

**Association of Financial Guaranty Insurers**  
**Combined Financial Highlights**

(Amounts in millions)	2003	2002	2001	2000	1999
<b>Insurance Written</b>					
U.S. municipal par insured	\$212,236	\$194,409	\$145,979	\$ 97,582	\$134,379
U.S. asset-backed par insured	120,394	165,455	167,085	116,067	117,917
International public sector par insured	13,893	8,090	6,047	4,062	2,561
International asset-backed par insured	45,023	63,222	51,426	55,241	24,174
Total par insured	<u>\$391,545</u>	<u>\$431,176</u>	<u>\$370,537</u>	<u>\$272,952</u>	<u>\$279,031</u>
<b>Financial Results</b>					
<b>Income Statement</b>					
Premiums written	\$3,995	\$3,037	\$2,161	\$1,572	\$1,520
Net premiums earned	2,124	1,648	1,274	1,042	1,013
Net investment gain	1,301	1,282	1,189	1,025	942
Other income	3	8	2	(8)	(9)
Losses & loss expenses incurred	189	191	76	42	43
Other underwriting expenses	671	548	447	441	367
Net income before taxes	2,568	2,199	1,942	1,576	1,536
Income taxes	722	572	500	315	327
Net income	<u>\$1,846</u>	<u>\$1,628</u>	<u>\$1,442</u>	<u>\$1,261</u>	<u>\$1,209</u>
<b>Balance Sheet</b>					
Cash and invested assets	\$27,223	\$23,722	\$21,550	\$19,118	\$17,735
Other assets	635	556	158	275	788
Total assets	<u>\$27,858</u>	<u>\$24,278</u>	<u>\$21,708</u>	<u>\$19,393</u>	<u>\$18,523</u>
Losses and loss expense reserves	\$ 435	\$ 445	\$ 315	\$ 353	\$ 328
Unearned premium reserves	9,236	7,650	6,835	6,395	6,070
Contingency reserves	6,557	6,200	5,660	5,085	4,218
Other liabilities	1,215	1,410	1,407	800	986
Surplus	<u>10,415</u>	<u>8,573</u>	<u>7,491</u>	<u>6,760</u>	<u>6,921</u>
Total liabilities and surplus	<u>\$27,858</u>	<u>\$24,278</u>	<u>\$21,708</u>	<u>\$19,393</u>	<u>\$18,523</u>
<b>Qualified statutory capital</b>	<u>\$16,972</u>	<u>\$14,774</u>	<u>\$13,151</u>	<u>\$11,845</u>	<u>\$11,139</u>
<b>Key Statistics</b>					
Capital ratio*	147:1	152:1	147:1	138:1	145:1
Return on average surplus	19.4%	20.3%	20.2%	18.4%	18.3%
Loss ratio	8.9%	11.6%	5.9%	4.0%	4.2%
Expense ratio	16.8%	18.0%	20.6%	28.0%	24.1%
Combined ratio	25.7%	29.6%	26.5%	32.0%	28.3%

\* Capital ratio is net financial guarantees in-force divided by qualified statutory capital.

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**Net Par Outstanding**

(Amounts in millions)

**12/31/03**

<b>Public Finance</b>	
General obligation	\$ 365,540
Tax-backed revenue	135,234
Utility revenue	173,857
Health care revenue	78,936
Transportation revenue	93,187
University revenue	48,288
Housing revenue	34,164
Student loan	20,504
International	39,913
Other	<u>56,003</u>
Total Public Finance	\$1,045,626
<b>Structured Finance</b>	
Mortgage-backed securities - U.S.	\$ 119,009
Other asset-backed - U.S.	221,779
Mortgage-backed securities -International	31,244
Other asset-backed - International	104,061
Investor-owned utility obligations	40,530
Other - U.S.	28,484
Other - International	<u>58,175</u>
Total Structured Finance	\$ 603,283
<b>TOTAL</b>	<b>\$1,648,909</b>

**Net Financial Guarantees in Force (Principal and Interest)**

**\$2,490,000**

This report was prepared by AFGI and refers to the financial guaranty industry as a whole. The combined results are based on information provided by the member companies and are unaudited. AXA Re Finance results are included in years 1999-2001, but excluded in 2002 and 2003. ACA Financial Guaranty Corporation results are not included in 2002. The CDC IXIS Financial Guaranty North America, Inc. results are included beginning in 2002. XL Capital Assurance Inc. financial results are included beginning in the year 2000. All disclosures are on a statutory accounting basis in accordance with rules and procedures prescribed or permitted by state regulatory authorities, except those submitted by AXA Re Finance, a Paris-based reinsurer, whose financial data was included in years 1999 and 2000 and adjusted to approximate statutory results.