Assured Guaranty Inc.

March 31, 2025
Financial Supplement

ASSURED GUARANTY®

Assured Guaranty Inc.[1]
March 31, 2025
Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2024 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025. For the purposes of this financial supplement, all references to the “Company” shall mean Assured Guaranty Inc. (AG, formerly known as Assured Guaranty Corp.) and its consolidated entities. Certain prior year balances have been reclassified to conform to the current year’s presentation.

[1] Effective August 1, 2024, Assured Guaranty Municipal Corp. (AGM), an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.

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 (i) significant changes in inflation, interest rates, the world's credit markets or segments thereof, credit spreads, foreign exchange rates, tariff regimes or general economic conditions, including the possibility of a recession or stagflation; (ii) geopolitical risk, terrorism and political violence risk, including those arising out of Russia's invasion of Ukraine and intentional or accidental escalation between The North Atlantic Treaty Organization and Russia, conflicts in South Asia and the Middle East, confrontation over Iran's nuclear program, the polarized political environment in the United States (U.S.), and strategic competition and tensions between the U.S. and China; (iii) cybersecurity risk and the impacts of artificial intelligence, machine learning and other technological advances, including potentially increasing the risks of malicious cyber attacks, dissemination of misinformation, and disruption of markets, including the markets in which the Company participates; (iv) the possibility of a U.S. government shutdown, payment defaults on the debt of the U.S. government or instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, and downgrades to their credit ratings; (v) developments in the world's financial and capital markets, including stresses in the financial condition of banking institutions in the U.S. and the possibility that increasing participation of unregulated financial institutions in these markets results in losses or lower valuations of assets, reduced liquidity and credit and/or contraction of these markets, that adversely affect repayment rates of insured obligors, Assured Guaranty's insurance loss or recovery experience, or investments of Assured Guaranty; (vi) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (vii) the possibility that budget or pension shortfalls, difficulties in obtaining additional financing or other factors will result in credit losses or liquidity claims on obligations of state, territorial and local governments, their related authorities, public corporations and other obligors that Assured Guaranty insures or reinsures; (viii) insured losses, including losses with respect to related legal proceedings, in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including below-investment-grade (BIG) healthcare, United Kingdom (U.K.) regulated utilities, European renewable energy, and Puerto Rico Electric Power Authority (PREPA) exposures; (ix) the impact of Assured Guaranty satisfying its obligations under insurance policies with respect to legacy insured Puerto Rico bonds; (x) the possibility that underwriting insurance in new jurisdictions and/or covering new sectors or classes of business does not result in the benefits anticipated or subjects Assured Guaranty to negative consequences; (xi) increased competition, including from new entrants into the financial guaranty industry, nonpayment insurance and other forms of capital saving or risk syndication available to banks and insurers; (xii) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity, or to other negative or unanticipated consequences; (xiii) the possibility that Assured Guaranty's mergers, acquisitions, divestitures and other strategic transactions, including the transactions with Sound Point Capital Management, LP (Sound Point, LP) and certain of its investment management affiliates (together with Sound Point, LP, Sound Point) and/or Assured Healthcare Partners LLC (AHP) and/or merger of Assured Guaranty Municipal Corp. (AGM) with and into Assured Guaranty Inc. (AG, formerly Assured Guaranty Corp.), do not result in the benefits anticipated and/or subject Assured Guaranty to negative consequences; (xiv) the inability to control the business, management or policies of entities in which Assured Guaranty holds a minority interest; (xv) the impact of market volatility on the fair value of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, contracts accounted for as derivatives, its committed capital securities (CCS), and its consolidated variable interest entities (VIEs); (xvi) 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; (xvii) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (xviii) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, including tariffs, or other governmental actions; (xix) the possibility that legal or regulatory decisions or determinations subject Assured Guaranty or obligations that it insures or reinsures to negative consequences; (xx) difficulties or delays with the execution of Assured Guaranty's business strategy; (xxi) loss of key personnel; (xxii) changes in applicable accounting policies or practices; (xxiii) public health crises, including pandemics and endemics, and the governmental and private actions taken in response to such events; (xxiv) natural or man-made catastrophes; (xxv) the impact of climate change on Assured Guaranty's business and regulatory actions taken related to such risk; (xxvi) other risk factors identified in AGL's filings with the U.S. Securities and Exchange Commission (SEC); (xxvii) other risks and uncertainties that have not been identified at this time; and (xxviii) 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 Inc.

Selected Financial Highlights [1] (1 of 2)

(dollars in millions)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
GAAP [2] Highlights		
Net income (loss) attributable to AG	**$ 134**	**$ 113**
Gross written premiums (GWP)	**30**	**60**
Effective tax rate on net income	**18.3 %**	**20.8 %**
GAAP return on equity (ROE) [3]	**9.9 %**	**7.8 %**
Non-GAAP Highlights [4]		
Adjusted operating income (loss) [4]	$ 123	$ 115
Present value of new business production (PVP) [4]	35	63
Gross par written	4,732	3,743
Effective tax rate on adjusted operating income [5]	18.2 %	20.4 %
Adjusted operating ROE [3][4]	8.8 %	7.7 %
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	**$ 4**	**$ 33**
Fair value gains (losses) of credit derivatives, pre-tax	**34**	**—**
Net income effect	**30**	**26**
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues [6], pre-tax	$ 38	$ 33
Adjusted operating income [6] effect	30	26

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.
2) Accounting principles generally accepted in the United States of America (GAAP).
3) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.
4) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
5) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.
6) Condensed combined statement of operations items mentioned in this Financial Supplement that are described as operating (i.e. operating net earned premiums and credit derivative revenues) 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 Inc.

Selected Financial Highlights [1] (2 of 2)

(dollars in millions)

	As of	
	March 31, 2025	December 31, 2024
Shareholder's equity	**$ 5,496**	**$ 5,376**
Adjusted operating shareholder's equity [2]	5,648	5,585
Adjusted book value (ABV) [2]	7,833	7,814
Gain (loss) related to financial guaranty variable interest entities (FG VIEs) consolidation included in:		
Adjusted operating shareholder's equity	(8)	(7)
ABV	(14)	(15)
Exposure		
Financial guaranty net debt service outstanding	$ 326,114	$ 324,247
Financial guaranty net par outstanding:		
Investment grade	$ 195,456	$ 193,484
BIG	7,577	8,123
Total	$ 203,033	$ 201,607
Claims-paying resources [3]	**$ 8,581**	**$ 8,559**

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.
2) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.
3) See page 8 for additional detail on claims-paying resources.

Assured Guaranty Inc.

Condensed Combined Statements of Operations [(1)] (unaudited)

(dollars in millions)

	Three Months Ended March 31,	
	2025	**2024**
Revenues		
Net earned premiums	$ 68	$ 94
Net investment income	72	69
Net realized investment gains (losses)	(15)	8
Fair value gains (losses) on credit derivatives	88	9
Fair value gains (losses) on CCS	2	(10)
Fair value gains (losses) on FG VIEs	1	(3)
Fair value gains (losses) on consolidated investment vehicles (CIVs)	—	15
Foreign exchange gains (losses) on remeasurement	32	(10)
Fair value gains (losses) on trading securities	1	26
Other income (loss)	8	(4)
Total revenues	**257**	**194**
Expenses		
Loss and loss adjustment expense (LAE) (benefit)	48	5
Employee compensation and benefit expenses	47	44
Other expenses	27	25
Total expenses (benefit)	**122**	**74**
Income (loss) before income taxes and equity in earnings (losses) of investees	**135**	**120**
Equity in earnings (losses) of investees	29	23
Income (loss) before income taxes	**164**	**143**
Less: Provision (benefit) for income taxes	30	30
Net income (loss)	**134**	**113**
Less: Noncontrolling interests	—	—
Net income (loss) attributable to AG	**$ 134**	**$ 113**

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.

Assured Guaranty Inc.

Condensed Combined Balance Sheets (unaudited)

(dollars in millions)

	As of	
	March 31, 2025	December 31, 2024
Assets		
Investments:		
Fixed-maturity securities, available-for-sale, at fair value	$ 5,288	$ 5,199
Fixed-maturity securities, trading, at fair value	137	147
Short-term investments, at fair value	722	717
Equity method investments	428	402
Other invested assets	14	8
Total investments	6,589	6,473
Cash	110	69
Loan receivable from affiliate	250	250
Premiums receivable, net of commissions payable	1,533	1,520
Ceded unearned premium reserve	790	796
Reinsurance recoverable on unpaid losses	77	92
Salvage and subrogation recoverable	388	395
FG VIEs' assets	145	147
Other assets	294	386
Total assets	**$ 10,176**	**$ 10,128**
Liabilities		
Unearned premium reserve	$ 3,630	$ 3,679
Loss and LAE reserve	252	225
Reinsurance balances payable, net	349	349
FG VIEs' liabilities at fair value	163	164
Other liabilities	286	335
Total liabilities	**4,680**	**4,752**
Shareholder's equity		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	862	863
Retained earnings	4,858	4,796
Accumulated other comprehensive income (loss)	(239)	(298)
Total shareholder's equity	5,496	5,376
Total liabilities and shareholder's equity	**$ 10,176**	**$ 10,128**

Assured Guaranty Inc.

Adjusted Operating Income Adjustments and Effect of FG VIE Consolidation [1]

(dollars in millions)

	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024	
	Adjusted Operating Income Adjustments [2]	Effect of FG VIE Consolidation [3]	Adjusted Operating Income Adjustments [2]	Effect of FG VIE Consolidation [3]
Adjustments to revenues:				
Net earned premiums	$ —	$ —	$ —	$ (1)
Net investment income	—	(1)	—	(1)
Net realized investment gains (losses)	(15)	—	8	—
Fair value gains (losses) on credit derivatives	52	—	7	—
Fair value gains (losses) on CCS	2	—	(10)	—
Fair value gains (losses) on FG VIEs	—	1	—	(3)
Fair value gain (losses) on CIVs	—	—	—	15
Foreign exchange gains (losses) on remeasurement	28	—	(9)	—
Other income (loss)	1	—	—	—
Total revenue adjustments	68	—	(4)	10
Adjustments to expenses:				
Loss expense	54	—	(2)	(3)
Total expense adjustments	54	—	(2)	(3)
Pre-tax adjustments	14	—	(2)	13
Add: Equity in earnings (losses) of investees	—	—	—	(14)
Less: Tax effect of adjustments	3	—	—	—
Less: Non-controlling interest	—	—	—	—
After-tax adjustments	$ 11	$ —	$ (2)	$ (1)

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis.
2) Represents the amounts recorded in the condensed combined 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.
3) Represents the amounts included in the condensed combined 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 Inc.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations [1] (1 of 2)

(dollars in millions)

Adjusted Operating Income Reconciliation

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income (loss) attributable to AG	**$ 134**	**$ 113**
Less pre-tax adjustments:		
Realized gains (losses) on investments [2]	(14)	8
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	(2)	9
Fair value gains (losses) on CCS	2	(10)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	28	(9)
Total pre-tax adjustments	14	(2)
Less tax effect on pre-tax adjustments	(3)	—
Adjusted operating income (loss)	$ 123	$ 115

ROE Reconciliation and Calculation

	As of March 31, 2025	December 31, 2024	March 31, 2024	December 31, 2023
Shareholder's equity attributable to AG	**$ 5,496**	**$ 5,376**	**$ 5,802**	**$ 5,792**
Adjusted operating shareholder's equity	5,648	5,585	6,013	5,983
Gain (loss) related to FG VIE and CIV consolidation included in adjusted operating shareholder's equity	**(8)**	**(7)**	**(3)**	**(1)**

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income (loss) attributable to AG	**$ 134**	**$ 113**
Adjusted operating income (loss)	123	115
Average shareholder's equity attributable to AG	**$ 5,436**	**$ 5,797**
Average adjusted operating shareholder's equity	5,617	5,998
Gain (loss) related to FG VIE and CIV consolidation included in average adjusted operating shareholder's equity	**(8)**	**(2)**
GAAP ROE [3]	**9.9 %**	**7.8 %**
Adjusted operating ROE [3]	8.8 %	7.7 %

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.
2) This is net of reinsurer's share of realized gains (losses).
3) Quarterly ROE calculations represent annualized returns.

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

Assured Guaranty Inc.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations [1] (2 of 2)

(dollars in millions)

	As of			
	March 31, 2025	December 31, 2024	March 31, 2024	December 31, 2023
Reconciliation of shareholder’s equity attributable to AG to ABV:				
Shareholder’s equity attributable to AG	**$ 5,496**	**$ 5,376**	**$ 5,802**	**$ 5,792**
Less pre-tax reconciling items:				
Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives	52	54	51	43
Fair value gains (losses) on CCS	4	2	3	13
Unrealized gain (loss) on investment portfolio	(255)	(320)	(318)	(295)
Less taxes	47	55	53	48
Adjusted operating shareholder’s equity	5,648	5,585	6,013	5,983
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(46)	(53)	(64)	(67)
Plus: Net present value of estimated net future revenue	90	91	96	99
Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed	2,642	2,690	2,607	2,648
Plus taxes	(593)	(605)	(591)	(601)
ABV	$ 7,833	$ 7,814	$ 8,189	$ 8,196
Gain (loss) related to FG VIE and CIV consolidation included in:				
Adjusted operating shareholder’s equity (net of tax provision (benefit) of \$(2), \$(2), \$(1) and \$0)	$ (8)	$ (7)	$ (3)	$ (1)
ABV (net of tax provision (benefit) of \$(3), \$(3), \$(3) and \$(2))	$ (14)	$ (15)	$ (9)	$ (5)

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.

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

Assured Guaranty Inc.

Claims-Paying Resources

(dollars in millions)

		As of March 31, 2025
Claims-paying resources		
Policyholders' surplus	$	3,522
Contingency reserve		1,421
Qualified statutory capital		**4,943**
Unearned premium reserve and net deferred ceding commission income (1)		2,416
Loss and LAE reserves (1)(5)		—
Total policyholders' surplus and reserves		**7,359**
Present value of installment premium		822
CCS		400
Total claims-paying resources	**$**	**8,581**
Statutory net par outstanding (1)(2)	$	202,678
Net debt service outstanding (1)(2)		325,927
Ratios:		
Statutory net par outstanding to qualified statutory capital		41:1
Capital ratio (3)		66:1
Financial resources ratio (4)		38:1
Statutory net par outstanding to claims-paying resources		24:1
Separate company statutory basis:		
Admitted assets	$	7,119
Total liabilities		3,598
Loss and LAE reserves (recoverable)		(102)
Paid in capital stock		441

1) The numbers shown for AG have been adjusted to include its share of its U.K. and French insurance subsidiaries.
2) Net par outstanding and net debt service outstanding are presented on a statutory basis.
3) The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
4) The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.
5) Loss and LAE reserves exclude adjustments to claims-paying resources for AG because they were in a net recoverable position of $95 million as of March 31, 2025.

Assured Guaranty Inc.

New Business Production (1)

(dollars in millions)

Reconciliation of GWP to PVP

	Three Months Ended March 31, 2025					Three Months Ended March 31, 2024				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non-U.S.	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	U.S.	Non-U.S.	Total
Total GWP	**$ 25**	**$ —**	**$ 5**	**$ —**	**$ 30**	**$ 44**	**$ 2**	**$ 12**	**$ 2**	**$ 60**
Less: Installment GWP and other GAAP adjustments (2)	2	—	4	—	6	12	2	11	2	27
Upfront GWP	23	—	1	—	24	32	—	1	—	33
Plus: Installment premiums and other	2	7	1	1	11	11	1	14	4	30
Total PVP	$ 25	$ 7	$ 2	$ 1	$ 35	$ 43	$ 1	$ 15	$ 4	$ 63
Gross par written	**$ 4,269**	**$ 197**	**$ 121**	**$ 145**	**$ 4,732**	**$ 2,909**	**$ —**	**$ 480**	**$ 354**	**$ 3,743**

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.
2) Includes the present value (PV) of new business on installment policies discounted at the prescribed GAAP discount rates, GWP adjustments on existing installment policies due to changes in assumptions and other GAAP adjustments.

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

Assured Guaranty Inc.

Gross Par Written [(1)]

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31,	
	2025	2024
Sector:		
U.S. public finance:		
General obligation	$ 1,568	$ 1,162
Municipal utilities	933	418
Tax backed	685	571
Higher education	462	—
Healthcare	306	116
Transportation	228	642
Housing Revenue	87	—
Total U.S. public finance	4,269	2,909
Non-U.S. public finance:		
Regulated utilities	140	—
Sovereign and sub-sovereign	57	—
Total non-U.S. public finance	197	—
Total public finance	**4,466**	**2,909**
U.S. structured finance:		
Subscription finance facilities	92	151
Pooled corporate obligations	17	43
Insurance reserve financings and securitizations	—	250
Other structured finance	12	36
Total U.S. structured finance	121	480
Non-U.S. structured finance:		
Subscription finance facilities	145	354
Total non-U.S. structured finance	145	354
Total structured finance	**266**	**834**
Total gross par written	**$ 4,732**	**$ 3,743**

1) Effective August 1, 2024, AGM, an affiliate of AG, merged with and into AG, with AG as the surviving company. Under U.S. GAAP, the merger is a common control transaction; therefore, periods prior to the effective date of the merger have been restated to present all information on a combined basis. Effective as of August 1, 2024, all rights and obligations of AGM became rights and obligations of AG.

Please refer to the Glossary for a description of sectors.

Assured Guaranty Inc.

Investment Portfolio and Cash

(dollars in millions)

	As of	
	March 31, 2025	December 31, 2024
Fixed-maturity securities, available-for-sale	$ 5,288	$ 5,199
Fixed-maturity securities, trading (1)	137	147
Short-term investments	722	717
Equity method investments:		
Collateralized loan obligations (CLOs)	105	100
Private healthcare investing	164	153
Asset-based/specialty finance	148	142
Middle market direct lending	6	5
Other	5	2
Total equity method investments	428	402
Other invested assets	14	8
Cash	110	69
Total investment portfolio and cash	**$ 6,699**	**$ 6,542**

1) Primarily includes contingent value instruments (CVIs) received in connection with the resolution of the Company's exposure to insured Puerto Rico credits experiencing payment default other than PREPA. These securities are not rated.

Assured Guaranty Inc.

Fixed-Maturity Securities, Short-Term Investments and Cash
As of March 31, 2025
(dollars in millions)

	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Fixed-maturity securities, available-for-sale:						
Obligations of states and political subdivisions [3]	$ 1,712	$ (14)	3.65 %	3.22 %	$ 1,652	$ 63
U.S. government and agencies	59	—	2.95	2.34	55	2
Corporate securities	2,003	(6)	3.76	3.14	1,886	75
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) [2][3]	465	(22)	5.58	4.41	389	26
Commercial mortgage-backed securities	151	—	4.05	3.20	151	6
Asset-backed securities (ABS):						
CLOs	544	(1)	11.56	9.13	514	63
Other ABS [3]	572	(1)	4.35	3.49	570	25
Non-U.S. government securities	81	—	2.82	2.80	71	2
Total fixed-maturity securities, available-for-sale	5,587	(44)	4.68	3.87	5,288	262
Short-term investments	722	—	4.25	3.41	722	30
Cash [4]	110	—	—	—	110	—
Total	**$ 6,419**	**$ (44)**	**4.63 %**	**3.82 %**	**$ 6,120**	**$ 292**
Fixed-maturity securities, trading [6]					**$ 137**	

Ratings [5]**:**	Fair Value	% of Portfolio
U.S. government and agencies	$ 55	1.0 %
AAA/Aaa	716	13.5
AA/Aa	1,721	32.6
A/A	1,104	20.9
BBB	925	17.5
BIG	530	10.0
Not rated [7]	237	4.5
Total fixed-maturity securities, available-for-sale	$ 5,288	100.0 %
Duration of available-for-sale fixed-maturity securities and short-term investments (in years):		**3.8**

1) Represents annualized investment income based on amortized cost and pre-tax book yields.
2) Includes fair value of $127 million in subprime RMBS, of which 92% were rated BIG.
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 generally reflect the lower of Moody’s Investors Service, Inc. or Standard & Poor’s Financial Services LLC classifications except for purchased securities that the Company has insured, and for which it had expected losses to be paid (Loss Mitigation Securities) and certain other securities, which use internal ratings classifications. Loss mitigation and other securities total $817 million in par with carrying value of $587 million and are primarily included in the BIG category.
6) Primarily includes CVIs received in connection with the resolution of the Company’s exposure to insured Puerto Rico credits experiencing payment default other than PREPA. These securities are not rated.
7) Primarily includes CLO equity tranches.

Assured Guaranty Inc.

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

(dollars in millions)

			Financial Guaranty Insurance (2)			
	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Earnings of Deferred Premium Revenue	Accretion of Discount	Effect of FG VIE Consolidation on Earnings of Deferred Premium Revenue and Accretion of Discount	Future Credit Derivative Revenues (3)
2025 (as of March 31)		$ 326,114				
2025 Q2	$ 3,780	322,334	$ 57	$ 7	$ 1	$ 2
2025 Q3	5,246	317,088	57	7	1	2
2025 Q4	4,775	312,313	56	6	1	2
2026	17,467	294,846	213	25	3	7
2027	15,848	278,998	200	23	3	6
2028	15,779	263,219	190	22	2	6
2029	16,497	246,722	177	21	2	6
2025-2029	79,392	246,722	950	111	13	31
2030-2034	74,423	172,299	717	91	11	25
2035-2039	57,733	114,566	481	67	6	20
2040-2044	41,922	72,644	310	44	—	12
2045-2049	32,700	39,944	205	26	—	6
2050-2054	22,531	17,413	107	12	—	—
After 2054	17,413	—	90	10	—	—
Total	**$ 326,114**		**$ 2,860**	**$ 361**	**$ 30**	**$ 94**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2025. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
2) See also page 16, ''Net Expected Loss to be Expensed.''
3) Represents expected future premiums on insured credit derivatives.

Assured Guaranty Inc.

Roll Forward of Net Expected Loss and LAE to be Paid (Recovered)

(dollars in millions)

Roll Forward of Net Expected Loss and LAE to be Paid (Recovered) (1) for the Three Months Ended March 31, 2025

	Net Expected Loss to be Paid (Recovered) as of December 31, 2024	Net Economic Loss Development (Benefit) During 1Q-25	Net (Paid) Recovered Losses During 1Q-25	Net Expected Loss to be Paid (Recovered) as of March 31, 2025
Public Finance:				
U.S. public finance	$ 7	$ 20	$ (7)	$ 20
Non-U.S. public finance	83	17	—	100
Public Finance	90	37	(7)	120
Structured Finance:				
U.S. RMBS	(38)	(2)	7	(33)
Other structured finance	(35)	(37)	56	(16)
Structured Finance	(73)	(39)	63	(49)
Total	**$ 17**	**$ (2)**	**$ 56**	**$ 71**

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

Please refer to the Glossary for a description of sectors.

Assured Guaranty Inc.

Loss Measures

(dollars in millions)

	As of March 31, 2025	Three Months Ended March 31, 2025			
	Total Net Par Outstanding for BIG Transactions	**Net Economic Loss Development (Benefit)**	**GAAP Loss and LAE (1)**	**Loss and LAE included in Adjusted Operating Income (2)**	**Insurance Segment Loss and LAE (3)**
Public finance:					
U.S. public finance	$ 1,435	**$ 20**	$ 27	$ 27	$ 27
Non-U.S. public finance	5,362	**17**	5	5	5
Public finance	6,797	**37**	**32**	32	32
Structured finance:					
U.S. RMBS	762	**(2)**	—	—	—
Other structured finance	18	**(37)**	16	(38)	(38)
Structured finance	780	**(39)**	**16**	(38)	(38)
Total	**$ 7,577**	**$ (2)**	**$ 48**	$ (6)	$ (6)

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) Includes loss expense related to contracts that are accounted for as insurance contracts, credit derivatives, and consolidated FG VIEs.

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

Assured Guaranty Inc.

Net Expected Loss to be Expensed [1]

As of March 31, 2025

(dollars in millions)

	GAAP
2025 Q2	**$ 3**
2025 Q3	**3**
2025 Q4	**3**
2026	**12**
2027	**16**
2028	**17**
2029	**16**
2025-2029	**70**
2030-2034	**73**
2035-2039	**35**
2040-2044	**13**
2045-2049	**15**
2050-2054	**11**
After 2054	**1**
Total expected present value of net expected loss to be expensed [2]	**218**
Future expected accretion	**(6)**
Total expected future loss and LAE	**$ 212**

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 1.99% to 5.41%.
2) Excludes $21 million related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Inc.

Financial Guaranty Profile (1 of 3)

(dollars in millions)

Net Par Outstanding by Asset Type

	As of March 31, 2025	As of December 31, 2024
U.S. public finance:		
General obligation	$ 60,355	$ 60,227
Tax backed	25,742	25,888
Municipal utilities	24,402	23,989
Transportation	21,707	21,911
Healthcare	11,896	11,714
Infrastructure finance	6,433	6,489
Higher education	5,917	5,625
Housing revenue	1,092	1,036
Renewable energy	117	117
Other public finance	782	793
Total U.S. public finance	158,443	157,789
Non-U.S. public finance:		
Regulated utilities	15,250	14,738
Infrastructure finance	12,595	12,380
Sovereign and sub-sovereign	8,184	8,049
Renewable energy	1,281	1,249
Pooled infrastructure	533	550
Total non-U.S. public finance	37,843	36,966
Total public finance	**196,286**	**194,755**
U.S. structured finance:		
Insurance reserve financings and securitizations	1,607	1,676
RMBS	1,384	1,414
Financial products	527	492
Pooled corporate obligations	464	490
Subscription finance facilities	157	140
Other structured finance	959	952
Total U.S. structured finance	5,098	5,164
Non-U.S. structured finance:		
Subscription finance facilities	645	696
Pooled corporate obligations	415	403
RMBS	217	216
Other structured finance	372	373
Total non-U.S. structured finance	1,649	1,688
Total structured finance	**6,747**	**6,852**
Total net par outstanding	**$ 203,033**	**$ 201,607**

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

Assured Guaranty Inc.

Financial Guaranty Profile (2 of 3)

As of March 31, 2025

(dollars in millions)

Distribution by Ratings of Financial Guaranty Portfolio

	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
Ratings:	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**	**Net Par Outstanding**	**%**
AAA	$ 15	— %	$ 1,434	3.8 %	$ 478	9.4 %	$ 437	26.5 %	$ 2,364	1.2 %
AA	13,937	8.8	2,510	6.6	2,473	48.5	53	3.2	18,973	9.4
A	87,957	55.5	9,550	25.2	777	15.2	1,087	65.9	99,371	48.9
BBB	55,099	34.8	18,987	50.2	590	11.6	72	4.4	74,748	36.8
BIG	1,435	0.9	5,362	14.2	780	15.3	—	—	7,577	3.7
Net Par Outstanding (1)	**$ 158,443**	**100.0 %**	**$ 37,843**	**100.0 %**	**$ 5,098**	**100.0 %**	**$ 1,649**	**100.0 %**	**$ 203,033**	**100.0 %**

1) As of March 31, 2025, the Company excluded $930 million of net par primarily attributable to Loss Mitigation Securities.

Ceded Par Outstanding

	Ceded Par Outstanding (1)(2)	% of Total
Affiliated reinsurers	$ 57,622	99.9 %
Non-affiliated reinsurers	81	0.1
Total	**$ 57,703**	**100.0 %**

1) Of the total par ceded to a non-affiliated reinsurer, $14 million is rated BIG.
2) The total collateral posted by all affiliated and non-affiliated reinsurers required to post, or that had agreed to post, collateral was approximately $1,079 million as of March 31, 2025.

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

Assured Guaranty Inc.

Financial Guaranty Profile (3 of 3)

As of March 31, 2025

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 27,964	13.8 %
Texas	20,593	10.1
New York	15,764	7.8
Pennsylvania	14,796	7.3
Florida	9,400	4.6
Illinois	9,357	4.6
New Jersey	6,717	3.3
Michigan	3,869	1.9
Louisiana	3,681	1.8
Colorado	3,102	1.5
Other	43,200	21.3
Total U.S. public finance	158,443	78.0
U.S. structured finance (multiple states)	5,098	2.5
Total U.S.	**163,541**	**80.5**
Non-U.S.:		
United Kingdom	30,817	15.2
France	1,412	0.7
Spain	1,272	0.7
Australia	1,271	0.6
Austria	1,011	0.5
Other	3,709	1.8
Total non-U.S.	**39,492**	**19.5**
Total net par outstanding	**$ 203,033**	**100.0 %**

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

Assured Guaranty Inc.

Expected Amortization of Net Par Outstanding

(dollars in millions)

	Public Finance				Structured Finance				
	U.S. Public Finance	Non-U.S. Public Finance	Total	Estimated Ending Net Par Outstanding	U.S. RMBS	U.S. and Non-U.S. Pooled Corporate	Other Structured Finance	Total	Estimated Ending Net Par Outstanding
2025 (as of March 31)				$ 196,286					$ 6,747
2025 Q2	$ 1,201	$ 166	$ 1,367	194,919	$ 48	$ 6	$ 244	$ 298	6,449
2025 Q3	2,359	440	2,799	192,120	49	52	155	256	6,193
2025 Q4	1,732	724	2,456	189,664	46	10	154	210	5,983
2026	6,518	1,773	8,291	181,373	173	141	521	835	5,148
2027	6,237	909	7,146	174,227	153	317	273	743	4,405
2028	6,574	882	7,456	166,771	145	184	385	714	3,691
2029	6,747	1,875	8,622	158,149	134	69	421	624	3,067
2025-2029	31,368	6,769	38,137	158,149	748	779	2,153	3,680	3,067
2030-2034	33,780	8,738	42,518	115,631	309	70	1,121	1,500	1,567
2035-2039	29,465	5,773	35,238	80,393	321	30	409	760	807
2040-2044	24,396	2,008	26,404	53,989	—	—	478	478	329
2045-2049	20,178	2,603	22,781	31,208	6	—	323	329	—
2050-2054	14,246	3,291	17,537	13,671	—	—	—	—	—
After 2054	5,010	8,661	13,671	—	—	—	—	—	—
Total	**$ 158,443**	**$ 37,843**	**$ 196,286**		**$ 1,384**	**$ 879**	**$ 4,484**	**$ 6,747**	

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

Assured Guaranty Inc.

Puerto Rico Profile
As of March 31, 2025
(dollars in millions)

	Net Par Outstanding	Gross Par Outstanding
Defaulted Puerto Rico Exposures		
PREPA	$ 378	$ 512
Non-Defaulting Puerto Rico Exposures		
Puerto Rico Municipal Finance Agency	$ 76	$ 97
University of Puerto Rico	1	1
Total non-defaulting	$ 77	$ 98

PREPA Amortization Schedule

	Scheduled Net Par Amortization	Scheduled Net Debt Service Amortization
2025 (April 1 - June 30)	$ —	$ 2
2025 (July 1 - September 30)	55	61
2025 (October 1 - December 31)	—	2
Subtotal 2025	55	65
2026	77	91
2027	76	87
2028	46	54
2029	31	37
2030-2037	93	101
Total	**$ 378**	**$ 435**

Assured Guaranty Inc.

Direct Pooled Corporate Obligations Profile

As of March 31, 2025

(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Average Initial Credit Enhancement	Average Current Credit Enhancement
Ratings:				
AAA	$ 505	58.0 %	40.6 %	49.1 %
AA	58	6.7	36.1	36.0
A	205	23.5	56.4	41.3
BBB	103	11.8	36.2	37.3
Total exposures	**$ 871**	**100.0 %**	**43.5 %**	**45.0 %**

Distribution of Direct Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Average Initial Credit Enhancement	Average Current Credit Enhancement	Number of Transactions
Asset class:					
Trust preferred:					
Banks and insurance	$ 186	21.4 %	42.7 %	67.5 %	7
U.S. mortgage and real estate investment trusts	30	3.4	48.5	65.7	3
CLOs	655	75.2	43.5	37.7	10
Total exposures	**$ 871**	**100.0 %**	**43.5 %**	**45.0 %**	**20**

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

Assured Guaranty Inc.

Credit Derivative Net Par Outstanding Profile

As of March 31, 2025

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	$ 601	30.6 %
AA	930	47.4
A	189	9.6
BBB	217	11.1
BIG	26	1.3
Total credit derivative net par outstanding	**$ 1,963**	**100.0 %**

Distribution of Credit Derivative Net Par Outstanding by Sector

	Net Par Outstanding
Public finance:	
U.S. public finance	$ 1,004
Non-U.S. public finance	695
Total public finance	**1,699**
U.S. structured finance:	
Pooled corporate obligations	76
RMBS	59
Total U.S. structured finance	135
Non-U.S. structured finance:	
RMBS	129
Total non-U.S. structured finance	129
Total structured finance	**264**
Total credit derivative net par outstanding	**$ 1,963**

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

Assured Guaranty Inc.

Below Investment Grade Exposures (1 of 3)

(dollars in millions)

BIG Exposures by Asset Exposure Type

	As of	
	March 31, 2025	**December 31, 2024**
U.S. public finance:		
Municipal utilities	$ 563	$ 563
Healthcare	295	984
General obligation	179	182
Transportation	86	94
Tax backed	84	90
Higher education	64	64
Housing revenue	52	—
Other public finance	112	164
Total U.S. public finance	1,435	2,141
Non-U.S. public finance:		
Regulated utilities	3,832	3,696
Infrastructure finance	776	762
Renewable energy	724	696
Sovereign and sub-sovereign	30	37
Total non-U.S. public finance	5,362	5,191
Total public finance	**6,797**	**7,332**
U.S. structured finance:		
RMBS	762	772
Insurance reserve financings and securitizations	10	—
Other structured finance	8	19
Total U.S. structured finance	780	791
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	**780**	**791**
Total BIG net par outstanding	**$ 7,577**	**$ 8,123**

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 Inc.

Below Investment Grade Exposures (2 of 3)

(dollars in millions)

Net Par Outstanding by BIG Surveillance Category [(1)]

	As of	
	March 31, 2025	**December 31, 2024**
BIG Category 1		
U.S. public finance	$ 602	$ 1,599
Non-U.S. public finance	4,825	4,674
U.S. structured finance	94	96
Non-U.S. structured finance	—	—
Total BIG Category 1	5,521	6,369
BIG Category 2		
U.S. public finance	408	118
Non-U.S. public finance	537	517
U.S. structured finance	26	26
Non-U.S. structured finance	—	—
Total BIG Category 2	971	661
BIG Category 3		
U.S. public finance	425	424
Non-U.S. public finance	—	—
U.S. structured finance	660	669
Non-U.S. structured finance	—	—
Total BIG Category 3	1,085	1,093
BIG Total	**$ 7,577**	**$ 8,123**

1) The Company assigns each BIG exposure to one of the three BIG surveillance categories below, which generally represent the following: BIG 1: Below-investment-grade exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is less than 50%, regardless of whether the Company has or has not paid a claim for which it expects to be reimbursed within one year (liquidity claim). BIG 2: Below-investment-grade exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, but for which no claims (other than liquidity claims) have yet been paid. BIG 3: Below-investment-grade exposures for which future losses are expected, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, and for which claims, other than liquidity claims have been paid.

For purposes of classifying BIG exposures into one of the three BIG categories, the Company calculates the present value of projected claim payments and recoveries using the pre-tax book yield of the investment portfolio as the applicable discount rate.

For financial statement measurement purposes, the Company uses risk-free rates (as determined each quarter) for discounting, rather than pre-tax book yield of the investment portfolio, to calculate the expected losses to be paid. Expected losses to be paid (recovered) are based on probability weighted scenarios and serve as the basis for the loss reserves reported in accordance with U.S. GAAP.

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 Inc.

Below Investment Grade Exposures (3 of 3)

As of March 31, 2025

(dollars in millions)

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

Name or description	Net Par Outstanding	Internal Rating [1]	60+ Day Delinquencies
U.S. public finance:			
Puerto Rico Electric Power Authority	$ 378	CCC	
Palomar Health	290	CCC	
Jackson Water & Sewer System, Mississippi	89	BB	
Puerto Rico Municipal Finance Agency	76	B	
New Jersey City University	63	BB	
Harrisburg Parking System, Pennsylvania	61	B	
Total U.S. public finance	**957**		
Non-U.S. public finance:			
Southern Water Services Limited	2,315	BB	
Thames Water Utilities Finance Plc	1,517	B	
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	537	B+	
Hypersol Solar Inversiones, S.A.U.	217	BB+	
Q Energy - Phase II - Pride Investments, S.A.	214	BB+	
Q Energy - Phase III - FSL Issuer, S.A.U.	203	B+	
Dartford & Gravesham NHS Trust The Hospital Company (Dartford) Plc	114	BB+	
Q Energy - Phase IV - Anselma Issuer, S.A.	91	BB+	
Road Management Services PLC (A13 Highway)	88	B+	
Total non-U.S. public finance	5,296		
Total public finance	**6,253**		
U.S. structured finance:			
RMBS:			
Option One Mortgage Loan Trust 2007-Hl1	96	CCC	22.5%
Option One 2007-FXD2	95	B	14.0%
Argent Securities Inc. 2005-W4	93	CCC	10.2%
Nomura Asset Accept. Corp. 2007-1	50	CCC	15.4%
Total RMBS - U.S. structured finance	**334**		
Total non-U.S. structured finance	—		
Total structured finance	**334**		
Total	**$ 6,587**		

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 Inc.

Largest Exposures by Sector (1 of 3)

As of March 31, 2025

(dollars in millions)

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

Credit Name:	Net Par Outstanding	Internal Rating
New Jersey (State of)	$ 1,723	BBB
Pennsylvania (Commonwealth of)	1,677	BBB
JFK New Terminal One, New York	1,360	BBB-
Metro Washington Airports Authority (Dulles Toll Road)	1,358	BBB+
Alameda Corridor Transportation Authority, California	1,158	BBB
Lower Colorado River Authority	1,150	A
New York Power Authority	1,128	AA-
Foothill/Eastern Transportation Corridor Agency, California	1,079	BBB+
South Carolina Public Service Authority - Santee Cooper	1,003	BBB+
New York Metropolitan Transportation Authority	999	A-
Philadelphia Water & Wastewater, Pennsylvania	977	A
Brightline Trains Florida LLC	963	BBB-
Montefiore Medical Center, New York	946	BBB-
Central Florida Expressway Authority, Florida	892	A+
CommonSpirit Health, Illinois	885	A-
San Diego Family Housing, LLC	871	AA
North Texas Tollway Authority	869	A+
San Joaquin Hills Transportation, California	828	BBB+
JFK Terminal 6, New York	784	BBB-
North Carolina Turnpike Authority	782	BBB
Pittsburgh Water & Sewer, Pennsylvania	716	A-
Municipal Electric Authority of Georgia	709	BBB+
Chicago Water, Illinois	708	BBB+
Harris County - Houston Sports Authority, Texas	700	A-
ProMedica Healthcare Obligated Group, Ohio	689	BBB-
Yankee Stadium LLC New York City Industrial Development Authority	682	BBB
Thomas Jefferson University	667	A-
Dade County Seaport, Florida	663	A-
Houston Airport System, Texas	653	A
Philadelphia School District, Pennsylvania	648	A-
California (State of)	631	AA-
Maine (State of)	596	A
Metropolitan Pier and Exposition Authority, Illinois	573	BBB-
Tucson (City of), Arizona	571	A+
New York (City of), New York	538	AA-
Anaheim (City of), California	534	A-
Illinois (State of)	528	BBB
Pittsburgh International Airport, Pennsylvania	525	A-
Massachusetts (Commonwealth of) Water Resources	525	AA
Chicago-O'Hare International Airport, Illinois	522	A-
Wisconsin (State of)	511	A
Nassau County, New York	500	AA-
Chicago (City of) Wastewater Transmission, Illinois	496	BBB+
New York Transportation Development Corporation (LaGuardia Airport Terminal Redevelopment Project)	487	BBB-
Mets Queens Ballpark	487	BBB
Los Angeles International Airport (Customer Facility Charge), California	464	A
Pennsylvania Turnpike Commission	458	A-
Chicago Public Schools, Illinois	446	BBB-
Kansas City, Missouri	442	A
Philadelphia (City of), Pennsylvania	441	A-
Total top 50 U.S. public finance exposures	**$ 38,542**	

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

Assured Guaranty Inc.

Largest Exposures by Sector (2 of 3)

As of March 31, 2025

(dollars in millions)

25 Largest U.S. Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating [1]
Private US Insurance Reserve Financing and Securitization	$ 652	AA-
Private US Insurance Reserve Financing and Securitization	188	AA-
Private US Insurance Reserve Financing and Securitization	179	AA-
Private US Insurance Reserve Financing and Securitization	177	AA-
Private US Insurance Reserve Financing and Securitization	165	AA
DB Master Finance LLC	137	BBB
Private US Insurance Reserve Financing and Securitization	114	A
Private Middle Market CLO	108	A
Private US Insurance Reserve Financing and Securitization	101	AA
CWABS 2007-4	99	BBB+
SLM Student Loan Trust 2007-A	97	AA
Option One Mortgage Loan Trust 2007-Hl1	96	CCC
Option One 2007-FXD2	95	B
Argent Securities Inc. 2005-W4	93	CCC
Private Balloon Note Guarantee	85	A
Private Middle Market CLO	81	BBB+
Private Balloon Note Guarantee	59	BBB
Private Subscription Finance Transaction	58	A-
CAPCO - Excess SIPC Excess of Loss Reinsurance	54	BBB
Nomura Asset Accept. Corp. 2007-1	50	CCC
ALESCO Preferred Funding XIII, Ltd.	46	AAA
New Century 2005-A	44	CCC
Private Other Structured Finance Transaction	44	A-
Private Balloon Note Guarantee	42	A
Countrywide 2007-13	41	AA
Total top 25 U.S. structured finance exposures	**$ 2,905**	

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 Inc.
Largest Exposures by Sector (3 of 3)
As of March 31, 2025
(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	$ 2,315	BB
Dwr Cymru Financing Limited	United Kingdom	1,675	A-
Anglian Water Services Financing PLC	United Kingdom	1,642	A-
Thames Water Utilities Finance Plc	United Kingdom	1,517	B
Channel Link Enterprises Finance PLC	France, United Kingdom	1,207	BBB
Southern Gas Networks PLC	United Kingdom	1,047	BBB+
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	892	AAA
British Broadcasting Corporation (BBC)	United Kingdom	845	A+
Quebec Province	Canada	802	AA-
Capital Hospitals (Issuer) PLC	United Kingdom	773	BBB-
National Grid Gas PLC	United Kingdom	692	A-
Yorkshire Water Services Finance Plc	United Kingdom	674	BBB
Verdun Participations 2 S.A.S.	France	622	BBB-
Aspire Defence Finance plc	United Kingdom	621	BBB+
Heathrow Funding Limited	United Kingdom	544	BBB
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	537	B+
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	493	BBB-
South East Water	United Kingdom	485	BBB
Derby Healthcare PLC	United Kingdom	461	BBB
Central Nottinghamshire Hospitals PLC	United Kingdom	455	BBB-
Severn Trent Water Utilities Finance Plc	United Kingdom	452	BBB+
Campania Region - Healthcare receivable	Italy	447	BBB-
Private International Sub-Sovereign Transaction	United Kingdom	438	A+
United Utilities Water PLC	United Kingdom	428	BBB+
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	418	BBB+
Sydney Airport Finance Company	Australia	412	BBB+
National Grid Company PLC	United Kingdom	396	BBB+
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	392	BBB
Wessex Water Services Finance plc	United Kingdom	389	BBB+
University of Sussex	United Kingdom	385	BBB
South West Water UK	United Kingdom	353	BBB+
Western Power Distribution (South West) plc	United Kingdom	315	BBB+
Envestra Limited	Australia	302	A-
Northumbrian Water PLC	United Kingdom	282	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	280	A
Private Other Structured Finance Transaction	Australia	275	A-
University of Essex, United Kingdom	United Kingdom	274	BBB
South Lanarkshire Schools	United Kingdom	272	BBB
Private International Sub-Sovereign Transaction	United Kingdom	242	A
Feria Muestrario Internacional de Valencia	Spain	238	BBB-
Western Power Distribution (South Wales) PLC	United Kingdom	238	BBB+
Japan Expressway Holding and Debt Repayment Agency	Japan	237	A+
Portsmouth Water, United Kingdom	United Kingdom	236	BBB
Sutton and East Surrey Water plc	United Kingdom	234	BBB
Private International Sub-Sovereign Transaction	United Kingdom	232	AA-
Hypersol Solar Inversiones, S.A.U.	Spain	217	BB+
Q Energy - Phase II - Pride Investments, S.A.	Spain	214	BB+
Keele Residential Funding PLC	United Kingdom	210	BBB+
University of York (Civitas Living LLP), UK	United Kingdom	203	BBB
Q Energy - Phase III - FSL Issuer, S.A.U.	Spain	203	B+
Total top 50 non-U.S. exposures		**$ 27,513**	

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

Assured Guaranty Inc.

Summary of Statutory Financial and Statistical Data

(dollars in millions)

	As of and for the Three Months Ended March 31,	As of and for Year Ended December 31,	
	2025	2024	2023
Claims-Paying Resources [1]			
Policyholders' surplus	$ 3,522	$ 3,524	$ 4,008
Contingency reserve	1,421	1,392	1,296
Qualified statutory capital	**4,943**	**4,916**	**5,304**
Unearned premium reserve and net deferred ceding commission income	2,416	2,424	2,427
Loss and LAE reserves	—	—	7
Total policyholders' surplus and reserves	**7,359**	**7,340**	**7,738**
Present value of installment premium	822	819	802
CCS	400	400	400
Total claims-paying resources	**$ 8,581**	**$ 8,559**	**$ 8,940**
Ratios:			
Net par outstanding to qualified statutory capital	41:1	41:1	36:1
Capital ratio	66:1	66:1	58:1
Financial resources ratio	38:1	38:1	34:1
Statutory net par outstanding to claims-paying resources	24:1	23:1	21:1
Other Financial Information (Statutory Basis) [2]			
Net debt service outstanding (end of period)	$ 325,927	$ 323,905	$ 307,408
Gross debt service outstanding (end of period)	414,795	410,924	393,162
Net par outstanding (end of period)	202,678	201,090	190,359
Gross par outstanding (end of period)	260,344	257,628	245,917
Ceded to Assured Guaranty affiliates	57,585	56,458	55,477
Ceded par to other companies	81	80	82
Gross debt service written:			
Public finance - U.S.	$ 7,677	$ 44,018	$ 41,903
Public finance - non-U.S.	216	2,158	3,286
Structured finance - U.S.	149	1,273	1,830
Structured finance - non-U.S.	145	2,001	1,177
Total gross debt service written	$ 8,187	$ 49,450	$ 48,196

1) See page 8 for additional detail on claims-paying resources and exposure.
2) The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Companies are prepared on a stand-alone basis.

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

Glossary

Net Par Outstanding and Internal Ratings

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

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

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

Performance Indicators

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

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, 2024.

U.S. Public Finance:

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

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

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

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

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

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.

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

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

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

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

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

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

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

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of credit default swap obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations. The Company has not entered into a pooled infrastructure transaction since 2006.

Structured Finance:
Insurance Reserve Financings and Securitizations are transactions, including life insurance transactions, where obligations are secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

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.

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

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 guarantee of certain business written by financial products companies owned by Dexia SA, which comprised guaranteed investment contracts, medium term notes and equity payment undertaking agreements associated with leveraged lease business. This business is being run off with the final maturity due in 2031. 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 U.S. and Non-U.S. Structured Finance Obligations categories above.

Non-GAAP Financial Measures

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

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

GAAP requires the Company to consolidate entities where it is deemed to be the primary beneficiary which include FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and CIVs in which certain subsidiaries invest.

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

The Company's management and AGL's Board of Directors use non-GAAP financial measures further adjusted to remove the effect of FG VIE and CIV consolidation (which the Company refers to as its core financial measures), as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company uses core financial measures in its decision-making process for and in its calculation of certain components of management compensation. The financial measures that Assured Guaranty uses to help determine compensation are: (i) adjusted operating income per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core operating income per share); (ii) adjusted operating shareholders' equity per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core operating shareholders' equity per share); (iii) ABV per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core ABV per share); (iv) core operating return on equity, which is calculated as core operating income divided by the average of core operating shareholders' equity at the beginning and end of the period; and (v) PVP.

The Company's management believes that many investors, analysts and financial news reporters use Assured Guaranty's adjusted operating shareholders' equity and/or ABV, 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.

Adjusted operating income, further adjusted for the effect of FG VIE and CIV consolidation, enables investors and analysts to evaluate the Assured Guaranty'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: The Company's 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 AG, as reported under GAAP, adjusted for the following:

1) Elimination of realized gains (losses) on the Company's investments that are recognized in net income (loss) attributable to AG, 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 (loss) attributable to AG, which is the amount of fair value gains (losses) in excess of the present value of the expected estimated economic credit losses. 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 (loss) attributable to AG. 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.

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

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

Assured Guaranty's adjusted operating income per share is calculated by dividing adjusted operating income by the weighted average diluted shares. The method for calculating weighted average diluted shares is in accordance with GAAP.

Adjusted Operating Shareholder's Equity and ABV: The Company's management believes that adjusted operating shareholder's equity is a useful measure because it excludes the fair value adjustments on investments, credit derivatives and CCS that are not expected to result in economic gain or loss. The Company's management uses ABV, further adjusted to remove the effect of FG VIE and CIV consolidation, to measure the intrinsic value of the Company, excluding franchise value. The Company's management believes that ABV is a useful measure because it enables an evaluation of the Company's in-force premiums and revenues net of expected losses.

Assured Guaranty's adjusted operating shareholders' equity per share and ABV per share, each further adjusted for FG VIE and CIV consolidation (core operating shareholders' equity per share and core ABV per share, respectively), are two 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.

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

1) Elimination of non-credit impairment-related unrealized fair value gains (losses) on credit derivatives that are reported on the consolidated balance sheet, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses. 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 that are reported on the consolidated balance sheet. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

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

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

ABV is adjusted operating shareholder's equity, as defined above, further adjusted for the following:

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

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

3) Addition of the deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the present value of the expected future net earned premiums, net of the present value of expected losses to be expensed.

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

Assured Guaranty's shares outstanding as of the end of the reporting period are used to calculate adjusted operating shareholders' equity per share and ABV per share.

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

Non-GAAP Financial Measures (continued)

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

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

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

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

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

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

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