

A photograph of a construction worker in silhouette, wearing a hard hat and safety harness, walking across a steel beam of a bridge under construction. The background shows the complex steel truss structure of the bridge against a clear sky.

## Financial Supplement

**Assured Guaranty Corp.**  
September 30, 2018



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**Financial Supplement**

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2017 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2018, June 30, 2018 and September 30, 2018. For the purposes of this financial supplement, all references to the "Company" shall mean AGC and its consolidated entities.

Some amounts in this financial supplement may not add due to rounding.

**Cautionary Statement Regarding Forward Looking Statements:**

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's subsidiaries have insured; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) increased competition, including from new entrants into the financial guaranty industry; (7) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form; (11) changes in applicable accounting policies or practices; (12) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (13) the impact of changes in the world's economy and credit and currency markets and in applicable laws or regulations relating to the decision of the United Kingdom to exit the European Union; (14) the possibility that acquisitions or alternative investments made by Assured Guaranty do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (15) deterioration in the financial condition of Assured Guaranty's reinsurers, the amount and timing of reinsurance recoverables actually received and the risk that reinsurers may dispute amounts owed to Assured Guaranty under its reinsurance agreements; (16) difficulties with the execution of Assured Guaranty's business strategy; (17) loss of key personnel; (18) the effects of mergers, acquisitions and divestitures; (19) natural or man-made catastrophes; (20) other risk factors identified in AGL's filings with the SEC; (21) other risks and uncertainties that have not been identified at this time and; (22) management's response to these factors. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

**Assured Guaranty Corp.**  
**Selected Financial Highlights (1 of 2)**  
(dollars in millions)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Net income (loss)</b>	<b>\$ 19</b>	<b>\$ 73</b>	<b>\$ 170</b>	<b>\$ 258</b>
Non-GAAP operating income <sup>(1)</sup>	9	42	114	195
Gain (loss) related to the effect of consolidating financial guaranty variable interest entities (FG VIE consolidation) (net of tax provision of \$0, \$0, \$0 and \$1) included in non-GAAP operating income	0	0	1	1
<b>Effective tax rate on net income</b>	<b>79.3 %</b>	<b>31.7 %</b>	<b>34.2 %</b>	<b>15.4 %</b>
Effective tax rate on non-GAAP operating income <sup>(2)</sup>	92.9 %	28.2 %	40.2 %	4.9 %
Effect of FG VIE consolidation included in effective tax rate on non-GAAP operating income	(0.3)%	(0.1)%	(0.1)%	0.2 %
<b>Return on equity (ROE) calculations<sup>(3)</sup>:</b>				
<b>GAAP ROE</b>	<b>3.2 %</b>	<b>11.8 %</b>	<b>9.4 %</b>	<b>14.0 %</b>
Non-GAAP operating ROE <sup>(1)</sup>	1.8 %	7.0 %	6.7 %	11.0 %
Effect of FG VIE consolidation on non-GAAP operating ROE	0.1 %	0.0 %	0.1 %	0.1 %
<b>New business:</b>				
<b>Gross written premiums (GWP)</b>	<b>\$ 0</b>	<b>\$ (1)</b>	<b>\$ 332</b>	<b>\$ (1)</b>
Present value of new business production (PVP) <sup>(1)</sup>	8	—	409	0
Gross par written	484	—	12,221	10
	<b>As of:</b>			
	<b>September 30,</b>		<b>December 31,</b>	
	<b>2018</b>		<b>2017</b>	
<b>Shareholder's equity</b>	<b>\$ 2,338</b>	<b>\$ 2,518</b>		
Non-GAAP operating shareholder's equity <sup>(1)</sup>	2,186	2,367		
Non-GAAP adjusted book value <sup>(1)</sup>	2,742	2,837		
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	(6)	(7)		
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	(7)	(9)		
<b>Other Information</b>				
Net debt service outstanding	\$ 43,662	\$ 38,985		
Net par outstanding	29,319	26,755		
Claims-paying resources (including MAC) <sup>(4)</sup>	3,712	3,710		

- 1) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.  
2) Represents the ratio of non-GAAP operating provision for income taxes to non-GAAP operating income before income taxes.  
3) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.  
4) See page 8 for additional detail on claims-paying resources.

**Assured Guaranty Corp.**  
**Selected Financial Highlights (2 of 2)**  
(dollars in millions)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Effect of refundings and terminations on GAAP measures:</b>				
Net earned premiums, pre-tax	\$ 8	\$ 29	\$ 37	\$ 72
Net change in fair value of credit derivatives, pre-tax	0	7	3	16
Net income effect	9	27	39	68
<b>Effect of refundings and terminations on non-GAAP measures:</b>				
Operating net earned premiums and credit derivative revenues <sup>(1)</sup> , pre-tax	8	28	40	72
Non-GAAP operating income <sup>(1)</sup> effect	9	23	39	58

- 1) Consolidated statement of operations items mentioned in this Financial Supplement that are described as operating (i.e. operating net earned premiums) are non-GAAP measures and represent components of non-GAAP operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

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

	As of:	
	September 30, 2018	December 31, 2017
<b>Assets:</b>		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 2,858	\$ 2,937
Short-term investments, at fair value	165	57
Other invested assets	2	2
Equity method investments	228	227
Total investment portfolio	3,253	3,223
Cash	8	46
Premiums receivable, net of commissions payable	204	172
Ceded unearned premium reserve	240	223
Reinsurance recoverable on unpaid losses	184	205
Salvage and subrogation recoverable	209	310
Financial guaranty variable interest entities (FG VIE) assets, at fair value	106	122
Other assets	314	406
<b>Total assets</b>	<b>\$ 4,518</b>	<b>\$ 4,707</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 1,037	\$ 891
Loss and loss adjustment expense reserve	370	473
Notes payable to affiliates	300	300
Credit derivative liabilities	191	223
FG VIE liabilities with recourse, at fair value	113	131
FG VIE liabilities without recourse, at fair value	2	2
Other liabilities	167	169
<b>Total liabilities</b>	<b>2,180</b>	<b>2,189</b>
<b>Shareholders' equity:</b>		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	842	1,042
Retained earnings	1,337	1,253
Accumulated other comprehensive income	144	208
<b>Total shareholders' equity</b>	<b>2,338</b>	<b>2,518</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,518</b>	<b>\$ 4,707</b>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Net earned premiums	\$ 36	\$ 52	\$ 110	\$ 175
Net investment income	32	32	95	107
Net realized investment gains (losses)	(1)	(1)	(4)	41
Net change in fair value of credit derivatives:				
Realized gains (losses) and other settlements	1	0	3	3
Net unrealized gains (losses)	18	53	88	70
Net change in fair value of credit derivatives	19	53	91	73
Fair value gains (losses) on FG VIEs	1	1	4	4
Bargain purchase gain and settlement of pre-existing relationships, net	—	—	—	58
Other income (loss)	(2)	2	(2)	12
<b>Total revenues</b>	<b>85</b>	<b>139</b>	<b>294</b>	<b>470</b>
<b>Expenses:</b>				
Loss and loss adjustment expenses (LAE)	8	27	10	128
Interest expense on note payable to affiliate	3	3	8	8
Other operating expenses	13	14	47	55
<b>Total expenses</b>	<b>24</b>	<b>44</b>	<b>65</b>	<b>191</b>
<b>Income (loss) before income taxes and equity in net earnings of investee</b>	<b>61</b>	<b>95</b>	<b>229</b>	<b>279</b>
Provision (benefit) for income taxes	48	30	78	43
Equity in net earnings of investee	6	8	19	22
<b>Net income (loss)</b>	<b>\$ 19</b>	<b>\$ 73</b>	<b>\$ 170</b>	<b>\$ 258</b>

## Assured Guaranty Corp.

### Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation (dollars in millions)

#### Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation for the Three Months Ended September 30, 2018 and September 30, 2017

	Three Months Ended September 30, 2018		Three Months Ended September 30, 2017	
	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ 0	\$ —	\$ 0
Net investment income	—	0	—	0
Net realized investment gains (losses)	(1)	—	(1)	—
Net change in fair value of credit derivatives	13	—	51	—
Fair value gains (losses) on FG VIEs	—	1	—	1
Other income (loss)	(1)	—	(1)	—
<b>Total revenue adjustments</b>	<b>11</b>	<b>1</b>	<b>49</b>	<b>1</b>
<b>Adjustments to expenses:</b>				
Loss expense	(1)	1	0	1
<b>Total expense adjustments</b>	<b>(1)</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Pre-tax adjustments</b>	<b>12</b>	<b>0</b>	<b>49</b>	<b>0</b>
Tax effect of adjustments	2	0	18	0
Equity in net earnings of subsidiaries	0	—	0	—
<b>After-tax adjustments</b>	<b>\$ 10</b>	<b>\$ 0</b>	<b>\$ 31</b>	<b>\$ 0</b>

#### Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation for the Nine Months Ended September 30, 2018 and September 30, 2017

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ (1)	\$ —	\$ (1)
Net investment income	—	0	—	0
Net realized investment gains (losses)	(4)	—	41	—
Net change in fair value of credit derivatives	78	—	61	—
Fair value gains (losses) on FG VIEs	—	4	—	4
Other income (loss)	(3)	—	12	—
<b>Total revenue adjustments</b>	<b>71</b>	<b>3</b>	<b>114</b>	<b>3</b>
<b>Adjustments to expenses:</b>				
Loss expense	0	2	17	1
<b>Total expense adjustments</b>	<b>0</b>	<b>2</b>	<b>17</b>	<b>1</b>
<b>Pre-tax adjustments</b>	<b>71</b>	<b>1</b>	<b>97</b>	<b>2</b>
Tax effect of adjustments	15	0	34	1
Equity in net earnings of subsidiaries	0	—	0	—
<b>After-tax adjustments</b>	<b>\$ 56</b>	<b>\$ 1</b>	<b>\$ 63</b>	<b>\$ 1</b>

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

**Assured Guaranty Corp.**  
**Selected Financial Highlights**  
**GAAP to Non-GAAP Reconciliations (1 of 2)**  
(dollars in millions)

**Non-GAAP Operating Income Reconciliation**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Net income (loss)</b>	<b>\$ 19</b>	<b>\$ 73</b>	<b>\$ 170</b>	<b>\$ 258</b>
Less pre-tax adjustments:				
Realized gains (losses) on investments	(1)	0	(4)	42
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	14	50	78	43
Fair value gains (losses) on committed capital securities (CCS) <sup>(1)</sup>	(1)	(2)	(2)	(2)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves <sup>(7)</sup>	0	0	(1)	14
Total pre-tax adjustments	12	48	71	97
Less tax effect on pre-tax adjustments	(2)	(17)	(15)	(34)
Non-GAAP operating income	<u>\$ 9</u>	<u>\$ 42</u>	<u>\$ 114</u>	<u>\$ 195</u>
<b>Gain (loss) related to FG VIE consolidation (net of tax provision of \$0, \$0, \$0 and \$1) included in non-GAAP operating income</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1</b>	<b>\$ 1</b>

1) Included in other income (loss) in the condensed consolidated statements of operations.

**ROE Reconciliation and Calculation**

	As of					
	September 30, 2018	June 30, 2018	December 31, 2017	September 30, 2017	June 30, 2017	December 31, 2016
<b>Shareholder's equity</b>	<b>\$ 2,338</b>	<b>\$ 2,357</b>	<b>\$ 2,518</b>	<b>\$ 2,498</b>	<b>\$ 2,435</b>	<b>\$ 2,404</b>
Non-GAAP operating shareholder's equity	2,186	2,193	2,367	2,352	2,325	2,363
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity</b>	<b>(6)</b>	<b>(6)</b>	<b>(7)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
<b>Net income (loss)</b>	<b>\$ 19</b>	<b>\$ 73</b>	<b>\$ 170</b>	<b>\$ 258</b>		
Non-GAAP operating income	9	42	114	195		
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating income</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>		
<b>Average shareholder's equity</b>	<b>\$ 2,348</b>	<b>\$ 2,467</b>	<b>\$ 2,428</b>	<b>\$ 2,451</b>		
Average non-GAAP operating shareholder's equity	2,190	2,339	2,277	2,358		
<b>Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholder's equity</b>	<b>(6)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>		
<b>GAAP ROE <sup>(1)</sup></b>	<b>3.2%</b>	<b>11.8%</b>	<b>9.4%</b>	<b>14.0%</b>		
Non-GAAP operating ROE <sup>(1)</sup>	1.8 %	7.0 %	6.7 %	11.0 %		
Effect of FG VIE consolidation included in non-GAAP operating ROE	0.1 %	0.0 %	0.1 %	0.1 %		

1) Quarterly ROE calculations represent annualized returns.

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



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

	As of					
	September 30, 2018	June 30, 2018	December 31, 2017	September 30, 2017	June 30, 2017	December 31, 2016
<b>Reconciliation of shareholder's equity to non-GAAP adjusted book value:</b>						
<b>Shareholder's equity</b>	<b>\$ 2,338</b>	<b>\$ 2,357</b>	<b>\$ 2,518</b>	<b>\$ 2,498</b>	<b>\$ 2,435</b>	<b>\$ 2,404</b>
Less pre-tax reconciling items:						
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(25)	(39)	(103)	(84)	(134)	(127)
Fair value gains (losses) on CCS	29	29	31	30	32	32
Unrealized gain (loss) on investment portfolio	176	205	249	250	243	153
Less taxes	(28)	(31)	(26)	(50)	(31)	(17)
Non-GAAP operating shareholders' equity	2,186	2,193	2,367	2,352	2,325	2,363
Pre-tax reconciling items:						
Less: Deferred acquisition costs	(12)	(14)	4	5	4	(8)
Plus: Net present value of estimated net future credit derivative revenue	156	159	95	97	99	114
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	535	572	504	571	623	777
Plus taxes	(147)	(156)	(125)	(232)	(252)	(314)
Non-GAAP adjusted book value	<u>\$ 2,742</u>	<u>\$ 2,782</u>	<u>\$ 2,837</u>	<u>\$ 2,783</u>	<u>\$ 2,791</u>	<u>\$ 2,948</u>
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit of \$2, \$2, \$2, \$4, \$3 and \$4)</b>	<b>\$ (6)</b>	<b>\$ (6)</b>	<b>\$ (7)</b>	<b>\$ (6)</b>	<b>\$ (7)</b>	<b>\$ (8)</b>
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit of \$3, \$3, \$2, \$5, \$4 and \$5)</b>	<b>\$ (7)</b>	<b>\$ (7)</b>	<b>\$ (9)</b>	<b>\$ (8)</b>	<b>\$ (9)</b>	<b>\$ (9)</b>

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

**Assured Guaranty Corp.**  
**Claims-Paying Resources**  
(dollars in millions)

As of:

	September 30, 2018	December 31, 2017
<b>Claims-paying resources</b>		
Policyholders' surplus	\$ 1,806	\$ 2,073
Contingency reserve <sup>(1)</sup>	655	642
<b>Qualified statutory capital</b>	<b>2,461</b>	<b>2,715</b>
Unearned premium reserve and net deferred ceding commission <sup>(1)</sup>	504	354
Loss and LAE reserves <sup>(1)</sup>	224	135
<b>Total policyholders' surplus and reserves</b>	<b>3,189</b>	<b>3,204</b>
Present value of installment premium <sup>(1)</sup>	143	126
CCS	200	200
Excess of loss reinsurance facility <sup>(2)</sup>	180	180
<b>Total claims-paying resources (including proportionate MAC ownership for AGC)</b>	<b>3,712</b>	<b>3,710</b>
Adjustment for MAC <sup>(3)</sup>	281	292
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGC)</b>	<b>\$ 3,431</b>	<b>\$ 3,418</b>
Statutory net par outstanding <sup>(4)</sup>	\$ 27,757	\$ 23,914
Equity method adjustment <sup>(3)</sup>	9,778	11,829
Adjusted statutory net par outstanding <sup>(1)</sup>	\$ 37,535	\$ 35,743
Net debt service outstanding <sup>(4)</sup>	\$ 42,079	\$ 36,018
Equity method adjustment <sup>(3)</sup>	14,426	17,419
Adjusted net debt service outstanding <sup>(1)</sup>	\$ 56,505	\$ 53,437
<b>Ratios:</b>		
Adjusted net par outstanding to qualified statutory capital	15:1	13:1
Capital ratio <sup>(5)</sup>	23:1	20:1
Financial resources ratio <sup>(6)</sup>	15:1	14:1

- 1) The numbers shown for AGC in 2017 have been adjusted to include its indirect share of Municipal Assurance Corp. (MAC). Assured Guaranty Municipal Corp. (AGM) and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. Beginning in the second quarter of 2018, the Company incorporates deferred ceding commission income in claims-paying resources.
- 2) Represents the \$180 million portion placed with an unaffiliated reinsurer of a \$400 million aggregate excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2018. The facility terminates on January 1, 2020 unless AGC, AGM and MAC choose to extend it.
- 3) Represents adjustment for AGC's interest and indirect ownership of MAC.
- 4) Net par outstanding and net debt service outstanding are presented on a statutory basis.
- 5) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
- 6) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGC).

# Assured Guaranty Corp.

## New Business Production

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended September 30, 2018 and September 30, 2017

	Three Months Ended September 30, 2018					Three Months Ended September 30, 2017				
	Public Finance		Structured Finance		Total	Public Finance		Structured Finance		Total
	U.S.	Non-U.S.	U.S.	Non-U.S.		U.S.	Non-U.S.	U.S.	Non-U.S.	
<b>Total GWP</b>	\$ (8)	\$ 1	\$ 7	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1)	\$ 0	\$ (1)
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(8)	1	2	0	(5)	0	0	(1)	0	(1)
Upfront GWP	0	—	5	—	5	—	—	—	—	—
Plus: Installment premium PVP	0	—	3	0	3	—	—	—	—	—
<b>Total PVP</b>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ 8</u>	<u>\$ 0</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Gross par written</b>	\$ 10	\$ —	\$ 473	\$ 1	\$ 484	\$ —	\$ —	\$ —	\$ —	\$ —

### Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2018 and September 30, 2017

	Nine Months Ended September 30, 2018					Nine Months Ended September 30, 2017				
	Public Finance		Structured Finance		Total	Public Finance		Structured Finance		Total
	U.S.	Non-U.S.	U.S.	Non-U.S.		U.S.	Non-U.S.	U.S.	Non-U.S.	
<b>Total GWP</b>	\$ 113	\$ 53	\$ 165	\$ 1	\$ 332	\$ (1)	\$ 1	\$ 0	\$ (1)	\$ (1)
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	12	30	7	1	50	(1)	1	0	(1)	(1)
Upfront GWP	101	23	158	—	282	0	0	—	—	0
Plus: Installment premium PVP <sup>(2)</sup>	85	35	7	0	127	0	0	—	—	0
<b>Total PVP</b>	<u>\$ 186</u>	<u>\$ 58</u>	<u>\$ 165</u>	<u>\$ 0</u>	<u>\$ 409</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0</u>
<b>Gross par written</b>	\$ 7,608	\$ 3,716	\$ 877	\$ 20	\$12,221	\$ 10	\$ —	\$ —	\$ —	\$ 10

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

2) Includes PVP of credit derivatives assumed in the Syncora Guarantee Inc. (SGI) transaction in the second quarter of 2018.

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

# Assured Guaranty Corp.

Gross Par Written  
(dollars in millions)

## Gross Par Written by Asset Type

Sector	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
<b>U.S. public finance</b>				
Municipal utilities	\$ —	—	\$ 1,514	A
Infrastructure finance	—	—	1,110	A+
General obligation	—	—	1,019	A
Tax backed	—	—	997	BBB+
Investor-owned utilities	—	—	862	A-
Transportation	—	—	442	A
Higher education	—	—	411	A
Housing revenue	—	—	113	BBB+
Other public finance	10	A	1,140	A
Total U.S. public finance	<u>10</u>	<u>A</u>	<u>7,608</u>	<u>A</u>
<b>Non-U.S. public finance:</b>				
Regulated utilities	—	—	2,590	BBB+
Infrastructure finance	—	—	992	BBB-
Other public finance	—	—	134	A+
Total non-U.S. public finance	<u>—</u>	<u>—</u>	<u>3,716</u>	<u>BBB</u>
<b>Total public finance</b>	<b>\$ 10</b>	<b>A</b>	<b>\$ 11,324</b>	<b>A-</b>
<b>U.S. structured finance:</b>				
Residential mortgage-backed securities (RMBS)	\$ —	—	\$ 327	B-
Pooled corporate obligations	249	A-	271	A
Commercial receivables	139	BBB	139	BBB
Commercial mortgage-backed securities (CMBS)	85	BBB	85	BBB
Structured credit	—	—	41	BBB
Other structured finance	—	—	14	A-
Total U.S. structured finance	<u>473</u>	<u>BBB+</u>	<u>877</u>	<u>BB+</u>
<b>Non-U.S. structured finance:</b>				
RMBS	—	—	19	BBB
Pooled corporate obligations	1	A-	1	A-
Total non-U.S. structured finance	<u>1</u>	<u>A-</u>	<u>20</u>	<u>BBB</u>
<b>Total structured finance</b>	<b>\$ 474</b>	<b>BBB+</b>	<b>\$ 897</b>	<b>BB+</b>
<b>Total gross par written</b>	<b>\$ 484</b>	<b>BBB+</b>	<b>\$ 12,221</b>	<b>A-</b>

**Assured Guaranty Corp.**  
**Investment Portfolio and Cash**  
As of September 30, 2018  
(dollars in millions)

	<b>Amortized Cost</b>	<b>Pre-Tax Book Yield</b>	<b>After-Tax Book Yield</b>	<b>Fair Value</b>	<b>Annualized Investment Income <sup>(1)</sup></b>
<b>Investment portfolio:</b>					
Fixed-maturity securities:					
U.S. obligations of states and political subdivisions <sup>(3)</sup>	\$ 1,632	3.52 %	3.21 %	\$ 1,664	\$ 57
Insured obligations of state and political subdivisions <sup>(2)</sup>	26	4.62	3.67	25	1
U.S. Treasury securities and obligations of U.S. government agencies	33	3.20	2.53	33	1
Agency obligations	18	5.37	4.24	19	1
Corporate securities	282	3.20	2.53	278	9
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) <sup>(3)</sup>	105	4.64	3.67	104	5
Commercial MBS (CMBS)	39	3.02	2.39	37	1
Asset-backed securities <sup>(3)</sup>	550	9.71	7.67	698	54
Total fixed-maturity securities	2,685	4.81	4.06	2,858	129
Short-term investments	165	2.01	1.59	165	3
Cash <sup>(4)</sup>	8	—	—	8	—
<b>Total</b>	<b>\$ 2,858</b>	<b>4.64%</b>	<b>3.91%</b>	<b>\$ 3,031</b>	<b>\$ 132</b>

<b>Ratings <sup>(5)</sup>:</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
U.S. Treasury securities and obligations of U.S. government agencies	\$ 33	1.2 %
Agency obligations	19	0.7
AAA/Aaa	257	9.0
AA/Aa	1,297	45.4
A/A	418	14.6
BBB	117	4.1
Below investment grade (BIG) <sup>(6)</sup>	664	23.2
Not rated	53	1.8
<b>Total fixed-maturity securities, available-for-sale</b>	<b>\$ 2,858</b>	<b>100.0%</b>

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

**5.9**

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

**A-**

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average BBB, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's).
- 3) Includes securities purchased or obtained for loss mitigation purposes.
- 4) Cash is not included in the yield calculation.
- 5) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
- 6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$919 million in par with carrying value of \$663 million.

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

	Estimated Net Debt Service Amortization <sup>(1)</sup>	Estimated Ending Net Debt Service Outstanding <sup>(1)</sup>	Financial Guaranty Insurance <sup>(2)</sup>			Future Credit Derivative Revenues
			Expected PV Net Earned Premiums	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	
2018 (as of September 30)		\$ 43,662				
2018 Q4	\$ 1,238	42,424	\$ 25	\$ 1	\$ 0	\$ 4
2019	4,613	37,811	93	3	1	12
2020	2,854	34,957	83	3	1	11
2021	3,092	31,865	73	2	1	10
2022	2,429	29,436	64	2	1	9
2018-2022	14,226	29,436	338	11	4	46
2023-2027	8,944	20,492	244	8	2	39
2028-2032	7,303	13,189	151	4	1	33
2033-2037	6,175	7,014	80	2	1	27
After 2037	7,014	—	35	1	0	28
<b>Total</b>	<b>\$ 43,662</b>		<b>\$ 848</b>	<b>\$ 26</b>	<b>\$ 8</b>	<b>\$ 173</b>

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 2018. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.

2) See page 13 for “Net Expected Loss to be Expensed.”

**Assured Guaranty Corp.**  
Net Expected Loss to be Expensed  
As of September 30, 2018  
(dollars in millions)

	Net Expected Loss to be Expensed <sup>(1)</sup>
	GAAP
2018 Q4	\$ 5
2019	23
2020	25
2021	27
2022	28
2018-2022	108
2023-2027	130
2028-2032	87
2033-2037	45
After 2037	8
<b>Total expected present value of net expected loss to be expensed<sup>(2)</sup></b>	<b>378</b>
Future accretion	14
<b>Total expected future loss and LAE</b>	<b>\$ 392</b>

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.0% to 3.20% for U.S. dollar denominated obligations.

2) Excludes \$4 million related to FG VIEs, which are eliminated in consolidation.

**Assured Guaranty Corp.**  
**Financial Guaranty Profile (1 of 3)**  
(dollars in millions)

**Net Par Outstanding and Average Rating by Asset Type**

	September 30, 2018		December 31, 2017	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
<b>U.S. public finance:</b>				
Tax backed	\$ 4,530	BBB-	\$ 4,480	BBB-
General obligation	4,079	BBB+	4,276	BBB+
Transportation	2,435	A-	2,759	A-
Municipal utilities	2,178	BBB+	2,107	BBB+
Infrastructure finance	2,051	A	1,072	A-
Healthcare	1,668	A	2,048	A
Higher education	666	A-	785	A-
Investor-owned utilities	659	A-	246	A-
Housing revenue	149	BBB	96	BBB
Other public finance	1,006	A-	502	A-
Total U.S. public finance	19,421	BBB+	18,371	BBB+
<b>Non-U.S. public finance:</b>				
Regulated utilities	2,370	BBB+	1,227	BBB+
Infrastructure finance	1,563	BBB-	989	BBB
Pooled infrastructure	704	AAA	780	AAA
Other public finance	373	A-	323	A-
Total non-U.S. public finance	5,010	A-	3,319	A
<b>Total public finance</b>	<b>24,431</b>	<b>BBB+</b>	<b>21,690</b>	<b>BBB+</b>
<b>U.S. structured finance:</b>				
RMBS	1,530	BBB	1,452	A-
Pooled corporate obligations	1,098	A+	1,149	A
Consumer receivables	749	A+	955	A
Insurance securitization	510	AA	510	AA
Other structured finance	430	BBB+	243	BBB+
Total U.S. structured finance	4,317	A	4,309	A
<b>Non-U.S. structured finance:</b>				
RMBS	222	A+	230	AA-
Pooled corporate obligations	47	AA	78	AA+
Other structured finance	302	A	448	BBB+
Total non-U.S. structured finance	571	A	756	A
<b>Total structured finance</b>	<b>4,888</b>	<b>A</b>	<b>5,065</b>	<b>A</b>
<b>Total</b>	<b>\$ 29,319</b>	<b>BBB+</b>	<b>\$ 26,755</b>	<b>A-</b>

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



**Assured Guaranty Corp.**  
Financial Guaranty Profile (2 of 3)  
As of September 30, 2018  
(dollars in millions)

**Distribution by Ratings of Financial Guaranty Portfolio**

Ratings:	Public Finance - U.S.			Public Finance - Non-U.S.			Structured Finance - U.S.			Structured Finance - Non-U.S.			Total	
	Net Par Outstanding	%		Net Par Outstanding	%		Net Par Outstanding	%		Net Par Outstanding	%		Net Par Outstanding	%
AAA	\$ 19	0.1 %		\$ 794	15.8 %		\$ 726	16.8 %		\$ 141	24.7 %		\$ 1,680	5.7 %
AA	3,292	17.0		1	0.0		1,173	27.2		41	7.1		4,507	15.4
A	8,866	45.6		934	18.6		1,110	25.7		146	25.6		11,056	37.7
BBB	5,383	27.7		3,133	62.6		439	10.2		243	42.6		9,198	31.4
BIG	1,861	9.6		148	3.0		869	20.1		0	0.0		2,878	9.8
<b>Net Par Outstanding<sup>(1)</sup></b>	<b>\$ 19,421</b>	<b>100.0%</b>		<b>\$ 5,010</b>	<b>100.0%</b>		<b>\$ 4,317</b>	<b>100.0%</b>		<b>\$ 571</b>	<b>100.0%</b>		<b>\$ 29,319</b>	<b>100.0%</b>

1) As of September 30, 2018, excludes \$697 million of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio, which are primarily BIG.

**Ceded Par Outstanding**

	Ceded Par Outstanding <sup>(1)(2)</sup>	% of Total
Affiliated reinsurers	\$ 23,373	99.6 %
Non-affiliated reinsurers	100	0.4 %
<b>Total</b>	<b>\$ 23,473</b>	<b>100.0%</b>

1) Of the total ceded par to reinsurers rated BIG or not rated, none is rated BIG.

2) There was no collateral posted by third party reinsurers and \$283 million posted by an affiliated reinsurer as of September 30, 2018.

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

**Assured Guaranty Corp.**  
Financial Guaranty Profile (3 of 3)  
As of September 30, 2018  
(dollars in millions)

**Geographic Distribution of Financial Guaranty Portfolio**

	<u>Net Par Outstanding</u>	<u>% of Total</u>
<b>U.S.:</b>		
U.S. public finance:		
California	\$ 3,637	12.4 %
Texas	1,638	5.5
Puerto Rico	1,586	5.4
New Jersey	1,515	5.2
New York	1,414	4.8
Florida	1,042	3.6
Illinois	871	3.0
District of Columbia	753	2.6
Pennsylvania	642	2.2
Massachusetts	487	1.7
Other	5,836	19.9
Total U.S. public finance	19,421	66.3
U.S. structured finance:	4,317	14.7
<b>Total U.S.</b>	<b>23,738</b>	<b>81.0</b>
<b>Non-U.S.:</b>		
United Kingdom	3,374	11.4
Australia	580	2.0
Chile	256	0.9
New Zealand	226	0.8
Mexico	206	0.7
Other	939	3.2
<b>Total non-U.S.</b>	<b>5,581</b>	<b>19.0</b>
<b>Total net par outstanding</b>	<b>\$ 29,319</b>	<b>100.0%</b>

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

**Assured Guaranty Corp.**  
Exposure to Puerto Rico (1 of 3)  
As of September 30, 2018  
(dollars in millions)

**Exposure to Puerto Rico**

	<b>Gross Par Outstanding</b>	<b>Net Par Outstanding</b>	<b>Gross Debt Service Outstanding</b>	<b>Net Debt Service Outstanding</b>
Total	\$ 1,939	\$ 1,586	\$ 3,295	\$ 2,668

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

	<b>Net Par Outstanding<sup>(2)</sup></b>	<b>Gross Par Outstanding</b>
<b>Commonwealth Constitutionally Guaranteed</b>		
Commonwealth of Puerto Rico - General Obligation Bonds <sup>(3)</sup>	\$ 302	\$ 353
Puerto Rico Public Buildings Authority (PBA)	141	141
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) <sup>(3)</sup>	495	630
PRHTA (Highways revenue) <sup>(3)</sup>	84	87
Puerto Rico Convention Center District Authority (PRCCDA)	152	152
Puerto Rico Infrastructure Financing Authority (PRIFA)	15	16
<b>Other Public Corporations</b>		
Puerto Rico Electric Power Authority (PREPA) <sup>(3)</sup>	72	121
Puerto Rico Aqueduct and Sewer Authority (PRASA) <sup>(4)</sup>	284	373
Puerto Rico Municipal Finance Agency (MFA) <sup>(4)</sup>	40	65
University of Puerto Rico <sup>(4)</sup>	1	1
Total exposure to Puerto Rico	\$ 1,586	\$ 1,939

1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.

2) Includes exposure to capital appreciation bonds on one Puerto Rico credit: Commonwealth General Obligation Bonds, current net par \$2 million and a fully accreted net par at maturity \$2 million.

3) As of the date of this filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.

4) As of the date of this filing, the Company has not paid claims on these credits.

**Assured Guaranty Corp.**  
Exposure to Puerto Rico (2 of 3)  
As of September 30, 2018  
(dollars in millions)

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

	2018 (4Q)	2019 (1Q)	2019 (2Q)	2019 (3Q)	2019 (4Q)	2020	2021	2022	2023	2024	2025	2026	2027	2028 -2032	2033 -2037	2038 -2042	2043 -2047	Total
<b>Commonwealth Constitutionally Guaranteed</b>																		
Commonwealth of Puerto Rico - General Obligation Bonds	\$ 0	\$ 0	\$ 0	\$ 33	\$ —	\$ 84	\$ 15	\$ 13	\$ 8	\$ 9	\$ 8	\$ 16	\$ 23	\$ 59	\$ 34	\$ —	\$ —	\$ 302
PBA	—	—	—	3	—	5	13	0	6	0	7	11	40	16	40	—	—	141
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																		
PRHTA (Transportation revenue)	—	—	—	15	—	8	5	14	19	4	21	17	8	63	228	93	—	495
PRHTA (Highway revenue)	—	—	—	10	—	11	12	—	0	0	1	0	—	31	19	—	—	84
PRCCDA	—	—	—	—	—	—	—	—	—	—	—	—	19	24	109	—	—	152
PRIFA	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	13	—	15
<b>Other Public Corporations</b>																		
PREPA	—	—	—	0	—	1	1	1	2	1	1	19	17	28	1	—	—	72
PRASA	—	—	—	—	—	—	—	—	—	2	19	19	21	22	—	2	199	284
MFA	—	—	—	7	—	9	8	7	3	1	0	2	1	2	—	—	—	40
University of Puerto Rico	—	—	—	0	—	0	0	0	0	0	0	0	0	1	0	—	—	1
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 68</b>	<b>\$ —</b>	<b>\$ 118</b>	<b>\$ 54</b>	<b>\$ 35</b>	<b>\$ 40</b>	<b>\$ 17</b>	<b>\$ 57</b>	<b>\$ 84</b>	<b>\$ 129</b>	<b>\$ 246</b>	<b>\$ 431</b>	<b>\$ 108</b>	<b>\$ 199</b>	<b>\$ 1,586</b>

1) Includes exposure to capital appreciation bonds on one Puerto Rico credit: Commonwealth General Obligation Bonds, current net par \$2 million and a fully accreted net par at maturity \$2 million.

**Assured Guaranty Corp.**  
Exposure to Puerto Rico (3 of 3)  
As of September 30, 2018  
(dollars in millions)

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

	2018 (4Q)	2019 (1Q)	2019 (2Q)	2019 (3Q)	2019 (4Q)	2020	2021	2022	2023	2024	2025	2026	2027	2028 -2032	2033 -2037	2038 -2042	2043 -2047	Total
<b>Commonwealth Constitutionally Guaranteed</b>																		
Commonwealth of Puerto Rico - General Obligation Bonds	\$ 0	\$ 8	\$ 0	\$ 40	\$ —	\$ 97	\$ 24	\$ 22	\$ 16	\$ 17	\$ 16	\$ 23	\$ 29	\$ 75	\$ 38	\$ —	\$ —	\$ 405
PBA	—	3	—	7	—	12	19	6	13	6	12	17	45	31	45	—	—	216
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																		
PRHTA (Transportation revenue)	—	13	—	27	—	33	30	38	43	27	44	38	28	156	288	106	—	871
PRHTA (Highway revenue)	—	2	—	13	—	15	15	3	3	3	3	3	3	42	21	—	—	126
PRCCDA	—	3	—	3	—	7	7	7	7	7	7	7	26	55	121	—	—	257
PRIFA	—	0	—	0	—	1	1	1	2	1	1	1	1	3	4	15	—	31
<b>Other Public Corporations</b>																		
PREPA	0	2	0	2	0	4	5	4	5	4	4	22	19	31	1	—	—	103
PRASA	—	8	—	8	—	15	15	15	15	16	33	33	33	75	52	54	239	611
MFA	—	1	—	8	—	11	9	8	3	1	1	2	1	2	—	—	—	47
University of Puerto Rico	—	0	—	0	—	0	0	0	0	0	0	0	0	1	0	—	—	1
<b>Total</b>	<b>\$ 0</b>	<b>\$ 40</b>	<b>\$ 0</b>	<b>\$108</b>	<b>\$ 0</b>	<b>\$195</b>	<b>\$125</b>	<b>\$104</b>	<b>\$107</b>	<b>\$ 82</b>	<b>\$121</b>	<b>\$146</b>	<b>\$185</b>	<b>\$471</b>	<b>\$570</b>	<b>\$175</b>	<b>\$239</b>	<b>\$2,668</b>

1) Includes exposure to capital appreciation bonds on one Puerto Rico credit: Commonwealth General Obligation Bonds, current net par \$2 million and a fully accreted net par at maturity \$2 million.

**Assured Guaranty Corp.**  
Direct Pooled Corporate Obligations Profile  
As of September 30, 2018  
(dollars in millions)

**Distribution of Direct Pooled Corporate Obligations by Ratings**

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
<b>Ratings:</b>				
AAA	\$ 177	16.4 %	46.7 %	67.1 %
AA	450	41.7	45.8	55.1
A	319	29.5	35.7	36.6
BBB	73	6.8	34.9	31.9
BIG	61	5.6	48.4	61.9
<b>Total exposures</b>	<b>\$ 1,080</b>	<b>100.0%</b>	<b>42.4%</b>	<b>50.4%</b>

**Distribution of Direct Pooled Corporate Obligations by Asset Class**

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
<b>Asset class:</b>					
CBOs/CLOs	\$ 187	17.3 %	29.2 %	29.2 %	A-
Trust preferred					
Banks and insurance	780	72.2	44.8	53.8	AA-
U.S. mortgage and real estate investment trusts	113	10.5	47.4	61.7	BBB
<b>Total exposures</b>	<b>\$ 1,080</b>	<b>100.0%</b>	<b>42.4%</b>	<b>50.4%</b>	<b>A+</b>

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

**Assured Guaranty Corp.**  
Consolidated U.S. RMBS Profile  
As of September 30, 2018  
(dollars in millions)

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

<b>Ratings:</b>	<b>Prime First Lien</b>	<b>Alt-A First Lien</b>	<b>Option ARMs</b>	<b>Subprime First Lien</b>	<b>Second Lien</b>	<b>Total Net Par Outstanding</b>
AAA	\$ 3	\$ 63	\$ 15	\$ 415	\$ 1	\$ 497
AA	22	103	4	16	—	146
A	0	—	0	64	0	64
BBB	0	—	—	28	1	29
BIG	54	141	19	364	217	795
<b>Total exposures</b>	<b>\$ 78</b>	<b>\$ 307</b>	<b>\$ 39</b>	<b>\$ 886</b>	<b>\$ 220</b>	<b>\$ 1,530</b>

**Distribution of U.S. RMBS by Year Insured and Type of Exposure**

<b>Year insured:</b>	<b>Prime First Lien</b>	<b>Alt-A First Lien</b>	<b>Option ARMs</b>	<b>Subprime First Lien</b>	<b>Second Lien</b>	<b>Total Net Par Outstanding</b>
2004 and prior	\$ 25	\$ 2	\$ 1	\$ 115	\$ 35	\$ 178
2005	44	89	12	94	43	282
2006	10	1	9	389	24	432
2007	—	216	16	289	117	638
<b>Total exposures</b>	<b>\$ 78</b>	<b>\$ 307</b>	<b>\$ 39</b>	<b>\$ 886</b>	<b>\$ 220</b>	<b>\$ 1,530</b>

1) AGC has not insured any new U.S. RMBS transactions since 2008.

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

**Assured Guaranty Corp.**  
**Credit Derivative Net Par Outstanding Profile**  
As of September 30, 2018  
(dollars in millions)

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

Rating	Net Par Outstanding	% of Total
AAA	\$ 1,143	26.1 %
AA	1,476	33.7
A	704	16.1
BBB	855	19.6
BIG	198	4.5
<b>Total credit derivative net par outstanding</b>	<b>\$ 4,376</b>	<b>100.0%</b>

**Distribution of Credit Derivative Net Par Outstanding by Sector and Average Rating**

	Net Par Outstanding	Average Internal Rating
<b>Public finance</b>		
U.S. public finance	\$ 1,096	AA
Non-U.S. public finance	1,762	A+
<b>Total public finance</b>	<b>2,858</b>	<b>AA-</b>
<b>U.S. structured finance:</b>		
Pooled corporate obligations	649	A+
RMBS	617	AA-
Consumer receivables	117	A+
Other structured finance	3	A
<b>Total U.S. structured finance</b>	<b>1,386</b>	<b>A+</b>
<b>Non-U.S. structured finance:</b>		
RMBS	131	A
Other structured finance	1	A
<b>Total non-U.S. structured finance</b>	<b>132</b>	<b>A</b>
<b>Total structured finance</b>	<b>1,518</b>	<b>A+</b>
<b>Total credit derivative net par outstanding</b>	<b>\$ 4,376</b>	<b>A+</b>

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



**Assured Guaranty Corp.**  
Below Investment Grade Exposures (1 of 3)  
(dollars in millions)

**BIG Exposures by Asset Exposure Type**

	September 30, 2018	December 31, 2017
<b>U.S. public finance:</b>		
Tax backed	\$ 833	\$ 863
General obligation	521	621
Municipal utilities	377	380
Healthcare	72	77
Higher education	33	64
Housing revenue	18	18
Transportation	5	12
Infrastructure finance	2	2
Other public finance	—	6
Total U.S. public finance	<u>1,861</u>	<u>2,043</u>
<b>Non-U.S. public finance:</b>		
Infrastructure finance	110	98
Other public finance	38	40
Total non-U.S. public finance	<u>148</u>	<u>138</u>
<b>Total public finance</b>	<u><b>2,009</b></u>	<u><b>2,181</b></u>
<b>U.S. structured finance:</b>		
RMBS	795	597
Pooled corporate obligations	61	122
Consumer receivables	5	6
Other structured finance	8	18
Total U.S. structured finance	<u>869</u>	<u>743</u>
<b>Non-U.S. structured finance:</b>		
Pooled corporate obligations	0	1
Other structured finance	0	0
Total non-U.S. structured finance	<u>0</u>	<u>1</u>
<b>Total structured finance</b>	<u><b>869</b></u>	<u><b>744</b></u>
<b>Total BIG net par outstanding</b>	<u><b>\$ 2,878</b></u>	<u><b>\$ 2,925</b></u>

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

**Assured Guaranty Corp.**  
Below Investment Grade Exposures (2 of 3)  
(dollars in millions)

**Net Par Outstanding by BIG Category<sup>(1)</sup>**

	September 30, 2018	December 31, 2017
<b>Category 1</b>		
U.S. public finance	\$ 277	\$ 381
Non-U.S. public finance	97	83
U.S. structured finance	200	278
Non-U.S. structured finance	0	1
Total Category 1	<u>574</u>	<u>743</u>
<b>Category 2</b>		
U.S. public finance	302	302
Non-U.S. public finance	51	55
U.S. structured finance	177	109
Non-U.S. structured finance	0	0
Total Category 2	<u>530</u>	<u>466</u>
<b>Category 3</b>		
U.S. public finance	1,282	1,360
Non-U.S. public finance	—	—
U.S. structured finance	492	356
Non-U.S. structured finance	—	—
Total Category 3	<u>1,774</u>	<u>1,716</u>
<b>BIG Total</b>	<u><u>\$ 2,878</u></u>	<u><u>\$ 2,925</u></u>

- 1) Assured Guaranty's surveillance department is responsible for monitoring the Company's portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG Category 2: Below-investment-grade transactions for which future losses are expected but for which no claims (other than liquidity claims which are claims that the Company expects to be reimbursed within one year) have yet been paid. BIG Category 3: Below-investment-grade transactions for which future losses are expected and on which claims (other than liquidity claims) have been paid.

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

**Assured Guaranty Corp.**  
Below Investment Grade Exposures (3 of 3)  
As of September 30, 2018  
(dollars in millions)

**BIG Exposures with Revenue Sources Greater Than \$50 Million**

<b>Name or description</b>	<b>Net Par Outstanding</b>	<b>Internal Rating</b>
<b>U.S. public finance:</b>		
Puerto Rico Highways & Transportation Authority	\$ 579	CC-
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	458	CCC-
Puerto Rico Aqueduct & Sewer Authority	284	CCC
Puerto Rico Convention Center District Authority	152	C
Puerto Rico Electric Power Authority	72	CC
<b>Subtotal U.S. public finance</b>	<b>1,545</b>	
<b>Non-U.S. public finance:</b>	—	—
<b>Subtotal non-U.S. public finance</b>	—	
<b>U.S. structured finance</b>		
<b>RMBS:</b>		
Option One Mortgage Loan Trust 2007-HL1	113	CCC
Argent Securities Inc., Asset Backed Pass Through Certificates 2005-W4	93	CCC
Countrywide Home Equity Loan Trust 2007-D	68	B
<b>Subtotal RMBS</b>	<b>274</b>	
<b>Non-RMBS:</b>		
Taberna Preferred Funding II, Ltd.	61	BB
<b>Subtotal non-RMBS</b>	<b>61</b>	
<b>Subtotal U.S. structured finance</b>	<b>335</b>	
<b>Total</b>	<b>\$ 1,880</b>	

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

**Assured Guaranty Corp.**  
**Largest Exposures by Sector (1 of 4)**  
**As of September 30, 2018**  
(dollars in millions)

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

<b>Credit Name</b>	<b>Net Par Outstanding</b>	<b>Internal Rating</b>
New Jersey (State of)	\$ 1,123	BBB
San Diego Family Housing, LLC Military Housing	963	AA
North Texas Tollway Authority	736	A-
Puerto Rico Highways & Transportation Authority	579	CC-
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	458	CCC-
LCOR Alexandria LLC	450	BBB+
Metro Washington Airports Authority (Dulles Toll Road)	329	BBB+
Puerto Rico Aqueduct & Sewer Authority	284	CCC
DOT Headquarters II Lease-Backed Mortgage Finance Trust	278	A+
California (State of)	250	A
Miami-Dade County, Florida	250	A+
Yankee Stadium LLC New York City Industrial Development Authority	221	BBB-
Clarksville Natural Gas Acquisition Corporation, Tennessee	220	A
Dallas (City of) Civic Center Convention Complex, Texas	216	A+
Dodger Tickets LLC	201	BBB
Philadelphia (City of), Pennsylvania	177	BBB+
San Joaquin Hills Transportation, California	176	BBB-
Indianapolis Local Public Improvement Bond Bank, Indiana	166	A+
Kentucky (Commonwealth of)	165	A
Denver (City & County) Airport System, Colorado	154	A+
New York (City of), New York	153	AA-
Georgia Board of Regents	153	A
Puerto Rico Convention Center District Authority	152	C
Duke Energy - Florida	149	A
Nassau County, New York	145	A-
Miami-Dade County Aviation, Florida	139	A
San Francisco Airports Commission (San Francisco International Airport), California	138	A+
New Jersey Economic Development Authority (Motor Vehicle Surcharge)	137	BBB
Fairview Health Services	133	A
CHRISTUS Health	132	A-
Niagara Mohawk Power Corporation	128	A
New York Metropolitan Transportation Authority	128	BBB+
Navy Midwest Family Housing LLC	128	A-
UnityPoint Health System (f/k/a Iowa Health System)	127	AA-
Virtua Health	121	AA-
Bon Secours Health System Obligated Group	119	A
District of Columbia Water and Sewer Authority Public Utility Bonds	118	AA-
Massachusetts (Commonwealth of)	118	AA-
Chicago Public Schools, Illinois	117	BBB-
Southern California Logistic Airport, California	116	BBB-
Orange County Schools, Florida	110	A+
San Bernardino County, California	108	A+
Essentia Health	108	A
Washington Water Power (Avista Project) First Mortgage Bonds	107	A-
Covenant Health	106	A
San Diego County, California	106	AA-
Chicago-O'Hare International Airport, Illinois	98	A-
St. Louis, Missouri	97	BBB
Hesperia Community Redevelopment Agency, California	94	BBB+
Offutt Air Force Base, Nebraska	94	A-
<b>Total top 50 U.S. public finance exposures</b>	<b>\$ 11,075</b>	

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

**Assured Guaranty Corp.**  
**Largest Exposures by Sector (2 of 4)**  
**As of September 30, 2018**  
(dollars in millions)

**50 Largest U.S. Structured Finance Exposures**

<b>Credit Name</b>	<b>Net Par Outstanding</b>	<b>Internal Rating</b>
SLM Private Credit Student Trust 2007-A	\$ 425	A+
SLM Private Credit Student Loan Trust 2006-C	206	A+
Brightwood Fund III Static 2018-1, LLC	187	A-
Private US Insurance Securitization	180	AA
Private US Insurance Securitization	180	AA
Private US Insurance Securitization	150	AA
Option One Mortgage Loan Trust 2007-HL1	113	CCC
ALESCO Preferred Funding XIII, Ltd.	104	AA
CWALT Alternative Loan Trust 2007-HY9	102	A
Argent Securities Inc., Asset Backed Pass Through Certificates 2005-W4	93	CCC
Preferred Term Securities XXIV, Ltd.	86	AA-
ALESCO Preferred Funding XII, Ltd.	85	A-
OwnIt Mortgage Loan ABS Certificates 2006-3	83	AAA
New Century Home Equity Loan Trust 2006-1	83	AAA
Soundview Home Equity Loan Trust 2006-OPT1	83	AAA
Structured Asset Investment Loan Trust 2006-1	78	AAA
Trapeza CDO XI	72	AA-
ALESCO Preferred Funding XI	69	AA
Countrywide Home Equity Loan Trust 2007-D	68	B
Private Commercial Receivable Transaction	65	BBB
IMPAC CMB Trust Series 2007-A	62	AAA
Taberna Preferred Funding II, Ltd.	61	BB
Preferred Term Securities XXIII	60	AA
Private Balloon Note Guarantee	60	BBB
Trapeza CDO X, Ltd.	56	AAA
Alesco Preferred Funding XVI, Ltd.	55	BBB-
CAPCO - Excess SIPC Excess of Loss Reinsurance	54	BBB
ALESCO Preferred Funding X Ltd.	49	AAA
ACE Securities Corp. Home Equity Loan Trust, Series 2006-HE1	49	A
MASTR Asset Backed Securities Trust 2005-NC2	46	AAA
Airspeed Limited Series 2007-1 Class G-1	42	A
ALESCO Preferred Funding VII	40	AAA
Option One Mortgage Loan Trust 2007-HL1	37	BB
Private Commercial Receivable Transaction	34	BBB
GREENPOINT MANUFACTURED HOUSING TRUST 2001-2	33	AA
Countrywide Home Equity Loan Trust 2005-J	33	B
L2L Education Loan Trust 2006-1	32	AA-
Argent Securities Inc. 2005-W2	32	AAA
IMPAC CMB Trust Series 2007-A	32	BB
MASTR Asset-Backed Securities Trust 2005-NC2	30	CCC
First Franklin Mortgage Loan ABS 2005-FF12	29	AAA
Home Equity Asset Trust 2006-2	28	AAA
Argent Securities Inc. 2005-W2	26	AAA
Attentus CDO I Limited	26	AA
ALESCO Preferred Funding VI	25	AAA
First Franklin Mortgage Loan ABS 2005-FF12	24	AAA
Specialty Underwriting & Residential Fin 06-BC1	23	AAA
Wendy's Funding LLC 2018-1	21	BBB
Alesco Preferred Funding XV	21	A
Five Guys Series 2017-1	20	BBB
<b>Total top 50 U.S. structured finance exposures</b>	<b>\$ 3,652</b>	

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

**Assured Guaranty Corp.**  
**Largest Exposures by Sector (3 of 4)**  
**As of September 30, 2018**  
(dollars in millions)

**25 Largest Non-U.S. Exposures by Revenue Source**

<b>Credit Name</b>	<b>Country</b>	<b>Net Par Outstanding</b>	<b>Internal Rating</b>
Thames Water Utility Finance PLC	United Kingdom	\$ 471	A-
InspirED Education (South Lanarkshire) plc	United Kingdom	343	BBB-
BBi (DBCT) Finance Pty Limited	Australia	243	BBB
International Infrastructure Pool	United Kingdom	235	AAA
International Infrastructure Pool	United Kingdom	235	AAA
International Infrastructure Pool	United Kingdom	235	AAA
Comision Federal De Electricidad	Mexico	186	BBB
Airspeed Limited Series 2007-1 Class G-1	Refer to Note 1	176	A
National Grid Gas PLC	United Kingdom	174	BBB+
Sydney Airport Finance Company	Australia	147	BBB+
Regione Lazio	Italy	142	BBB-
Mighty River Power, New Zealand	New Zealand	142	BBB+
Private International Residential Mortgage Transaction	United Kingdom	130	A
Dali Capital PLC-Northumbrian Water	United Kingdom	129	BBB+
M77 - Glasgow Southern Orbital PFI Road Project	United Kingdom	122	BBB-
Wessex Water Services Finance plc	United Kingdom	121	BBB+
Chillan-Collipulli Chilean Toll Road Sociedad Concesionaria Autopista del Bosque-Chillan-Collipulli	Chile	115	BBB-
Channel Link Enterprises Finance PLC	France, United Kingdom	111	BBB
Vespucio Sur Chilean Toll Road Sociedad Concesionaria Autopista Vespucio Sur, S.A.	Chile	109	BBB
Anglian Water Services Financing	United Kingdom	97	A-
Orange and Associated Health Services Ancora (OAHS) Pty Ltd.	Australia	94	BBB
Verbund - Lease and Sublease of Hydro-Electric equipment	Austria	89	AAA
National Grid Company PLC	United Kingdom	85	BBB+
Yorkshire Water Services Plc	United Kingdom	81	A-
United Utilities Water PLC	United Kingdom	80	BBB+
<b>Total top 25 non-U.S. exposures</b>		<b>\$ 4,092</b>	

1) Primarily South Korea, China, Mexico, Italy, and Thailand

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

**Assured Guaranty Corp.**  
**Largest Exposures by Sector (4 of 4)**  
**As of September 30, 2018**  
(dollars in millions)

**10 Largest U.S. Residential Mortgage Servicer Exposures**

<b>Servicer:</b>	<b>Net Par Outstanding</b>
Ocwen Loan Servicing, LLC <sup>(1)</sup>	\$ 642
Bank of America, N.A. <sup>(2)</sup>	314
Specialized Loan Servicing, LLC	167
Wells Fargo Bank N.A.	111
Select Portfolio Servicing, Inc.	95
JPMorgan Chase Bank	70
Carrington Mortgage Services, LLC	51
Mr. Cooper	18
Citicorp Mortgage Securities, Inc.	14
Banco Popular de Puerto Rico	10
<b>Total top 10 U.S. residential mortgage servicer exposures</b>	<b>\$ 1,492</b>

1) Includes GMAC Mortgage LLC, Residential Funding Company LLC and Homeward Residential, Inc.

2) Includes Countrywide Home Loans, Inc.

**10 Largest U.S. Healthcare Exposures**

<b>Credit Name:</b>	<b>Net Par Outstanding</b>	<b>Internal Rating</b>	<b>State</b>
Fairview Health Services	\$ 133	A	MN
CHRISTUS Health	132	A-	TX
UnityPoint Health System (f/k/a Iowa Health System)	127	AA-	IA
Virtua Health, New Jersey	121	AA-	NJ
Bon Secours Health System Obligated Group	119	A	MD
Essentia Health	108	A	MN
Covenant Health	106	A	TN
Anderson Area Medical Center, South Carolina	81	A	SC
North Oaks Health System	74	BBB-	LA
ACTS Retirement Life Communities, Pennsylvania	64	A+	PA
<b>Total top 10 U.S. healthcare exposures</b>	<b>\$ 1,065</b>		

Please refer to the Glossary for the Company's internal rating approach and presentation of net par outstanding.

## Assured Guaranty Corp.

### Rollforward of Net Expected Loss and LAE to be Paid (dollars in millions)

#### Rollforward of Net Expected Loss and LAE to be Paid<sup>(1)</sup> for the Three Months Ended September 30, 2018

	Net Expected Loss to be Paid (Recovered) as of June 30, 2018	Economic Loss Development During 3Q-18	(Paid) Recovered Losses During 3Q-18	Net Expected Loss to be Paid (Recovered) as of September 30, 2018
Public Finance:				
U.S. public finance	\$ 403	\$ 12	\$ (103)	\$ 312
Non-U.S public finance	5	0	0	5
Public Finance	<u>408</u>	<u>12</u>	<u>(103)</u>	<u>317</u>
Structured Finance:				
U.S. RMBS <sup>(2)</sup>	131	(9)	5	127
Other structured finance	(115)	2	0	(113)
Structured Finance	<u>16</u>	<u>(7)</u>	<u>5</u>	<u>14</u>
Total	<u>\$ 424</u>	<u>\$ 5</u>	<u>\$ (98)</u>	<u>\$ 331</u>

#### Rollforward of Net Expected Loss and LAE to be Paid<sup>(1)</sup> for the Nine Months Ended September 30, 2018

	Net Expected Loss to be Paid (Recovered) as of December 31, 2017	Net Expected Loss to be Paid on SGI Portfolio as of June 1, 2018	Economic Loss Development During 2018	(Paid) Recovered Losses During 2018	Net Expected Loss to be Paid (Recovered) as of September 30, 2018
Public Finance:					
U.S. public finance	\$ 444	\$ 0	\$ 15	\$ (147)	\$ 312
Non-U.S public finance	5	1	(1)	0	5
Public Finance	<u>449</u>	<u>1</u>	<u>14</u>	<u>(147)</u>	<u>317</u>
Structured Finance:					
U.S. RMBS <sup>(2)</sup>	(111)	130	(16)	124	127
Other structured finance	(114)	—	(6)	7	(113)
Structured Finance	<u>(225)</u>	<u>130</u>	<u>(22)</u>	<u>131</u>	<u>14</u>
Total	<u>\$ 224</u>	<u>\$ 131</u>	<u>\$ (8)</u>	<u>\$ (16)</u>	<u>\$ 331</u>

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

2) Includes future net representations and warranties (R&W) receivable of \$27 million as of September 30, 2018, \$29 million as of June 30, 2018 and \$140 million as of December 31, 2017.



# Assured Guaranty Corp.

## Loss Measures

As of September 30, 2018

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	3Q-18 Loss and LAE	3Q-18 Loss and LAE included in Non-GAAP Operating Income (1)	3Q-18 Effect of FG VIE Consolidation (2)	YTD 2018 Loss and LAE	YTD 2018 Loss and LAE included in Non-GAAP Operating Income (1)	YTD 2018 Effect of FG VIE Consolidation (2)
Public finance:							
U.S. public finance	\$ 1,861	\$ 14	\$ 14	\$ —	\$ 33	\$ 33	\$ —
Non-U.S public finance	148	0	0	—	0	0	—
Public finance	2,009	14	14	—	33	33	—
Structured finance:							
U.S. RMBS	795	(4)	(5)	1	(6)	(7)	2
Other structured finance	74	(2)	0	—	(17)	(16)	—
Structured finance	869	(6)	(5)	1	(23)	(23)	2
<b>Total</b>	<b>\$ 2,878</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 2</b>

1) Non-GAAP operating income includes financial guaranty insurance and credit derivatives.

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

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

**Assured Guaranty Corp.**  
**Summary of Statutory Financial and Statistical Data**  
(dollars in millions)

	As of and for Nine Months Ended September 30,	Year Ended December 31,			
	2018	2017	2016	2015	2014
<b>Statutory Data</b>					
Policyholders' surplus	\$ 1,806	\$ 2,073	\$ 1,896	\$ 1,365	\$ 1,086
Contingency reserve	655	642	772	906	834
<b>Qualified statutory capital</b>	<b>2,461</b>	<b>2,715</b>	<b>2,668</b>	<b>2,271</b>	<b>1,920</b>
Unearned premium reserve and net deferred ceding commission income <sup>(1)</sup>	504	354	498	663	663
Loss and LAE reserves	224	135	140	224	93
<b>Total policyholders' surplus and reserves</b>	<b>3,189</b>	<b>3,204</b>	<b>3,306</b>	<b>3,158</b>	<b>2,676</b>
Present value of installment premium	143	126	156	215	224
CCS	200	200	200	200	200
Excess of loss reinsurance facility	180	180	360	360	450
<b>Total claims-paying resources (including proportionate MAC ownership for AGC)</b>	<b>3,712</b>	<b>3,710</b>	<b>4,022</b>	<b>3,933</b>	<b>3,550</b>
Adjustment for MAC	281	292	425	544	553
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGC)</b>	<b>\$ 3,431</b>	<b>\$ 3,418</b>	<b>\$ 3,597</b>	<b>\$ 3,389</b>	<b>\$ 2,997</b>
Ratios:					
Net par outstanding to qualified statutory capital	15:1	13:1	19:1	31:1	41:1
Capital ratio <sup>(2)</sup>	23:1	20:1	28:1	46:1	61:1
Financial resources ratio <sup>(2)</sup>	15:1	14:1	19:1	26:1	33:1
<b>Other Financial Information (Statutory Basis)</b>					
Net debt service outstanding (end of period) <sup>(2)</sup>	\$ 56,505	\$ 53,437	\$ 75,532	\$ 103,862	\$ 116,211
Gross debt service outstanding (end of period) <sup>(2)</sup>	74,471	67,865	97,249	137,292	159,140
Net par outstanding (end of period) <sup>(2)</sup>	37,535	35,743	50,965	69,766	78,077
Gross par outstanding (end of period) <sup>(2)</sup>	49,836	45,664	65,503	92,273	106,866
Ceded to Assured Guaranty affiliates	12,202	9,846	13,905	21,448	27,354
Gross debt service written:					
Public finance - U.S.	\$ 10,932	\$ 15	\$ 1	38	\$ 15
Public finance - non-U.S.	6,370	—	—	—	—
Structured finance - U.S.	1,154	56	105	349	423
Structured finance - non-U.S.	36	0	30	63	387
<b>Total gross debt service written</b>	<b>\$ 18,492</b>	<b>\$ 71</b>	<b>\$ 136</b>	<b>\$ 450</b>	<b>\$ 825</b>

- 1) Beginning in the second quarter of 2018, the Company incorporates deferred ceding commission income in claims-paying resources. The claims-paying resources in prior periods have been updated to reflect this change.
- 2) See page 8 for additional detail on claims-paying resources and exposure.

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

## Glossary

### ***Net Par Outstanding and Internal Ratings***

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

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

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

### ***Performance Indicators***

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

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.

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

### ***Sectors***

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2017.

#### *Public Finance:*

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

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

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

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

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

Higher Education Bonds are obligations secured by revenue collected by either public or private secondary schools, colleges and universities. Such revenue can encompass all of an institution's revenue, including tuition and fees, or in other cases, can be specifically restricted to certain auxiliary sources of revenue.

## Glossary (continued)

### **Sectors (continued)**

Infrastructure Bonds include obligations issued by a variety of entities engaged in the financing of infrastructure projects, such as roads, airports, ports, social infrastructure and other physical assets delivering essential services supported by long-term concession arrangements with a public sector entity.

Investor-Owned Utility Bonds are obligations primarily backed by investor-owned utilities, first mortgage bond obligations of for-profit electric or water utilities providing retail, industrial and commercial service, and also include sale-leaseback obligation bonds supported by such entities.

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

Regulated Utility Obligations are issued by government-regulated providers of essential services and commodities, including electric, water and gas utilities. The majority of the Company's international regulated utility business is conducted in the United Kingdom.

Pooled Infrastructure Obligations are synthetic asset-backed obligations that take the form of credit default swap obligations or credit-linked notes that reference either infrastructure finance obligations or a pool of such obligations, with a defined deductible to cover credit risks associated with the referenced obligations.

Other Public Finance primarily includes government insured student loans, government-sponsored project finance and structured municipal transactions, which include excess of loss reinsurance on portfolios of municipal credits.

### Structured Finance:

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

Residential Mortgage-Backed Securities (RMBS) are obligations backed by closed-end and open-end first and second lien mortgage loans on one-to-four family residential properties, including condominiums and cooperative apartments. First lien mortgage loan products in these transactions include fixed rate, adjustable rate (ARM) and option adjustable-rate (Option ARM) mortgages. The credit quality of borrowers covers a broad range, including "prime", "subprime" and "Alt-A". A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics, usually as determined by credit score and/or credit history. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

Additional insured obligations within RMBS include Home Equity Lines of Credit (HELOCs), which refers to a type of residential mortgage-backed transaction backed by second-lien loan collateral consisting of home equity lines of credit. U.S. Prime First Lien is a type of residential mortgage-backed securities transaction backed primarily by prime first-lien loan collateral plus an insignificant amount of other miscellaneous RMBS transactions.

Consumer Receivables Securities are obligations backed by non-mortgage consumer receivables, such as student loans, automobile loans and leases, manufactured home loans and other consumer receivables.

Insurance Securitization Obligations are obligations secured by the future earnings from pools of various types of insurance/reinsurance policies and income produced by invested assets.

Other Structured Finance Obligations are obligations backed by assets not generally described in any of the other described categories.

## Non-GAAP Financial Measures

To reflect the key financial measures that management analyzes in evaluating the Company's operations and progress towards long-term goals, the Company discloses both financial measures determined in accordance with GAAP and financial measures not determined in accordance with GAAP (non-GAAP financial measures).

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

By disclosing non-GAAP financial measures, the Company gives investors, analysts and financial news reporters access to information that management and the Board of Directors review internally. Assured Guaranty believes its presentation of non-GAAP financial measures, along with the effect of FG VIE consolidation, provides information that is necessary for analysts to calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and for investors, analysts and the financial news media to evaluate Assured Guaranty's financial results.

GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company. However, the Company does not own such VIEs and its exposure is limited to its obligation under its financial guaranty insurance contract.

Management and the Board of Directors use non-GAAP financial measures adjusted to remove FG VIE consolidation (which the Company refers to as its core financial measures), as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company uses these core financial measures in its decision making process and in its calculation of certain components of management compensation. Wherever possible, the Company has separately disclosed the effect of FG VIE consolidation.

Many investors, analysts and financial news reporters use non-GAAP operating shareholders' equity, adjusted to remove the effect of FG VIE consolidation, as the principal financial measure for valuing AGL's current share price or projected share price and also as the basis of their decision to recommend, buy or sell AGL's common shares. Many of the Company's fixed income investors also use this measure to evaluate the Company's capital adequacy.

Many investors, analysts and financial news reporters also use non-GAAP adjusted book value, adjusted to remove the effect of FG VIE consolidation, to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Non-GAAP operating income adjusted for the effect of FG VIE consolidation enables investors and analysts to evaluate the Company's financial results in comparison with the consensus analyst estimates distributed publicly by financial databases.

The core financial measures that the Company uses to help determine compensation are: (1) non-GAAP operating income, adjusted to remove the effect of FG VIE consolidation, (2) non-GAAP operating shareholders' equity, adjusted to remove the effect of FG VIE consolidation, (3) growth in non-GAAP adjusted book value per share, adjusted to remove the effect of FG VIE consolidation, and (4) PVP.

The following paragraphs define each non-GAAP financial measure disclosed by the Company and describe why it is useful. To the extent there is a directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

**Non-GAAP Operating Income:** Management believes that non-GAAP operating income is a useful measure because it clarifies the understanding of the underwriting results and financial condition of the Company and presents the results of operations of the Company excluding the fair value adjustments on credit derivatives and CCS that are not expected to result in economic gain or loss, as well as other adjustments described below. Management adjusts non-GAAP operating income further by removing FG VIE consolidation to arrive at its core operating income measure. Non-GAAP operating income is defined as net income (loss) attributable to AGL, as reported under GAAP, adjusted for the following:

- 1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- 2) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives that are recognized in net income, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, the Company's credit spreads, and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of fair value gains (losses) on the Company's CCS that are recognized in net income. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

## Non-GAAP Financial Measures (continued)

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

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

**Non-GAAP Operating Shareholders' Equity and Non-GAAP Adjusted Book Value:** Management believes that non-GAAP operating shareholders' equity is a useful measure because it presents the equity of the Company excluding the fair value adjustments on investments, credit derivatives and CCS, that are not expected to result in economic gain or loss, along with other adjustments described below. Management adjusts non-GAAP operating shareholders' equity further by removing FG VIE consolidation to arrive at its core operating shareholders' equity and core adjusted book value.

Non-GAAP operating shareholders' equity is the basis of the calculation of non-GAAP adjusted book value (see below). Non-GAAP operating shareholders' equity is defined as shareholders' equity attributable to AGL, as reported under GAAP, adjusted for the following:

1) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, credit spreads and other market factors and are not expected to result in an economic gain or loss.

2) Elimination of fair value gains (losses) on the Company's CCS. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

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

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

Management uses non-GAAP adjusted book value, adjusted for FG VIE consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in non-GAAP adjusted book value per share adjusted for FG VIE consolidation (core adjusted book value), is one of the key financial measures used in determining the amount of certain long-term compensation elements to management and employees and used by rating agencies and investors. Management believes that non-GAAP adjusted book value is a useful measure because it enables an evaluation of the Company's in-force premiums and revenues net of expected losses. Non-GAAP adjusted book value is non-GAAP operating shareholders' equity, as defined above, further adjusted for the following:

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

2) Addition of the net present value of estimated net future revenue on non financial guaranty contracts. See below.

3) Addition of the deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed, net of reinsurance. This amount represents the expected future net earned premiums, net of expected losses to be expensed, which are not reflected in GAAP equity.

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

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

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

## Non-GAAP Financial Measures (continued)

**Net Present Value of Estimated Net Future Revenue:** Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated revenue for non-financial guaranty insurance contracts. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's non-financial guaranty insurance contracts, net of reinsurance, ceding commissions and premium taxes, for contracts without expected economic losses, and is discounted at 6%. Estimated net future revenue may change from period to period due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults or other factors that affect par outstanding or the ultimate maturity of an obligation.

**PVP or Present Value of New Business Production:** Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as premium supplements and additional installment premium on existing contracts as to which the issuer has the right to call the insured obligation but has not exercised such right, whether in insurance or credit derivative contract form, which management believes GAAP gross written premiums and the net credit derivative premiums received and receivable portion of net realized gains and other settlements on credit derivatives (Credit Derivative Realized Gains (Losses)) do not adequately measure. PVP in respect of contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums, discounted, in each case, at 6%. Under GAAP, financial guaranty installment premiums are discounted at a risk free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction. Actual future earned or written premiums and Credit Derivative Realized Gains (Losses) may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.



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