

Association of Financial Guaranty Insurers
Combined Financial Highlights

(Amounts in millions)	2002	2001	2000	1999	1998
Insurance Written & Outstanding					
U.S. municipal par insured	\$194,409	\$145,979	\$ 97,582	\$134,379	\$168,562
U.S. asset-backed par insured	165,455	167,085	116,067	117,917	103,602
International municipal par insured	8,090	6,047	4,062	2,561	3,058
International asset-backed par insured	63,222	51,426	55,241	24,174	16,458
Total par insured	<u>\$431,176</u>	<u>\$370,537</u>	<u>\$272,952</u>	<u>\$279,031</u>	<u>\$291,680</u>
Financial Results					
Income Statement					
Premiums written	\$3,037	\$2,161	\$1,572	\$1,520	\$1,569
Net premiums earned	1,648	1,274	1,042	1,013	933
Net investment income	1,282	1,189	1,025	942	962
Other income	8	2	(8)	(9)	163
Losses & loss expenses incurred	191	76	42	43	213
Other underwriting expenses	548	447	441	367	356
Net income before taxes	2,199	1,942	1,576	1,536	1,489
Income taxes	572	500	315	327	311
Net income	<u>\$1,628</u>	<u>\$1,442</u>	<u>\$1,261</u>	<u>\$1,209</u>	<u>\$1,178</u>
Balance Sheet					
Cash and invested assets	\$23,722	\$21,550	\$19,118	\$17,735	\$15,922
Other assets	556	158	275	788	735
Total assets	<u>\$24,278</u>	<u>\$21,708</u>	<u>\$19,393</u>	<u>\$18,523</u>	<u>\$16,657</u>
Losses and loss expense reserves	\$ 445	\$ 315	\$ 353	\$ 328	\$ 315
Unearned premium reserves	7,650	6,835	6,395	6,070	5,717
Contingency reserves	6,200	5,660	5,085	4,218	3,534
Other liabilities	1,410	1,407	800	986	791
Surplus	8,573	7,491	6,760	6,921	6,299
Total liabilities and surplus	<u>\$24,278</u>	<u>\$21,708</u>	<u>\$19,393</u>	<u>\$18,523</u>	<u>\$16,657</u>
Qualified statutory capital	<u>\$14,774</u>	<u>\$13,151</u>	<u>\$11,845</u>	<u>\$11,139</u>	<u>\$9,833</u>
Key Statistics					
Capital ratio*	152:1	147:1	138:1	145:1	144:1
Return on average surplus	20.3%	20.2%	18.4%	18.3%	19.4%
Loss ratio	11.6%	5.9%	4.0%	4.2%	22.8%
Expense ratio	18.0%	20.6%	28.0%	24.1%	22.7%
Combined ratio	29.6%	26.5%	32.0%	28.3%	45.5%

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

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Net Par Outstanding

(Amounts in millions)

12/31/02

Public Finance

General obligation	\$ 321,858
Tax-backed revenue	115,520
Utility revenue	157,610
Health care revenue	76,047
Transportation revenue	83,709
University revenue	42,712
Housing revenue	31,118
Student loan	18,133
International	19,955
Other	<u>51,577</u>
Total Public Finance	<u>\$ 918,239</u>

Structured Finance

Mortgage-backed securities - U.S.	\$ 124,452
Other asset-backed - U.S.	201,254
Mortgage-backed securities -International	14,816
Other asset-backed - International	87,772
Investor-owned utility obligations	40,665
Other - U.S.	37,520
Other - International	<u>49,039</u>
Total Structured Finance	<u>\$ 555,518</u>

TOTAL

\$1,473,757

Net Financial Guarantees in Force (Principal and Interest)

\$2,248,596

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. XL Capital Assurance Inc. financial results are included beginning in the year 2000. ACA Financial Guaranty Corporation and AXA Re Finance results are included in years 1998-2001, but excluded beginning in 2002. The CDC IXIS Financial Guaranty North America, Inc. results are included beginning in 2002. 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 adjusted to approximate statutory results.