30,	December 31,
	2021	2021	2020	2020	2019
<b>Reconciliation of shareholder's equity attributable to AGM to adjusted book value</b>					
<b>Shareholder's equity attributable to AGM</b>	\$ 4,428	\$ 4,437	\$ 4,419	\$ 4,317	\$ 4,250
Less pre-tax reconciling items:					
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	1	1	(2)	(3)	—
Fair value gains (losses) on CCS	10	10	24	30	25
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	139	184	238	212	209
Less taxes	(31)	(38)	(50)	(46)	(45)
Adjusted operating shareholders' equity	<u>4,309</u>	<u>4,280</u>	<u>4,209</u>	<u>4,124</u>	<u>4,061</u>
Pre-tax reconciling items:					
Less: Deferred acquisition costs	(58)	(59)	(71)	(64)	(67)
Plus: Net present value of estimated net future credit derivative revenue	3	3	4	5	5
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	2,252	2,236	2,200	2,212	2,140
Plus taxes	(483)	(479)	(475)	(471)	(456)
Adjusted book value	<u>\$ 6,139</u>	<u>\$ 6,099</u>	<u>\$ 6,009</u>	<u>\$ 5,934</u>	<u>\$ 5,817</u>
<b>Gain (loss) related to FG VIE consolidation included in adjusted operating shareholder's equity (net of tax benefit (provision) of \$(2),\$(2), \$(2), \$(2) and \$(3))</b>	\$ 7	\$ 6	\$ 7	\$ 7	\$ 11
<b>Gain (loss) related to FG VIE consolidation included in adjusted book value (net of tax benefit (provision) of \$0, \$1, \$1, \$1 and \$0)</b>	—	(2)	(2)	(2)	—

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	
	December 31, 2021	December 31, 2020
<b>Claims-paying resources</b>		
Policyholders' surplus	\$ 3,053	\$ 2,864
Contingency reserve <sup>(1)</sup>	877	940
<b>Qualified statutory capital</b>	<b>3,930</b>	<b>3,804</b>
Unearned premium reserve and net deferred ceding commission income <sup>(1)</sup>	2,127	2,112
Loss and LAE reserves <sup>(1)</sup>	12	64
<b>Total policyholders' surplus and reserves</b>	<b>6,069</b>	<b>5,980</b>
Present value of installment premium <sup>(1)</sup>	460	445
CCS	200	200
<b>Total claims-paying resources (including proportionate MAC ownership for AGM)</b>	<b>6,729</b>	<b>6,625</b>
Adjustment for MAC <sup>(2)</sup>	—	363
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>	<b>\$ 6,729</b>	<b>\$ 6,262</b>
Statutory net par outstanding <sup>(3)</sup>	\$ 152,812	\$ 136,115
Equity method adjustment <sup>(2)</sup>	—	8,386
Adjusted statutory net par outstanding <sup>(1)</sup>	<b>\$ 152,812</b>	<b>\$ 144,501</b>
Net debt service outstanding <sup>(3)</sup>	\$ 241,985	\$ 219,534
Equity method adjustment <sup>(2)</sup>	—	12,432
Adjusted net debt service outstanding <sup>(1)</sup>	<b>\$ 241,985</b>	<b>\$ 231,966</b>
<b>Ratios:</b>		
Adjusted net par outstanding to qualified statutory capital	39 :1	38 :1
Capital ratio <sup>(4)</sup>	62 :1	61 :1
Financial resources ratio <sup>(5)</sup>	36 :1	35 :1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGM)	23 :1	22 :1

- 1) The December 31, 2020 numbers shown for AGM have been adjusted to include (i) its 100% share of its United Kingdom (U.K.) and French insurance subsidiaries and (ii) 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., 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) Represents adjustment for AGM's interest and indirect ownership of MAC.
- 3) Net par outstanding and net debt service outstanding are presented on a statutory basis. Statutory net par outstanding is financial guaranty net par outstanding plus specialty insurance and reinsurance exposure. Net debt service outstanding is financial guaranty net debt service outstanding plus specialty reinsurance and reinsurance exposure.
- 4) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
- 5) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM).

## Assured Guaranty Municipal Corp.

### New Business Production (1 of 5)

(dollars in millions)

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

	Three Months Ended December 31, 2021					Three Months Ended December 31, 2020				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
<b>Total GWP</b>	\$ 71	\$ 12	\$ —	\$ 3	\$ 86	\$ 115	\$ (1)	\$ —	\$ —	\$ 114
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	10	11	—	3	24	36	(2)	—	—	34
Upfront GWP	61	1	—	—	62	79	1	—	—	80
Plus: Installment premium PVP	9	10	—	2	21	31	9	—	—	40
<b>Total PVP</b>	<u>\$ 70</u>	<u>\$ 11</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 83</u>	<u>\$ 110</u>	<u>\$ 10</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 120</u>
<b>Gross par written</b>	<b>\$ 5,948</b>	<b>\$ —</b>	<b>\$ 31</b>	<b>\$ 165</b>	<b>\$ 6,144</b>	<b>\$ 6,342</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,342</b>

#### Reconciliation of GWP to PVP for the Year Ended December 31, 2021 and December 31, 2020

	Year Ended December 31, 2021					Year Ended December 31, 2020				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
<b>Total GWP</b>	\$ 182	\$ 81	\$ 1	\$ 5	\$ 269	\$ 297	\$ 119	\$ 1	\$ —	\$ 417
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	5	58	1	5	69	36	118	1	—	155
Upfront GWP	177	23	—	—	200	261	1	—	—	262
Plus: Installment premium PVP	37	51	—	4	92	31	73	—	—	104
<b>Total PVP</b>	<u>\$ 214</u>	<u>\$ 74</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 292</u>	<u>\$ 292</u>	<u>\$ 74</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 366</u>
<b>Gross par written</b>	<b>\$ 22,798</b>	<b>\$ 1,117</b>	<b>\$ 31</b>	<b>\$ 330</b>	<b>\$ 24,276</b>	<b>\$ 21,197</b>	<b>\$ 1,435</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 22,632</b>

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

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

## Assured Guaranty Municipal Corp.

### New Business Production (2 of 5)

(dollars in millions)

#### Reconciliation of GWP to PVP for the Three Months Ended December 31, 2021

Consolidated AGM	Three Months Ended December 31, 2021				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>Total GWP</b>	\$ 71	\$ 12	\$ —	\$ 3	\$ 86
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	10	11	—	3	24
Upfront GWP	61	1	—	—	62
Plus: Installment premium PVP	9	10	—	2	21
<b>Total PVP</b>	<b>\$ 70</b>	<b>\$ 11</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 83</b>
<b>Gross par written</b>	<b>\$ 5,948</b>	<b>\$ —</b>	<b>\$ 31</b>	<b>\$ 165</b>	<b>\$ 6,144</b>

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (3 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended December 31, 2020

	Three Months Ended December 31, 2020				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 115	\$ (1)	\$ —	\$ —	\$ 114
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	36	(2)	—	—	34
Upfront GWP	79	1	—	—	80
Plus: Installment premium PVP	31	9	—	—	40
<b>Total PVP</b>	<b>\$ 110</b>	<b>\$ 10</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 120</b>
<b>Gross par written</b>	<b>\$ 6,299</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,299</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ —	\$ —	\$ —	\$ —	\$ —
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GWP	—	—	—	—	—
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Gross par written</b>	<b>\$ 43</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 43</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 115	\$ (1)	\$ —	\$ —	\$ 114
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	36	(2)	—	—	34
Upfront GWP	79	1	—	—	80
Plus: Installment premium PVP	31	9	—	—	40
<b>Total PVP</b>	<b>\$ 110</b>	<b>\$ 10</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 120</b>
<b>Gross par written</b>	<b>\$ 6,342</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,342</b>

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

2) Includes present value of GWP adjustments on existing installment policies due to changes in assumptions.

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

# Assured Guaranty Municipal Corp.

## New Business Production (4 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Year Ended December 31, 2021

	Year Ended December 31, 2021				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 182	\$ 81	\$ 1	\$ 5	\$ 269
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	5	58	1	5	69
Upfront GWP	177	23	—	—	200
Plus: Installment premium PVP	37	51	—	4	92
<b>Total PVP</b>	<b>\$ 214</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ 292</b>
<b>Gross par written</b>	<b>\$ 22,798</b>	<b>\$ 1,117</b>	<b>\$ 31</b>	<b>\$ 330</b>	<b>\$ 24,276</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ —	\$ —	\$ —	\$ —	\$ —
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GWP	—	—	—	—	—
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Gross par written</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 182	\$ 81	\$ 1	\$ 5	\$ 269
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	5	58	1	5	69
Upfront GWP	177	23	—	—	200
Plus: Installment premium PVP	37	51	—	4	92
<b>Total PVP</b>	<b>\$ 214</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ 292</b>
<b>Gross par written</b>	<b>\$ 22,798</b>	<b>\$ 1,117</b>	<b>\$ 31</b>	<b>\$ 330</b>	<b>\$ 24,276</b>

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (5 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Year Ended December 31, 2020

	Year Ended December 31, 2020				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 296	\$ 119	\$ 1	\$ —	\$ 416
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	36	118	1	—	155
Upfront GWP	260	1	—	—	261
Plus: Installment premium PVP	31	73	—	—	104
<b>Total PVP</b>	<b>\$ 291</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 365</b>
<b>Gross par written</b>	<b>\$ 20,947</b>	<b>\$ 1,435</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 22,382</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ 1	\$ —	\$ —	\$ —	\$ 1
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GWP	1	—	—	—	1
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1</b>
<b>Gross par written</b>	<b>\$ 250</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 250</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 297	\$ 119	\$ 1	\$ —	\$ 417
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	36	118	1	—	155
Upfront GWP	261	1	—	—	262
Plus: Installment premium PVP	31	73	—	—	104
<b>Total PVP</b>	<b>\$ 292</b>	<b>\$ 74</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 366</b>
<b>Gross par written</b>	<b>\$ 21,197</b>	<b>\$ 1,435</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 22,632</b>

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

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 December 31,			
	2021		2020	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
<b>Sector:</b>				
<b>U.S. public finance:</b>				
General obligation	\$ 2,610	A-	\$ 2,178	A-
Tax backed	969	A	1,414	A-
Transportation	856	BBB	154	A-
Municipal utilities	684	A-	1,242	A-
Healthcare	447	BBB+	388	A
Higher education	342	A	53	A-
Infrastructure finance	40	A	787	BBB
Housing revenue	—	—	—	—
Other public finance	—	—	126	A+
Total U.S. public finance	<u>5,948</u>	A-	<u>6,342</u>	A-
<b>Non-U.S. public finance:</b>				
Renewable energy	—	—	—	—
Sovereign and sub-sovereign	—	—	—	—
Infrastructure finance	—	—	—	—
Total non-U.S. public finance	<u>—</u>	—	<u>—</u>	—
<b>Total public finance</b>	<b><u>5,948</u></b>	<b>A-</b>	<b><u>6,342</u></b>	<b>A-</b>
<b>U.S. structured finance:</b>				
Pooled corporate obligations	10	AAA	—	—
Other structured finance	21	A	—	—
Total U.S. structured finance	<u>31</u>	AA-	<u>—</u>	—
<b>Non-U.S. structured finance:</b>				
Pooled corporate obligations	132	AAA	—	—
Other structured finance	33	A	—	—
Total non-U.S. structured finance	<u>165</u>	AAA	<u>—</u>	—
<b>Total structured finance</b>	<b><u>196</u></b>	<b>AA+</b>	<b><u>—</u></b>	<b>—</b>
<b>Total gross par written</b>	<b><u>\$ 6,144</u></b>	<b>A-</b>	<b><u>\$ 6,342</u></b>	<b>A-</b>

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

## Assured Guaranty Municipal Corp.

### Gross Par Written (2 of 2)

(dollars in millions)

#### Gross Par Written by Asset Type

	Year Ended December 31,			
	2021		2020	
	Gross Par Written	Average Internal Rating	Gross Par Written	Average Internal Rating
<b>Sector:</b>				
<b>U.S. public finance:</b>				
General obligation	\$ 9,261	A-	\$ 8,779	A-
Tax backed	3,602	A	3,147	A-
Transportation	3,211	A-	583	A-
Municipal utilities	3,008	A-	3,421	A-
Healthcare	1,524	BBB+	2,816	BBB+
Higher education	1,499	A-	1,479	BBB+
Infrastructure finance	649	BBB	787	BBB
Housing revenue	44	BBB-	59	BBB-
Other public finance	—	—	126	A+
Total U.S. public finance	<u>22,798</u>	A-	<u>21,197</u>	A-
<b>Non-U.S. public finance:</b>				
Infrastructure finance	858	BBB	118	BBB+
Renewable energy	153	BBB+	1,103	BBB
Sovereign and sub-sovereign	106	A	214	A+
Total non-U.S. public finance	<u>1,117</u>	BBB+	<u>1,435</u>	BBB+
<b>Total public finance</b>	<b>23,915</b>	<b>A-</b>	<b>22,632</b>	<b>A-</b>
<b>U.S. structured finance:</b>				
Pooled corporate obligations	10	AAA	—	—
Other structured finance	21	A	—	—
Total U.S. structured finance	<u>31</u>	AA-	<u>—</u>	—
<b>Non-U.S. structured finance:</b>				
Pooled corporate obligations	297	AAA	—	—
Other structured finance	33	A	—	—
Total non-U.S. structured finance	<u>330</u>	AAA	<u>—</u>	—
<b>Total structured finance</b>	<b>361</b>	<b>AAA</b>	<b>—</b>	<b>—</b>
<b>Total gross par written</b>	<b><u>\$ 24,276</u></b>	<b>A-</b>	<b><u>\$ 22,632</u></b>	<b>A-</b>

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

## Assured Guaranty Municipal Corp.

### Investments and Cash (1 of 2)

(dollars in millions)

	Carrying Value as of December 31, 2021		
	AGM Consolidated (Excluding AGAS)	AGAS	Consolidated AGM
Fixed-maturity securities:			
Obligations of state and political subdivisions <sup>(1)(2)</sup>	\$ 1,883	\$ —	\$ 1,883
U.S. government securities	73	—	73
Corporate securities	1,496	—	1,496
Mortgage-backed securities:			
Residential mortgage-backed securities (RMBS) <sup>(2)</sup>	229	—	229
Commercial mortgage-backed securities (CMBS)	166	—	166
Asset-backed securities (ABS) <sup>(2)</sup>			
Collateralized loan obligations	366	—	366
Other ABS <sup>(2)</sup>	50	—	50
Non-U.S. government securities	135	—	135
Total fixed-maturity securities	4,398	—	4,398
Short-term investments	523	76	599
Cash	14	—	14
Surplus note of affiliate	300	—	300
Other invested assets	157	543	700
<b>Total</b>	<b>\$ 5,392</b>	<b>\$ 619</b>	<b>\$ 6,011</b>

	Carrying Value as of December 31, 2020			
	AGM Consolidated (Excluding MAC and AGAS)	MAC (Excluding AGAS)	AGAS	Consolidated AGM
Fixed-maturity securities:				
Obligations of state and political subdivisions <sup>(2)(3)</sup>	\$ 1,900	\$ 338	\$ —	\$ 2,238
U.S. government securities	61	20	—	81
Corporate securities <sup>(2)</sup>	1,366	138	—	1,504
Mortgage-backed securities:				
Residential mortgage-backed securities (RMBS) <sup>(2)</sup>	284	4	—	288
Commercial mortgage-backed securities (CMBS)	177	12	—	189
Asset-backed securities (ABS) <sup>(2)</sup>				
Collateralized loan obligations	412	23	—	435
Other ABS <sup>(2)</sup>	57	1	—	58
Non-U.S. government securities	173	—	—	173
Total fixed-maturity securities	4,430	536	—	4,966
Short-term investments	181	47	196	424
Cash	63	—	—	63
Surplus note of affiliate	300	—	—	300
Other invested assets	97	—	345	442
<b>Total</b>	<b>\$ 5,071</b>	<b>\$ 583</b>	<b>\$ 541</b>	<b>\$ 6,195</b>

1) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's).

2) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.

3) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A+, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's).

# Assured Guaranty Municipal Corp.

## Investments and Cash (2 of 2)

As of December 31, 2021

(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 <sup>(1)</sup>
Fixed-maturity securities:						
Obligations of state and political subdivisions <sup>(2)(3)</sup>	\$ 1,759	\$ —	3.32 %	3.07 %	\$ 1,883	\$ 58
U.S. government securities	72	—	1.58	1.28	73	1
Corporate securities	1,460	(1)	2.10	1.81	1,496	31
Mortgage-backed securities:						
RMBS <sup>(3)</sup>	260	(17)	5.49	4.34	229	14
CMBS	160	—	3.41	2.69	166	6
Asset-backed securities <sup>(3)</sup>						
Collateralized loan obligations	365	—	2.22	1.76	366	8
Other ABS <sup>(3)</sup>	50	—	4.31	4.11	50	2
Non-U.S. government securities	133	—	0.97	0.96	135	1
Total fixed-maturity securities	<u>4,259</u>	<u>(18)</u>	<u>2.85</u>	<u>2.51</u>	<u>4,398</u>	<u>121</u>
Short-term investments	599	—	—	—	599	—
Cash <sup>(4)</sup>	14	—	—	—	14	—
<b>Total</b>	<b><u>\$ 4,872</u></b>	<b><u>\$ (18)</u></b>	<b><u>2.50 %</u></b>	<b><u>2.20 %</u></b>	<b><u>\$ 5,011</u></b>	<b><u>\$ 121</u></b>

### Ratings <sup>(5)</sup>:

	Fair Value	% of Portfolio
U.S. government securities	\$ 73	1.7 %
AAA/Aaa	783	17.8
AA/Aa	1,553	35.3
A/A	1,168	26.5
BBB	593	13.5
BIG <sup>(6)</sup>	213	4.9
Not rated	15	0.3
<b>Total fixed-maturity securities, available-for-sale</b>	<b><u>\$ 4,398</u></b>	<b><u>100.0 %</u></b>

### Duration of fixed-maturity securities and short-term investments (in years):

3.8

### Average ratings of fixed-maturity securities and short-term investments

AA-

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds average A, after giving effect to the lower of the rating assigned by S&P or Moody's.
- 3) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 4) Cash is not included in the yield calculation.
- 5) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
- 6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$297 million in par with carrying value of \$209 million.

**Assured Guaranty Municipal Corp.**  
Estimated Net Exposure Amortization<sup>(1)</sup> and Estimated Future Net Premium  
and Credit Derivative Revenues  
(dollars in millions)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance <sup>(2)</sup>			Future Credit Derivative Revenues <sup>(3)</sup>
			Expected PV Net Earned Premiums	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	
2021 (as of December 31)		\$ 245,877				
2022 Q1	\$ 3,029	242,848	\$ 45	\$ 3	\$ 1	\$ —
2022 Q2	2,901	239,947	45	3	1	—
2022 Q3	4,459	235,488	45	3	1	—
2022 Q4	3,538	231,950	44	3	1	—
2023	12,478	219,472	167	12	3	—
2024	12,774	206,698	157	11	2	1
2025	12,575	194,123	144	10	2	—
2026	12,784	181,339	134	10	2	1
2022-2026	64,538	181,339	781	55	13	2
2027-2031	54,327	127,012	555	39	11	1
2032-2036	44,499	82,513	390	27	10	—
2037-2041	31,230	51,283	246	18	2	—
After 2041	51,283	—	361	34	—	—
<b>Total</b>	<b>\$ 245,877</b>		<b>\$ 2,333</b>	<b>\$ 173</b>	<b>\$ 36</b>	<b>\$ 3</b>

- 1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of December 31, 2021. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
- 2) See page 20, "Net Expected Loss to be Expensed."
- 3) Represents expected future premiums on insured credit derivatives.

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

**Rollforward of Net Expected Loss and LAE to be Paid <sup>(1)</sup> for the Three Months Ended December 31, 2021**

	Net Expected Loss to be Paid (Recovered) as of September 30, 2021	Economic Loss Development (Benefit) During 4Q-21	Net (Paid) Recovered Losses During 4Q-21	Net Expected Loss to be Paid (Recovered) as of December 31, 2021
Public Finance:				
U.S. public finance	\$ (178)	\$ (39)	\$ 170	\$ (47)
Non-U.S. public finance	16	(6)	(1)	9
Public Finance	<u>(162)</u>	<u>(45)</u>	<u>169</u>	<u>(38)</u>
Structured Finance:				
U.S. RMBS	73	(12)	20	81
Other structured finance	6	(1)	—	5
Structured Finance	<u>79</u>	<u>(13)</u>	<u>20</u>	<u>86</u>
<b>Total</b>	<b>\$ (83)</b>	<b>\$ (58)</b>	<b>\$ 189</b>	<b>\$ 48</b>

**Rollforward of Net Expected Loss and LAE to be Paid <sup>(1)</sup> for the Year Ended December 31, 2021**

	Net Expected Loss to be Paid (Recovered) as of December 31, 2020	Economic Loss Development (Benefit) During 2021	Net (Paid) Recovered Losses During 2021	Net Expected Loss to be Paid (Recovered) as of December 31, 2021
Public Finance:				
U.S. public finance	\$ (8)	\$ (71)	\$ 32	\$ (47)
Non-U.S. public finance	29	(18)	(2)	9
Public Finance	<u>21</u>	<u>(89)</u>	<u>30</u>	<u>(38)</u>
Structured Finance:				
U.S. RMBS	66	(57)	72	81
Other structured finance	7	(1)	(1)	5
Structured Finance	<u>73</u>	<u>(58)</u>	<u>71</u>	<u>86</u>
<b>Total</b>	<b>\$ 94</b>	<b>\$ (147)</b>	<b>\$ 101</b>	<b>\$ 48</b>

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

## Assured Guaranty Municipal Corp.

### Loss Measures

As of December 31, 2021

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended December 31, 2021			Year Ended December 31, 2021		
		GAAP Loss and LAE <sup>(1)</sup>	Loss and LAE Included in Adjusted Operating Income <sup>(2)</sup>	Effect of FG VIE Consolidation <sup>(3)</sup>	GAAP Loss and LAE <sup>(1)</sup>	Loss and LAE Included in Adjusted Operating Income <sup>(2)</sup>	Effect of FG VIE Consolidation <sup>(3)</sup>
Public finance:							
U.S. public finance	\$ 2,736	\$ (39)	\$ (39)	\$ —	\$ (65)	\$ (65)	\$ —
Non-U.S public finance	473	—	—	—	(7)	(7)	—
Public finance	<u>3,209</u>	<u>(39)</u>	<u>(39)</u>	<u>—</u>	<u>(72)</u>	<u>(72)</u>	<u>—</u>
Structured finance:							
U.S. RMBS	829	(10)	(10)	2	(40)	(40)	10
Other structured finance	19	—	—	—	(1)	(1)	—
Structured finance	<u>848</u>	<u>(10)</u>	<u>(10)</u>	<u>2</u>	<u>(41)</u>	<u>(41)</u>	<u>10</u>
<b>Total</b>	<u><b>\$ 4,057</b></u>	<u><b>\$ (49)</b></u>	<u><b>\$ (49)</b></u>	<u><b>\$ 2</b></u>	<u><b>\$ (113)</b></u>	<u><b>\$ (113)</b></u>	<u><b>\$ 10</b></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 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<sup>(1)</sup>

As of December 31, 2021

(dollars in millions)

	<u>GAAP</u>
2022 Q1	\$ 2
2022 Q2	2
2022 Q3	2
2022 Q4	2
2023	8
2024	8
2025	8
2026	9
2022-2026	<u>41</u>
2027-2031	24
2032-2036	12
2037-2041	3
After 2041	<u>2</u>
<b>Total expected PV of net expected loss to be expensed<sup>(2)</sup></b>	<b>82</b>
Future accretion	28
<b>Total expected future loss and LAE</b>	<b><u>\$ 110</u></b>

- 1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.00% to 1.98% for U.S. dollar denominated obligations.  
2) Excludes \$26 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 and Average Internal Rating by Asset Type

	As of December 31, 2021		As of December 31, 2020	
	Net Par Outstanding	Average Internal Rating	Net Par Outstanding	Average Internal Rating
<b>U.S. public finance:</b>				
General obligation	\$ 49,738	A-	\$ 49,450	A-
Tax backed	23,561	A-	22,782	A-
Municipal utilities	18,276	A-	17,747	A-
Transportation	10,740	BBB+	9,272	BBB+
Healthcare	7,547	BBB+	6,705	BBB+
Higher education	4,679	A-	3,970	A-
Infrastructure finance	2,633	BBB	2,183	BBB
Housing revenue	715	BBB-	815	BBB
Renewable energy	12	A	17	A
Other public finance	264	BBB+	433	A-
Total U.S. public finance	<u>118,165</u>	<u>A-</u>	<u>113,374</u>	<u>A-</u>
<b>Non-U.S. public finance:</b>				
Infrastructure finance	12,259	BBB	13,004	BBB
Regulated utilities	11,787	BBB+	12,383	BBB+
Sovereign and sub-sovereign	9,476	A+	10,161	A+
Renewable energy	1,887	A-	1,904	A-
Total non-U.S. public finance	<u>35,409</u>	<u>BBB+</u>	<u>37,452</u>	<u>BBB+</u>
<b>Total public finance</b>	<b><u>153,574</u></b>	<b><u>A-</u></b>	<b><u>150,826</u></b>	<b><u>A-</u></b>
<b>U.S. structured finance:</b>				
RMBS	1,561	BB+	1,834	BBB-
Financial products	770	AA-	820	AA-
Other structured finance	46	BB	98	A
Total U.S. structured finance	<u>2,377</u>	<u>BBB</u>	<u>2,752</u>	<u>BBB+</u>
<b>Non-U.S. structured finance:</b>				
RMBS	130	BBB+	152	BBB+
Pooled corporate obligations	40	AAA	—	—
Other structured finance	98	AAA	96	AAA
Total non-U.S. structured finance	<u>268</u>	<u>AA-</u>	<u>248</u>	<u>A+</u>
<b>Total structured finance</b>	<b><u>2,645</u></b>	<b><u>BBB+</u></b>	<b><u>3,000</u></b>	<b><u>BBB+</u></b>
<b>Total</b>	<b><u>\$ 156,219</u></b>	<b><u>A-</u></b>	<b><u>\$ 153,826</u></b>	<b><u>A-</u></b>

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 (2 of 3)

As of December 31, 2021

(dollars in millions)

### Distribution by Ratings of Financial Guaranty Portfolio

Ratings:	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 201	0.2 %	\$ 704	2.0 %	\$ 365	15.4 %	\$ 156	58.2 %	\$ 1,426	0.9 %
AA	9,615	8.1	3,643	10.3	948	39.9	2	0.8	14,208	9.1 %
A	64,002	54.2	9,152	25.8	91	3.8	3	1.1	73,248	46.9 %
BBB	41,611	35.2	21,437	60.6	125	5.2	107	39.9	63,280	40.5 %
BIG	2,736	2.3	473	1.3	848	35.7	—	—	4,057	2.6 %
<b>Net Par Outstanding<sup>(1)</sup></b>	<b>\$ 118,165</b>	<b>100.0 %</b>	<b>\$ 35,409</b>	<b>100.0 %</b>	<b>\$ 2,377</b>	<b>100.0 %</b>	<b>\$ 268</b>	<b>100.0 %</b>	<b>\$ 156,219</b>	<b>100.0 %</b>

1) As of December 31, 2021, the Company excluded \$466 million of net par attributable to loss mitigation securities.

### Ceded Par Outstanding

	Ceded Par Outstanding <sup>(1)(2)</sup>	% of Total
Affiliated reinsurers	\$ 52,204	99.3 %
Non-affiliated reinsurers	342	0.7 %
<b>Total</b>	<b>\$ 52,546</b>	<b>100.0 %</b>

1) Of the total par ceded to BIG rated reinsurers, \$66 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 \$752 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 December 31, 2021

(dollars in millions)

### Geographic Distribution of Financial Guaranty Portfolio

	<u>Net Par Outstanding</u>	<u>% of Total</u>
<b>U.S.:</b>		
U.S. public finance		
California	\$ 22,241	14.2 %
Pennsylvania	11,375	7.3
Texas	11,043	7.1
New York	10,980	7.0
Illinois	8,702	5.5
New Jersey	6,640	4.3
Florida	4,782	3.1
Michigan	3,759	2.4
Louisiana	3,703	2.4
Alabama	2,657	1.7
Other	32,283	20.7
Total U.S public finance	<u>118,165</u>	<u>75.7</u>
U.S. structured finance	2,377	1.5
<b>Total U.S.</b>	<u><b>120,542</b></u>	<u><b>77.2</b></u>
<b>Non-U.S.:</b>		
United Kingdom	26,638	17.1
Canada	1,871	1.2
France	1,612	1.0
Spain	1,404	0.9
Australia	1,145	0.7
Other	3,007	1.9
<b>Total non-U.S.</b>	<u><b>35,677</b></u>	<u><b>22.8</b></u>
<b>Total net par outstanding</b>	<u><b>\$ 156,219</b></u>	<u><b>100.0 %</b></u>

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)

**Structured Finance**

	Estimated Net Par Amortization				Estimated Ending Net Par Outstanding
	U.S. RMBS	Financial Products	Other Structured Finance	Total	
2021 (as of December 31)					\$ 2,645
2022 Q1	\$ 67	\$ 28	\$ 5	\$ 100	2,545
2022 Q2	62	14	5	81	2,464
2022 Q3	61	(14)	5	52	2,412
2022 Q4	56	(9)	9	56	2,356
2023	198	12	20	230	2,126
2024	183	16	21	220	1,906
2025	181	48	27	256	1,650
2026	139	59	32	230	1,420
2022-2026	947	154	124	1,225	1,420
2027-2031	293	401	148	842	578
2032-2036	113	183	42	338	240
2037-2041	206	30	—	236	4
After 2041	2	2	—	4	—
<b>Total structured finance</b>	<b>\$ 1,561</b>	<b>\$ 770</b>	<b>\$ 314</b>	<b>\$ 2,645</b>	

**Public Finance**

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2021 (as of December 31)		\$ 153,574
2022 Q1	\$ 1,158	152,416
2022 Q2	1,111	151,305
2022 Q3	2,694	148,611
2022 Q4	1,983	146,628
2023	6,201	140,427
2024	6,780	133,647
2025	6,848	126,799
2026	7,389	119,410
2022-2026	34,164	119,410
2027-2031	31,864	87,546
2032-2036	29,371	58,175
2037-2041	21,331	36,844
After 2041	36,844	—
<b>Total public finance</b>	<b>\$ 153,574</b>	

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 3)

As of December 31, 2021

(dollars in millions)

## Exposure to Puerto Rico

	<u>Gross Par Outstanding</u>	<u>Net Par Outstanding</u>	<u>Gross Debt Service Outstanding</u>	<u>Net Debt Service Outstanding</u>
Total	\$ 2,496	\$ 1,785	\$ 3,525	\$ 2,514

## Exposure to Puerto Rico by Risk<sup>(1)</sup>

	<u>Net Par Outstanding</u>	<u>Gross Par Outstanding</u>
<b>Puerto Rico Exposures Subject to a Plan or Support Agreement</b>		
Commonwealth of Puerto Rico - General Obligation Bonds <sup>(2)</sup>	\$ 574	\$ 938
Puerto Rico Public Buildings Authority (PBA)	—	50
PBA (Second-to-pay policies on affiliate exposure) <sup>(3)(2)</sup>	2	2
PBA total	2	52
<b>Subtotal - GO/PBA Plan</b>	576	990
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)	154	204
PRHTA (Transportation revenue) (Second-to-pay policies on affiliate exposure) <sup>(3)</sup>	79	79
PRHTA (Transportation revenue) total	233	283
PRHTA (Highways revenue)	381	430
<b>Subtotal - HTA/CCDA PSA</b>	614	713
<b>Subtotal Subject to a Plan or Support Agreement</b>	1,190	1,703
<b>Other Puerto Rico Exposures</b>		
Puerto Rico Electric Power Authority (PREPA)	469	621
Puerto Rico Municipal Finance Agency (MFA) <sup>(4)</sup>	126	172
<b>Subtotal Other Puerto Rico Exposures</b>	595	793
<b>Total exposure to Puerto Rico</b>	<b>\$ 1,785</b>	<b>\$ 2,496</b>

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations aggregating \$1.8 billion net par outstanding as of December 31, 2021. Of that amount, \$1.7 billion was rated BIG, while the remainder was rated AA because it relates to second-to-pay policies on obligations insured by AGC, an affiliate of the Company.

2) On March 15, 2022, the Modified Eighth Amended Title III Joint Plan of Adjustment, confirmed on January 18, 2022, was consummated, pursuant to which the Company, among other things, fully paid claims on all of its insured Puerto Rico GO bonds (other than certain GO bonds whose holders made certain elections), reducing the Company's net par exposure to insured Puerto Rico GO bonds to approximately \$9 million. On the same date and pursuant to the same Plan of Adjustment, its affiliate fully paid claims on \$0.3 million of its PBA bonds, reducing AGM's exposure from \$2.3 million to \$2.0 million.

3) Represents exposure as to 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.

4) All debt service on this insured exposure has been paid to date without any insurance claim being made on the Company.

# Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of December 31, 2021

(dollars in millions)

## Amortization Schedule of Net Par Outstanding of Puerto Rico<sup>(1)</sup>

	2022 (Q1)	2022 (Q2)	2022 (Q3)	2022 (Q4)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032- 2036	2037	Total
<b>Puerto Rico Exposures Subject to a Plan or Support Agreement</b>																
Commonwealth of Puerto Rico - General Obligation Bonds (Primary policies)	\$ —	\$ —	\$ 12	\$ —	\$ 3	\$ 38	\$ 35	\$ 10	\$ 39	\$ 19	\$ 12	\$ 40	\$ 39	\$ 264	\$ 63	\$ 574
PBA (Second-to-pay policies) <sup>(2)</sup>	—	—	—	—	1	—	1	—	—	—	—	—	—	—	—	2
<b>Subtotal - GO/PBA Plan</b>	—	—	12	—	4	38	36	10	39	19	12	40	39	264	63	576
PRHTA (Transportation revenue) (Primary policies)	—	—	11	—	12	—	4	4	18	18	22	22	16	20	7	154
PRHTA (Transportation revenue) (Second-to-pay policies) <sup>(2)</sup>	—	—	—	—	—	—	17	12	—	—	20	—	—	30	—	79
PRHTA (Highways revenue)	—	—	38	—	30	32	33	1	—	9	10	13	12	203	—	381
<b>Subtotal - HTA/CCDA PSA</b>	—	—	49	—	42	32	54	17	18	27	52	35	28	253	7	614
<b>Subtotal Subject to a Plan or Support Agreement</b>	—	—	61	—	46	70	90	27	57	46	64	75	67	517	70	1,190
<b>Other Public Corporations</b>																
PREPA	—	—	22	—	69	66	54	58	58	29	30	24	59	—	—	469
MFA	—	—	25	—	14	14	14	28	11	10	6	4	—	—	—	126
<b>Subtotal Other Puerto Rico Exposures</b>	—	—	47	—	83	80	68	86	69	39	36	28	59	—	—	595
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 108</b>	<b>\$ —</b>	<b>\$ 129</b>	<b>\$ 150</b>	<b>\$ 158</b>	<b>\$ 113</b>	<b>\$ 126</b>	<b>\$ 85</b>	<b>\$ 100</b>	<b>\$ 103</b>	<b>\$ 126</b>	<b>\$ 517</b>	<b>\$ 70</b>	<b>\$ 1,785</b>

1) The table does not reflect the impact of 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, consummated on March 15, 2022.

2) 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.

Exposure to Puerto Rico (3 of 3)

As of December 31, 2021

(dollars in millions)

## Amortization Schedule of Net Debt Service Outstanding of Puerto Rico<sup>(1)</sup>

	2022 (Q1)	2022 (Q2)	2022 (Q3)	2022 (Q4)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032- 2036	2037	Total
<b>Puerto Rico Exposures Subject to a Plan or Support Agreement</b>																
Commonwealth of Puerto Rico - General Obligation Bonds (Primary policies)	\$ 15	\$ —	\$ 27	\$ —	\$ 33	\$ 68	\$ 62	\$ 35	\$ 64	\$ 42	\$ 35	\$ 61	\$ 59	\$ 324	\$ 66	\$ 891
PBA (Second-to-pay policies) <sup>(2)</sup>	—	—	—	—	1	—	2	—	—	—	—	—	—	—	—	3
<b>Subtotal - GO/PBA Plan</b>	15	—	27	—	34	68	64	35	64	42	35	61	59	324	66	894
PRHTA (Transportation revenue) (Primary policies)	4	—	15	—	19	7	11	11	23	23	26	26	17	24	8	214
PRHTA (Transportation revenue) (Second-to-pay policies) <sup>(2)</sup>	2	—	3	—	4	4	21	15	3	3	23	1	2	36	—	117
PRHTA (Highways revenue)	10	—	48	—	48	48	48	14	13	22	22	25	24	236	—	558
<b>Subtotal - HTA/CCDA PSA</b>	16	—	66	—	71	59	80	40	39	48	71	52	43	296	8	889
<b>Subtotal Subject to a Plan or Support Agreement</b>	31	—	93	—	105	127	144	75	103	90	106	113	102	620	74	1,783
PREPA	9	2	30	2	89	83	67	69	68	35	35	28	62	—	—	579
MFA	3	—	28	—	19	18	17	32	13	11	6	5	—	—	—	152
<b>Subtotal Other Puerto Rico Exposures</b>	12	2	58	2	108	101	84	101	81	46	41	33	62	—	—	731
<b>Total</b>	<b>\$ 43</b>	<b>\$ 2</b>	<b>\$ 151</b>	<b>\$ 2</b>	<b>\$ 213</b>	<b>\$ 228</b>	<b>\$ 228</b>	<b>\$ 176</b>	<b>\$ 184</b>	<b>\$ 136</b>	<b>\$ 147</b>	<b>\$ 146</b>	<b>\$ 164</b>	<b>\$ 620</b>	<b>\$ 74</b>	<b>\$2,514</b>

1) The table does not reflect the impact of 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, consummated on March 15, 2022.

2) 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 December 31, 2021

(dollars in millions)

### Distribution of U.S. RMBS by Rating and Type of Exposure <sup>(1)</sup>

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	\$ —	\$ 45	\$ —	\$ 313	\$ —	\$ 358
AA	—	12	8	144	14	178
A	—	—	—	—	89	89
BBB	—	3	—	7	97	107
BIG	18	165	11	541	94	829
<b>Total exposures</b>	<b>\$ 18</b>	<b>\$ 225</b>	<b>\$ 19</b>	<b>\$ 1,005</b>	<b>\$ 294</b>	<b>\$ 1,561</b>

### 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	\$ —	\$ 10	\$ —	\$ 321	\$ 10	\$ 341
2005	—	97	6	97	37	237
2006	18	28	—	—	115	161
2007	—	90	13	559	132	794
2008	—	—	—	28	—	28
<b>Total exposures</b>	<b>\$ 18</b>	<b>\$ 225</b>	<b>\$ 19</b>	<b>\$ 1,005</b>	<b>\$ 294</b>	<b>\$ 1,561</b>

1) Assured Guaranty Municipal 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 December 31, 2021  
 (dollars in millions)

**Distribution of Credit Derivative Net Par Outstanding by Rating**

<b>Rating:</b>	<b>Net Par Outstanding</b>	<b>% of Total</b>
AA	\$ 77	15.0 %
A	216	42.0
BBB	221	43.0
<b>Total credit derivative net par outstanding <sup>(1)</sup></b>	<b>\$ 514</b>	<b>100.0 %</b>

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	
	December 31, 2021	December 31, 2020
<b>U.S. public finance:</b>		
Tax backed	\$ 1,167	\$ 1,051
General obligation	741	791
Municipal utilities	668	696
Transportation	74	74
Higher education	19	74
Housing revenue	9	9
Healthcare	4	2
Other public finance	54	57
Total U.S. public finance	2,736	2,754
<b>Non-U.S. public finance:</b>		
Infrastructure finance	382	307
Sovereign and sub-sovereign	91	367
Total non-U.S. public finance	473	674
<b>Total public finance</b>	<b>3,209</b>	<b>3,428</b>
<b>U.S. structured finance:</b>		
RMBS	829	931
Other structured finance	19	22
Total U.S. structured finance	848	953
<b>Non-U.S. structured finance:</b>		
Other structured finance	—	—
Total non-U.S. structured finance	—	—
<b>Total structured finance</b>	<b>848</b>	<b>953</b>
<b>Total BIG net par outstanding</b>	<b>\$ 4,057</b>	<b>\$ 4,381</b>

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<sup>(1)</sup>**

	As of	
	December 31, 2021	December 31, 2020
<b>BIG Category 1</b>		
U.S. public finance	\$ 1,062	\$ 1,028
Non-U.S. public finance	437	634
U.S. structured finance	95	107
Non-U.S. structured finance	—	—
Total BIG Category 1	1,594	1,769
<b>BIG Category 2</b>		
U.S. public finance	42	42
Non-U.S. public finance	—	—
U.S. structured finance	—	—
Non-U.S. structured finance	—	—
Total BIG Category 2	42	42
<b>BIG Category 3</b>		
U.S. public finance	1,632	1,684
Non-U.S. public finance	36	40
U.S. structured finance	753	846
Non-U.S. structured finance	—	—
Total BIG Category 3	2,421	2,570
<b>BIG Total</b>	<b>\$ 4,057</b>	<b>\$ 4,381</b>

- 1) BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims which are claims that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

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

## Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (3 of 3)

As of December 31, 2021

(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 <sup>(1)</sup>	60+ Day Delinquencies
<b>U.S. public finance:</b>			
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 574	CCC	
Puerto Rico Highways & Transportation Authority	535	CCC	
Puerto Rico Electric Power Authority	469	CCC	
Illinois Sports Facilities Authority	216	BB+	
Virgin Islands Public Finance Authority (Federal Excise Tax Match)	174	BB	
Puerto Rico Municipal Finance Agency	126	CCC	
Jackson Water & Sewer System, Mississippi	103	BB	
Virgin Islands Public Finance Authority (Gross Receipts)	97	BB	
Harrisburg Parking System, Pennsylvania	61	B	
Stockton City, California	55	B	
<b>Total U.S. public finance</b>	<b>2,410</b>		
<b>Non-U.S. public finance:</b>			
Road Management Services PLC (A13 Highway)	159	B+	
Dartford & Gravesham NHS Trust The Hospital Company (Dartford) Plc	124	BB+	
M6 Duna Autopalya Koncesszios Zrt.	63	BB+	
<b>Total non-U.S. public finance</b>	<b>346</b>		
<b>Total</b>	<b>\$ 2,756</b>		
<b>U.S. structured finance:</b>			
<b>RMBS:</b>			
Soundview 2007-WMC1	\$ 145	CCC	34.6%
Option One 2007-FXD2	135	CCC	20.7%
Nomura Asset Accept. Corp. 2007-1	77	CCC	19.6%
New Century 2005-A	65	CCC	21.9%
<b>Total RMBS</b>	<b>422</b>		
<b>Subtotal U.S. structured finance</b>	<b>422</b>		
<b>Subtotal Non-U.S. structured finance</b>	—		
<b>Total</b>	<b>\$ 422</b>		

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 December 31, 2021

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating <sup>(1)</sup>
New Jersey (State of)	\$ 1,835	BBB
Pennsylvania (Commonwealth of)	1,372	A-
New York Metropolitan Transportation Authority	1,095	A-
Illinois (State of)	1,076	BBB-
Foothill/Eastern Transportation Corridor Agency, California	1,000	BBB
CommonSpirit Health, Illinois	835	A-
Great Lakes Water Authority (Sewerage), Michigan	737	A-
ProMedica Healthcare Obligated Group, Ohio	682	BBB
Philadelphia School District, Pennsylvania	674	A-
Central Florida Expressway Authority, Florida	663	A+
Tucson (City of), Arizona	662	A+
Jefferson County Alabama Sewer	630	BBB
Massachusetts (Commonwealth of) Water Resources	621	AA
Montefiore Medical Center, New York	619	BBB-
Puerto Rico Highways & Transportation Authority	614	B-
Dade County Seaport, Florida	606	A
Pennsylvania Turnpike Commission	600	A-
Wisconsin (State of)	600	A
Port Authority of New York and New Jersey	583	BBB-
Suffolk County, New York	581	BBB
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	576	CCC
Anaheim (City of), California	570	A-
Yankee Stadium LLC New York City Industrial Development Authority	562	BBB
California (State of)	544	AA-
Long Island Power Authority	527	A-
Mets Queens Ballpark	517	BBB
New York (City of), New York	506	AA-
Pittsburgh Water & Sewer, Pennsylvania	503	A-
Oglethorpe Power Corporation, Georgia	500	BBB
Nassau County, New York	498	A-
Metropolitan Pier and Exposition Authority, Illinois	489	BBB-
Philadelphia (City of), Pennsylvania	484	BBB+
Puerto Rico Electric Power Authority	469	CCC
Metro Washington Airports Authority (Dulles Toll Road)	464	BBB+
Chicago Public Schools, Illinois	459	BBB-
San Joaquin Hills Transportation, California	454	BBB
Clark County School District, Nevada	454	BBB+
Massachusetts (Commonwealth of)	451	AA-
Kansas City, Missouri	442	A
Regional Transportation Authority (Sales Tax), Illinois	420	AA-
Sacramento County, California	416	A-
Hayward Unified School District, California	413	A
Garden State Preservation Trust, New Jersey Open Space & Farmland	400	BBB+
North Carolina Turnpike Authority	396	BBB-
New Jersey Turnpike Authority	387	A-
New York State Thruway Authority	380	A-
Municipal Electric Authority of Georgia	342	BBB+
Jets Stadium Development, LLC	338	BBB
Harris County - Houston Sports Authority, Texas	332	BBB
Alameda Corridor Transportation Authority, California	328	BBB+
<b>Total top 50 U.S. public finance exposures</b>	<b>\$ 29,706</b>	

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 (2 of 3)

As of December 31, 2021

(dollars in millions)

### 25 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating <sup>(1)</sup>
Soundview 2007-WMC1	\$ 146	CCC
Option One 2007-FXD2	135	CCC
CWABS 2007-4	105	A+
Nomura Asset Accept. Corp. 2007-1	77	CCC
New Century 2005-A	65	CCC
Countrywide 2007-13	60	AA
Countrywide HELOC 2006-I	59	A
ACE 2007-SL1	49	CCC
MABS 2007-NCW	49	BB
ACE 2007-D1	43	CCC
Countrywide Home Loans (CWABS) 2004-1	41	AAA
Asset Backed Funding Corp. 2005-AQ1	35	AAA
Long Beach 2004-1	34	AAA
Renaissance (Delta) 2005-4	32	BB
Countrywide HELOC 2006-F	32	BBB
Countrywide HELOC 2007-A	31	A
Countrywide HELOC 2007-B	30	BBB
Wells Fargo Home Equity 2004-2	30	AAA
Mid-State Trust X	29	AAA
Soundview Home Loan Trust 2008-1	28	CCC
Countrywide HELOC 2005-D	25	BBB-
Renaissance (Delta) 2004-2	23	AAA
Terwin Mortgage Trust 2005-16HE	23	CCC
Terwin Mortgage Trust 2006-10SL	23	CCC
Long Beach 2004-3N	22	AAA
<b>Total top 25 U.S. structured finance exposures</b>	<b>\$ 1,226</b>	

1) Transactions 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 December 31, 2021

(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	\$ 2,161	BBB
Dwr Cymru Financing Limited	United Kingdom	1,597	A-
Quebec Province	Canada	1,563	A+
Anglian Water Services Financing PLC	United Kingdom	1,460	A-
British Broadcasting Corporation (BBC)	United Kingdom	1,215	A+
Channel Link Enterprises Finance PLC	France, United Kingdom	1,073	BBB
Thames Water Utilities Finance Plc	United Kingdom	1,060	BBB
Aspire Defence Finance plc	United Kingdom	836	BBB+
Southern Gas Networks PLC	United Kingdom	832	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	685	AAA
Capital Hospitals (Issuer) PLC	United Kingdom	666	BBB-
Verdun Participations 2 S.A.S.	France	603	BBB-
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	538	BBB-
Derby Healthcare PLC	United Kingdom	489	BBB
Sydney Airport Finance Company	Australia	476	BBB+
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	470	BBB-
Campania Region - Healthcare receivable	Italy	445	BB+
Central Nottinghamshire Hospitals PLC	United Kingdom	424	BBB-
Envestra Limited	Australia	409	A-
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	386	BBB
National Grid Gas PLC	United Kingdom	367	BBB+
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	365	BBB+
Societe des Autoroutes du Nord et de l'est de la France S.A.	France	358	BBB+
Yorkshire Water Services Finance Plc	United Kingdom	342	BBB
Private International Sub-Sovereign Transaction	United Kingdom	333	AA-
Wessex Water Services Finance plc	United Kingdom	331	BBB+
South East Water	United Kingdom	323	BBB
Japan Expressway Holding and Debt Repayment Agency	Japan	309	A+
Severn Trent Water Utilities Finance Plc	United Kingdom	294	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	293	A
Hypersol Solar Inversiones, S.A.U.	Spain	280	BBB
Q Energy - Phase II - Pride Investments, S.A.	Spain	278	BBB+
University of Essex, United Kingdom	United Kingdom	262	BBB+
Q Energy - Phase III - FSL Issuer, S.A.U.	Spain	257	BBB
Private International Sub-Sovereign Transaction	United Kingdom	254	A
Scotland Gas Networks plc	United Kingdom	252	BBB
Octagon Healthcare Funding PLC	United Kingdom	244	BBB
Feria Muestrario Internacional de Valencia	Spain	242	BBB-
Western Power Distribution (South West) PLC	United Kingdom	235	BBB+
National Grid Company plc	United Kingdom	228	BBB+
Plenary Health North Bay Finco Inc.	Canada	227	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	226	BBB+
Bakethin Finance Plc	United Kingdom	216	A-
MPC Funding Limited	Australia	214	BBB+
Republic of Poland	Poland	214	A-
University of York (Civitas Living LLP), UK	United Kingdom	200	BBB
Integrated Accommodation Services PLC	United Kingdom	197	BBB+
Leeds Hospital - St. James's Oncology Financing plc	United Kingdom	193	BBB
United Utilities Water PLC	United Kingdom	187	BBB+
Keele Residential Funding PLC	United Kingdom	186	BBB+
<b>Total top 50 non-U.S. exposures</b>		<b>\$ 25,295</b>	

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)

	<b>As of and for Year Ended December 31,</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Claims-Paying Resources</b> <sup>(1)</sup>					
Policyholders' surplus	\$ 3,053	\$ 2,864	\$ 2,691	\$ 2,533	\$ 2,254
Contingency reserve	877	940	986	1,034	1,108
<b>Qualified statutory capital</b>	<b>3,930</b>	<b>3,804</b>	<b>3,677</b>	<b>3,567</b>	<b>3,362</b>
Unearned premium reserve and net deferred ceding commission income	2,127	2,112	2,027	1,873	1,926
Loss and LAE reserves <sup>(2)</sup>	12	64	196	518	634
<b>Total policyholders' surplus and reserves</b>	<b>6,069</b>	<b>5,980</b>	<b>5,900</b>	<b>5,958</b>	<b>5,922</b>
Present value of installment premium	460	445	409	238	235
CCS	200	200	200	200	200
Excess of loss reinsurance facility	—	—	—	180	180
<b>Total claims-paying resources (including proportionate MAC ownership for AGM)</b>	<b>6,729</b>	<b>6,625</b>	<b>6,509</b>	<b>6,576</b>	<b>6,537</b>
Adjustment for MAC	—	363	370	434	451
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>	<b>\$ 6,729</b>	<b>\$ 6,262</b>	<b>\$ 6,139</b>	<b>\$ 6,142</b>	<b>\$ 6,086</b>
Ratios:					
Net par outstanding to qualified statutory capital	39 :1	38:1	38:1	36:1	41:1
Capital ratio	62 :1	61:1	62:1	57:1	65:1
Financial resources ratio	36 :1	35:1	35:1	31:1	33:1
Adjusted statutory net par outstanding to claims-paying resources (including MAC adjustment for AGM)	23 :1	22:1	22:1	20:1	21:1
<b>Other Financial Information (Statutory Basis)</b> <sup>(3)</sup>					
Net debt service outstanding (end of period)	\$ 241,985	\$ 231,966	\$ 228,284	\$ 204,297	\$ 218,788
Gross debt service outstanding (end of period)	320,447	310,948	308,725	291,926	311,805
Net par outstanding (end of period)	152,812	144,501	140,579	129,893	138,775
Gross par outstanding (end of period)	204,014	195,657	192,018	185,515	197,164
Ceded to Assured Guaranty affiliates	50,859	50,768	50,665	53,733	54,628
Ceded par to other companies	343	388	774	1,889	3,762
Gross debt service written:					
Public finance	\$ 35,945	\$ 35,457	\$ 45,642	\$ 21,854	\$ 29,785
Structured finance	361	—	—	—	—
<b>Total gross debt service written</b>	<b>\$ 36,306</b>	<b>\$ 35,457</b>	<b>\$ 45,642</b>	<b>\$ 21,854</b>	<b>\$ 29,785</b>

- 1) See page 8 for additional detail on claims-paying resources and exposure. The December 31, 2017 - 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., 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) Loss and LAE reserves exclude adjustments to claims-paying resources for AGM because they were in a net recoverable position of \$109 million.
- 3) 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.

Average Credit Enhancement is intended to provide a measure of the amount of equity and/or subordinated tranches that are junior in the capital structure to Assured Guaranty's exposure, expressed as a percentage of the total transaction size, and reflects any reduction of that credit support resulting from defaults or other factors. For transactions where excess spread may be available to absorb certain losses, the amounts shown do not include any benefit from excess spread. The calculation methodologies differ for the various asset classes to reflect differences in transaction structures in order to provide a measure that management believes is comparable across asset classes. Some asset classes may not have subordinated tranches so they are excluded from the weighted averages.

### ***Sectors***

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2021.

#### *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 ad valorem taxes in an amount sufficient to provide for the full payment of the bonds.

Tax-Backed Bonds are obligations that are supported by the issuer from specific and discrete sources of taxation 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.

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.

### Non-U.S. Public Finance:

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 international regulated utility business is conducted in the United Kingdom.

Infrastructure Finance Obligations are obligations issued by a variety of entities engaged in the financing of international 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 international infrastructure business is conducted in the U.K.

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. In addition, these transactions typically 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.

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

### Structured Finance:

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.

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

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 GICs business, its medium term notes business and the equity payment agreements associated with AGMH's leveraged lease business. 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 (a) financial measures determined in accordance with GAAP and (b) financial measures not determined in accordance with GAAP (non-GAAP financial measures).

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

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

GAAP requires the Company to consolidate 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 and which are managed by AssuredIM.

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

Management and the Board of Directors use non-GAAP financial measures further adjusted to remove the effect of VIE consolidation (which the Company refers to as its core financial measures), as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company uses core financial measures in its decision-making process for and in its calculation of certain components of management compensation. The core financial measures that the Company uses to help determine compensation are: (1) adjusted operating income, further adjusted to remove the effect of FG VIE and CIV consolidation, (2) adjusted operating shareholders' equity, further adjusted to remove the effect of FG VIE and CIV consolidation, (3) growth in adjusted book value per share, further adjusted to remove the effect of FG VIE and CIV consolidation, (4) PVP, and (5) gross third-party assets raised.

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 AGL, as reported under GAAP, adjusted for the following:

- 1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- 2) Elimination of non-credit impairment-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 AGL, 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) (excluding foreign exchange remeasurement). The AOCI component of the fair value adjustment on the investment portfolio is not deemed economic because the Company generally holds these investments to maturity and therefore should not recognize an economic gain or loss.

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

Management uses adjusted book value, further adjusted for FG VIE and CIV consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in 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 value of the present value of estimated net future revenue for contracts other than financial guaranty insurance contracts (such as specialty insurance and reinsurance contracts and credit derivatives). This amount represents the net present value of estimated future revenue from these contracts (other than credit derivatives with net expected losses), net of reinsurance, ceding commissions and premium taxes.

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

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

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

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



**Assured Guaranty Municipal Corp.**

1633 Broadway  
New York, NY 10019  
(212) 974-0100  
[www.assuredguaranty.com](http://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](mailto:rtucker@agltd.com)

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

*Andre Thomas*  
Managing Director, Equity Investor Relations  
(212) 339-3551  
[athomas@agltd.com](mailto:athomas@agltd.com)

**Media:**

*Ashweeta Durani*  
Vice President, Corporate Communications  
(212) 408-6042  
[adurani@agltd.com](mailto:adurani@agltd.com)