

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Municipal Corp.

March 31, 2016



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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, 2015 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016. For the purposes of this financial supplement, all references to the "Company", or "Consolidated AGM" shall mean Assured Guaranty Municipal Corp. (AGM) and its consolidated entities (consisting primarily of Assured Guaranty (Europe) Ltd., Municipal Assurance Holdings Inc., a company formed to own 100% of the common stock of Municipal Assurance Corp. (MAC), and variable interest entities Assured Guaranty Municipal is required to consolidate under accounting principles generally accepted in the United States). Assured Guaranty Municipal Corp. owns 60.7% of the outstanding shares of Municipal Assurance Holdings Inc., and Assured Guaranty Municipal Corp's affiliate Assured Guaranty Corp. owns the remaining 39.3%; Assured Guaranty Municipal consolidates all of MAC. AGM (excluding MAC) shall mean Consolidated AGM excluding Municipal Assurance Holdings Inc. and MAC.

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) 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; (2) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates, Assured Guaranty's loss experience, or its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guarantees); (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) 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; (7) increased competition, including from new entrants into the financial guaranty industry; (8) 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; (9) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (10) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (11) the impact of market volatility on the mark-to-market of Assured Guaranty's contracts written in credit default swap form; (12) changes in applicable accounting policies or practices; (13) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (14) difficulties with the execution of Assured Guaranty's business strategy; (15) loss of key personnel; (16) the effects of mergers, acquisitions and divestitures; (17) natural or man-made catastrophes; (18) other risks and uncertainties that have not been identified at this time; (19) management's response to these factors; and (20) other risk factors identified in AGL's filings with the SEC. 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 Municipal Corp.
Selected Financial Highlights
(dollars in millions)

	Three Months Ended	
	March 31,	
	2016	2015
Operating income reconciliation:		
Operating income	\$ 71	\$ 96
Plus after-tax adjustments:		
Realized gains (losses) on investments	(7)	0
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	0	1
Fair value gains (losses) on committed capital securities (CCS)	(4)	2
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	(1)	(7)
Effect of consolidating financial guaranty variable interest entities (FG VIEs)	9	(8)
Net income (loss) attributable to Assured Guaranty Municipal Corp.	\$ 68	\$ 84
Effect of refundings and terminations, net⁽⁵⁾		
Financial guaranty insurance premiums	\$ 56	\$ 29
Credit derivative revenues	—	11
Operating income effect ⁽⁶⁾	44	26
Return on equity (ROE) calculations ⁽¹⁾:		
ROE, excluding unrealized gain (loss) on investment portfolio	6.9%	8.9%
Operating ROE	7.3%	10.0%
New business:		
Gross par written	\$ 2,749	\$ 2,440
Present value of new business production (PVP) ⁽²⁾	38	13
	As of	
	March 31,	December 31,
	2016	2015
Reconciliation of shareholder's equity to adjusted book value⁽²⁾:		
Shareholder's equity attributable to Assured Guaranty Municipal Corp.	\$ 4,064	\$ 4,067
Less after-tax adjustments:		
Effect of consolidating FG VIEs	0	(9)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(2)	(3)
Fair value gains (losses) on committed capital securities	14	19
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	147	123
Operating shareholder's equity⁽²⁾	3,905	3,937
After-tax adjustments:		
Less: Deferred ceding commission, net of deferred acquisition costs	(48)	(49)
Plus: Net present value of estimated net future credit derivative revenue	17	20
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,059	1,124
Adjusted book value	\$ 5,029	\$ 5,130
Other information		
Net debt service outstanding ⁽³⁾	\$ 310,252	\$ 323,036
Net par outstanding ⁽³⁾	209,798	217,359
Claims-paying resources (including MAC) ⁽⁴⁾	6,505	6,668

1) Quarterly ROE calculations represent annualized returns.

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

3) Amounts include those of Municipal Assurance Corp. (MAC). Although Assured Guaranty Municipal owns approximately 60.7% of the outstanding shares of Municipal Assurance Holdings Inc. (MAC Holdings), a company formed to own 100% of the common stock of MAC, and Assured Guaranty Municipal's affiliate Assured Guaranty Corp. owns the remaining 39.3%, Assured Guaranty Municipal consolidates all of MAC.

4) See page 5 for additional detail on claims-paying resources.

5) On an operating basis.

6) Includes the effect of financial guaranty insurance premiums, credit derivative revenues and other accounts affected by refundings and terminations.

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

	As of:	
	March 31, 2016	December 31, 2015
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 6,084	\$ 6,090
Short-term investments, at fair value	168	257
Other invested assets (includes Surplus Note from affiliate of \$300 and \$300)	359	360
Total investment portfolio	6,611	6,707
Cash	23	22
Premiums receivable	407	425
Ceded unearned premium reserve	836	845
Reinsurance recoverable on unpaid losses	160	154
Salvage and subrogation recoverable	151	109
Credit derivative assets	63	63
Deferred tax asset, net	110	103
FG VIE assets, at fair value	704	735
Other assets	144	132
Total assets	\$ 9,209	\$ 9,295
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	\$ 2,800	\$ 2,933
Loss and loss adjustment expense reserve	547	488
Reinsurance balances payable, net	118	118
Notes payable	12	13
Credit derivative liabilities	153	154
Current income tax payable	63	16
FG VIE liabilities with recourse, at fair value	667	713
FG VIE liabilities without recourse, at fair value	116	121
Other liabilities	280	295
Total liabilities	4,756	4,851
Shareholders' equity:		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	975	975
Retained earnings	2,940	2,967
Accumulated other comprehensive income	134	110
Total shareholders' equity attributable to Assured Guaranty Municipal Corp.	4,064	4,067
Noncontrolling interest	389	377
Total shareholders' equity	4,453	4,444
Total liabilities and shareholders' equity	\$ 9,209	\$ 9,295

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

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Net earned premiums	\$ 111	\$ 95
Net investment income	64	67
Net realized investment gains (losses)	(10)	0
Net change in fair value of credit derivatives:		
Realized gains (losses) and other settlements	4	17
Net unrealized gains (losses)	0	2
Net change in fair value of credit derivatives	4	19
Fair value gains (losses) on CCS	(7)	2
Fair value gains (losses) on FG VIEs	13	(11)
Other income (loss)	9	(12)
Total revenues	184	160
Expenses:		
Loss and loss adjustment expenses	53	10
Amortization of deferred ceding commissions	(3)	(3)
Interest expense	0	0
Other operating expenses	30	27
Total expenses	80	34
Income (loss) before income taxes	104	126
Provision (benefit) for income taxes	27	33
Net income (loss)	77	93
Less: Noncontrolling interest	9	9
Net income (loss) attributable to Assured Guaranty Municipal Corp.	\$ 68	\$ 84

Assured Guaranty Municipal Corp.
Net Income (Loss) Reconciliation to Operating Income
(dollars in millions)

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	GAAP Income Statement Line Items As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Components	GAAP Income Statement Line Items As Reported	Less: Operating Income Adjustments	Non-GAAP Operating Income Components
Revenues:						
Net earned premiums	\$ 111	\$ (4) (1)	\$ 115	\$ 95	\$ (4) (1)	\$ 99
Net investment income	64	1 (1)	63	67	0 (1)	67
Net realized investment gains (losses)	(10)	(10) (2)	—	0	0 (2)	0
Net change in fair value of credit derivatives:						
Realized gains (losses) and other settlements	4	4	—	17	17	—
Net unrealized gains (losses)	0	0	—	2	2	—
Credit derivative revenues	—	(4)	4	—	(18)	18
Net change in fair value of credit derivatives	4	0 (3)	4	19	1 (3)	18
Fair value gains (losses) on CCS	(7)	(7) (4)	—	2	2 (4)	—
Fair value gains (losses) on FG VIEs	13	13 (1)	—	(11)	(11) (1)	—
Other income (loss)	9	(3) (1)(5)	12	(12)	(12) (1)(5)	0
Total revenues	184	(10)	194	160	(24)	184
Expenses:						
Loss and loss adjustment expenses:						
Financial guaranty insurance	53	(6) (1)	59	10	(5) (1)	15
Credit derivatives	—	0 (3)	0	—	0 (3)	0
Amortization of deferred ceding commissions	(3)	—	(3)	(3)	—	(3)
Interest expense	0	—	0	0	—	0
Other operating expenses	30	—	30	27	—	27
Total expenses	80	(6)	86	34	(5)	39
Income (loss) before income taxes	104	(4)	108	126	(19)	145
Provision (benefit) for income taxes	27	(1) (6)	28	33	(7) (6)	40
Net income (loss)	77	(3)	80	93	(12)	105
Less: Noncontrolling interest	9	0	9	9	0	9
Net income (loss) attributable to Assured Guaranty Municipal Corp.	\$ 68	\$ (3)	\$ 71	\$ 84	\$ (12)	\$ 96

- 1) Include adjustments related to elimination of the effects of consolidating FG VIEs.
- 2) Adjustments to eliminate realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading
- 3) Adjustments to eliminate non-economic fair value gains (losses) on credit derivatives and reclassification to revenues and loss expense.
- 4) Adjustments to eliminate fair value gain (loss) on CCS.
- 5) Include adjustments related to elimination of foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves.
- 6) Tax effect of the above adjustments.

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

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

	As of:	
	March 31, 2016	December 31, 2015
Claims-paying resources		
Policyholders' surplus	\$ 2,362	\$ 2,441
Contingency reserve ⁽¹⁾	1,380	1,357
Qualified statutory capital	3,742	3,798
Unearned premium reserve ⁽¹⁾	1,530	1,597
Loss and LAE reserves ⁽¹⁾	417	438
Total policyholders' surplus and reserves	5,689	5,833
Present value of installment premium ⁽¹⁾	256	275
CCS	200	200
Excess of loss reinsurance facility ⁽²⁾	360	360
Total claims-paying resources (including proportionate MAC ownership for AGM)	6,505	6,668
Adjustment for MAC ⁽³⁾	933	940
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	\$ 5,572	\$ 5,728
Statutory net par outstanding ⁽⁴⁾	\$ 129,405	\$ 133,409
Equity method adjustment ⁽³⁾	34,968	37,516
Adjusted statutory net par outstanding ⁽¹⁾	\$ 164,373	\$ 170,925
Net debt service outstanding ⁽⁴⁾	\$ 199,950	\$ 206,779
Equity method adjustment ⁽³⁾	51,893	55,873
Adjusted net debt service outstanding ⁽¹⁾	\$ 251,843	\$ 262,652
Ratios:		
Adjusted net par outstanding to qualified statutory capital	44:1	45:1
Capital ratio ⁽⁵⁾	67:1	69:1
Financial resources ratio ⁽⁶⁾	39:1	39:1

- 1) The numbers shown for AGM have been adjusted to include (i) its 100% share of its U.K. insurance subsidiary and (ii) its indirect share of MAC. 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. Amounts include financial guaranty insurance and credit derivatives.
- 2) Represents an aggregate \$360 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2016. The facility terminates on January 1, 2018, unless AGC, AGM and MAC choose to extend it.
- 3) Represents adjustment for AGM'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 AGM).

Assured Guaranty Municipal Corp.
New Business Production (1 of 2)
(dollars in millions)

	Three Months Ended	
	March 31,	
	2016	2015
New business production analysis:		
PVP:		
Public finance - U.S.	\$ 31	\$ 12
Public finance - non-U.S.	7	—
Structured finance - U.S.	0	1
Structured finance - non-U.S.	—	—
Total PVP	\$ 38	\$ 13
Reconciliation of PVP to gross written premiums (GWP):		
Total PVP	\$ 38	\$ 13
Less: PVP of non-financial guaranty insurance	0	1
PVP of financial guaranty insurance	38	12
Less: Financial guaranty installment premium PVP	7	(1)
Total: Financial guaranty upfront GWP	31	13
Plus: Installment GWP and other GAAP adjustments ⁽¹⁾	(6)	(2)
Total GWP	\$ 25	\$ 11
Gross par written:		
Public finance - U.S.	\$ 2,749	\$ 2,440
Public finance - non-U.S.	—	—
Structured finance - U.S.	—	—
Structured finance - non-U.S.	—	—
Total	\$ 2,749	\$ 2,440

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

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

Assured Guaranty Municipal Corp.

New Business Production (2 of 2)

(dollars in millions)

Three Months Ended March 31, 2016

	AGM (Excluding MAC)		MAC		Consolidated AGM
New business production analysis:					
PVP:					
Public finance - U.S.	\$ 31	\$	0	\$	31
Public finance - non-U.S.	7		—		7
Structured finance - U.S.	0		—		0
Structured finance - non-U.S.	—		—		—
Total PVP	\$ 38	\$	0	\$	38
Gross par written:					
Public finance - U.S.	\$ 2,655	\$	94	\$	2,749
Public finance - non-U.S.	—		—		—
Structured finance - U.S.	—		—		—
Structured finance - non-U.S.	—		—		—
Total	\$ 2,655	\$	94	\$	2,749

Three Months Ended March 31, 2015

	AGM (Excluding MAC)		MAC		Consolidated AGM
New business production analysis:					
PVP:					
Public finance - U.S.	\$ 11	\$	1	\$	12
Public finance - non-U.S.	—		—		—
Structured finance - U.S.	1		—		1
Structured finance - non-U.S.	—		—		—
Total PVP	\$ 12	\$	1	\$	13
Gross par written:					
Public finance - U.S.	\$ 2,271	\$	169	\$	2,440
Public finance - non-U.S.	—		—		—
Structured finance - U.S.	—		—		—
Structured finance - non-U.S.	—		—		—
Total	\$ 2,271	\$	169	\$	2,440

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

Assured Guaranty Municipal Corp.

Gross Par Written

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31, 2016	
	Gross Par Written	Avg. Internal Rating
Sector:		
U.S. public finance:		
General obligation	\$ 1,298	A-
Tax backed	702	A-
Municipal utilities	295	BBB+
Transportation	162	A-
Housing	134	BBB
Higher education	72	A-
Infrastructure finance	9	A
Other public finance	77	AA-
Total U.S. public finance	2,749	A-
Non-U.S. public finance:		
Infrastructure finance	—	—
Total non-U.S. public finance	—	—
Total public finance	2,749	A-
U.S. structured finance:		
Total U.S. structured finance	—	—
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	—	—
Total gross par written	\$ 2,749	A-

Please refer to the Glossary for a description of internal ratings and sectors.

Assured Guaranty Municipal Corp.
Available-for-Sale Investment Portfolio and Cash (1 of 2)
As of March 31, 2016
(dollars in millions)

	Fair Value		
	AGM (Excluding MAC)	MAC	Consolidated AGM
Investment portfolio, available-for-sale:			
Fixed-maturity securities:			
Obligations of states and political subdivisions ⁽³⁾	\$ 2,413	\$ 1,169	\$ 3,582
Insured obligations of state and political subdivisions ⁽¹⁾⁽³⁾	234	166	400
U.S. Treasury securities and obligations of U.S. government agencies	9	16	25
Agency obligations	11	7	18
Corporate securities ⁽³⁾	590	105	695
Mortgage-backed securities (MBS):			
Residential MBS (RMBS) ⁽²⁾⁽³⁾	577	19	596
Commercial MBS (CMBS)	223	26	249
Asset-backed securities ⁽³⁾	396	3	399
Foreign government securities	174	—	174
Total fixed-maturity securities	4,627	1,511	6,138
Short-term investments and cash ⁽³⁾	167	19	186
Total	4,794	1,530	6,324
Less: FG VIEs	49	—	49
Total	\$ 4,745	\$ 1,530	\$ 6,275

	Fair Value (AGM Excluding MAC)	% of Portfolio
Ratings⁽⁴⁾:		
U.S. Treasury securities and obligations of U.S. government agencies	\$ 9	0.2%
Agency obligations	11	0.2
AAA/Aaa	466	10.1
AA/Aa	2,641	57.1
A/A	822	17.8
BBB	5	0.1
Below investment grade (BIG) ⁽⁵⁾	673	14.5
Total fixed-maturity securities, available-for-sale	4,627	100.0%
Less: FG VIEs	54	
Total fixed-maturity securities, available-for-sale	\$ 4,573	

- 1) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services (S&P) or Moody's Investors Service, Inc. (Moody's), average A+.
- 2) Includes fair value of \$239 million in subprime RMBS, which has an average rating of BIG.
- 3) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 4) Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings classifications.
- 5) Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$1,166 million in par with carrying value of \$673 million.

Assured Guaranty Municipal Corp.
Available-for-Sale Investment Portfolio and Cash (2 of 2)
As of March 31, 2016
(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ⁽¹⁾
Investment portfolio, available-for-sale:					
Fixed-maturity securities:					
Obligations of states and political subdivisions ⁽⁴⁾	\$ 3,375	3.69 %	3.48 %	\$ 3,582	\$ 124
Insured obligations of state and political subdivisions ⁽²⁾⁽⁴⁾	364	4.62	4.35	400	17
U.S. Treasury securities and obligations of U.S. government agencies	21	3.65	2.38	25	1
Agency obligations	17	3.77	2.45	18	1
Corporate securities ⁽⁴⁾	687	4.26	2.77	695	29
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) ⁽³⁾⁽⁴⁾	601	5.81	3.77	596	35
Commercial MBS (CMBS)	236	3.38	2.20	249	8
Asset-backed securities ⁽⁴⁾	417	3.97	2.58	399	17
Foreign government securities	183	2.17	1.41	174	4
Total fixed-maturity securities	<u>5,901</u>	<u>3.99</u>	<u>3.29</u>	<u>6,138</u>	<u>236</u>
Short-term investments ⁽⁴⁾	163	0.22	0.14	163	0
Cash ⁽⁵⁾	23	—	—	23	—
Total	<u>6,087</u>	<u>3.89</u>	<u>3.21</u>	<u>6,324</u>	<u>236</u>
Less: FG VIEs	46	10.10	6.56	49	5
Total	<u>\$ 6,041</u>	<u>3.83%</u>	<u>3.18%</u>	<u>\$ 6,275</u>	<u>\$ 231</u>

Ratings ⁽⁶⁾:	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	\$ 25	0.4 %
Agency obligations	18	0.3
AAA/Aaa	600	9.8
AA/Aa	3,762	61.3
A/A	1,048	17.1
BBB	12	0.2
Below investment grade (BIG) ⁽⁷⁾	673	10.9
Total fixed-maturity securities, available-for-sale	<u>6,138</u>	100.0 %
Less: FG VIEs	54	
Total fixed-maturity securities, available-for-sale	<u>\$ 6,084</u>	

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

5.4

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

AA-

- 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, after giving effect to the lower of the rating assigned by Standard & Poor's Ratings Services (S&P) or Moody's Investors Service, Inc. (Moody's), average A+.
- 3) Includes fair value of \$239 million in subprime RMBS, which has an average rating of BIG.
- 4) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 5) Represents operating cash and is not included in yield calculations.
- 6) Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings classifications.
- 7) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$1,166 million in par with carrying value of \$673 million.

Assured Guaranty Municipal Corp.
Estimated Net Exposure Amortization⁽¹⁾ and Estimated Future Net Premium
and Credit Derivative Revenues
(dollars in millions)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ⁽²⁾			Future Credit Derivative Revenues ⁽⁴⁾	Total
			Expected PV Net Earned Premiums	Accretion of Discount	Future Net Premiums Earned ⁽³⁾		
2016 (as of March 31)		\$ 310,252					
2016 Q2	\$ 8,842	301,410	\$ 57	\$ 2	\$ 59	\$ 4	\$ 63
2016 Q3	9,246	292,164	55	2	57	4	61
2016 Q4	7,747	284,417	52	2	54	3	57
2017	32,407	252,010	188	8	196	9	205
2018	20,858	231,152	173	7	180	2	182
2019	16,884	214,268	155	6	161	1	162
2020	15,400	198,868	141	6	147	1	148
2016-2020	111,384	198,868	821	33	854	24	878
2021-2025	70,257	128,611	534	24	558	2	560
2026-2030	54,944	73,667	336	16	352	1	353
2031-2035	36,868	36,799	206	9	215	0	215
After 2035	36,799	—	171	7	178	1	179
Total	\$ 310,252		\$ 2,068	\$ 89	\$ 2,157	\$ 28	\$ 2,185

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2016. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations and because of management's assumptions on structured finance amortization.

2) See page 14 for "Present Value of Net Expected Loss to be Expensed."

3) Includes \$94 million in future net premiums earned related to FG VIEs.

4) Excludes contracts with credit impairment.

Assured Guaranty Municipal Corp.
Expected Amortization of Net Par Outstanding (1 of 2)
(dollars in millions)

Structured Finance

	Estimated Net Par Amortization					Estimated Ending Net Par Outstanding
	U.S. and Non-U.S. Pooled Corporate	U.S. RMBS	Financial Products	Other Structured Finance	Total	
2016 (as of March 31)						\$ 16,746
2016 Q2	\$ 1,377	\$ 176	\$ 15	\$ 14	\$ 1,582	15,164
2016 Q3	545	147	56	22	770	14,394
2016 Q4	381	186	(13)	85	639	13,755
2017	6,460	528	56	87	7,131	6,624
2018	561	471	(22)	138	1,148	5,476
2019	269	429	9	183	890	4,586
2020	0	321	(3)	76	394	4,192
2016-2020	9,593	2,258	98	605	12,554	4,192
2021-2025	31	1,038	175	124	1,368	2,824
2026-2030	2	288	900	38	1,228	1,596
2031-2035	105	76	497	274	952	644
After 2035	257	227	154	6	644	—
Total structured finance	\$ 9,988	\$ 3,887	\$ 1,824	\$ 1,047	\$ 16,746	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2016 (as of March 31)		\$ 193,052
2016 Q2	\$ 4,901	188,151
2016 Q3	6,175	181,976
2016 Q4	4,868	177,108
2017	16,915	160,193
2018	12,103	148,090
2019	8,895	139,195
2020	8,313	130,882
2016-2020	62,170	130,882
2021-2025	41,478	89,404
2026-2030	35,856	53,548
2031-2035	25,754	27,794
After 2035	27,794	—
Total public finance	\$ 193,052	

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

Assured Guaranty Municipal Corp.
 Expected Amortization of Net Par Outstanding (2 of 2)
 (dollars in millions)

Public Finance:

Estimated Ending Net Par Outstanding

	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC		
2016 (as of March 31)	\$ 123,341	\$ 48,551	\$ 19,152	\$ 2,008	\$ 69,711	\$ 193,052	
2016 Q2	120,760	46,520	18,881	1,990	67,391	188,151	
2016 Q3	117,583	43,996	18,433	1,964	64,393	181,976	
2016 Q4	115,034	42,152	17,980	1,942	62,074	177,108	
2017	106,607	35,422	16,317	1,847	53,586	160,193	
2018	100,587	31,595	14,173	1,735	47,503	148,090	
2019	95,828	29,034	12,726	1,607	43,367	139,195	
2020	90,868	26,645	11,883	1,486	40,014	130,882	
2025	64,552	16,045	7,900	907	24,852	89,404	
2030	40,396	8,120	4,571	461	13,152	53,548	
2035	21,926	3,709	1,998	161	5,868	27,794	

Public Finance:

Estimated Net Par Amortization

	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC		
2016 Q2	\$ 2,581	\$ 2,031	\$ 271	\$ 18	\$ 2,320	\$ 4,901	
2016 Q3	3,177	2,524	448	26	2,998	6,175	
2016 Q4	2,549	1,844	454	21	2,319	4,868	
2017	8,427	6,730	1,663	95	8,488	16,915	
2018	6,020	3,827	2,144	112	6,083	12,103	
2019	4,759	2,561	1,447	128	4,136	8,895	
2020	4,960	2,388	842	123	3,353	8,313	
2016-2020	32,473	21,905	7,269	523	29,697	62,170	
2021-2025	26,316	10,601	3,983	578	15,162	41,478	
2026-2030	24,156	7,925	3,329	446	11,700	35,856	
2031-2035	18,470	4,411	2,574	299	7,284	25,754	
After 2035	21,926	3,709	1,997	162	5,868	27,794	

Assured Guaranty Municipal Corp.
Present Value (PV) of Net Expected Loss to be Expensed
As of March 31, 2016
(dollars in millions)

	Net Expected Loss to be Expensed ⁽¹⁾	
	GAAP ⁽²⁾	Operating ⁽²⁾
2016 Q2	\$ 9	\$ 11
2016 Q3	8	10
2016 Q4	6	9
2017	22	31
2018	22	29
2019	19	25
2020	16	22
2016-2020	102	137
2021-2025	53	69
2026-2030	29	36
2031-2035	21	29
After 2035	7	11
Total expected PV of net expected loss to be expensed	212	282
Future accretion	85	107
Total expected future loss and LAE	\$ 297	\$ 389

1) The present value of net expected loss to be paid is discounted using weighted-average risk-free rates ranging from 0.0% to 2.88% for U.S. dollar denominated obligations.

2) Net expected loss to be expensed for GAAP reported income is different than operating income, a non-GAAP financial measure, by the amount related to consolidated FG VIEs.

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (1 of 6)

As of March 31, 2016

(dollars in millions)

Net Par Outstanding by Asset Type

	MAC					Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	
U.S. public finance:						
General obligation	\$ 39,021	\$ 28,363	\$ 10,729	\$ 1,822	\$ 40,914	\$ 79,935
Tax backed	24,037	7,321	2,928	98	10,347	34,384
Municipal utilities	19,418	8,157	2,975	72	11,204	30,622
Transportation	10,325	2,228	765	14	3,007	13,332
Healthcare	6,569	—	—	—	—	6,569
Higher education	3,120	1,880	1,227	2	3,109	6,229
Housing	1,104	319	—	—	319	1,423
Infrastructure finance	481	—	—	—	—	481
Other public finance ⁽¹⁾	904	283	528	—	811	1,715
Total U.S. public finance	104,979	48,551	19,152	2,008	69,711	174,690
Non-U.S. public finance:						
Infrastructure finance	8,721	—	—	—	—	8,721
Regulated utilities	5,362	—	—	—	—	5,362
Other public finance	4,279	—	—	—	—	4,279
Total non-U.S. public finance	18,362	—	—	—	—	18,362
Total public finance	123,341	48,551	19,152	2,008	69,711	193,052
U.S. structured finance:						
Pooled corporate obligations	8,081	—	—	—	—	8,081
RMBS	3,887	—	—	—	—	3,887
Financial products	1,824	—	—	—	—	1,824
Consumer receivables	129	—	—	—	—	129
Commercial receivables	30	—	—	—	—	30
Other structured finance	140	—	—	—	—	140
Total U.S. structured finance	14,091	—	—	—	—	14,091
Non-U.S. structured finance:						
Pooled corporate obligations	1,907	—	—	—	—	1,907
RMBS	461	—	—	—	—	461
Other structured finance	287	—	—	—	—	287
Total non-U.S. structured finance	2,655	—	—	—	—	2,655
Total structured finance	16,746	—	—	—	—	16,746
Total	\$ 140,087	\$ 48,551	\$ 19,152	\$ 2,008	\$ 69,711	\$ 209,798

1) Includes investor-owned utilities.

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 Municipal Corp.
Financial Guaranty Profile (2 of 6)
(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	March 31, 2016		December 31, 2015	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 79,935	A	\$ 83,132	A
Tax backed	34,384	A	34,760	A
Municipal utilities	30,622	A	31,265	A
Transportation	13,332	A	13,705	A
Healthcare	6,569	A	6,924	A
Higher education	6,229	A	6,401	A
Housing	1,423	A	1,510	A
Infrastructure finance	481	BBB+	1,989	BBB-
Other public finance ⁽¹⁾	1,715	A+	1,692	A
Total U.S. public finance	174,690	A	181,378	A
Non-U.S. public finance:				
Infrastructure finance	8,721	BBB	8,788	BBB
Regulated utilities	5,362	BBB+	5,451	BBB+
Other public finance	4,279	A	4,243	A
Total non-U.S. public finance	18,362	BBB+	18,482	BBB+
Total public finance	193,052	A	199,860	A
U.S. structured finance:				
Pooled corporate obligations	8,081	AAA	8,481	AAA
RMBS	3,887	BB+	4,102	BB+
Financial products	1,824	AA-	1,906	AA-
Consumer receivables	129	B+	135	B+
Commercial receivables	30	BBB-	31	BBB-
Other structured finance	140	A-	140	A-
Total U.S. structured finance	14,091	AA	14,795	AA
Non-U.S. structured finance:				
Pooled corporate obligations	1,907	AA+	1,966	AA+
RMBS	461	BBB	451	BBB
Other structured finance	287	AAA	287	AAA
Total non-U.S. structured finance	2,655	AA	2,704	AA
Total structured finance	16,746	AA	17,499	AA
Total	\$ 209,798	A	\$ 217,359	A

1) Includes investor-owned utilities.

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 Municipal Corp.

Financial Guaranty Profile (3 of 6)

As of March 31, 2016

(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	\$ 2,073	1.2%	\$ 531	2.9%	\$ 8,259	58.6%	\$ 1,727	65.0%	\$ 12,590	6.0%
AA	44,107	25.2	134	0.7	3,164	22.5	33	1.2	47,438	22.6
A	91,078	52.1	5,079	27.7	40	0.3	155	5.8	96,352	45.9
BBB	34,680	19.9	11,761	64.0	122	0.8	334	12.7	46,897	22.4
BIG	2,752	1.6	857	4.7	2,506	17.8	406	15.3	6,521	3.1
Net Par Outstanding(1)	\$ 174,690	100.0%	\$ 18,362	100.0%	\$ 14,091	100.0%	\$ 2,655	100.0%	\$ 209,798	100.0%

1) Excludes \$685 million of loss mitigation securities insured and held by the Company as of March 31, 2016, which are primarily BIG.

Distribution by Ratings of U.S. Public Finance Portfolio

Ratings:	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from AGM	Assumed from AGC	Direct	Total MAC		
AAA	\$ 916	\$ 1,126	\$ 31	\$ —	\$ 1,157	\$ 2,073	
AA	22,927	17,801	3,315	64	21,180	44,107	
A	53,577	23,536	12,944	1,021	37,501	91,078	
BBB	25,119	5,799	2,839	923	9,561	34,680	
BIG	2,440	289	23	—	312	2,752	
Net Par Outstanding	\$ 104,979	\$ 48,551	\$ 19,152	\$ 2,008	\$ 69,711	\$ 174,690	

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 Municipal Corp.
 Financial Guaranty Profile (4 of 6)
 As of March 31, 2016
 (dollars in millions)

Ceded Par Outstanding by Reinsurer and Insurer Financial Strength Rating

Reinsurer	Moody's Rating	S&P Rating	Ceded Par Outstanding	% of Total
Affiliated companies	(1)	(1)	\$ 59,474	81.9%
Non-affiliated companies:				
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Aa3 (2)	A+ (2)	4,175	5.8
American Overseas Reinsurance Company Limited	WR (3)	WR	4,090	5.6
Syncora Guarantee Inc.	WR	WR	2,411	3.3
Mitsui Sumitomo Insurance Co. Ltd.	A1	A+ (2)	1,718	2.4
ACA Financial Guaranty Corporation	NR (4)	WR	700	1.0
Other	Various	Various	23	0.0
Total non-affiliated companies			<u>13,117</u>	<u>18.1</u>
Total			<u>\$ 72,591</u>	<u>100.0%</u>

- 1) As of the date of this document, the affiliates of AGM are Assured Guaranty Re Ltd. and its subsidiaries ("AG Re"), rated AA (stable) by S&P, and AGC and its subsidiaries, rated A3 (negative) by Moody's and AA (stable) by S&P. In addition, MAC is rated AA+ (stable) from Kroll Bond Rating Agency and AA (stable) from S&P.
- 2) The Company benefits from trust arrangements that satisfy the triple-A credit requirement of S&P and/or Moody's.
- 3) Represents "Withdrawn Rating."
- 4) Represents "Not Rated."

Assured Guaranty Municipal Corp.
 Financial Guaranty Profile (5 of 6)
 As of March 31, 2016
 (dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	<u>Net Par Outstanding</u>	<u>% of Total</u>
U.S.:		
U.S. public finance		
California	\$ 30,523	14.5%
Pennsylvania	14,521	6.9
Texas	13,853	6.6
New York	13,331	6.4
Illinois	12,686	6.0
Florida	9,567	4.6
New Jersey	7,894	3.8
Michigan	7,528	3.6
Georgia	4,633	2.2
Ohio	4,374	2.1
Other states	55,780	26.6
Total public finance	<u>174,690</u>	<u>83.3</u>
U.S. structured finance	14,091	6.7
Total U.S.	<u>188,781</u>	<u>90.0</u>
Non-U.S.:		
United Kingdom	9,591	4.6
Canada	2,830	1.3
Australia	2,107	1.0
France	1,433	0.7
Italy	1,018	0.5
Other	4,038	1.9
Total non-U.S.	<u>21,017</u>	<u>10.0</u>
Total net par outstanding	<u>\$ 209,798</u>	<u>100.0%</u>

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (6 of 6)

As of March 31, 2016

(dollars in millions)

Net Direct Economic Exposure to Selected European Countries ⁽¹⁾

	<u>Hungary</u>	<u>Italy</u>	<u>Portugal</u>	<u>Spain</u>	<u>Total</u>
Sub-sovereign exposure ⁽²⁾	\$ 210	\$ 667	\$ 79	\$ 289	\$ 1,245
Non-sovereign exposure ⁽³⁾	169	339	—	—	508
Total	<u>\$ 379</u>	<u>\$ 1,006</u>	<u>\$ 79</u>	<u>\$ 289</u>	<u>\$ 1,753</u>
Total BIG	<u>\$ 310</u>	<u>\$ —</u>	<u>\$ 79</u>	<u>\$ 289</u>	<u>\$ 678</u>

- 1) While the Company's exposures are shown in U.S. dollars, the obligations the Company insures are in various currencies, primarily Euros.
- 2) Sub-sovereign exposure in Selected European Countries includes transactions backed by receivables from or supported by sub-sovereigns, which are governmental or government-backed entities other than the ultimate governing body of the country.
- 3) Non-sovereign exposure in Selected European Countries includes debt of regulated utilities and RMBS.

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

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (1 of 3)

As of March 31, 2016

(dollars in millions)

Exposure to Puerto Rico

	<u>Gross Par Outstanding</u>	<u>Net Par Outstanding</u>	<u>Gross Debt Service Outstanding</u>	<u>Net Debt Service Outstanding</u>
Previously Subject to the Voided Puerto Rico Public Corporation Debt Enforcement and Recovery Act (the "Recovery Act") ⁽¹⁾	\$ 1,708	\$ 939	\$ 2,599	\$ 1,439
Not Previously Subject to the Voided Recovery Act	2,053	1,201	3,389	2,089
Total	<u>\$ 3,761</u>	<u>\$ 2,140</u>	<u>\$ 5,988</u>	<u>\$ 3,528</u>

- 1) On February 6, 2015, the U.S. District Court for the District of Puerto Rico ruled that the Recovery Act is preempted by the U.S. Bankruptcy Code and is therefore void. On July 6, 2015, the U.S. Court of Appeals for the First Circuit upheld that ruling, and on December 4, 2015, the U.S. Supreme Court granted petitions for writs of certiorari relating to that ruling.

Net Exposure to Puerto Rico by Risk

	<u>Net Par Outstanding (2)</u>	<u>Gross Par Outstanding</u>	<u>Internal Rating</u>
Exposures Previously Subject to the Voided Recovery Act:			
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) ("Primary policies") ⁽³⁾	\$ 209	\$ 319	CCC-
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) ("Second-to-pay policies") ⁽¹⁾⁽³⁾	80	81	AA
Total	<u>289</u>	<u>400</u>	B
Puerto Rico Electric Power Authority (PREPA)	431	761	CC
Puerto Rico Highways and Transportation Authority (PRHTA) (Highway revenue) ⁽³⁾	219	547	CCC
Total	<u>939</u>	<u>1,708</u>	
Exposures Not Previously Subject to the Voided Recovery Act:			
Commonwealth of Puerto Rico - General Obligation Bonds	720	1,220	CCC
Puerto Rico Sales Tax Financing Corporation	262	270	CCC+
Puerto Rico Municipal Finance Agency (MFA)	206	493	CCC-
Puerto Rico Public Buildings Authority	13	70	B
Total	<u>1,201</u>	<u>2,053</u>	
Total net exposure to Puerto Rico	<u>\$ 2,140</u>	<u>\$ 3,761</u>	

- 1) Represents exposure as to which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.
- 2) Includes exposure to capital appreciation bonds to one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$11 million, net fully accreted value at maturity \$30 million.
- 3) The Governor issued executive orders on November 30, 2015, and December 8, 2015, directing the Puerto Rico Department of Treasury and the Puerto Rico Tourism Company to retain or transfer certain taxes and revenues pledged to secure the payment of bonds issued by PRHTA, Puerto Rico Infrastructure Financing Authority ("PRIFA") and Puerto Rico Convention Center District Authority ("PRCCDA"). On January 7, 2016 the Company sued various Puerto Rico governmental officials in the United States District Court, District of Puerto Rico asserting that this attempt to "claw back" pledged taxes and revenues is unconstitutional, and demanding declaratory and injunctive relief.

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2016

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

Scheduled Net Par Amortization (2)																	
2016 (2Q)	2016 (3Q)	2016 (4Q)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 -2030	2031 -2035	2036 -2040	2041 -2044	Total	
Exposures Previously Subject to the Voided Recovery Act:																	
PRHTA (Transportation revenue) ("Primary policies") ⁽³⁾	\$ —	\$ 16	\$ —	\$ 22	\$ 18	\$ 9	\$ 10	\$ 10	\$ 11	\$ 12	\$ —	\$ 4	\$ 79	\$ 18	\$ —	\$ —	\$ 209
PRHTA (Transportation revenue) ("Second-to-pay policies") ⁽¹⁾	—	—	—	—	2	—	—	—	—	—	—	17	31	19	11	—	80
PREPA	—	14	—	4	2	18	30	15	16	55	51	38	146	42	—	—	431
PRHTA (Highway revenue) ⁽³⁾	—	6	—	3	3	6	7	10	4	6	7	7	21	110	29	—	219
Total	—	36	—	29	25	33	47	35	31	73	58	66	277	189	40	—	939
Exposures Not Previously Subject to the Voided Recovery Act:																	
Commonwealth of Puerto Rico - General Obligation Bonds	—	40	—	46	20	32	33	—	12	3	38	35	106	268	87	—	720
Puerto Rico Sales Tax Financing Corporation	0	0	0	(1)	(1)	(1)	(1)	(1)	(1)	1	0	(1)	(4)	19	100	153	262
MFA	—	32	—	27	22	25	14	14	14	7	7	8	36	—	—	—	206
Puerto Rico Public Buildings Authority	—	3	—	2	—	1	5	—	—	1	—	1	—	—	—	—	13
Total	0	75	0	74	41	57	51	13	25	12	45	43	138	287	187	153	1,201
Total net par for Puerto Rico	\$ 0	\$ 111	\$ 0	\$ 103	\$ 66	\$ 90	\$ 98	\$ 48	\$ 56	\$ 85	\$ 103	\$ 109	\$ 415	\$ 476	\$ 227	\$ 153	\$ 2,140

- 1) Represents exposure as to which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.
- 2) Includes exposure to Capital Appreciation Bonds for one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$11 million, net fully accreted value at maturity \$30 million.

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (3 of 3)

As of March 31, 2016

(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

Scheduled Net Debt Service Amortization (2)

	2016 (2Q)	2016 (3Q)	2016 (4Q)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 -2030	2031 -2035	2036 -2040	2041 -2044	Total
Exposures Previously Subject to the Voided Recovery Act:																	
PRHTA (Transportation revenue) ("Primary policies")	\$ —	\$ 21	\$ —	\$ 33	\$ 26	\$ 17	\$ 17	\$ 17	\$ 18	\$ 18	\$ 5	\$ 9	\$ 97	\$ 19	\$ —	\$ —	\$ 297
PRHTA (Transportation revenue) ("Second-to-pay policies") ⁽¹⁾	—	2	—	4	7	4	4	4	4	4	4	21	44	25	12	—	139
PREPA	1	23	2	23	21	37	48	31	31	70	64	48	173	44	—	—	616
PRHTA (Highway revenue)	—	12	—	14	14	18	18	20	13	16	16	16	62	138	30	—	387
Total	1	58	2	74	68	76	87	72	66	108	89	94	376	226	42	—	1,439
Exposures Not Previously Subject to the Voided Recovery Act:																	
Commonwealth of Puerto Rico - General Obligation Bonds	—	59	—	82	53	64	63	29	41	31	67	61	217	342	96	—	1,205
Puerto Rico Sales Tax Financing Corporation	—	6	—	13	13	13	13	13	13	14	14	13	66	87	164	168	610
MFA	—	38	—	36	30	31	19	18	18	10	10	9	39	—	—	—	258
Puerto Rico Public Buildings Authority	—	3	—	3	0	2	6	0	0	1	0	1	—	—	—	—	16
Total	—	106	—	134	96	110	101	60	72	56	91	84	322	429	260	168	2,089
Total net debt service for Puerto Rico	\$ 1	\$ 164	\$ 2	\$ 208	\$ 164	\$ 186	\$ 188	\$ 132	\$ 138	\$ 164	\$ 180	\$ 178	\$ 698	\$ 655	\$ 302	\$ 168	\$ 3,528

- 1) Represents exposure as to which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.
- 2) Includes exposure to Capital Appreciation Bonds for one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$11 million, net fully accreted value at maturity \$30 million.

Assured Guaranty Municipal Corp.
Pooled Corporate Obligations Profile
As of March 31, 2016
(dollars in millions)

Distribution of Pooled Corporate Obligations by Ratings

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Ratings:				
AAA	\$ 8,851	88.6%	22.9%	27.5%
AA	663	6.6	37.6	41.2
A	75	0.8	—	—
BBB	93	0.9	—	—
BIG	306	3.1	—	—
Total exposures	\$ 9,988	100.0%	22.8%	27.1%

Distribution of Pooled Corporate Obligations by Asset Class

	Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
Asset class:					
Synthetic investment grade pooled corporates	\$ 4,878	48.8%	21.8%	19.4%	AAA
CBOs/CLOs	3,626	36.3	28.6	40.7	AAA
Market value CDOs of corporates	946	9.5	17.0	27.8	AAA
Trust preferred - banks and insurance	34	0.3	42.9	56.3	AA
Other pooled corporates	504	5.1	—	—	BBB-
Total exposures	\$ 9,988	100.0%	22.8%	27.1%	AAA

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

Assured Guaranty Municipal Corp.

U.S. RMBS Profile

As of March 31, 2016

(dollars in millions)

Distribution of U.S. RMBS by Rating and Type of Exposure ⁽¹⁾

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	\$ 1	\$ 31	\$ —	\$ 760	\$ 30	\$ 821
AA	30	107	48	340	100	625
A	0	—	—	6	—	7
BBB	—	8	—	60	—	68
BIG	16	451	45	925	929	2,366
Total exposures	\$ 47	\$ 596	\$ 93	\$ 2,092	\$ 1,059	\$ 3,887

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

Year insured:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
2004 and prior	\$ 1	\$ 31	\$ —	\$ 769	\$ 69	\$ 869
2005	—	181	15	164	157	516
2006	46	184	8	43	374	654
2007	—	200	71	1,061	460	1,792
2008	—	—	—	56	—	56
Total exposures	\$ 47	\$ 596	\$ 93	\$ 2,092	\$ 1,059	\$ 3,887

1) Assured Guaranty Municipal has not insured any 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 Municipal Corp.
Credit Derivative Net Par Outstanding Profile
As of March 31, 2016
(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	\$ 8,756	77.2%
AA	929	8.2
A	888	7.8
BBB	653	5.8
BIG	108	1.0
Total credit derivative net par outstanding	\$ 11,334	100.0%

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

	Net Par Outstanding	Average Rating
Public finance		
U.S. public finance	\$ 1,417	A
Non-U.S. public finance	288	A-
Total public finance	1,705	A-
U.S. structured finance		
Pooled corporate obligations	7,945	AAA
RMBS	93	AA-
Commercial receivables	30	BBB-
Other structured finance	50	BB
Total U.S. structured finance	8,118	AAA
Non-U.S. structured finance:		
Pooled corporate obligations	1,399	AAA
RMBS	112	BB+
Total non-U.S. structured finance	1,511	AAA
Total structured finance	9,629	AAA
Total credit derivative net par outstanding	\$ 11,334	AAA

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

Assured Guaranty Municipal Corp.
Below Investment Grade Exposures (1 of 4)
(dollars in millions)

BIG Exposures by Asset Exposure Type

	BIG Net Par Outstanding	
	March 31, 2016	December 31, 2015
U.S. public finance:		
General obligation	\$ 1,313	\$ 1,053
Tax backed	913	914
Municipal utilities	444	444
Transportation	64	64
Healthcare	18	47
Total U.S. public finance	<u>2,752</u>	<u>2,522</u>
Non-U.S. public finance:		
Infrastructure finance	606	592
Other public finance	251	245
Total non-U.S. public finance	<u>857</u>	<u>837</u>
Total public finance	<u>3,609</u>	<u>3,359</u>
U.S. structured finance:		
RMBS	2,366	2,538
Consumer receivables	84	87
Other structured finance	56	56
Total U.S. structured finance	<u>2,506</u>	<u>2,681</u>
Non-U.S. structured finance:		
Pooled corporate obligations	306	306
RMBS	100	95
Total non-U.S. structured finance	<u>406</u>	<u>401</u>
Total structured finance	<u>2,912</u>	<u>3,082</u>
Total BIG net par outstanding	<u>\$ 6,521</u>	<u>\$ 6,441</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 Municipal Corp.
Below Investment Grade Exposures (2 of 4)
(dollars in millions)

Net Par Outstanding by BIG Category⁽¹⁾

	Financial Guaranty Insurance and Credit Derivatives Surveillance Categories	
	March 31, 2016	December 31, 2015
Category 1		
U.S. public finance	\$ 1,570	\$ 1,559
Non-U.S. public finance	631	622
U.S. structured finance	306	464
Non-U.S. structured finance	406	401
Total Category 1	2,913	3,046
Category 2		
U.S. public finance	1,121	902
Non-U.S. public finance	226	215
U.S. structured finance	275	262
Non-U.S. structured finance	—	—
Total Category 2	1,622	1,379
Category 3		
U.S. public finance	61	61
Non-U.S. public finance	—	—
U.S. structured finance	1,925	1,955
Non-U.S. structured finance	—	—
Total Category 3	1,986	2,016
BIG Total	\$ 6,521	\$ 6,441

- 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 is a claim 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 Municipal Corp.
Below Investment Grade Exposures (3 of 4)
As of March 31, 2016
(dollars in millions)

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

Name or description	Net Par Outstanding	Internal Rating
U.S. public finance:		
Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 734	CCC
Puerto Rico Electric Power Authority (PREPA)	431	CC
Puerto Rico Highway and Transportation Authority	428	CCC
Puerto Rico Sales Tax Financing Corporation (COFINA)	262	CCC+
Puerto Rico Municipal Finance Agency	206	CCC-
Penn Hills School District, Pennsylvania	106	BB
Butler County General Authority, Pennsylvania	71	BB
Detroit-Wayne County Stadium Authority, Michigan	63	BB-
Stockton Pension Obligation Bonds, California	61	D
West Mifflin Area School District, Pennsylvania	59	BB
Total	2,421	
Non-U.S. public finance:		
Reliance Rail Finance Pty. Limited	226	BB
M6 Duna Autopalya Koncessziós Zártkörűen Működő Részvénytársaság	210	BB-
Valencia Fair	172	BB-
Autovia de la Mancha, S.A.	117	BB-
CountyRoute (A130) plc	53	BB-
Metropolitano de Porto Lease and Sublease of Railroad Equipment	53	B+
Total	831	
Total	\$ 3,252	

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 Municipal Corp.
Below Investment Grade Exposures (4 of 4)
As of March 31, 2016
(dollars in millions)

Structured Finance BIG Exposures Greater Than \$50 Million

Name or description	BIG Net Par Outstanding	Internal Rating	Current Credit Enhancement	60+ Day Delinquencies
U.S. structured finance:				
RMBS:				
Option One 2007-FXD2	\$ 259	CCC	0.0%	21.1%
Countrywide HELOC 2006-I 1-A	207	BB	0.0	2.6
MABS 2007-NCW	189	CCC	0.0	39.9
Nomura Asset Accept. Corp. 2007-1	178	CCC	0.0	27.9
Soundview 2007-WMC1	165	CCC	—	42.7
New Century 2005-A	118	CCC	7.0	20.0
Countrywide HELOC 2006-F	114	CCC	0.0	5.5
Countrywide HELOC 2005-D	106	CCC	0.0	5.5
Countrywide HELOC 2007-B	99	B	0.0	2.2
Countrywide HELOC 2007-A	98	B	0.0	2.6
IndyMac 2007-H1 HELOC	78	CCC	0.0	2.1
GMACM 2004-HE3	69	CCC	0.0	6.3
Soundview (Delta) 2008-1 A1	56	CCC	3.2	27.0
CSAB 2006-3	53	CCC	0.0	38.7
Countrywide HELOC 2005-C	50	CCC	0.0	5.8
Total RMBS	<u>1,839</u>			
Subtotal U.S. structured finance	<u>1,839</u>			
Non-U.S. structured finance:				
Gleneagles Funding Ltd.	226	BB	N/A	N/A
Private Pooled Corporate Transaction	80	BB	N/A	N/A
FHB	57	BB-	N/A	N/A
Subtotal Non-U.S. structured finance	<u>363</u>			
Total	<u>\$ 2,202</u>			

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (1 of 4)

As of March 31, 2016

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating
New Jersey (State of)	\$ 2,244	BBB+
Illinois (State of)	1,419	BBB+
New York, New York	1,129	AA-
Los Angeles Unified School District, California	1,128	AA-
Chicago, Illinois	1,071	BBB+
Massachusetts (Commonwealth of)	1,047	AA
Pennsylvania (Commonwealth of)	1,004	A
New York (State of)	965	A+
California (State of)	963	A
Arizona (State of)	962	A+
Metropolitan Transportation Authority, New York	961	A
Massachusetts Water Resources Authority	957	AA
Houston Combined Utility System, Texas	942	AA-
Wisconsin (State of)	911	A+
Chicago-O'Hare International Airport, Illinois	821	A-
Liberty Development Corporation, New York	814	A+
Atlanta Georgia Water & Sewer System	805	A-
Long Island Power Authority	782	A-
Chicago Public Schools, Illinois	770	BBB-
Central Florida Expressway Authority, Florida	744	A+
Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	734	CCC
San Diego Unified School District, California	712	AA
Illinois State Toll Highway Authority	707	AA
Great Lakes Water Authority (Water), Michigan	699	BBB
Miami-Dade County Water & Sewer, Florida	690	A+
Louisiana (State of)	683	AA
Miami-Dade County Aviation, Florida	676	A
Municipal Water Finance Authority, New York	674	AA
Great Lakes Water Authority (Sewerage), Michigan	668	BBB
Philadelphia School District, Pennsylvania	645	BBB
Philadelphia Authority for Industrial Development	616	BBB+
California State University Trustees, California	604	A+
Oglethorpe Power Corporation, Georgia	602	BBB+
Washington (State of)	573	AA
San Diego County Water Authority	539	AA
Michigan Building Authority	521	A+
Chicago Transit Authority, Illinois	518	AA-
Puerto Rico Highway & Transportation Authority	508	B-
Brevard County School Board, Florida	504	A+
Garden State Preservation Trust (Open Space & Farmland), New Jersey	499	AA
Maryland Transportation Authority, Maryland	494	A+
Sacramento County, California	484	A-
Metropolitan Washington Airports Authority, District of Columbia	474	A+
Utah Transit Authority, Utah	472	AAA
Sacramento County Airport, California	447	A-
Kansas Development Finance Authority, Kansas	447	A+
Austin Texas Combined Utility System	432	AA-
Michigan (State of)	432	A+
Puerto Rico Electric Power Authority (PREPA)	431	CC
New Jersey Turnpike Authority, New Jersey	421	A-
Total top 50 U.S. public finance exposures	<u>\$ 37,345</u>	

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (2 of 4)

As of March 31, 2016

(dollars in millions)

50 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating	Credit Enhancement
Synthetic Investment Grade Pooled Corporate CDO	\$ 765	AAA	14.8%
Synthetic Investment Grade Pooled Corporate CDO	742	AAA	26.7
Stone Tower Credit Funding	710	AAA	27.8
Synthetic Investment Grade Pooled Corporate CDO	654	AAA	14.9
Fortress Credit Opportunities I, LP.	590	AA	40.6
Synthetic Investment Grade Pooled Corporate CDO	515	AAA	14.3
Synthetic Investment Grade Pooled Corporate CDO	380	AAA	29.2
Synthetic Investment Grade Pooled Corporate CDO	342	AAA	16.3
Synthetic Investment Grade Pooled Corporate CDO	318	AAA	14.2
Cent CDO 15 Limited	294	AAA	18.1
Synthetic Investment Grade Pooled Corporate CDO	281	AAA	30.3
Cent CDO 12 Limited	265	AAA	24.6
Option One 2007-FXD2	259	CCC	0.0
Eastland CLO, LTD	256	AAA	55.4
Denali CLO VII, LTD.	227	AAA	30.3
Countrywide HELOC 2006-I 1-A	207	BB	0.0
MABS 2007-NCW	189	CCC	0.0
Grayson CLO	188	AAA	44.4
Nomura Asset Accept. Corp. 2007-1	178	CCC	0.0
Synthetic Investment Grade Pooled Corporate CDO	168	AAA	27.6
CWABS 2007-4	167	A	0.0
Soundview 2007-WMC1	165	CCC	—
Countrywide 2007-13	141	AA-	8.3
Tralee CDO I Ltd.	131	AAA	25.4
Phoenix CLO II	120	AAA	48.2
Lime Street CLO, LTD.	120	AAA	36.8
New Century 2005-A	118	CCC	7.0
Countrywide HELOC 2006-F	114	CCC	0.0
Muir Grove CLO	112	AAA	45.5
Centurion CDO 9	111	AAA	33.0
Countrywide HELOC 2005-D	106	CCC	0.0
ColumbusNova CLO IV 2007-II	102	AAA	47.2
Symphony CLO IV, LTD.	100	AAA	45.5
Countrywide HELOC 2007-B	99	B	0.0
Countrywide HELOC 2007-A	98	B	0.0
Symphony CLO II, Ltd.	84	AAA	53.0
IndyMac 2007-H1 HELOC	78	CCC	0.0
Wells Fargo Home Equity 2004-2	71	AAA	26.3
GMACM 2004-HE3	69	CCC	0.0
Airlie CLO 2006-II	64	AAA	51.9
Burr Ridge CLO Plus	59	AAA	50.7
Churchill Financial Cayman	58	AAA	78.0
Emerson Place CLO, Ltd.	57	AAA	46.9
Soundview (Delta) 2008-1 A1	56	CCC	3.2
GSAMP 2007-HSBC1	55	AAA	56.5
Ace Home Equity Loan Trust 2007-SL1	53	BBB+	—
CSAB 2006-3	53	CCC	0.0
Countrywide HELOC 2005-C	50	CCC	0.0
NRG Peaker	50	BB	N/A
Ace 2007-D1	49	A-	4.8
Total top 50 U.S. structured finance exposures	\$ 10,238		

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 Municipal Corp.

Largest Exposures by Sector (3 of 4)

As of March 31, 2016

(dollars in millions)

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

Credit Name	Country	Net Par Outstanding	Internal Rating
Hydro-Quebec, Province of Quebec	Canada	\$ 1,879	A+
Thames Water Utilities Finance Plc	United Kingdom	869	A-
Channel Link Enterprises Finance PLC	France, United Kingdom	832	BBB
Capital Hospitals (Issuer) plc	United Kingdom	503	BBB-
Verbund - Lease and Sublease of Hydro-Electric Equipment	Austria	496	AAA
Sydney Airport Finance Company Pty Limited	Australia	490	BBB
Artesian Finance II Plc (Southern)	United Kingdom	489	A-
Campania Region - Healthcare receivable	Italy	463	BBB-
Central Nottinghamshire Hospitals PLC	United Kingdom	441	BBB
InspirED Education (South Lanarkshire) plc	Scotland	436	BBB-
HIT Finance B.V.	France	382	BBB+
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	360	BBB
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	339	BBB
Synthetic Investment Grade Pooled Corporate CDO	Refer to Note 1	322	AAA
Integrated Accommodation Services PLC	United Kingdom	313	BBB+
A28 Motorway	France	291	BBB-
Private Other Structured Finance Transaction	Cayman Islands	287	AAA
Octagon Healthcare Funding PLC	United Kingdom	285	BBB
Province of Nova Scotia	Canada	280	A+
MPC Funding Limited	Australia	263	BBB+
Envestra Limited	Australia	255	BBB
Plenary Health North Bay Finco Inc.	Canada	249	BBB+
Bakethin Finance Plc	United Kingdom	239	A-
Stone Tower Credit Funding	Canada	237	AAA
Artesian Finance II Plc	United Kingdom	233	BBB+
Total top 25 non-U.S. exposures		\$ 11,233	

1) Primarily United Kingdom, Australia, France, Netherlands and Germany.

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

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (4 of 4)

As of March 31, 2016

(dollars in millions)

10 Largest U.S. Residential Mortgage Servicer Exposures

Servicer:	<u>Net Par Outstanding</u>
Specialized Loan Servicing, LLC	\$ 1,279
Ocwen Loan Servicing, LLC ⁽¹⁾	1,105
Bank of America, N.A. ⁽²⁾	733
Wells Fargo Bank N.A.	391
Select Portfolio Servicing, Inc.	116
JPMorgan Chase Bank	114
Banco Popular de Puerto Rico	46
Ditech Financial LLC	44
EverHome Mortgage Company	24
Citicorp Mortgage Securities, Inc.	10
Total top 10 U.S. residential mortgage servicer exposures	<u>\$ 3,862</u>

1) Includes GMAC Mortgage LLC and Homeward Residential Inc.

2) Includes Countrywide Home Loans Servicing LP.

10 Largest U.S. Healthcare Exposures

Credit Name:	<u>Net Par Outstanding</u>	<u>Internal Rating</u>	<u>State</u>
Methodist Healthcare	\$ 251	A+	TN
Carolina HealthCare System	241	AA-	NC
Dignity Health - California	232	A	CA
Medford Oregon Hospital Facilities Authority, Asante Health System Hospital Revenue Bonds, Series 2002	208	A+	OR
Children's National Medical Center (DC)	206	A-	DC
Palmetto Health Alliance, South Carolina	205	A-	SC
Columbus Regional Healthcare System Inc.	169	BBB-	GA
MedStar Health	162	A-	MD
Carilion Health System	157	A-	VA
Catholic Health Partners	157	A+	OH
Total top 10 U.S. healthcare exposures	<u>\$ 1,988</u>		

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

Assured Guaranty Municipal Corp.

Rollforward of Net Expected Loss and LAE to be Paid After Benefit for R&W (dollars in millions)

Rollforward of Net Expected Loss and LAE to be Paid After Benefit for R&W for the Three Months Ended March 31, 2016

Financial Guaranty Insurance Contracts and Credit Derivatives	Net Expected Loss to be Paid (Recovered) as of December 31, 2015	Economic Loss Development During 1Q-16	(Paid) Recovered Losses During 1Q-16	Net Expected Loss to be Paid (Recovered) as of March 31, 2016
Public Finance:				
U.S. public finance	\$ 214	\$ 63	\$ (2)	\$ 275
Non-U.S. public finance	26	0	—	26
Public Finance:	<u>240</u>	<u>63</u>	<u>(2)</u>	<u>301</u>
U.S. RMBS				
First lien:				
Alt-A first lien	89	(3)	(31)	55
Option ARMs	(31)	(13)	2	(42)
Subprime first lien	207	2	(12)	197
Total first lien	<u>265</u>	<u>(14)</u>	<u>(41)</u>	<u>210</u>
Second lien	<u>37</u>	<u>(6)</u>	<u>(2)</u>	<u>29</u>
Total U.S. RMBS (1)	<u>302</u>	<u>(20)</u>	<u>(43)</u>	<u>239</u>
Other structured finance	<u>23</u>	<u>0</u>	<u>(1)</u>	<u>22</u>
Structured Finance	<u>325</u>	<u>(20)</u>	<u>(44)</u>	<u>261</u>
Total	<u><u>\$ 565</u></u>	<u><u>\$ 43</u></u>	<u><u>\$ (46)</u></u>	<u><u>\$ 562</u></u>

1) Includes future net representations and warranties (R&W) benefit of \$62 million as of December 31, 2015 and \$34 million as of March 31, 2016.

Assured Guaranty Municipal Corp.
Loss Expense - Non-GAAP Operating Basis
As of March 31, 2016
(dollars in millions)

Financial Guaranty Insurance Contracts and Credit Derivatives	Total Net Par Outstanding for BIG Transactions	1Q-16 Losses Incurred	Net Expected Loss to be Expensed⁽¹⁾
Public Finance:			
U.S. public finance	\$ 2,752	\$ 64	\$ 43
Non-U.S. public finance	857	(1)	10
Public Finance	<u>3,609</u>	<u>63</u>	<u>53</u>
Structured Finance:			
U.S. RMBS			
First lien:			
Prime first lien	16	—	0
Alt-A first lien	451	2	33
Option ARMs	45	(11)	16
Subprime	925	3	66
Total first lien	<u>1,437</u>	<u>(6)</u>	<u>115</u>
Second lien	929	2	113
Total U.S. RMBS	<u>2,366</u>	<u>(4)</u>	<u>228</u>
Other structured finance	546	0	1
Structured Finance	<u>2,912</u>	<u>(4)</u>	<u>229</u>
Loss expense - non-GAAP basis	<u>6,521</u>	<u>59</u>	<u>282</u>

1) Represents present value and excludes future accretion of \$107 million. See page 14 for “Present Value of Net Expected Loss to be Expensed.”

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

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

	As of and for Three Months Ended March 31,	Year Ended December 31,			
	2016	2015	2014	2013	2012
Statutory Data					
Policyholders' surplus	\$ 2,362	\$ 2,441	\$ 2,267	\$ 1,746	\$ 1,785
Contingency reserve	1,380	1,357	1,496	1,783	1,539
Qualified statutory capital	3,742	3,798	3,763	3,529	3,324
Unearned premium reserve	1,530	1,597	1,769	1,891	2,090
Loss and LAE reserves	417	438	487	340	(26)
Total policyholders' surplus and reserves	5,689	5,833	6,019	5,760	5,388
Present value of installment premium	256	275	315	395	467
CCS	200	200	200	200	200
Excess of loss reinsurance facility	360	360	450	435	435
Total claims-paying resources (including proportionate MAC ownership for AGM)	6,505	6,668	6,984	6,790	6,490
Adjustment for MAC	933	940	954	917	—
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	5,572	5,728	6,030	5,873	6,490
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period) ⁽¹⁾	251,843	262,652	\$ 309,272	\$ 350,905	\$ 425,766
Gross debt service outstanding (end of period) ⁽¹⁾	357,830	371,282	431,626	486,413	573,272
Net par outstanding (end of period) ⁽¹⁾	164,373	170,925	201,290	229,637	281,739
Gross par outstanding (end of period) ⁽¹⁾	230,151	238,062	276,304	311,891	370,976
Ceded to Assured Guaranty affiliates	53,958	54,855	54,704	57,019	60,704
Ceded par to other companies	11,820	12,282	20,309	25,237	28,534
Ratios:					
Net par outstanding to qualified statutory capital	44:1	45:1	53:1	65:1	85:1
Capital ratio ⁽¹⁾	67:1	69:1	82:1	99:1	128:1
Financial resources ratio ⁽¹⁾	39:1	39:1	44:1	52:1	66:1
Gross debt service written:					
Public finance	4,297	27,849	\$ 21,022	\$ 16,204	\$ 22,471
Structured finance	—	—	—	—	—
Total gross debt service written	\$ 4,297	\$ 27,849	\$ 21,022	\$ 16,204	\$ 22,471

1) See page 5 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 related to securities the Company has purchased for loss mitigation purposes.

Internal Rating utilizes the Company's ratings scale, which is similar to that used by the nationally recognized statistical rating organizations except that the Company's internal credit ratings focus on future performance rather than lifetime performance; internal credit ratings may differ from those assigned by such rating agencies.

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 United States (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 are 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, 2015.

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.

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.

Glossary (continued)

Sectors (continued)

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 Utilities 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 includes 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.

CBOs/CLOs (collateralized bond obligations and collateralized loan obligations) are asset-backed securities largely backed by non-investment grade/high yield collateral.

Commercial Mortgage-Backed Securities (CMBS)

are obligations backed by pools of commercial mortgages. The collateral supporting CMBS include office, multifamily, retail, hotel, industrial and other specialized or mixed-use properties.

Financial Products Business is how the Company refers to the guaranteed investment contracts ("GICs") portion of a line of business previously conducted by AGMH that Assured Guaranty did not acquire when it purchased AGMH in 2009 from Dexia SA and that is being run off. That line of business was comprised of AGMH's GICs business, its medium term notes business and the equity payment agreements associated with AGMH's leveraged lease business. Assured Guaranty is indemnified by Dexia SA and certain of its affiliates against loss from the former Financial Products Business.

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.

Commercial Receivables Securities are obligations backed by equipment loans or leases, aircraft and aircraft engine financings, business loans and trade receivables. Credit support is derived from the cash flows generated by the underlying obligations, as well as property or equipment values as applicable.

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. One such type of asset is a tax benefit to be realized by an investor in one of the Federal or state programs that permit such investor to receive a credit against taxes (such as Federal corporate income tax or state insurance premium tax) for making qualified investments in specified enterprises, typically located in designated low-income areas.

Non-GAAP Financial Measures

The Company references financial measures that are not in accordance with accounting principles generally accepted in the United States of America (GAAP). The Company discloses non-GAAP financial measures in a manner consistent with those calculated and disclosed by AGL in order to show the Company's contribution (before certain intercompany eliminations for transactions with affiliates) to the Assured Guaranty amounts.

Assured Guaranty's management and AGL's board of directors utilize non-GAAP financial measures in evaluating Assured Guaranty's financial performance and as a basis for determining incentive compensation for Assured Guaranty's senior management. By providing these non-GAAP financial measures, Assured Guaranty gives investors, analysts and financial news reporters access to the same information that management reviews internally. In addition, Assured Guaranty's presentation of non-GAAP financial measures is consistent with how analysts calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and with how investors, analysts and the financial news media evaluate Assured Guaranty's financial results.

The following paragraphs define each non-GAAP financial measure and describe why it is useful for Assured Guaranty. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement. Non-GAAP financial measures should not be viewed as substitutes for their most directly comparable GAAP measures.

Operating Income: Management believes that operating income is a useful measure because it clarifies the understanding of the underwriting results of the Assured Guaranty's financial guaranty business, and also includes financing costs and net investment income, and enables investors and analysts to evaluate Assured Guaranty's financial results as compared with the consensus analyst estimates distributed publicly by financial databases. Operating income is defined as net income (loss) attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the after-tax 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. Trends in the underlying profitability of the Company's business can be more clearly identified without the fluctuating effects of these transactions.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount 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. Additionally, such adjustments present all financial guaranty contracts on a more consistent basis of accounting, whether or not they are subject to derivative accounting rules.
- 3) Elimination of the after-tax fair value gains (losses) on the Company's CCS. Such amounts 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.
- 4) Elimination of the after-tax foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves. Long-dated receivables constitute a significant portion of the net premium receivable balance and represent the present value of future contractual or expected collections. 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 effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.

Operating Shareholders' Equity: Management believes that operating shareholders' equity is a useful measure because it presents the equity of AGL with all financial guaranty contracts accounted for on a more consistent basis and excludes fair value adjustments that are not expected to result in economic gain or loss. Many investors, analysts and financial news reporters use operating shareholders' equity 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 operating shareholders' equity to evaluate capital adequacy. Operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Operating shareholders' equity is defined as shareholders' equity attributable to the Company, as reported under GAAP, adjusted for the following:

- 1) Elimination of the effects of consolidating FG VIEs in order to present all financial guaranty contracts on a more consistent basis of accounting, whether or not GAAP requires consolidation. GAAP requires the Company to consolidate certain VIEs that have issued debt obligations insured by the Company even though the Company does not own such VIEs.
- 2) Elimination of the after-tax non-credit-impairment unrealized fair value gains (losses) on credit derivatives, which is the amount 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.

Non-GAAP Financial Measures (continued)

Operating Shareholders' Equity (continued)

- 3) Elimination of the after-tax fair value gains (losses) on the Company's CCS. Such amounts 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.
- 4) Elimination of the after-tax 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.

Operating return on equity (Operating ROE): Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate Assured Guaranty's return on invested capital. Many investors, analysts and members of the financial news media use operating ROE 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 operating ROE are calculated on an annualized basis.

Adjusted Book Value: Management believes that adjusted book value is a useful measure because it enables an evaluation of the net present value of Assured Guaranty's in-force premiums and revenues in addition to operating shareholders' equity. The premiums and revenues included in adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors. Many investors, analysts and financial news reporters use adjusted book value to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Adjusted book value is operating shareholders' equity, as defined above, further adjusted for the following:

- 1) Elimination of after-tax deferred acquisition costs, net. These amounts represent net deferred expenses and ceding commissions that have already been paid or accrued and will be expensed in future accounting periods.
- 2) Addition of the after-tax net present value of estimated net future credit derivative revenue. See below.
- 3) Addition of the after-tax value of the unearned premium reserve 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.

Net present value of estimated net future credit derivative revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of future estimated credit derivative revenue. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's credit derivative in-force book of business, net of reinsurance, ceding commissions and premium taxes for contracts without expected economic losses, and is discounted at 6%. Estimated net future credit derivative 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 GAAP gross premiums written and the net credit derivative premiums received and receivable portion of net realized gains and other settlements on credit derivatives (Credit Derivative Revenues) do not adequately measure. PVP in respect of financial guaranty 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, in each case, discounted at 6%. For purposes of the PVP calculation, management discounts estimated future installment premiums on insurance contracts at 6%, while under GAAP, these amounts 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 net earned or written premiums and Credit Derivative Revenues 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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