**Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

You should carefully consider the following information, together with the information contained in AGL' s other filings with the SEC. The risks and uncertainties discussed below are not the only ones the Company faces. However, these are the risks that the Company' s management believes are material. The Company may face additional risks or uncertainties that are not presently known to the Company or that management currently deems immaterial, and such risks or uncertainties also may impair its business or results of operations. The risks discussed below could result in a significant or material adverse effect on the Company' s financial condition, results of operations, liquidity, or business prospects. Summary of Risk Factors The following summarizes some of the risks and uncertainties that may adversely affect the Company' s financial condition, results of operations, capital, liquidity, business prospects or share price. It is provided for convenience and should be read together with the more expansive explanations below this summary. Risks Related to Economic, Market and Political Conditions and Natural Phenomena • Developments in the U. S. and global financial markets and economy generally. • Significant budget deficits and pension funding and revenue shortfalls of certain state and local governments and entities that issue obligations the Company insures. • Significant risks from large individual or correlated exposures. • Losses on obligations ~~of the Commonwealth of Puerto Rico and its related authorities and public corporations~~ insured by the Company significantly in excess of those ~~currently~~ expected by the Company or recoveries significantly below those ~~currently~~ expected by the Company. • Downgrades to the U. S. government' s sovereign credit ratings, or to the credit ratings of instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities ~~. • The COVID- 19 pandemic, and the governmental and private actions taken in response to the pandemic~~. • Changes in attitudes toward debt repayment negatively impacting the Company' s insurance portfolio. • **Narrow** ~~Persistently low interest rate levels and~~ credit spreads adversely affecting demand for financial guaranty insurance. • Global climate change adversely affecting the Company' s insurance portfolio and investments. • Credit losses and interest rate changes adversely affecting the Company' s investments ~~and AUM~~. • Expansion of the categories and types of the Company' s investments ~~exposing~~ **(including those accounted for as CIVs), including allocations of investments to Sound Point and the exclusivity arrangement with Sound Point may expose** it to increased credit, interest rate, liquidity and other risks. Risks Related to Estimates, Assumptions and Valuations • Estimates of expected insurance losses to be paid (recovered), including losses with respect to related legal proceedings, are subject to uncertainties and actual amounts may be different, causing the Company to reserve either too little or too much for future losses. • The valuation of many of the Company' s assets and liabilities ~~and AUM~~ includes methodologies, estimates and assumptions that are subject to differing interpretations and could result in changes to valuations of the Company' s assets and liabilities that may materially adversely affect the Company' s financial condition, results of operations, capital, business prospects and share price. Strategic Risks • Competition in the Company' s industries. • Strategic transactions not resulting in the benefits anticipated. • **The Company' s investments in Sound Point are subject to the** ~~Risks~~ **risks faced by** ~~related to the~~ asset **managers generally and the risks of Sound Point' s investment business more specifically. • Minority ownership interests and inability to control the business,** management ~~business~~ **or policies of such interests**. • Alternative investments not resulting in the benefits anticipated. • A downgrade of the financial strength or financial enhancement ratings of any of the Company' s insurance or reinsurance subsidiaries. Operational Risks • Fluctuations in foreign exchange rates. • ~~Less predictable, political, credit or legal risks associated with the some~~ **Some** of the Company' s non- U. S. operations **expose it to less predictable political, credit and legal risks**. • The loss of the Company' s key executives or its inability to retain other key personnel. • A cyberattack, security breach or failure in the Company' s or a vendor' s information technology system, or a data privacy breach of the Company' s or a vendor' s information technology system. • Errors in, overreliance on, or misuse of, models. • Significant claim payments may reduce the Company' s liquidity. • A sudden need to raise additional capital as a result of insurance losses ~~, whether related to Puerto Rico or otherwise,~~ or as a result of changes in regulatory or rating agency capital requirements applicable to its insurance companies, at a time when additional capital may not be available or may be available only on unfavorable terms. • Large insurance losses ~~, whether related to Puerto Rico or otherwise,~~ substantially increasing the Company' s insurance subsidiaries' leverage ratios, and preventing them from writing new insurance. • The Company' s holding companies' ability to meet their obligations may be constrained. • The ability of AGL and its subsidiaries to meet their liquidity needs may be limited. Risks Related to Taxation • Changes in U. S. tax laws could reduce the demand or profitability of financial guaranty insurance, or negatively impact the Company' s investments. • Certain of the Company' s non- U. S. subsidiaries may be subject to U. S. tax. • AGL **may**, **and** AG Re and AGRO ~~may~~ **will,** become subject to taxes in Bermuda ~~after March 2035~~ **, which may adversely affect the Company' s future results of operations and an investment in the Company**. • ~~In certain circumstances,~~ U. S. Persons holding AGL' s shares may be subject to taxation under the U. S. CFC rules ~~,~~ **. • U. S. Persons holding AGL' s shares may be subject to** additional U. S. income taxation on their proportionate share of the Company' s RPII ~~or~~ **. • U. S. tax- exempt shareholders may be subject to** unrelated business taxable income rules ~~, and~~ **. • U. S. Persons holding AGL' s shares** may be subject to adverse tax consequences if AGL is considered to be a PFIC for U. S. federal income tax purposes. • Changes in U. S. federal income tax law adversely affecting **the Company and** an investment in AGL' s common shares. • An ownership change under Section 382 of the Code could have adverse U. S. federal tax consequences. • A change in AGL' s U. K. tax residence or its ability to otherwise qualify for the benefits of income tax treaties to which the U. K. is a party could adversely affect an investment in AGL' s common shares. • Changes in U. K. tax law or in AGL' s ability to satisfy all the conditions for exemption from U. K. taxation on dividend income or capital gains in respect of its direct subsidiaries could affect an investment in AGL' s common shares **. • An adverse adjustment under U. K. legislation governing the taxation of U. K. tax resident holding companies on the profits of their non- U. K. subsidiaries adversely affecting Assured Guaranty' s tax liability** . • An adverse adjustment under U. K. transfer pricing legislation could adversely impact Assured Guaranty' s tax liability. • ~~An adverse adjustment under U. K. legislation governing the taxation of U. K. tax resident holding companies on the profits of their non- U. K. subsidiaries adversely affecting Assured Guaranty' s tax liability. •~~ Assured Guaranty' s financial results may be affected by measures taken in response to the Organization for Economic Co- operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project. Risks Related to GAAP, Applicable Law and Litigation • **An inability to obtain accurate and timely financial information from Sound Point and other alternative investment managers, including AHP, may impair the Company' s ability to comply with reporting obligations. •** Changes in the fair value of the Company' s insured credit derivatives portfolio **, certain of its investments** , its committed capital securities (CCS), its FG VIEs, its CIVs, and / or the Company' s decision to consolidate or deconsolidate one or more FG VIEs and / or CIVs during a financial reporting period, subjecting its financial condition and results of operations to volatility. • Changes in industry and other accounting practices. • Changes in or inability to comply with applicable law and regulations. • Legislation, regulation or litigation arising out of the struggles of distressed obligors. • Certain insurance regulatory requirements and restrictions constraining AGL' s ability to pay dividends and fund share repurchases and other activities. • Applicable insurance laws may make it difficult to effect a change of control of AGL. Risks Related to AGL' s Common Shares • Volatility in the market price of AGL' s common shares. • Provisions in the Code and AGL' s Bye- Laws reducing or increasing the voting rights of its common shares. • Provisions in AGL' s Bye- Laws potentially restricting the ability to transfer common share or requiring shareholders to sell their common shares. Developments in the U. S. and global financial markets and economy generally may adversely affect the Company' s financial condition, results of operations, capital, liquidity, business prospects and share price. In recent years, the global financial markets and economy generally have been impacted by changes in inflation and interest rates, **and** ~~the COVID- 19 pandemic,~~ political events such as trade confrontations between the U. S. and ~~traditional allies and between the U. S. and~~ China ~~as well as the withdrawal of the U. K. from the EU (commonly known as " Brexit ")~~ . The global economic and political systems also have been impacted by events in the Middle East and Eastern Europe (including events in the Ukraine), as well as ~~Africa and~~ Southeast Asia **and South America** , and could be impacted by other events in the future, including natural and man- made events and disasters. These and other risks could materially and negatively affect the Company' s ability to access the capital markets, the cost of the Company' s debt, the demand for its credit enhancement ~~and asset management~~ products, the amount of losses incurred on transactions it guarantees, the value and performance of its investments (including those that are accounted for as CIVs), the ~~value of~~ **Company' s earnings from** its **investment in Sound Point** ~~AUM and amount of its related asset management fees (including performance fees)~~ , the capital and liquidity position and financial strength and enhancement ratings of its insurance subsidiaries, and the price of its common shares. Some of the state and local governments and entities that issue obligations the Company insures are experiencing significant budget deficits and pension funding and revenue shortfalls that could result in increased credit losses or ~~impairments~~ **liquidity claims** and increased rating agency capital charges on those insured obligations. Some of the state, territorial, and local governments that issue the obligations the Company insures are experiencing significant budget deficits and pension funding and revenue collection shortfalls. Certain territorial or local governments, including ones that have issued obligations insured by the Company, have sought protection from creditors under Chapter 9 of the U. S. Bankruptcy Code, or, in the case of Puerto Rico, the similar provisions of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), as a means of restructuring their outstanding debt. In some instances where local governments were seeking to restructure their outstanding debt, pension and other obligations owed to workers were treated more favorably than senior bond debt owed to the capital markets. If the issuers of the obligations in the Company' s public finance portfolio do not have sufficient funds to cover their expenses and are unable or unwilling to raise taxes, decrease spending or receive federal assistance, the Company may experience increased levels of losses or ~~impairments~~ **liquidity claims** on its insured public finance obligations. In addition, obligations supported by revenue streams, which may include both revenue and non- revenue bonds, such as those issued by toll road authorities, municipal utilities, airport authorities or mass transit, may be adversely affected by revenue declines resulting from reduced demand, changing demographics, evolving business practices that began during the COVID- 19 pandemic including hybrid work models, telecommuting, video conferencing and other alternative work arrangements, or other causes. These obligations, which may not necessarily benefit from financial support from other tax revenues or governmental authorities, may also experience increased losses if the revenue streams are insufficient to pay scheduled interest and principal payments. The Company may be subjected to significant risks from large individual or correlated insurance exposures. The Company is exposed to the risk that issuers of obligations that it insures or other counterparties may default on their financial obligations, whether as a result of insolvency, lack of liquidity, operational failure **(whether related to cybersecurity incidents, fraud, mismanagement or otherwise)** or other reasons, and the amount of insurance exposure the Company has to some ~~the~~ risks is quite large. The Company seeks to reduce this risk by managing exposure to large single risks, as well as concentrations of correlated risks, through tracking its aggregate exposure to single risks in its various lines of insurance business and establishing underwriting criteria to manage risk aggregations. Should the Company' s risk assessments prove inaccurate and should the applicable limits prove inadequate, the Company could be exposed to larger than anticipated losses, and could be required by the rating agencies to hold additional capital against insured exposures whether or not downgraded by the rating agencies. The Company' s ultimate exposure to a single risk may exceed its underwriting guidelines (caused by, for example, acquisitions, reassumptions, **accretion** or amortization of the portfolio faster than the single risk). The Company is exposed to correlation risk across **its** ~~the various assets the Company insures~~ **insured exposures** and in ~~which it~~ **its** ~~invests~~ **investment portfolio** . During periods of strong macroeconomic performance, stress in an individual transaction generally occurs for idiosyncratic reasons or as a result of issues in a single ~~asset class (so impacting only transactions in that~~ sector ~~)~~ . During a broad economic downturn or in the face of a significant natural or man- made event or disaster (such as the COVID- 19 pandemic or events in Ukraine **and the Middle East** ), a wider range of the Company' s insurance and investments could be exposed to stress at the same time. This stress may manifest itself in any or all of the following: ratings downgrades of insured risks, which may require more capital in the Company' s insurance subsidiaries; a reduction in the value of the Company' s investments ~~and / or AUM~~ ; and actual defaults and losses in its insurance portfolio **, investments** and / or ~~investments~~ **CIVs** . Losses on obligations ~~of the Commonwealth of Puerto Rico and its related authorities and public corporations~~ insured by the Company significantly in excess of those ~~currently~~ expected by the Company or recoveries significantly below those ~~currently~~ expected by the Company could have a negative effect on the Company' s financial condition, results of operations, capital, business prospects and share price. ~~The Company has an aggregate $ 1. 4 billion net par exposure as of December 31, 2022 to the Commonwealth of Puerto Rico (Puerto Rico or the Commonwealth) and various obligations of its related authorities and public corporations, and losses~~ **Losses** on ~~such~~ insured exposures significantly in excess of those ~~currently~~ expected by the Company could have a negative effect on the Company' s financial condition, results of operations, capital, business prospects and share price. **Certain issuers** ~~Most of the Puerto Rican entities with obligations insured by the Company~~ have defaulted on their debt service payments, and the Company has paid claims on them. The total net expected loss the Company calculates related to such exposures is net of ~~a significant~~ credit for estimated recoveries on claims already paid, and recoveries significantly below those expected by the Company could also have a negative effect on the Company' s financial condition, results of operations, capital, liquidity, business prospects and share prices. Additional information about the Company' s exposure ~~to Puerto Rico~~ and legal actions related to that exposure may be found in, Part II, Item 8, Financial Statements and Supplementary Data, Note 3, Outstanding Exposure ~~, Exposure to Puerto Rico~~ . Downgrades to the U. S. government' s sovereign credit ratings, or to the credit ratings of instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, could result in a deterioration in general economic conditions, increased credit losses in the Company' s insured portfolio, impairments or losses in its investment portfolio, and other risks to the Company and its credit ratings that the Company is not able to predict. In the U. S., debt ceiling and budget deficit concerns, which have increased 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, could weaken the U. S. dollar, global economy and banking system, cause market volatility, raise the cost of credit, negatively impact the Company' s insured and investment portfolios, and disrupt general economic conditions in ways that the Company is not able to predict, which could materially and adversely affect the Company' s business, financial condition and results of operations. While rating agencies currently permit sub- sovereign and corporate credits in the U. S. to be rated higher than sovereign credits, in the event that the U. S. government is downgraded and if the rating agencies no longer permit sub-sovereign and / or corporate credit ratings to be higher than the U. S. government, the resulting downgrades could result in a material adverse impact to the Company' s credit ratings and its insurance and investment portfolios. The Company may be exposed to a higher risk of default of U. S. public finance obligations in connection with a U. S. government default. While the Company historically has experienced low levels of defaults in its U. S. public finance insured portfolio, from time- to- time state and local governments that issue some of the obligations the Company insures have reported budget shortfalls that have required them to raise taxes and / or cut spending in order to satisfy their obligations. While there has been support provided by the U. S. federal government designed to provide aid to state and local governments, including during the COVID- 19 pandemic, certain state and local governments remain under financial stress. If the issuers of the obligations in the Company' s U. S. public finance insurance portfolio are reliant on financial assistance from the U. S. government in order to meet their obligations, and the U. S. government does not provide such assistance, the Company may experience credit losses or impairments on those obligations. A downgrade of the U. S. government may also result in higher interest rates, which could adversely affect the distressed RMBS that are in the Company' s insured portfolio, reduce the market value of the fixed-maturity securities held in the Company' s investment portfolio and dampen municipal bond issuance. ~~The development, course and duration of the COVID- 19 pandemic, and the governmental and private actions taken in response to the pandemic may adversely affect the Company' s financial condition, results of operations, capital, liquidity, business prospects and share price. In addition to its human toll, the COVID- 19 pandemic and the governmental and private actions taken in response have caused economic and financial disruption on a global scale and may continue to do so. While vaccines and therapeutics have been developed and approved and deployed by governments, the remaining course and duration of the pandemic, and future governmental and private responses to its course, remain unknown. While there has been approximately three years of experience with the pandemic, not all of the direct and indirect consequences of COVID- 19 are known yet. The Company believes the most material of these risks include the following, all of which are discussed in more detail in this Risk Factors section: • Impact on its insurance business, including potential: ◦ Increased insurance claims and loss reserves; ◦ Increased correlation of risks; ◦ Difficulty in meeting applicable capital requirements as well as other regulatory requirements; ◦ Reduction in one or more of the financial strength and enhancement ratings of the Company' s insurance subsidiaries; • Impact on the Company' s asset management business, including potential: ◦ Difficulty in attracting third- party funds to manage; ◦ Reduction and / or deferral of asset management fees (including performance fees) as occurred with respect to the deferral of CLO management fees in 2020 (although such deferred performance fees have since been received); ◦ Impairment of goodwill and other intangible assets associated with the BlueMountain Acquisition; • Impact of legislative or regulatory responses to the pandemic; • Losses in the Company' s investments; and • Operational disruptions and security risks from remote working arrangements. The Company believes that state, territorial and local governments and entities that were already experiencing significant budget deficits and pension funding and revenue shortfalls, as well as obligations supported by revenue streams most impacted by various closures and capacity and travel restrictions or an economic downturn, are most at risk for increased claims from the impact of the COVID- 19 pandemic and the governmental and private actions taken in response. Moreover, state and local governments under financial stress and dependent on U. S. federal government assistance provided in connection with the~~

~~COVID- 19 pandemic may be at risk of experiencing credit losses or impairment on their obligations as a result of cessation of the U. S. federal government' s support. In addition to obligations already internally rated in the low investment grade or BIG categories, the Company believes that its sectors most at risk include: (i) Mass Transit- Domestic; (ii) Toll Roads and Transportation- International; (iii) Hotel / Motel Occupancy Tax; (iv) Stadiums; (v) UK University Housing- International; (vi) Privatized Student Housing: Domestic; and (vii) Commercial Receivables. The Company continues to provide the services and communications it did prior to the COVID- 19 pandemic, and to close new insurance transactions and make insurance claim payments and, in its asset management business, make trades, establish new funds and attract third- party funds to manage. However, the Company' s operations could be disrupted if key members of its senior management or a significant percentage of its workforce or the workforce of its vendors were unable to continue work because of illness, government directives, or otherwise. The COVID- 19 pandemic and governmental and private actions taken in response may also exacerbate many of the risks applicable to the Company in ways or to an extent not yet identified by the Company.~~ Changes in attitudes toward debt repayment could negatively impact the Company' s insurance portfolio. The likelihood of debt repayment is impacted by both the ability and the willingness of the obligor to repay their debt. Debtors generally understand that debt repayment is not only a legal obligation but is also appropriate, and that a failure to repay their debt will impede their access to debt in the future. To the extent societal attitudes toward the repayment of debt by struggling obligors softens and such obligors believe there to be less of a penalty for nonpayment **due to legal rulings or debt relief programs that may absolve them of the repayment obligation or otherwise** , some struggling debtors may be more likely to default and, if they default, less likely to agree to repayment plans they view as burdensome. If the issuers of the obligations in the Company' s public finance insurance portfolio become unwilling to raise taxes, decrease spending or receive federal assistance in order to repay their debt, the Company may experience increased levels of losses on its public finance obligations, which could adversely affect its financial condition, results of operations, capital, liquidity, business prospects and share price. **Narrow** ~~Persistently low interest rate levels and~~ credit spreads could adversely affect demand for financial guaranty insurance. Demand for financial guaranty insurance generally fluctuates with changes in market credit spreads. Credit spreads, which are based on the difference between interest rates on high- quality or " risk free " securities versus those on lower- rated securities, fluctuate due to a number of factors, and are sensitive to the absolute level of interest rates, current credit experience and investors' risk appetite. When interest rates are low, or when the market is relatively less risk averse, the credit spread between high- quality or insured obligations versus lower- rated obligations typically narrows. As a result, financial guaranty insurance typically provides lower interest cost savings to issuers than it would during periods of relatively wider credit spreads. Issuers are less likely to use financial guaranties on their new issues when credit spreads are narrow, so (absent other factors) this results in decreased demand or premiums obtainable for financial guaranty insurance. Global climate change may adversely impact the Company' s insurance portfolio and investments. Global climate change and climate change regulations may impact asset prices and general economic conditions and may disproportionately impact particular sectors, industries or locations. Due to the significant uncertainty of forecasted data related to the impact of climate change, the Company cannot predict the long- term consequences to the Company resulting from the physical, transition, legal, regulatory and reputational risks associated with climate change. The Company considers environmental risk in its insurance underwriting and surveillance process and its investment process and manages its insurance and investment risks by maintaining a well- diversified portfolio of insurance and investments both geographically and by sector and monitors these measures continuously. While the Company can adjust its investment exposure to sectors and / or geographical areas that face severe risks due to climate change or climate change regulation, the Company has less flexibility in adjusting the existing exposure in its insurance portfolio because the majority of the financial guaranties issued by the Company' s insurance subsidiaries insure the credit performance of the guaranteed obligations over an extended period of time, in some cases over 30 years, and, in most circumstances, the Company has no right to cancel such insurance. Credit losses and changes in interest rates could adversely affect the Company' s investments ~~and AUM~~ . The Company' s results of operations are affected by the performance of its investments, which primarily consist of fixed- ~~income~~ **maturity** securities and short- term investments. As of December 31, ~~2022~~ **2023** , fixed- maturity securities and short- term investments held by the Company had a fair value of approximately $ 8. ~~2~~ **3** billion. Credit losses on the Company' s investments adversely affect the Company' s financial condition and results of operations by reducing net income and shareholders' equity. ~~In recent years the Company has increased the amount it invests in alternative investments. In addition, the Company received a significant amount of New Recovery Bonds and CVIs as a result of the 2022 Puerto Rico Resolutions.~~ Alternative investments **, including the Company' s equity method investment in Sound Point** , Loss Mitigation Securities ~~, Puerto Rico New Recovery Bonds~~ and CVIs may be more susceptible to credit losses than most of the rest of the Company' s fixed- ~~income~~ **maturity** portfolio. The impact of changes in interest rates may also adversely affect both the Company' s financial condition and results of operations. For example, if interest rates decline, funds reinvested will have a lower yield than expected, reducing the Company' s future investment income compared to the amount it would earn if interest rates had not declined. However, the value of the Company' s fixed- rate investments would generally increase, resulting in an unrealized gain on investments and improving the Company' s financial condition. Conversely, if interest rates increase, the Company' s results of operations would improve as a result of higher future reinvestment income, but its financial condition would be adversely affected, since value of the fixed- rate investments generally would be reduced. ~~Credit losses and changes in interest rates could also have an adverse impact on the amount of the Company' s AUM, which could impact results of operations. For example, if there are credit losses in the portfolios managed by AssuredIM or, to a lesser extent, if interest rates increase, AUM will decrease, reducing the amount of management fees earned by the Company.~~ Interest rates are highly sensitive to many factors, including monetary policies, U. S. and non- U. S. economic and political conditions and other factors beyond the Company' s control. The Company does not engage in active management, or hedging, of interest rate risk in its investment portfolio, and may not be able to mitigate interest rate sensitivity effectively. Expansion of the categories and types of the Company' s investments (including those accounted for as CIVs) **, including allocations of investments to Sound Point and the exclusivity arrangement with Sound Point,** may expose it to increased credit, interest rate, liquidity and other risks. The Company is using ~~AssuredIM~~ **Sound Point** ' s investment knowledge and experience to expand the categories and types of its **alternative** investments (including those accounted for as CIVs) by ~~both~~ : (a) allocating $ ~~750~~ **1** ~~million~~ **billion** of capital in ~~AssuredIM~~ **Sound Point managed** ~~Funds~~ **funds , other vehicles and separately managed accounts** ; ~~and~~ (b) ~~expanding~~ **redeploying return of capital, gains and dividends from Sound Point managed funds,** ~~the~~ **other** ~~categories~~ **vehicles** and ~~types of its~~ **separately managed accounts in future Sound Point managed funds, other vehicles and separately managed accounts; and (c) having Sound Point serve as the U. S. Insurance Subsidiaries' sole** alternative **credit** ~~investments not managed~~ **manager** ~~by AssuredIM~~ . This expansion of categories and types of investments **, allocations to Sound Point and exclusivity arrangement with Sound Point** may increase the credit, interest rate and liquidity risk in the Company' s investments (including those accounted for as CIVs). In addition, the fair value of ~~some~~ **most** of these assets **are reported in results of operations and** may be more volatile than other investments made by the Company ~~. As a result of the Company' s expansion of the categories and types of its investments, as of December 31, 2022, the U. S. Insurance Subsidiaries had investments in AssuredIM Funds with a fair value of $ 569 million, which are reported as CIVs, in the Company' s consolidated financial statements. In addition, the Company had $ 123 million of other non- AssuredIM alternative investments reported in the consolidated financial statements~~ . This expansion also has resulted in the Company investing a portion of its portfolio in assets that are less liquid than some of its other investments, and so may increase the risks described below under " — Operational Risks — The ability of AGL and its subsidiaries to meet their liquidity needs may be limited ". Expanding the categories and types of Company investments (including those accounted for as CIVs) **, allocations to Sound Point and exclusivity arrangement with Sound Point** may also expose the Company to other types of risks, including reputational risks. The financial guaranties issued by the Company' s insurance subsidiaries insure the credit performance of the guaranteed obligations over an extended period of time, in some cases over 30 years, and, in most circumstances, the Company has no right to cancel such financial guaranties. As a result, the Company' s estimate of ultimate losses to be paid (recovered) on a policy is subject to significant uncertainty over the life of the insured transaction. Additionally, even after the Company pays a claim on its financial guaranties (or determines no claim is owing), subsequent related litigation may result in additional losses. If the Company' s actual losses exceed its current estimate, the Company' s financial condition, results of operations, capital, liquidity, business prospects, financial strength ratings and ability to raise additional capital may all be adversely affected. The Company does not use traditional actuarial approaches to determine its estimates of expected losses to be paid (recovered). The determination of expected loss to be paid (recovered) is an inherently subjective process involving numerous estimates, probability weightings, assumptions and judgments by management, using both internal and external data sources with regard to frequency, severity of loss, economic projections, future interest rates, the perceived strength of legal protections, the perceived strength of the Company' s position in any ongoing legal proceedings, governmental actions, negotiations, delinquency and prepayment rates (with respect to RMBS), timing of cash flows ~~,~~ and other factors that affect credit performance. Actual losses will ultimately depend on future events, legal rulings, and / or transaction performance and may be influenced by many interrelated factors that are difficult to predict. As a result, the Company' s current estimates of losses to be paid (recovered), including losses with respect to related legal proceedings, may be subject to considerable volatility and may not reflect the Company' s future ultimate losses paid (recovered). The Company' s expected loss models and reserve assumptions take into account current and expected future trends, which contemplate the impact of current and possible developments in the performance of the exposure and any related legal proceedings. These factors, which are integral elements of the Company' s reserve estimation methodology, are updated on a quarterly basis based on current information. Also, in some instances, the Company may not be able to reasonably estimate the amount or range of loss that could result from an unfavorable outcome of a legal proceeding based on the information available at the stage of the legal proceeding or its estimate may prove to be materially different than the actual results. Loss models and reserve assumptions may be impacted by changes to interest rates due both to discounting and transaction structures that include floating rates, which could impact the calculation of expected losses. Because such information changes over time, sometimes materially, the Company' s projection of losses and its related reserves may also change materially. Much of the recent development in the Company' s loss projections and reserves relate to the Company' s insured Puerto Rico exposures. See Part II, Item 8, Financial Statements and Supplementary Data, Note **4, Expected Loss to be Paid (Recovered) and Note** 18, Commitments and Contingencies, for additional information. The Company carries a significant portion of its assets and liabilities ~~and reports a significant portion of its AUM~~ at fair value. The approaches used by the Company to calculate the fair value of those assets and liabilities it carries at fair value are described under, Part II, Item 8, Financial Statements and Supplementary Data, Note 9, Fair Value Measurement. The determination of fair values is made at a specific point in time, based on available market information and judgments about the assets and liabilities being valued, including estimates of timing and amounts of cash flows and the credit rating of the issuer or counterparty. The use of different methodologies and assumptions may have a material effect on estimated fair value amounts. During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, it may be difficult to value certain of the Company' s assets and liabilities ~~and AUM~~ , particularly if trading becomes less frequent or market data becomes less observable. An increase in the amount of the Company' s alternative investments in its investment portfolio and / or CIVs may increase the amount of the Company' s assets subject to this risk. During such periods, more assets and liabilities may fall to the Level 3 valuation level, which describes model derived valuations in which one or more significant inputs or significant value drivers are unobservable, thereby resulting in values that may not be indicative of net realizable value or reflective of future fair values. Rapidly changing credit and equity market conditions could materially impact the valuation of assets and liabilities as reported within the financial statements, and period- to- period changes in value could vary significantly. Competition in the Company' s industries may adversely affect its results of operations, business prospects and share price. As described in greater detail under Item 1 ~~,~~ **.** Business — Insurance ~~Segment~~ — Competition, the Company can face competition in its insurance business, either in the form of current or new providers of credit enhancement, such as nonpayment insurance, letters of credit or credit derivatives, or in terms of alternative structures, including uninsured offerings, or pricing competition. Increased competition could have an adverse effect on the Company' s insurance business. The Company' s Asset Management segment **now consists of its ownership interest in Sound Point, which** operates in highly competitive markets. ~~The Company~~ **Sound Point** competes with many other firms in every aspect of the asset management industry, including raising funds, seeking investments, and hiring and retaining professionals. ~~The Company~~ **Sound Point** ' s ability to increase and retain AUM is directly related to the performance of the assets it manages as measured against market averages and the performance of **its** ~~the Company' s~~ competitors. **Some of Sound Point** ~~In addition, if the Company~~ ' s ~~successful~~ competitors ~~charge lower fees for substantially similar products, the Company may face pressure to lower fees to attract and retain asset management clients, which may reduce the Company' s revenues and / or income. Some of the Company' s asset management competitors are substantially larger and have considerably greater financial, technical and marketing resources. Certain of these competitors periodically raise significant amounts of capital in investment strategies that are also pursued by the Company. Some of these competitors also~~ may have a lower cost of ~~capital~~ **funds** and access to funding **and other** ~~sources~~ **resources** that are not available to **Sound Point** ~~the Company, which may create further competitive disadvantages with respect to investment opportunities~~ . In addition, some of ~~these~~ **Sound Point' s** competitors may have higher risk tolerances or ~~make~~ different risk assessments, **which could** ~~allowing~~ --- **allow** them to consider a wider variety of investments and establish **more** ~~broader networks of business~~ relationships than **Sound Point does. Furthermore, Sound Point may lose investment opportunities if it does not match its competitors' pricing, terms and structure. The loss of such investment opportunities may limit Sound Point' s ability to grow or cause it to have to shrink** ~~those~~ -- **the** ~~available~~ **size of its AUM, which could decrease its earnings. If Sound Point matches its competitors' pricing, terms and structure, it may experience decreased earnings and increased risk of investment losses. If Sound Point is unable** to ~~AssuredIM~~ **successfully compete, it may result in decreased earnings for Sound Point and increased risk of investment losses in Sound Point funds, which could materially adversely impact the Company' s interest in Sound Point** and / or **its investment in Sound Point funds and, ultimately,** the Company **' s financial condition, results of operations, capital, business prospects and share price** . Strategic transactions may not result in the benefits anticipated. From time to time the Company evaluates strategic opportunities and conducts diligence activities with respect to transactions with other financial services companies including transactions involving ~~asset managers, asset management contracts,~~ legacy financial guaranty companies and financial guaranty portfolios, **asset managers** and other ~~financial services~~ companies, and has executed a number of such transactions in the past ~~. For example, the Company is exploring alternative accretive growth strategies for its asset management business, with the goal of maximizing the value of this business for its stakeholders. From time to time the Company also evaluates expanding its business by hiring teams of professionals engaged in activities it wishes to pursue and conducts due diligence with respect to such individuals and their current positions~~ . Such strategic transactions related to entities ~~,~~ **or** portfolios ~~or teams~~ may involve some or all of the various risks commonly associated with such strategic transactions, including, among other things: (a) failure to adequately identify and value potential exposures and liabilities associated with a new entity ~~,~~ **or** portfolio ~~or team~~ ; (b) difficulty in estimating the value of a new entity ~~,~~ **or** portfolio ~~or team~~ ; (c) potential diversion of management' s time and attention; (d) exposure to asset quality issues of a new entity or portfolio; (e) difficulty and expense of integrating the operations, systems and personnel of a new entity; (f) difficulty integrating the culture of a new entity ~~or team~~ ; (g) failure to identify legal risks associated with the strategic transaction with an entity ~~,~~ **or** portfolio ~~or team~~ , and (h) in the case of acquisitions of a financial guaranty company or portfolio, concentration of insurance exposures, including insurance exposures which may exceed single risk limits, aggregate risk limits, BIG limits and / or non- U. S. dollar exposure limits, due to the addition of the target insurance portfolio. Such strategic transactions related to entities ~~,~~ **or** portfolios ~~or teams~~ may also have unintended consequences on ratings assigned by the rating agencies to the Company or its insurance subsidiaries or on the applicability of laws and regulations to the Company' s existing businesses. These or other factors may cause any past or future strategic transactions relating to financial services entities ~~,~~ **or** portfolios ~~or teams~~ not to result in the benefits to the Company that the Company anticipated when the transaction was agreed. Past or future transactions may also subject the Company to non- monetary consequences that may or may not have been anticipated or fully mitigated at the time of the transaction. Additionally, if the Company enters into discussions regarding a strategic transaction and a transaction is not consummated, especially if such discussions become known, related portions of the Company' s business may be negatively impacted. ~~Asset Management may present~~ **The Company' s investments in Sound Point are subject to the** risks **of Sound Point' s business** that may adversely affect the Company' s financial condition, results of operations, capital, business prospects and share price. ~~The expansion of~~ **Prior to July 1, 2023,** the Company' s asset management business segment and the establishment of AssuredIM ~~has~~ exposed the Company' s financial condition, results of operations, business prospects and share price to some of the risks faced by asset managers generally and the risk of AssuredIM' s investment business more specifically. **From July 1, 2023, the Company participates in the asset management business segment through its ownership interest in Sound Point, which is subject to the risks of Sound Point' s business. See Item 1. Business — Asset Management. The Company had a carrying value for its investment in Sound Point as of December 31, 2023 of $ 429 million. External factors, such as changes in inflation, interest rates, credit markets or segments thereof, geopolitical risk, developments in the global financial markets, general macroeconomic factors, and industry conditions, as well as the financial performance of Sound Point relative to the Company' s expectations at the time of the Sound Point Transaction, could result in an impairment, which could adversely affect the Company' s financial condition, results of operations and share price.** Asset management services are primarily a fee- based business, and ~~the Company~~ **Sound Point** ' s asset management and performance fees are based on the amount of its AUM as well as the performance of those assets. **Sound Point' s business operates in highly competitive markets with many other firms in every aspect of the asset management industry. See " –**

**Competition in the Company' s industries may adversely affect its results of operations, business prospects and share price. " Industry competition,** ~~Volatility~~ **volatility** or declines in the markets in which ~~the Company~~ **Sound Point** invests as an asset manager, or poor performance of its investments, may negatively affect its AUM and its asset management and performance fees, and may deter future investment by third parties in ~~the Company~~ **Sound Point** ' s asset management products. **Sound Point is dependent on certain key personnel, including Sound Point' s Managing Partner and Chief Investment Officer, and its future success depends on their continued service.** The ~~Company~~ **departure of any of Sound Point** ' s **key personnel for any reason could have a material adverse effect on Sound Point' s business, financial condition or results of operations and, consequently, the Company' s ownership interest in Sound Point and / or its investments in Sound Point funds, other vehicles and separately managed accounts. The** asset management business is also subject to legal, regulatory, compliance, accounting, valuation and political risks that differ from those involved in the Company' s insurance business. ~~In addition~~ **Sound Point operates in a highly regulated industry and** , ~~the asset management business~~ **as a registered investment adviser,** is ~~an intensely competitive business~~ **subject to the provisions of the Investment Advisers Act of 1940** , ~~creating new competitive risks. The Company had a carrying value~~ as ~~of December 31~~ **amended. Sound Point is** , ~~2022~~ **from time to time** , ~~of $ 157 million~~ **subject to formal and informal examinations, investigations, inquiries, audits and reviews from numerous regulatory authorities both in response to issues and questions raised in such examinations** ~~for~~ **or** ~~goodwill~~ **investigations** and ~~other intangible assets established~~ in connection with the ~~acquisition~~ **changing priorities** of ~~BlueMountain (now known as AssuredIM LLC)~~ **the applicable regulatory authorities across the market in general** . ~~External factors~~ **Because the Company does not control the business** , **management or policies of Sound Point, it relies upon Sound Point to make appropriate decisions and operate in a sound manner consistent with applicable rules and regulations. In turn, Sound Point may rely on third party service providers** such as **custodians and fund administrators whom** ~~the~~ **they** ~~impact~~ **do not control to comply with applicable rules and regulations. Failure** of **Sound Point** ~~the war in Ukraine~~ or **its service providers to comply with applicable rules and regulations or any resulting enforcement action could have a material adverse effect on** the ~~COVID~~ **value of the Company' s ownership interest in Sound Point and / or its investments in Sound Point funds. There can be no assurance that Sound Point will not become subject to possible enforcement actions. Sound Point and its principals and employees could also be named as defendants in, or otherwise become involved in, a regulatory action or litigation. Any such regulatory action or litigation could be disruptive, time** - ~~19 pandemic~~ **consuming, expensive and lead to negative financial and reputational consequences that have a material adverse effect** on **Sound Point** ~~global financial markets, general macroeconomic factors, and industry conditions, as well as the financial performance of AssuredIM relative to the Company~~ ' s **business** ~~expectations at the time of acquisition~~ , ~~could impact the Company' s assessment of the goodwill and other intangible assets carrying value. The Company' s goodwill impairment assessment also is sensitive to the Company' s assumptions of discount rates, market multiples, projections of AUM growth and other factors, which may vary. A change in the Company' s assessment may, in the future, result in an impairment, which could adversely affect the Company' s~~ financial condition ~~,~~ **or** results of operations and ~~share price~~ **, consequently, the value of the Company' s ownership interest in Sound Point and / or its investments in Sound Point funds, other vehicles and separately managed accounts. The Company' s interest in Sound Point is subject to the risks normally associated with a minority interest. Since the Company holds a minority interest in Sound Point after the closing of the Sound Point Transaction, it is unable to control the business, management or policies of Sound Point. For example, the Company is not be able to control the timing or amount of distributions from Sound Point and is not involved on a day- to- day basis with Sound Point' s operations or its decision- making with respect to its investment, reporting, internal control, legal, compliance or risk functions. In most cases, the Company will be bound by the decisions made by the Managing Partner and Chief Investment Officer, other members of management and the Board of Managers of Sound Point. In the event that the Managing Partner and Chief Investment Officer, other members of management and the Board of Managers of Sound Point have interests, objectives and incentives that differ from those of the Company, there can be no assurance that the decisions they make will be aligned with the interests of the Company. Decisions made by the Managing Partner and Chief Investment Officer, other members of management and the Board of Managers of Sound Point not in the Company' s interest could have a material adverse effect on the Company' s interest in Sound Point and / or its investments in Sound Point funds, other vehicles and separately managed accounts** . Alternative investments may not result in the benefits anticipated. The Company **has** ~~and its CIVs have~~ invested in alternative investments, and may over time increase the proportion of the Company' s assets invested in alternative investments. Alternative investments may be riskier than other investments the Company makes, and may not result in the benefits anticipated at the time of the investment. In addition, although the Company uses what it believes to be excess capital to make alternative investments, whether directly or through CIVs, measures of required capital can fluctuate and such assets may not be given much, or any, value under the various rating agency, regulatory and internal capital models to which the Company is or may be subject. Also, alternative investments ~~may be~~ **are generally** less liquid than most of the Company' s other investments and so may be difficult to convert to cash or investments that do receive more favorable treatment under the capital models to which the Company is subject. See " — Operational Risks — The ability of AGL and its subsidiaries to meet their liquidity needs may be limited. " A downgrade of the financial strength or financial enhancement ratings of any of the Company' s insurance or reinsurance subsidiaries may adversely affect its business prospects. The financial strength and financial enhancement ratings assigned by S & P, Moody' s, KBRA and A. M. Best Company, Inc. to each of the Company' s insurance and reinsurance subsidiaries represent such rating agencies' opinions of the insurer' s financial strength and ability to meet ongoing obligations to policyholders and cedants in accordance with the terms of the financial guaranties it has issued or the reinsurance agreements it has executed. Issuers, investors, underwriters, ceding companies and others consider the Company' s financial strength or financial enhancement ratings an important factor when deciding whether or not to utilize a financial guaranty or purchase reinsurance from one of the

Company' s insurance or reinsurance subsidiaries. A downgrade by a rating agency of the financial strength or financial enhancement ratings of one or more of the Company' s insurance subsidiaries could impair the Company' s financial condition, results of operation, capital, liquidity, business prospects and / or share price. The ratings assigned by the rating agencies to the Company' s insurance subsidiaries are subject to review and may be lowered by a rating agency at any time and without notice to the Company. The rating agencies have changed their methodologies and criteria from time to time. Factors influencing the rating agencies are beyond management' s control and not always known to the Company. In the event of an actual or perceived deterioration in creditworthiness of large risks in the Company' s insurance portfolio, or other large increases in liabilities (including those related to legal proceedings), or a change in a rating agency' s capital model or rating methodology, a rating agency may require the Company to increase the amount of capital it holds to maintain its financial strength and financial enhancement ratings under the rating agencies' capital adequacy models, or a rating agency may identify an issue that additional capital would not address. The amount of any capital required may be substantial, and may not be available to the Company on favorable terms and conditions or at all, especially if it were known that additional capital was necessary to preserve the Company' s financial strength or financial enhancement ratings. The failure to raise any additional required capital, or successfully address another issue or issues raised by a rating agency, could result in a downgrade of the ratings of the Company' s insurance subsidiaries and thus have an adverse impact on its business, results of operations and financial condition. The Company periodically assesses the value of each rating assigned to each of its subsidiaries, and may as a result of such assessment request that a rating agency add or drop a rating from certain of its subsidiaries. Rating agencies may choose not to honor the Company' s request, and continue to rate a subsidiary after the Company' s request to drop the rating, as Moody' s did with respect to AGC. The insurance subsidiaries' financial strength and financial enhancement ratings are an important competitive factor in the financial guaranty insurance and reinsurance markets. If the financial strength or financial enhancement ratings of one or more of the Company' s insurance subsidiaries were reduced below current levels, the Company expects the number of transactions that would benefit from the Company' s insurance would be reduced; consequently, a downgrade by rating agencies could harm the Company' s new insurance business production. In addition, a downgrade may have a negative impact on the Company' s insurance subsidiaries in respect of transactions that they have insured or that they have assumed through reinsurance. For example, **some of the Company' s insurance subsidiaries (Assuming Subsidiaries) assumed financial guaranty insurance from legacy financial guarantors. The agreements under which such Assuming Subsidiaries assumed such business are generally subject to termination at the option of the ceding company (i) if the Assuming Subsidiary fails to meet certain financial and regulatory criteria; (ii) if the Assuming Subsidiary fails to maintain a specified minimum financial strength rating; or (iii) upon certain changes of control of the Assuming Subsidiary. Upon termination due to one of the above events, the Assuming Subsidiary typically would be required to return to the ceding company unearned premiums (net of ceding commissions) and loss reserves, calculated on a U. S. statutory basis, attributable to the assumed business (plus in certain cases, an additional required amount), after which the Assuming Subsidiary would be released from liability with respect to such business. As of December 31, 2023, if each legacy financial guarantor ceding business to an Assuming Subsidiary had a right to recapture such business, and chose to exercise such right, the aggregate amounts those subsidiaries could be required to pay to all such ceding companies would be approximately $ 263 million. In addition,** beneficiaries of financial guaranties issued by the Company' s insurance subsidiaries may have the right to cancel the credit protection provided by them, which would result in the loss of future premium earnings and the reversal of any fair value gains recorded by the Company ~~. In addition, a downgrade of AG Re, AGC or AGRO could result in certain ceding companies recapturing business that they had ceded to these reinsurers~~ . Fluctuations in foreign exchange rates may adversely affect the Company' s financial position and results of operations. The Company' s reporting currency is the U. S. dollar. The functional currency of the Company' s insurance and reinsurance subsidiaries is the U. S. dollar. The Company' s subsidiaries maintain both assets and liabilities in currencies different from their functional currencies, which exposes the Company to changes in currency exchange rates. The investment portfolios of non- U. S. subsidiaries are primarily invested in local currencies in order to satisfy regulatory requirements and to support local insurance operations regardless of currency fluctuations. The principal currencies creating foreign exchange risk to the Company are the pound sterling and the euro. The Company cannot accurately predict the nature or extent of future exchange rate variability between these currencies or relative to the U. S. dollar. Foreign exchange rates are sensitive to factors beyond the Company' s control. The Company does not engage in active management, or hedging, of its foreign exchange rate risk. Therefore, fluctuation in exchange rates between the U. S. dollar and the pound sterling or the euro could adversely impact the Company' s financial position, results of operations and cash flows. See Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk — Sensitivity to Foreign Exchange Rate Risk. ~~Some of the Company' s non- U. S. operations expose it to less predictable political, credit and legal risks.~~ The Company pursues new business opportunities in non- U. S. markets. The underwriting of obligations of an issuer in a country other than the U. S. involves the same process as that for a U. S. issuer, but additional risks must be addressed, such as the evaluation of currency exchange rates, non- U. S. business and legal issues, and the economic and political environment of the country or countries in which an issuer does business. Changes in such factors could impede the Company' s ability to insure, or increase the risk of loss from insuring, obligations in the non- U. S. countries in which it currently does business and limit its ability to pursue business opportunities in other non- U. S. countries. The Company is dependent on key executives and the loss of any of these executives, or its inability to retain other key personnel, could adversely affect its business. The Company' s success substantially depends upon its ability to attract, motivate and retain qualified employees and upon the ability of its senior management and other key employees to implement its business strategy. The Company believes there are only a limited number of available qualified executives in the insurance business lines in which the Company competes ~~, and that there is strong competition for qualified asset management executives, including portfolio managers~~ . The Company relies substantially upon the services of Dominic J. Frederico, President and Chief Executive Officer, and other executives. **The** ~~Beginning in 2021, there has been a dramatic increase in U. S. workers leaving their positions generally in what has been referred to as the " great resignation, " and the~~ market to build, retain and replace talent has become even more highly competitive. Although the Company has designed its executive compensation with the goal of retaining and creating incentives for its executive officers and other key employees, ~~including portfolio managers,~~ the Company may not be successful in retaining their services. The loss of the services of any of these individuals or other key members of the Company' s management team could adversely affect the implementation of its business strategy ~~, including the Company' s development of its asset management business~~ . The Company is dependent on its information technology and that of certain third parties, and a cyberattack, security breach or failure in the Company' s or a ~~vendor~~ **third party provider** ' s information technology system, or a data privacy breach of the Company' s or a vendor' s information technology system, could adversely affect the Company' s business. The Company relies upon information technology and systems, including technology and systems provided by or interfacing with those of third parties, to ~~support a variety~~ **conduct its businesses and interact with market participants and vendors. A cybersecurity threat or breach** of **the Company' s systems or the systems of its third party providers in the future could have a material adverse affect on the Company, including** its business **strategy** ~~processes and activities. In addition~~ , **results of operations or financial condition. A breach of** ~~the~~ **these** ~~Company receives and stores~~ **systems could, for example, result in lost business, reputational harm, the disclosure or misuse of** confidential **or proprietary** information, **incorrect reporting, legal costs and regulatory penalties,** including **under applicable data protections laws** ~~personally identifiable information, in connection with certain loss mitigation~~ and **regulations** ~~due diligence activities related to its structured finance insurance and asset management businesses, along with information regarding employees and directors and asset management clients, among others~~ . Information technology security threats and events are increasing in frequency and sophistication. The **rapid evolution and increased adoption of artificial intelligence and machine learning technologies may intensify our cybersecurity risks. To the extent artificial intelligence and / or machine learning capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks. Vulnerabilities may be introduced from the use of artificial intelligence and / or machine learning by us, our counterparties, vendors and other business partners and third party providers. Like many companies, the** Company' s data systems and those of third parties on which it relies **have been, and the Company expects** will continue to be **,** vulnerable to **and the target of,** security and data privacy breaches due to ~~, and continue to be the target of,~~ cyberattacks, viruses, malware, ransomware, other malicious codes, hackers, unauthorized access, or other computer- related penetrations, and other external hazards, as well as inadvertent errors, equipment and system failures, and employee misconduct. Over time, the frequency and sophistication of such threats continue to increase and often become further heightened in connection with geopolitical tensions. Like other global companies, the Company has an increasing challenge of attracting and retaining highly qualified ~~security~~ personnel to assist in combating these security threats ~~. A breach of these systems could, for example, result in lost business, reputational harm, the disclosure or misuse of confidential or proprietary information, incorrect reporting, legal costs and regulatory penalties, including under the EU' s General Data Protection Regulation, the California Consumer Privacy Act and similar laws and regulations~~ . The Company' s business operations rely on the continuous availability of its computer systems as well as those of certain third parties. In addition to disruptions caused by cyberattacks or data privacy breaches, such systems may be adversely affected by natural and man- made catastrophes. The Company' s failure to maintain business continuity in the wake of such events, particularly if there were an interruption for an extended period, could prevent the timely completion of critical processes across its operations, including, for example, **financial reporting,** claims processing **, regulatory filings** , treasury and investment operations and payroll. These failures could result in additional costs, loss of business, fines and litigation. The Company **operates** ~~began operating remotely~~ in ~~accordance with its business continuity plan, and instituted mandatory work- from- home policies at all of its global offices, in March 2020. The Company has shifted to~~ a hybrid work- from- home and work- from- office paradigm. ~~This shift to working~~ **Working** from home at least part of the time has made the Company more dependent on internet and communications access and capabilities and has heightened the risk of cybersecurity attacks to its operations **. The Company receives and stores confidential information, including personally identifiable information, in connection with certain loss mitigation and due diligence activities related to its businesses, along with information regarding employees and directors and counterparties, among others** . The Company and its subsidiaries are subject to numerous data privacy and protection laws and regulations in a number of jurisdictions, particularly with regard to personally identifiable information. The Company' s failure to comply with these requirements, even absent a security breach, could result in penalties, reputational harm or difficulty in obtaining desired consents from regulatory authorities ~~. The Board oversees the risk management process and engages with Company cybersecurity and data privacy risk issues, including reinforcing related policies, standards and practices, and the expectation that employees will comply with these policies. The Audit Committee of the Board of Directors has specific responsibility for overseeing information technology matters, including cybersecurity and data privacy risk, and the Risk Oversight Committee of the Board addresses cybersecurity and data privacy matters as part of its enterprise risk management responsibilities~~ . Errors in, overreliance on or misuse of models may result in financial loss, reputational harm or adverse regulatory action. The Company uses models for numerous purposes in its business. For example, it uses models to project future cash flows associated with pricing models, calculating insurance expected losses to be paid (recoveries), evaluating risks in its insurance and investments, valuing assets and liabilities and projecting liquidity needs. It also uses models to determine and project capital requirements under its own risk model as well as under regulatory and rating agency requirements. While the Company has a model validation function and has adopted procedures to protect its models, the models may not operate properly (including as a result of errors or damage) and may rely on assumptions that are inherently uncertain and may prove to have been incorrect. Claim payments and payments made in connection with related legal proceedings reduce the Company' s invested assets and result in reduced liquidity and net investment income, even if the Company is reimbursed in full over time and does not experience ultimate loss on the claim. In the years after the financial crisis that began in 2008, many of the larger claims paid by the Company were with respect to insured U. S. RMBS securities **and** ~~. More recently~~ , **beginning in 2016,** ~~the Company has been paying large claims related to~~ certain insured Puerto Rico exposures ~~, which it has been doing since 2016. The Company had net par outstanding to general obligation bonds of the Commonwealth of Puerto Rico and various obligations of its related authorities and public corporations aggregating $ 1. 4 billion and $ 3. 6 billion, respectively, as of December 31, 2022 and December 31, 2021, all of which was rated BIG under the Company' s rating methodology. For a discussion of the Company' s Puerto Rico risks, see, Part II, Item 8, Financial Statements and Supplementary Data, Note 3, Outstanding Exposure. For a discussion of the Company' s plans to fund large claim payments associated with the anticipated resolution of these exposures, see Part II, Item 7, Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Insurance Subsidiaries. The Company plans for future claim payments~~ . If the amount of future claim payments is significantly more than that projected by the Company, the Company' s ability to make other claim payments and its financial condition, financial strength ratings and business prospects and share price could be adversely affected. The Company may face a sudden need to raise additional capital as a result of insurance losses ~~, whether related to Puerto Rico or otherwise,~~ substantially in excess of the stress scenarios for which it plans, or as a result of changes in regulatory or rating agency capital requirements applicable to its insurance companies, which additional capital may not be available or may be available only on unfavorable terms. The Company' s capital requirements depend on many factors, primarily related to its in- force book of insurance business and rating agency capital requirements for its insurance companies. Failure to raise additional capital if and as needed may result in the Company being unable to write new insurance business and may result in the ratings of the Company and its insurance subsidiaries being downgraded by one or more rating agency. The Company' s access to external sources of financing, as well as the cost of such financing, is dependent on various factors, including the market supply of such financing, the Company' s long-term debt ratings and insurance financial strength and enhancement ratings and the perceptions of its financial strength and the financial strength of its insurance subsidiaries. The Company' s debt ratings are in turn influenced by numerous factors, such as financial leverage, balance sheet strength, capital structure and earnings trends. If the Company' s need for capital arises because of significant insurance losses substantially in excess of the stress scenarios for which it plans, the occurrence of such losses may make it more difficult for the Company to raise the necessary capital. Future capital raises for equity or equity-linked securities could also result in dilution to the Company' s shareholders. In addition, some securities that the Company could issue, such as preferred stock or securities issued by the Company' s operating subsidiaries, may have rights, preferences and privileges that are senior to those of its common shares. Large insurance losses ~~, whether related to Puerto Rico or otherwise,~~ could increase substantially the Company' s insurance subsidiaries' leverage ratios, which may prevent them from writing new insurance. Insurance regulatory authorities impose capital requirements on the Company' s insurance subsidiaries. These capital requirements, which include leverage ratios and surplus requirements, may limit the amount of insurance that the subsidiaries may write. A material reduction in the statutory capital and surplus of an insurance subsidiary, whether resulting from underwriting or investment losses, a change in regulatory capital requirements or another event, or a disproportionate increase in the amount of risk in force, could increase a subsidiary' s leverage ratio. This in turn could require that subsidiary to obtain reinsurance for existing business or add to its capital base (neither of which may be available, or may be available only on terms that the Company considers unfavorable). Failure to maintain regulatory capital levels could limit that insurance subsidiary' s ability to write new business. The Company' s holding companies' ability to meet their obligations may be constrained. Each of AGL, AGUS and AGMH is a holding company and, as such, has no direct operations of its own. None of the holding companies expect to have any significant operations or assets other than its ownership of the stock of its subsidiaries **and its equity method investment in Sound Point** . The Company expects that ~~while it is building its asset management business,~~ dividends and other payments from the insurance companies will be the primary source of funds for AGL, AGUS and AGMH to meet ongoing cash requirements, including operating expenses, intercompany loan payments, any future debt service payments and other expenses, to pay dividends to their respective shareholders, to fund any acquisitions, and, in the case of AGL, to repurchase its common shares. The insurance subsidiaries' ability to pay dividends and make other payments depends, among other things, upon their financial condition, results of operations, cash requirements ~~,~~ and compliance with rating agency requirements, and is also subject to restrictions contained in the insurance laws and related regulations of their states of domicile. Additionally, in recent years AGM ~~and~~ **,** AGC **and AGUK** have sought and been granted permission from their insurance regulators to make discretionary payments to their corporate parents in excess of the amounts permitted by right under the insurance laws and related regulations. There can be no assurance that such regulators will permit discretionary payments in the future. Accordingly, if the insurance subsidiaries are unable to pay sufficient dividends and other permitted payments at the times or in the amounts that are required, that would have an adverse effect on the ability of AGL, AGUS and AGMH to satisfy their ongoing cash requirements and on their ability to pay dividends to shareholders or repurchase common shares or fund other activities, including acquisitions. Each of AGL, AGUS and AGMH requires liquidity, either in the form of cash or in the ability to easily sell ~~investment~~ **investments** ~~assets~~ for cash, in order to meet its payment obligations, including, without limitation, its operating expenses, interest and principal payments on debt and dividends on common shares, and to make capital investments in operating subsidiaries. Such cash is also used by AGL to repurchase its common shares. The Company' s operating subsidiaries require substantial liquidity to meet their respective payment and / or collateral posting obligations, including under financial guaranty insurance policies or reinsurance agreements. They also require liquidity to pay operating expenses, reinsurance premiums, dividends to AGUS or AGMH for debt service and dividends to AGL **, fund investments and commitments to alternative investments** , as well as, where appropriate, to make capital investments in their own subsidiaries. In addition, the Company may require substantial liquidity to fund any future acquisitions. The Company cannot give any assurance that the liquidity of AGL and its subsidiaries will not be adversely affected by adverse market conditions, changes in insurance regulatory law, insurance claim payments and related litigation substantially in excess of those projected by the

Company in its stress scenarios, or changes in general economic conditions. AGL anticipates that its liquidity needs will be met by the ability of its operating subsidiaries to pay dividends or to make other payments **; from earnings from its investment in Sound Point** ; external financings; investment income from its invested assets; and current cash and short- term investments. The Company expects that its subsidiaries' need for liquidity will be met by the operating cash flows of such subsidiaries; external financings; investment income from their invested assets; and proceeds derived from the sale of their investments, significant portions of which are in the form of cash or short- term investments. The value of the Company' s investments may be adversely affected by changes in interest rates, credit risk and capital market conditions that therefore may adversely affect the Company' s potential ability to sell investments quickly and the price which the Company might receive for those investments. Part of the Company' s investment strategy is to invest more of its excess capital in alternative investments, which may be particularly difficult to sell at adequate prices, or at all. The Company' s sources of liquidity are subject to market, regulatory or other factors that may impact the Company' s liquidity position at any time. As discussed above, AGL' s insurance subsidiaries are subject to regulatory and rating agency restrictions limiting their ability to declare and to pay dividends and make other payments to AGL. As further noted above, external financing may or may not be available to AGL or its subsidiaries in the future on satisfactory terms. ~~The TCJA included provisions that could result in a reduction of supply, such as the termination of advance refunding bonds. Any such lower volume of municipal obligations could impact the amount of such obligations that could benefit from insurance. In addition, the reduction of the U. S. corporate income tax rate to 21 % could make municipal obligations less attractive to certain institutional investors such as banks and property and casualty insurance companies, resulting in lower demand for municipal obligations. Further, future changes~~ **Changes** in U. S. federal, state or local laws that materially adversely affect the tax treatment of municipal securities or the market for those securities may lower volume and demand for municipal obligations and also may adversely impact the value and liquidity of the Company' s investments, a significant portion of which is invested in tax- exempt instruments. The Company manages its business so that AGL and its non- U. S. subsidiaries (other than AGRO) operate in such a manner that none of them should be subject to U. S. federal tax (other than U. S. excise tax on insurance and reinsurance premium income attributable to insuring or reinsuring U. S. risks, and U. S. withholding tax on certain U. S. source investment income). However the Company cannot be certain that the IRS will not contend successfully that AGL or any of its non- U. S. subsidiaries (other than AGRO) is / are engaged in a trade or business in the U. S., in which case each such company could be subject to U. S. corporate income and branch profits taxes on the portion of its earnings effectively connected to such U. S. business. See Item 1. Business — Tax Matters — Taxation of AGL and Subsidiaries — United States. ~~AGL, AG Re and AGRO may become subject to taxes in Bermuda after March 2035, which may adversely affect the Company' s future results of operations and on an investment in the Company.~~ The Bermuda Minister of Finance, under Bermuda' s Exempted Undertakings Tax Protection Act 1966, as amended, has given AGL, AG Re and AGRO an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then subject to certain limitations the imposition of any such tax will not be applicable to AGL, AG Re or AGRO, or any of AGL' s or its subsidiaries' operations, stocks, debentures or other obligations until March 31, 2035. ~~Given~~ **Notwithstanding** the ~~limited duration of~~ **above, on December 27, 2023** the ~~Minister~~ **Bermuda government enacted a corporate income tax which will apply for accounting periods starting on or after January 1, 2025. Importantly, under the Corporate Income Tax Act 2023** of ~~Finance' s~~ **Bermuda, any liability to the tax will apply regardless of any** ~~assurance~~ **assurances** ~~,~~ **previously provided under** the ~~Company cannot~~ **Exempted Undertakings Tax Protection Act 1966 of Bermuda. Broadly, the Bermuda corporate income tax is intended to** be **treated as a covered tax for the purposes of Pillar Two (see below) and therefore no double taxation is expected to arise from these rules and the top- up taxes under Pillar Two in other jurisdictions. AGRe and AGRO will be subject to this tax beginning in 2025. Further, the Corporate Income Tax Act 2023 of Bermuda incorporates a number of measures which allow Bermuda resident companies to recognize deferred tax assets in respect of** certain **ETAs which may be utilized in the calculation of our effective tax rate for the purposes of top- up taxes in other jurisdictions. The Company believes** that ~~it will~~ **the corporate income tax imposed by the Corporate Income Tax Act 2023 of Bermuda would** not be **applicable to AGL because AGL is a UK tax resident. However, the treatment of the Bermuda corporate income tax as a covered tax is** subject to **interpretation in other jurisdictions and therefore remains uncertain at this time. If the** Bermuda **corporate income** tax ~~after March 31~~ **is not regarded as a covered tax for the purposes of Pillar Two in other jurisdictions** , **this may have a material impact on the Company' s future income tax expense. In addition, a change in the Corporate Income Tax Act** ~~2035~~ **2023 or its interpretation, or any change in the regulatory treatment of the corporate income tax or matters related thereto, by Bermuda could adversely affect Assured Guaranty' s financial results** . U. S. Persons who hold 10 % or more of AGL' s shares directly or through non- U. S. entities may be subject to taxation under the U. S. CFC rules. If AGL and / or a non- U. S. subsidiary is considered a CFC, a U. S. Person that is treated as owning 10 % or more of AGL' s shares may be required to include in income for U. S. federal income tax purposes its pro rata share of certain income of AGL and its non- U. S. subsidiaries for a taxable year, even if such income is not distributed and may be subject to U. S. federal income tax on a portion of any gain upon a sale or other disposition of its shares at ordinary income tax rates. No assurance may be given that a U. S. Person who owns the Company' s shares will not be characterized as owning 10 % or more of AGL and / or its non- U. S. subsidiaries under the CFC rules, in which case such U. S. Person may be subject to taxation under such rules. See Item 1. Business — Tax Matters, — Taxation of Shareholders — United States Taxation — Classification of AGL or its Non- U. S. Subsidiaries as a CFC. U. S. Persons who hold shares may be subject to U. S. income taxation at ordinary income rates on their proportionate share of the Company' s RPII. If any Foreign Insurance Subsidiary generates RPII (broadly defined as insurance and related investment income attributable to the insurance of a U. S. shareholder and certain related persons to such shareholder) and certain exceptions are not met, each U. S. Person owning AGL shares (directly or indirectly through foreign entities) may be required to include in income for U. S. federal income tax purposes its pro rata share of the Foreign Insurance Subsidiary' s RPII, regardless of whether such income is distributed and may be subject to U. S. federal income tax on a portion of any gain upon a sale or other disposition of its shares at ordinary tax rates (even if an exception to the RPII rules applies). The Company believes that each of its Foreign Insurance Subsidiaries should qualify for an exception to the RPII rules and the rules that subject gain on sale or disposition of shares to ordinary tax rates would not apply to the disposition of AGL shares. However, the Company cannot be certain that this will be the case because some of the factors which determine the extent of RPII may be beyond its control and rules regarding the treatment of gain on disposition of shares have not been interpreted or finalized. Recently proposed regulations could, if finalized in their current form, substantially expand the definition of RPII to include insurance income of our Foreign Insurance Subsidiaries related to affiliate reinsurance transactions. If these proposed regulations are finalized in their current form, it could limit our ability to execute affiliate reinsurance transactions that would otherwise be undertaken for non- tax business reasons in the future and could increase the risk that gross RPII could constitute 20 % or more of the gross insurance income of one or more of our Foreign Insurance Subsidiaries in a particular taxable year, which could result in such RPII being taxable to U. S. Persons that own or are treated as owning shares of AGL. U. S. Persons owning or treated as owning shares of AGL should consult their tax advisors as to the effect of these uncertainties. See Item 1. Business — Tax Matters — Taxation of Shareholders — United States Taxation — The RPII CFC Provisions; Disposition of AGL Shares. U. S. tax- exempt shareholders may be subject to the unrelated business taxable income rules with respect to certain insurance income of the Foreign Insurance Subsidiaries. U. S. tax- exempt shareholders may be required to treat insurance income includable under the CFC or RPII rules as unrelated business taxable income. See Item 1. Business — Tax Matters — Taxation of Shareholders — United States Taxation — Tax- Exempt Shareholders. U. S. Persons who hold AGL' s shares will be subject to adverse tax consequences if AGL is considered to be PFIC for U. S. federal income tax purposes. If AGL is considered a PFIC for U. S. federal income tax purposes, a U. S. Person who owns any shares of AGL will be subject to adverse tax consequences that could materially adversely affect its investment, including subjecting the investor to both a greater tax liability than might otherwise apply and an interest charge or other unfavorable rules (either a mark- to- market or current inclusion regime). The Company believes that AGL was not a PFIC for U. S. federal income tax purposes for taxable years through ~~2022~~ **2023** and, based on the application of certain PFIC look- through rules and the Company' s plan of operations for the current and future years, should not be a PFIC in the future. See Item 1. Business — Tax Matters — Taxation of Shareholders — United States Taxation — Passive Foreign Investment Companies. Changes in U. S. federal income tax law may adversely affect **the Company and** an investment in AGL' s common shares. **The** ~~Although the Company is currently unable to predict the ultimate impact of the TCJA on its business, shareholders and results of operations, it is possible that the TCJA may increase the U. S. federal income~~ tax ~~liability~~ **treatment** of ~~the U. S. members of its group that cede risk to~~ non- U. S. **companies** ~~group members~~ and ~~may affect the~~ **their** ~~timing and amount of~~ U. S. **and** ~~federal income taxes imposed on~~ **non** ~~certain~~ **-** U. S. **subsidiaries may be** ~~shareholders. Furthermore, it is possible that other~~ -- **the subject of future** legislation ~~could be introduced and enacted by the current Congress or future Congresses~~ that could have an adverse impact on the Company **and / or its shareholders** . ~~Further~~ **For example** , U. S. federal income tax laws and interpretations regarding whether a company is engaged in a trade or business within the U. S. **or** is a PFIC, or whether U. S. Persons would be required to include in their gross income the " subpart F income " of a CFC or RPII CFC are subject to change, possibly on a retroactive basis. The Company cannot be certain if, when, or in what form any future regulations or pronouncements may be implemented or made, or whether such guidance will have a retroactive effect. See Item 1. Business — Tax Matters — United States Tax Reform. An ownership change under Section 382 of the Code could have adverse U. S. federal tax consequences. If AGL were to issue equity securities in the future, including in connection with any strategic transaction, or if previously issued securities of AGL were to be sold by the current holders, AGL may experience an " ownership change " within the meaning of Section 382 of the Code. In general terms, an ownership change would result from transactions increasing the aggregate ownership of certain holders in AGL' s shares by more than 50 percentage points over a testing period (generally three years). If an ownership change occurred, the Company' s ability to use certain tax attributes, including certain built- in losses, credits, deductions or tax basis and / or the Company' s ability to continue to reflect the associated tax benefits as assets on AGL' s balance sheet, may be limited. The Company cannot give any assurance that AGL will not undergo an ownership change at a time when these limitations could materially adversely affect the Company' s financial condition. AGL is not incorporated in the U. K. and, accordingly, is only resident in the U. K. for U. K. tax purposes if it is " centrally managed and controlled " in the U. K. Central management and control constitutes the highest level of control of a company' s affairs. AGL believes it is entitled to take advantage of the benefits of income tax treaties to which the U. K. is a party on the basis that it is has established central management and control in the U. K. In 2013, AGL obtained confirmation that there was a low risk of challenge to its residency status from HMRC on the facts as they were at that time. The Board intends to manage the affairs of AGL in such a way as to maintain its status as a company that is tax resident in the U. K. for U. K. tax purposes and to qualify for the benefits of income tax treaties to which the U. K. is a party. However, the concept of central management and control is a case- law concept that is not comprehensively defined in U. K. statute. In addition, it is a question of fact. Moreover, tax treaties may be revised in a way that causes AGL to fail to qualify for benefits thereunder. Accordingly, a change in relevant U. K. tax law or in tax treaties to which the U. K. is a party, or in AGL' s central management and control as a factual matter, or other events, could adversely affect the ability of Assured Guaranty to manage its capital in the efficient manner that it contemplated in establishing U. K. tax residence. As a U. K. tax resident, AGL is subject to U. K. corporation tax in respect of its worldwide profits (both income and capital gains), subject to applicable exemptions. • With respect to income, the dividends that AGL receives from its subsidiaries should be exempt from U. K. corporation tax under the exemption contained in section 931D of the Corporation Tax Act 2009. • With respect to capital gains, if AGL were to dispose of shares in its direct subsidiaries or if it were deemed to have done so, it may realize a chargeable gain for U. K. tax purposes. Any tax charge would be based on AGL' s original acquisition cost. It is anticipated that any such future gain should qualify for exemption under the substantial shareholding exemption in Schedule 7AC to the Taxation of Chargeable Gains Act 1992. However, the availability of such exemption would depend on facts at the time of disposal, in particular the " trading " nature of the relevant subsidiary. There is no statutory definition of what constitutes " trading " activities for this purpose and in practice reliance is placed on the published guidance of HMRC. A change in U. K. tax law or its interpretation by HMRC, or any failure to meet all the qualifying conditions for relevant exemptions from U. K. corporation tax, could affect Assured Guaranty' s financial results of operations or its ability to provide returns to shareholders. An adverse adjustment under U. K. legislation governing the taxation of U. K. tax resident holding companies on the profits of their non- U. K. subsidiaries could adversely impact Assured Guaranty' s tax liability. Under the U. K. " controlled foreign company " regime, the income profits of non- U. K. resident companies may, in certain circumstances, be attributed to controlling U. K. resident shareholders for U. K. corporation tax purposes. The non- U. K. resident members of the Assured Guaranty group intend to operate and manage their levels of capital in such a manner that their profits would not be taxed on AGL under the U. K. CFC regime. In 2013, Assured Guaranty obtained clearance from HMRC that none of the profits of the non- U. K. resident members of the Assured Guaranty group should be subject to U. K. tax as a result of attribution under the CFC regime on the facts as they were at the time. However, a change in the way in which Assured Guaranty operates or any further change in the CFC regime, resulting in an attribution to AGL of any of the income profits of AGL' s non- U. K. resident subsidiaries for U. K. corporation tax purposes, could adversely affect Assured Guaranty' s financial results of operations. An adverse adjustment under U. K. transfer pricing legislation or the imposition of diverted profits tax could adversely impact Assured Guaranty' s tax liability. If any arrangements between U. K. resident companies in the Assured Guaranty group and other members of the Assured Guaranty group (whether resident in or outside the U. K.) are found not to be on arm' s length terms and as a result a U. K. tax advantage is being obtained, an adjustment will be required to compute U. K. taxable profits as if such arrangement were on arm' s length terms. Any transfer pricing adjustment could adversely affect Assured Guaranty' s results of operations. Since January 1, 2016, the U. K. has implemented a country- by- country reporting (CBCR) regime whereby large multi- national enterprises are required to report details of their operations and intra- group transactions in each jurisdiction. The U. K. CBCR legislation includes power to introduce regulations requiring public disclosure of U. K. CBCR reports, although this power has not yet been exercised. It is possible that Assured Guaranty' s approach to transfer pricing may become subject to greater scrutiny from the tax authorities in the jurisdictions in which the group operates in consequence of the implementation of a CBCR regime in the U. K. (or other jurisdictions). The diverted profits tax (DPT), which is currently levied at ~~25 % (and due to increase to~~ 31 % ~~from April 1, 2023)~~, is an anti- avoidance measure, aimed at protecting the U. K. tax base against the diversion of profits away from the U. K., tax charge. In particular, DPT may apply to profits generated by economic activities carried out in the U. K., that are not taxed in the U. K. by reason of arrangements between companies in the same multinational group and involving a low- tax jurisdiction, including co- insurance and reinsurance **. In June 2023, the U. K. Government published a consultation on the reform of U. K. law relating to the DPT. The main proposal in relation to DPT is to remove its status as a separate tax and bring it within the main corporation tax framework. It is currently unknown if or when any such reforms will be adopted or come into effect** . It is currently unclear whether DPT would constitute a creditable tax for U. S. foreign tax credit purposes. If any member of the Assured Guaranty group is liable for DPT, this could adversely affect the Company' s results of operations. Assured Guaranty' s financial results may be affected by measures taken in response to the OECD BEPS project. ~~In May~~ **On October 8,** ~~2019~~ **2021** , **nearly 140 countries agreed to** the OECD **' s proposed Two Pillar Solution** ~~published a " Programme of Work " designed~~ to ~~address~~ **Address** the **Tax Challenges Arising from the Digitalization of the Economy. Pillar One revisits** tax ~~challenges created by~~ **allocations between jurisdictions to reflect** an increasingly digitalized economy. The ~~Programme~~ **OECD intends that a portion of certain multinationals' profits should be taxed in the jurisdiction where revenue** is ~~divided into~~ **sourced. The current proposals contain an exclusion for regulated financial institutions including insurance (but not captive insurance) and reinsurance companies. Pillar Two comprises new rules granting jurisdictions additional taxing rights where other relevant jurisdictions have either not taxed relevant profits or those profits have been subject to a rate of tax below 15 %. The rules apply to multinational groups with consolidated group revenue of € 750 million or more in at least** two **out** ~~pillars. The first pillar focuses on the allocation~~ of ~~group~~ **the preceding four fiscal years. Through a series of complex interlocking rules, the intended effect is that low or no taxed** profits ~~between jurisdictions based on a new nexus rule that looks to the jurisdiction of the customer or user (the so- called " market jurisdiction ") as a supplement to the traditional " permanent establishment " concept. The second pillar addresses the remaining BEPS risk of profit shifting to entities in low tax jurisdictions by introducing a global minimum tax rate. Possible measures to implement such rate include the imposition of source- based taxation (including withholding tax) on certain payments to low tax jurisdictions and an effective extension of a " controlled foreign company " regime whereby parent companies~~ would be subject to ~~a " top- up "~~ tax ~~on the profits~~ **at an overall rate** of **at least 15 %** ~~all their subsidiaries in low tax jurisdictions~~ . The OECD published **Model** ~~detailed blueprints of its proposals on October 14, 2020 and public consultations were held virtually in January 2021. Following agreement on the principles of the two pillar solution by the finance ministers of the G7 nations in June 2021 and by the OECD / G20 Inclusive Framework in July 2021, final political agreement on the two pillar framework was published on October 8, 2021 to which most of the member jurisdictions of the OECD / G20 Inclusive Framework have currently agreed. The agreement provided that regulated financial services are excluded from the application of Pillar One. The agreement also provided that the proposals under Pillar Two would apply to multinational groups with revenues exceeding EUR 750 million and would consist of a globally coordinated set of rules, including an Income Inclusion Rule~~ **Rules** ~~and Undertaxed Payment Rule, which would operate with reference to a minimum tax rate of 15 % (determined on a country- by- country basis). However, the ultimate impact of the proposals remains subject to agreement on certain design elements of the two pillars within the OECD / G20 Inclusive Framework. It is intended that Pillar Two will be implemented into law by participating jurisdictions before an intended effective date in 2023; to this end, model~~

~~rules~~ for Pillar Two **in** ~~were released on~~ December ~~20,~~ 2021 **. Many jurisdictions have enacted implementing legislation or are in the course of doing so. In particular** , ~~but~~ **the U. K. enacted initial legislation in July 2023 and published** further **draft legislation in November 2023. In addition** ~~work on this aspect of the Programme of Work remains~~ , ~~including~~ **in December 2023 the Bermuda government adopted legislation for a corporate income tax which would share many key concepts** with ~~respect~~ **the Model Rules and is intended** to ~~domestic~~ **constitute a " covered tax " for the purposes of the Model Rules. See Item 1A – Risk Factors, Risks Related to Taxation – AGL may, and AG Re and AGRO will, become subject to taxes in Bermuda, which may adversely affect the Company' s future results of operations and an investment in the Company. In many countries, the rules will apply from January 1, 2024, although some jurisdictions have elected to postpone for one year or more. The new rules are very complex and are likely to be subject to different applications and interpretations across jurisdictions. Although we cannot predict the approach of each relevant jurisdiction to the rules, their** implementation ~~in participating jurisdictions, detailed guidance and administrative aspects of the rules. As such, the proposals, in particular in relation to Pillar Two, are broad in scope and remain subject to further work, and it is therefore not possible to determine their impact at this time. They~~ could adversely affect Assured Guaranty' s tax liability. **An inability to obtain accurate and timely financial information from Sound Point or other alternative investment managers may impair the Company' s ability to comply with reporting obligations under federal securities law. The Company will be reliant on Sound Point and other alternative investment managers to provide accurate and timely financial reporting that will allow the Company to timely prepare and file its own financial statements in accordance with generally accepted accounting principles in the United States (GAAP) and in compliance with SEC regulations and New York Stock Exchange listing rules. As private companies, Sound Point and other alternative investment managers are not subject to the reporting requirements of the Exchange Act and historically have not been required to prepare their financial statements in accordance with GAAP or in compliance with the SEC' s accounting regulations. The Company expects to report certain of its investments in Sound Point, the Sound Point funds, other vehicles and separately managed accounts and other alternative investment funds on a one- quarter lag. While each of Sound Point, other alternative investment managers and their respective related parties have agreed to provide to the Company financial information necessary to complete and file its periodic SEC reports on a timely basis, any failure by Sound Point, other alternative investment managers or their respective related parties to provide the Company with accurate and timely financial information could result in a delay in the Company' s timely reporting of its results of operations or it not filing one or more periodic reports with the SEC on time or inaccuracies in its financial statements.** Changes in the fair value of the Company' s insured credit derivatives portfolio, its CCS, and its FG VIEs, **the Company' s alternative investments, including those accounted for as** CIVs **,** and / or the Company' s decision to consolidate or deconsolidate one or more FG VIEs and / or CIVs during a financial reporting period, may subject its ~~financial condition and~~ results of operations to volatility. The Company is required to mark- to- market certain derivatives that it insures, including CDS that are considered derivatives under GAAP as well as its CCS. Although there is no cash flow effect from this " marking- to- market, " net changes in the fair value of these derivatives are reported in the Company' s consolidated statements of operations and therefore affect its ~~financial condition and~~ results of operations. If a credit derivative is held to maturity and no credit loss is incurred, any unrealized gains or losses previously reported would be reversed as the transaction reaches maturity. The Company also expects fluctuations in the fair value of its put option under its CCS to reverse over time. For discussion of the Company' s fair value methodology for credit derivatives, see, Part II, Item 8, Financial Statements and Supplementary Data, Note 9, Fair Value Measurement. The Company is required to consolidate certain ~~variable interest~~ **VIEs, which generally consist of (1)** entities ~~(VIEs) with respect~~ to which it has provided financial guaranties ~~, certain AssuredIM~~ **and (2)** ~~Funds~~ **funds and vehicles** in which it invests, **such as those managed by Sound Point (** and ~~certain~~ **, prior to July 1, 2023,** AssuredIM **)** ~~- managed CLOs and CLO warehouses in which it invests~~ , if it concludes that it is the primary beneficiary of that ~~FG~~ VIE ~~, AssuredIM Fund, CLO or CLO warehouse, respectively~~ . Substantially all of the assets and liabilities of the consolidated FG VIEs and CIVs are reported at fair value. The Company continuously evaluates its power to direct the activities that most significantly impact the economic performance of VIEs and, if circumstances change, may consolidate a VIE that was not previously consolidated or deconsolidate a VIE that had previously been consolidated, and such consolidation or deconsolidation would impact its financial condition and results of operations in the period in which such action is taken. See, Part II, Item 8, Financial Statements and Supplementary Data, Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles. The required treatment under GAAP of the Company' s insured credit derivatives portfolio, its CCS and its VIEs causes its financial condition and results of operations as reported under GAAP to be more volatile than would be suggested by the actual performance of its business operations. Due to the complexity of fair value ~~accounting~~ **methodologies** and the application of GAAP requirements, future amendments or interpretations of relevant accounting standards may cause the Company to modify its accounting methodology in a manner which may have an adverse impact on its financial results. Change in industry and other accounting practices could adversely affect the Company' s financial condition, results of operations, business prospects and share price. Changes in or the issuance of new accounting standards, as well as any changes in the interpretation of current accounting guidance, could adversely affect the Company' s financial condition, results of operations, business prospects and share price. See, Part II, Item 8, Financial Statements and Supplementary Data, Note 1, Business and Basis of Presentation, for a discussion of the future application of accounting standards. Changes in or inability to comply with applicable law and regulations could adversely affect the Company' s financial condition, results of operations, capital, liquidity, business prospects and share price. The Company' s businesses are subject to detailed insurance, asset management and other financial services laws and government regulation in the jurisdictions in which it operates across the globe. In addition to the insurance, asset management and other regulations and laws specific to the industries in which it operates **or invests** , regulatory agencies in jurisdictions in which the Company operates across the globe have broad administrative power over many aspects of the Company' s business, which may include ethical issues, money laundering, privacy, recordkeeping and marketing and sales practices. Future legislative, regulatory, judicial or other legal changes in the jurisdictions in which the Company does business may adversely affect the Company' s financial condition, results of operations, capital, liquidity, business prospects and share price by, among other things, limiting the types of risks it may insure, lowering applicable single or aggregate risk limits related to its insurance business, increasing required reserves or capital for its insurance subsidiaries, providing insured obligors with additional avenues for avoiding or restructuring the repayment of their insured liabilities, increasing the level of supervision or regulation to which the Company' s operations may be subject, imposing restrictions that make the Company' s products less attractive to potential buyers and investors, lowering the profitability of the Company' s business activities, requiring the Company to change certain of its business practices and exposing it to additional costs (including increased compliance costs). Compliance with applicable laws and regulations is time consuming and personnel- intensive. If the Company fails to comply with applicable insurance or investment advisory laws and regulations it could be exposed to fines, the loss of insurance or investment advisory licenses, limitations on the right to originate new business and restrictions on its ability to pay dividends. If an insurance subsidiary' s surplus declines below minimum required levels, the insurance regulator could impose additional restrictions on the insurance subsidiary or initiate insolvency proceedings. Legislation, regulation or litigation arising out of the struggles of distressed obligors may adversely impact the Company' s legal rights as creditor as well as its investments ~~and the investments it manages~~ . Borrower distress or default, whether or not the relevant obligation is insured by one of the Company' s insurance subsidiaries, may result in legislation, regulation or litigation that may impact the Company' s legal rights as creditor or its investments ~~or the investments it manages~~ . For example, the default by the Commonwealth of Puerto Rico on much of its debt has resulted in both legislation (including the enactment of PROMESA) and litigation that is continuing to impact the Company' s rights as creditor, most directly in Puerto Rico but also elsewhere in the U. S. municipal market. The Company is, and may be in the future, involved in litigation, both as a defendant and as a plaintiff, in the ordinary course of its insurance and asset management business and other business operations. The outcome of such litigation could materially impact the Company' s loss reserves and results of operations and cash flows. For a discussion of material litigation, see, Part II, Item 8, Financial Statements and Supplementary Data, Note 3, Outstanding Exposure; Note 4, Expected Loss to be Paid (Recovered); and Note 18, Commitments and Contingencies. AGL' s ability to pay dividends and fund share repurchases and other activities may be constrained by certain insurance regulatory requirements and restrictions. AGL is subject to Bermuda regulatory requirements that affect its ability to pay dividends on common shares and to make other payments. Under the Bermuda Companies Act 1981, as amended, AGL may declare or pay a dividend only if it has reasonable grounds for believing that it is, and after the payment would be, able to pay its liabilities as they become due, and if the realizable value of its assets would not be less than its liabilities. While AGL currently intends to pay dividends on its common shares, investors who require dividend income should carefully consider these risks before investing in AGL. AGL is dependent on dividends from its subsidiaries, including dividends from its insurance subsidiaries, for resources to pay holders of its common shares, fund share repurchases and pursue other activities. The ordinary dividends that AGL' s insurance subsidiaries may pay without regulatory approval are subject to legal and regulatory limitations. See " – Regulatory – State Dividend Limitations **,** " ~~,~~ " – ~~International~~ **Non- U. S.** Regulation – Bermuda – Restrictions on Dividends and Distributions **,** " ~~,~~ " – ~~International~~ **Non- U. S.** Regulation – United Kingdom Insurance and Financial Services Regulation – Restrictions on Dividend Payments " and " – ~~International~~ **Non- U. S.** Regulation – France – Restrictions on Dividend Payments **.** " ~~.~~ As a result, absent relief from the relevant regulator (s), the Company' s insurance subsidiaries may be required to retain capital in the insurance companies that is substantially in excess of what the Company believes is necessary to support its insurance businesses, reducing the Company' s ability to productively use or return to shareholders such excess capital. In addition, if, pursuant to insurance laws and regulations, AGL' s insurance subsidiaries are not permitted to pay ordinary dividends or make other permitted payments to AGL at the times or in sufficient amounts AGL requires to fund its activities, and if AGL' s other operating subsidiaries were unable to provide such funds, AGL' s ability to pay dividends to shareholders or fund share repurchases or pursue other activities could be adversely affected. See " — Operational Risks — The ability of AGL and its subsidiaries to meet their liquidity needs may be limited. " Before a person can acquire control of a U. S., U. K. or French insurance company, prior written approval must be obtained from the relevant regulator commissioner of the state or country where the insurer is domiciled. In addition, once a person controls a Bermuda insurance company, the Authority may object to such a person who is not, or is no longer, a fit and proper person to exercise such control. Because a person acquiring 10 % or more of AGL' s common shares would indirectly control the same percentage of the stock of its insurance subsidiaries, the insurance change of control laws of Maryland, New York, the U. K., France and Bermuda would likely apply to such a transaction. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control of AGL, including through transactions, and in particular unsolicited transactions, that some or all of its shareholders might consider to be desirable. While AGL' s Bye- Laws limit the voting power of any shareholder to less than 10 %, the Company cannot provide assurances that the applicable regulatory bodies would agree that a shareholder who owned 10 % or more of its common shares did not control the applicable insurance subsidiaries, notwithstanding the limitation on the voting power of such shares. The market price of AGL' s common shares may be volatile, and the value of an investment in the Company may decline. The market price of AGL' s common shares has experienced, and may continue to experience, significant volatility. Numerous factors, including many over which the Company has no control, may have a significant impact on the market price of its common shares. These risks include those described or referred to in this " Risk Factors " section as well as, among other things: (a) investor perceptions of the Company, its prospects and that of the financial guaranty and asset management industries and the markets in which the Company operates; (b) the Company' s operating and financial performance; (c) the Company' s access to financial and capital markets to raise additional capital, refinance its debt or obtain other financing; (d) the Company' s ability to repay debt; (e) the Company' s dividend policy; (f) the amount of share repurchases authorized by the Company; (g) future sales of equity or equity- related securities; (h) changes in earnings estimates or buy / sell recommendations by analysts; and (i) general financial, economic and other market conditions. In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of AGL' s common shares, regardless of AGL- specific factors. Furthermore, future sales or other issuances of AGL equity may adversely affect the market price of its common shares. Provisions in the Code and AGL' s Bye- Laws may reduce or increase the voting rights of its common shares. Under the Code, AGL' s Bye- Laws and contractual arrangements, certain shareholders have their voting rights limited to less than one vote per share, resulting in other shareholders having voting rights in excess of one vote per share. Moreover, the relevant provisions of the Code and AGL' s Bye- Laws may have the effect of reducing the votes of certain shareholders who would not otherwise be subject to the limitation by virtue of their direct share ownership. More specifically, pursuant to the relevant provisions of the Code, if, and so long as, the common shares of a shareholder are treated as " controlled shares " (as determined under section 958 of the Code) of any U. S. Person and such controlled shares constitute 9. 5 % or more of the votes conferred by AGL' s issued shares, the voting rights with respect to the controlled shares of such U. S. Person (a 9. 5 % U. S. Shareholder) are limited, in the aggregate, to a voting power of less than 9. 5 %, under a formula specified in AGL' s Bye- Laws. The formula is applied repeatedly until the voting power of all 9. 5 % U. S. Shareholders has been reduced to less than 9. 5 %. For these purposes, " controlled shares " include, among other things, all shares of AGL that such U. S. Person is deemed to own directly, indirectly or constructively (within the meaning of section 958 of the Code). In addition, the Board may limit a shareholder' s voting rights where it deems appropriate to do so to: (1) avoid the existence of any 9. 5 % U. S. Shareholders; and (2) avoid certain material adverse tax, legal or regulatory consequences to the Company or any of the Company' s subsidiaries or any shareholder or its affiliates. AGL' s Bye- Laws provide that shareholders will be notified of their voting interests prior to any vote taken by them. As a result of any such reallocation of votes, the voting rights of a holder of AGL common shares might increase above 5 % of the aggregate voting power of the outstanding common shares, thereby possibly resulting in such holder becoming a reporting person subject to Schedule 13D or 13G filing requirements under the ~~Securities~~ Exchange Act ~~of 1934~~ . In addition, the reallocation of votes could result in such holder becoming subject to the short swing profit recovery and filing requirements under Section 16 of the Exchange Act. AGL also has the authority under its Bye- Laws to request information from any shareholder for the purpose of determining whether a shareholder' s voting rights are to be reallocated under the Bye- Laws. If a shareholder fails to respond to a request for information or submits incomplete or inaccurate information in response to a request, the Company may, in its sole discretion, eliminate such shareholder' s voting rights. Provisions in AGL' s Bye- Laws may restrict the ability to transfer common shares, and may require shareholders to sell their common shares. AGL' s Board may decline to approve or register a transfer of any common shares: (1) if it appears to the Board, after taking into account the limitations on voting rights contained in AGL' s Bye- Laws, that any adverse tax, regulatory or legal consequences to AGL, any of its subsidiaries or any of its shareholders may occur as a result of such transfer (other than such as the Board considers to be de minimis); or (2) subject to any applicable requirements of or commitments to the NYSE, if a written opinion from counsel supporting the legality of the transaction under U. S. securities laws has not been provided or if any required governmental approvals have not been obtained. AGL' s Bye- Laws also provide that if the Board determines that share ownership by a person may result in adverse tax, legal or regulatory consequences to the Company, any of the subsidiaries or any of the shareholders (other than such as the Board considers to be de minimis), then AGL has the option, but not the obligation, to require that shareholder to sell to AGL or to third parties to whom AGL assigns the repurchase right for fair market value the minimum number of common shares held by such person which is necessary to eliminate such adverse tax, legal or regulatory consequences.