

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 twilight sky.

## Financial Supplement

**Assured Guaranty Municipal Corp.**

March 31, 2018



**Assured Guaranty Municipal Corp.**  
**March 31, 2018**  
**Financial Supplement**

<b>Table of Contents</b>	<b>Page</b>
<a href="#">Selected Financial Highlights</a>	<a href="#">1</a>
<a href="#">Condensed Combined Balance Sheets (unaudited)</a>	<a href="#">3</a>
<a href="#">Condensed Combined Statements of Operations (unaudited)</a>	<a href="#">4</a>
<a href="#">Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation</a>	<a href="#">5</a>
<a href="#">Selected Financial Highlights GAAP to Non-GAAP Reconciliations</a>	<a href="#">6</a>
<a href="#">Claims-Paying Resources</a>	<a href="#">8</a>
<a href="#">New Business Production</a>	<a href="#">9</a>
<a href="#">Gross Par Written</a>	<a href="#">12</a>
<a href="#">Available-for-Sale Investment Portfolio and Cash</a>	<a href="#">13</a>
<a href="#">Estimated Net Exposure Amortization and Estimated Future Net Premium and Credit Derivative Revenues</a>	<a href="#">15</a>
<a href="#">Net Expected Loss to be Expensed</a>	<a href="#">16</a>
<a href="#">Expected Amortization of Net Par Outstanding</a>	<a href="#">17</a>
<a href="#">Financial Guaranty Profile</a>	<a href="#">19</a>
<a href="#">Exposure to Puerto Rico</a>	<a href="#">23</a>
<a href="#">Consolidated U.S. RMBS Profile</a>	<a href="#">26</a>
<a href="#">Credit Derivative Net Par Outstanding Profile</a>	<a href="#">27</a>
<a href="#">Below Investment Grade Exposures</a>	<a href="#">28</a>
<a href="#">Largest Exposures by Sector</a>	<a href="#">32</a>
<a href="#">Roll Forward of Net Expected Loss and Loss Adjustment Expenses to be Paid</a>	<a href="#">36</a>
<a href="#">Loss Measures</a>	<a href="#">37</a>
<a href="#">Summary of Statutory Financial and Statistical Data</a>	<a href="#">38</a>
<a href="#">Glossary</a>	<a href="#">39</a>
<a href="#">Non-GAAP Financial Measures</a>	<a href="#">41</a>

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 period ended March 31, 2018. 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) plc., 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. (AGC) 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) 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 Municipal Corp.**  
**Selected Financial Highlights (1 of 2)**  
(dollars in millions)

	Three Months Ended	
	March 31,	
	2018	2017
<b>Net income (loss) attributable to AGM (combined)</b>	<b>\$ 103</b>	<b>\$ 130</b>
Non-GAAP operating income <sup>(1)</sup>	87	111
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) (net of tax provision \$1 and \$2) included in non-GAAP operating income	4	3
<b>Effective tax rate on net income</b>	<b>7.4%</b>	<b>29.1%</b>
Effective tax rate on non-GAAP operating income <sup>(2)</sup>	9.3 %	28.0 %
Effect of FG VIE consolidation included in effective tax rate on non-GAAP operating income	0.6 %	0.2 %
<b>Return on equity (ROE) calculations<sup>(3)</sup>:</b>		
<b>GAAP ROE</b>	<b>10.3%</b>	<b>12.6%</b>
Non-GAAP operating ROE <sup>(1)</sup>	9.0 %	12.1 %
Effect of FG VIE consolidation on non-GAAP operating ROE	0.4 %	0.3 %
<b>New business<sup>(4)</sup>:</b>		
<b>Gross written premiums (GWP)</b>	<b>\$ 73</b>	<b>\$ 110</b>
Present value of new business production (PVP) <sup>(1)</sup>	61	92
Gross par written	2,191	4,420
	<b>As of</b>	
	March 31, 2018	December 31, 2017
<b>Shareholder's equity attributable to AGM</b>	<b>\$ 4,018</b>	<b>\$ 4,034</b>
Non-GAAP operating shareholder's equity <sup>(1)</sup>	3,934	3,878
Non-GAAP adjusted book value <sup>(1)</sup>	5,398	5,360
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity	14	11
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	(3)	(5)
<b>Other Information</b>		
Net debt service outstanding <sup>(4)</sup>	\$ 248,029	\$ 254,252
Net par outstanding <sup>(4)</sup>	163,142	167,545
Claims-paying resources (including MAC) <sup>(5)</sup>	6,205	6,216

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 operating income before income taxes.

3) Quarterly ROE calculations represent annualized returns. See page 6 for additional information on calculation.

4) 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.

5) See page 8 for additional detail on claims-paying resources.

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Effect of refundings and terminations on GAAP measures:</b>		
Net earned premiums, pre-tax	\$ 20	\$ 19
Net change in fair value of credit derivatives, pre-tax	—	5
Net income effect	15	13
<b>Effect of refundings and terminations on non-GAAP measures:</b>		
Operating net earned premiums and credit derivative revenues <sup>(1)</sup> , pre-tax	20	19
Non-GAAP operating income <sup>(1)</sup> effect	15	10

- 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 Municipal Corp.**  
Condensed Combined Balance Sheets (unaudited)  
(dollars in millions)

	As of:	
	March 31, 2018	December 31, 2017
<b>Assets:</b>		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 5,559	\$ 5,659
Short-term investments, at fair value	274	364
Other invested assets (includes Surplus Note from affiliate of \$300 and \$300)	373	378
Total investment portfolio	6,206	6,401
Cash	66	36
Premiums receivable	765	730
Ceded unearned premium reserve	766	757
Reinsurance recoverable on unpaid losses	191	227
Salvage and subrogation recoverable	275	297
Financial guaranty variable interest entities (FG VIE) assets, at fair value	534	577
Other assets	166	159
<b>Total assets</b>	<b>\$ 8,969</b>	<b>\$ 9,184</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 2,723	\$ 2,746
Loss and loss adjustment expense reserve	822	931
Reinsurance balances payable, net	202	197
Current income tax payable	110	121
FG VIE liabilities with recourse, at fair value	473	495
FG VIE liabilities without recourse, at fair value	108	128
Other liabilities	293	316
<b>Total liabilities</b>	<b>4,731</b>	<b>4,934</b>
<b>Shareholders' equity:</b>		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	702	702
Retained earnings	3,256	3,199
Accumulated other comprehensive income	45	118
<b>Total shareholders' equity attributable to Assured Guaranty Municipal Corp.</b>	<b>4,018</b>	<b>4,034</b>
Noncontrolling interest	220	216
<b>Total shareholders' equity</b>	<b>4,238</b>	<b>4,250</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,969</b>	<b>\$ 9,184</b>

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Net earned premiums	\$ 76	\$ 78
Net investment income	51	58
Net realized investment gains (losses)	(3)	(7)
Net change in fair value of credit derivatives:		
Realized gains (losses) and other settlements	0	14
Net unrealized gains (losses)	(1)	7
Net change in fair value of credit derivatives	(1)	21
Fair value gains (losses) on FG VIEs	2	8
Commutation gains	1	73
Other income (loss)	20	11
<b>Total revenues</b>	<b>146</b>	<b>242</b>
<b>Expenses:</b>		
Loss and loss adjustment expenses (LAE)	(8)	16
Amortization of deferred ceding commissions	(2)	(4)
Other operating expenses	37	36
<b>Total expenses</b>	<b>27</b>	<b>48</b>
<b>Income (loss) before income taxes</b>	<b>119</b>	<b>194</b>
Provision (benefit) for income taxes	9	56
<b>Net income (loss)</b>	<b>110</b>	<b>138</b>
Less: Non-controlling interest	7	8
<b>Net income (loss) attributable to Assured Guaranty Municipal Corp.</b>	<b>\$ 103</b>	<b>\$ 130</b>

**Assured Guaranty Municipal 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 March 31, 2018 and March 31, 2017**

	<b>Three Months Ended March 31, 2018</b>		<b>Three Months Ended March 31, 2017</b>	
	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	\$ —	\$ (3)	\$ —	\$ (4)
Net investment income	—	(1)	—	(1)
Net realized investment gains (losses)	(3)	—	(8)	—
Net change in fair value of credit derivatives	(2)	—	18	—
Fair value gains (losses) on FG VIEs	—	2	—	8
Other income (loss)	20	0	4	0
<b>Total revenue adjustments</b>	<b>15</b>	<b>(2)</b>	<b>14</b>	<b>3</b>
<b>Adjustments to expenses:</b>				
Loss expense	0	(7)	8	(2)
<b>Total expense adjustments</b>	<b>0</b>	<b>(7)</b>	<b>8</b>	<b>(2)</b>
<b>Pre-tax adjustments</b>	<b>15</b>	<b>5</b>	<b>6</b>	<b>5</b>
Tax effect of adjustments	1	(1)	2	2
Less: Non-controlling interest	0	—	0	—
<b>After-tax adjustments</b>	<b>\$ 14</b>	<b>\$ 6</b>	<b>\$ 4</b>	<b>\$ 3</b>
Retrospective combination adjustments	\$ —	\$ —	\$ 15	\$ —

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

**Non-GAAP Operating Income Reconciliation**

	Three Months Ended March 31,	
	2018	2017
<b>Combined net income (loss) attributable to AGM</b>	<b>\$ 103</b>	<b>\$ 130</b>
Retrospective combination adjustments	—	(15)
Consolidated net income attributable to AGM	103	115
Less pre-tax adjustments:		
Realized gains (losses) on investments	(3)	(8)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(2)	10
Fair value gains (losses) on committed capital securities (CCS) <sup>(1)</sup>	0	(1)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves <sup>(1)</sup>	20	5
Total pre-tax adjustments	15	6
Less tax effect on pre-tax adjustments	1	(2)
Non-GAAP operating income	<u>\$ 87</u>	<u>\$ 111</u>
 <b>Gain (loss) related to FG VIE consolidation (net of tax provision of \$1 and \$2) included in non-GAAP operating income</b>	 <b>\$ 4</b>	 <b>\$ 3</b>

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

**ROE Reconciliation and Calculation**

	As of			
	March 31, 2018	December 31, 2017	March 31, 2017	December 31, 2016
<b>Shareholder's equity attributable to AGM</b>	<b>\$ 4,018</b>	<b>\$ 4,034</b>	<b>\$ 4,353</b>	<b>\$ 3,886</b>
Non-GAAP operating shareholders' equity	3,934	3,878	3,678	3,641
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity</b>	<b>14</b>	<b>11</b>	<b>4</b>	<b>1</b>
	Three Months Ended March 31,			
	2018	2017		
<b>Net income (loss) attributable to AGM</b>	<b>\$ 103</b>	<b>\$ 130</b>		
Non-GAAP operating income	87	111		
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating income</b>	<b>4</b>	<b>3</b>		
 <b>Average shareholder's equity attributable to AGM</b>	 <b>\$ 4,026</b>	 <b>\$ 4,120</b>		
Average non-GAAP operating shareholders' equity	3,906	3,660		
<b>Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity</b>	<b>13</b>	<b>3</b>		
 <b>GAAP ROE<sup>(1)</sup></b>	 <b>10.3%</b>	 <b>12.6%</b>		
Non-GAAP operating ROE <sup>(1)</sup>	9.0 %	12.1 %		
Effect of FG VIE consolidation included in non-GAAP operating ROE	0.4 %	0.3 %		

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

	As of			
	March 31, 2018	December 31, 2017	March 31, 2017	December 31, 2016
<b>Reconciliation of shareholder's equity to non- GAAP adjusted book value:</b>				
<b>Combined shareholder's equity attributable to AGM</b>	<b>\$ 4,018</b>	<b>\$ 4,034</b>	<b>\$ 4,353</b>	<b>\$ 3,886</b>
Retrospective combination adjustments	—	—	(563)	(166)
Consolidated shareholder's equity attributable to AGM	<b>4,018</b>	<b>4,034</b>	<b>3,790</b>	<b>3,720</b>
Less pre-tax reconciling items:				
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(6)	(5)	(6)	(16)
Fair value gains (losses) on CCS	29	29	29	30
Unrealized gain (loss) on investment portfolio,	83	173	154	111
Less taxes	(22)	(41)	(65)	(46)
Non-GAAP operating shareholders' equity	3,934	3,878	3,678	3,641
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(97)	(93)	(78)	(73)
Plus: Net present value of estimated net future credit derivative revenue	9	9	12	14
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,736	1,764	1,460	1,438
Plus taxes	(378)	(384)	(543)	(534)
Non-GAAP adjusted book value	<u>\$ 5,398</u>	<u>\$ 5,360</u>	<u>\$ 4,685</u>	<u>\$ 4,632</u>
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit (provision) of \$(4), \$(3), \$(2) and \$0)</b>	<b>\$ 14</b>	<b>\$ 11</b>	<b>\$ 4</b>	<b>\$ 1</b>
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit of \$1, \$2, \$6 and \$7)</b>	<b>\$ (3)</b>	<b>\$ (5)</b>	<b>\$ (12)</b>	<b>\$ (14)</b>

Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement. Certain prior-year non-GAAP financial measures have been updated to reflect the revised calculation as discussed in the explanation of Non-GAAP Financial Measures at the end of this Financial Supplement.

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

	<b>As of:</b>	
	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Claims-paying resources</b>		
Policyholders' surplus	\$ 2,247	\$ 2,254
Contingency reserve <sup>(1)</sup>	1,133	1,108
<b>Qualified statutory capital</b>	<b>3,380</b>	<b>3,362</b>
Unearned premium reserve <sup>(1)</sup>	1,646	1,657
Loss and LAE reserves <sup>(1)</sup>	617	634
<b>Total policyholders' surplus and reserves</b>	<b>5,643</b>	<b>5,653</b>
Present value of installment premium <sup>(1)</sup>	182	183
CCS	200	200
Excess of loss reinsurance facility <sup>(2)</sup>	180	180
<b>Total claims-paying resources (including proportionate MAC ownership for AGM)</b>	<b>6,205</b>	<b>6,216</b>
Adjustment for MAC <sup>(3)</sup>	450	451
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>	<b>\$ 5,755</b>	<b>\$ 5,765</b>
Statutory net par outstanding <sup>(4)</sup>	\$ 119,306	\$ 120,504
Equity method adjustment <sup>(3)</sup>	17,282	18,271
Adjusted statutory net par outstanding <sup>(1)</sup>	\$ 136,588	\$ 138,775
Net debt service outstanding <sup>(4)</sup>	\$ 189,808	\$ 191,884
Equity method adjustment <sup>(3)</sup>	25,440	26,904
Adjusted net debt service outstanding <sup>(1)</sup>	\$ 215,248	\$ 218,788
<b>Ratios:</b>		
Adjusted net par outstanding to qualified statutory capital	40:1	41:1
Capital ratio <sup>(5)</sup>	64:1	65:1
Financial resources ratio <sup>(6)</sup>	35:1	35:1

- 1) The numbers shown for AGM have been adjusted to include (i) its 100% share of its U.K. insurance subsidiaries 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 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 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 3)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended March 31, 2018 and March 31, 2017

	Three Months Ended March 31, 2018					Three Months Ended March 31, 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>	\$ 33	\$ 40	\$ 0	\$ 0	\$ 73	\$ 52	\$ 57	\$ 1	\$ 0	\$ 110
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(1)	23	0	0	22	0	55	1	0	56
Upfront GWP	34	17	—	—	51	52	2	0	—	54
Plus: Installment premium PVP	—	10	0	—	10	0	38	0	—	38
<b>Total PVP</b>	<u>\$ 34</u>	<u>\$ 27</u>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ 61</u>	<u>\$ 52</u>	<u>\$ 40</u>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ 92</u>
<b>Gross par written</b>	<b>\$ 2,004</b>	<b>\$ 187</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,191</b>	<b>\$ 3,430</b>	<b>\$ 990</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,420</b>

1) Includes present value of new business on installment policies discounted at the prescribed GAAP discount rates, gross written premium 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 3)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended March 31, 2018

		Three Months Ended March 31, 2018				
		Public Finance		Structured Finance		
		U.S.	Non - U.S.	U.S.	Non - U.S.	Total
<b>AGM (Excluding MAC)</b>						
<b>Total GWP</b>		\$ 33	\$ 40	\$ 0	\$ 0	\$ 73
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>		(1)	23	0	0	22
Upfront GWP		34	17	—	—	51
Plus: Installment premium PVP		—	10	0	—	10
<b>Total PVP</b>		<u>\$ 34</u>	<u>\$ 27</u>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ 61</u>
<b>Gross par written</b>		\$ 1,945	\$ 187	\$ —	\$ —	\$ 2,132
<b>MAC</b>						
<b>Total GWP</b>		\$ 0	\$ —	\$ —	\$ —	\$ 0
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>		0	—	—	—	0
Upfront GWP		0	—	—	—	0
Plus: Installment premium PVP		—	—	—	—	—
<b>Total PVP</b>		<u>\$ 0</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0</u>
<b>Gross par written</b>		\$ 59	\$ —	\$ —	\$ —	\$ 59
<b>Consolidated AGM</b>						
<b>Total GWP</b>		\$ 33	\$ 40	\$ 0	\$ 0	\$ 73
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>		(1)	23	0	0	22
Upfront GWP		34	17	—	—	51
Plus: Installment premium PVP		—	10	0	—	10
<b>Total PVP</b>		<u>\$ 34</u>	<u>\$ 27</u>	<u>\$ 0</u>	<u>\$ —</u>	<u>\$ 61</u>
<b>Gross par written</b>		\$ 2,004	\$ 187	\$ —	\$ —	\$ 2,191

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

2) Includes present value of GWP adjustments on existing installment policies due to changes in assumptions.

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 (3 of 3)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended March 31, 2017

		Three Months Ended March 31, 2017				
		Public Finance		Structured Finance		Total
		U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>						
<b>Total GWP</b>		\$ 51	\$ 57	\$ 1	\$ 0	\$ 109
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>		0	55	1	0	56
Upfront GAAP		51	2	0	—	53
Plus: Installment premium PVP		—	38	0	—	38
Total PVP		\$ 51	\$ 40	\$ 0	\$ —	\$ 91
<b>Gross par written</b>		\$ 3,294	\$ 990	\$ —	\$ —	\$ 4,284
<b>MAC</b>						
<b>Total GWP</b>		\$ 1	\$ —	\$ —	\$ —	\$ 1
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>		0	—	—	—	0
Upfront GAAP		1	—	—	—	1
Plus: Installment premium PVP		—	—	—	—	—
Total PVP		\$ 1	\$ —	\$ —	\$ —	\$ 1
<b>Gross par written</b>		\$ 136	\$ —	\$ —	\$ —	\$ 136
<b>Consolidated AGM</b>						
<b>Total GWP</b>		\$ 52	\$ 57	\$ 1	\$ 0	\$ 110
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>		0	55	1	0	56
Upfront GAAP		52	2	0	—	54
Plus: Installment premium PVP		—	38	0	—	38
Total PVP		\$ 52	\$ 40	\$ 0	\$ —	\$ 92
<b>Gross par written</b>		\$ 3,430	\$ 990	\$ —	\$ —	\$ 4,420

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

2) Includes present value of GWP adjustments on existing installment policies due to changes in assumptions.

# Assured Guaranty Municipal Corp.

Gross Par Written  
(dollars in millions)

## Gross Par Written by Asset Type

Three Months Ended March 31, 2018		
	Gross Par Written	Avg. Internal Rating
<b>Sector:</b>		
<b>U.S. public finance:</b>		
Tax backed	\$ 951	A
General obligation	700	A-
Transportation	104	BBB+
Municipal utilities	75	A
Housing revenue	72	BBB-
Higher education	58	A-
Healthcare	5	A-
Infrastructure finance	39	BBB-
Total U.S. public finance	2,004	A-
<b>Non-U.S. public finance:</b>		
Infrastructure finance	187	BBB-
Total non-U.S. public finance	187	BBB-
<b>Total public finance</b>	<b>2,191</b>	<b>A-</b>
<b>U.S. structured finance:</b>		
Total U.S. structured finance	—	—
<b>Non-U.S. structured finance:</b>		
Total non-U.S. structured finance	—	—
<b>Total structured finance</b>	<b>—</b>	<b>—</b>
<b>Total gross par written</b>	<b>\$ 2,191</b>	<b>A-</b>

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, 2018**  
(dollars in millions)

	Fair Value		
	AGM (Excluding MAC)	MAC	Consolidated AGM
<b>Investment portfolio, available-for-sale:</b>			
Fixed-maturity securities:			
U.S. obligations of states and political subdivisions <sup>(2)</sup>	\$ 2,713	\$ 542	\$ 3,255
Insured obligations of state and political subdivisions <sup>(1)</sup>	114	95	209
U.S. Treasury securities and obligations of U.S. government agencies	7	18	25
Corporate securities <sup>(2)</sup>	865	74	939
Mortgage-backed securities (MBS):			
Residential MBS (RMBS) <sup>(2)</sup>	357	14	371
Commercial MBS (CMBS)	257	21	278
Asset-backed securities <sup>(2)</sup>	145	11	156
Non-U.S. government securities	326	—	326
Total fixed-maturity securities	4,784	775	5,559
Short-term investments and cash	321	19	340
<b>Total</b>	<b>\$ 5,105</b>	<b>\$ 794</b>	<b>\$ 5,899</b>

	Fair Value	
	(AGM Excluding MAC)	% of Portfolio
<b>Ratings <sup>(3)</sup>:</b>		
U.S. Treasury securities and obligations of U.S. government agencies	\$ 7	0.2%
AAA/Aaa	795	16.6
AA/Aa	2,533	52.9
A/A	913	19.1
BBB	101	2.1
Below investment grade (BIG) <sup>(4)</sup>	435	9.1
Not rated	1	0.1
<b>Total fixed-maturity securities, available-for-sale</b>	<b>\$ 4,784</b>	<b>100.0%</b>

- 1) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average A+, 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).
- 2) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 3) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings.
- 4) Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$689 million in par with carrying value of \$435 million.

**Assured Guaranty Municipal Corp.**  
**Available-for-Sale Investment Portfolio and Cash (2 of 2)**  
**As of March 31, 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, available-for-sale:</b>					
Fixed-maturity securities:					
U.S. obligations of states and political subdivisions <sup>(3)</sup>	\$ 3,186	3.47 %	3.26 %	\$ 3,255	\$ 111
Insured obligations of state and political subdivisions <sup>(2)</sup>	196	4.66	4.41	209	9
U.S. Treasury securities and obligations of U.S. government agencies	23	3.32	2.63	25	1
Corporate securities <sup>(3)</sup>	919	2.92	2.32	939	27
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) <sup>(3)</sup>	377	6.45	5.09	371	24
Commercial MBS (CMBS)	280	3.29	2.60	278	9
Asset-backed securities <sup>(3)</sup>	139	5.64	4.53	156	8
Non-U.S. government securities	330	1.50	1.21	326	5
Total fixed-maturity securities	5,450	3.55	3.14	5,559	194
Short-term investments	274	1.49	1.20	274	4
Cash <sup>(4)</sup>	66	—	—	66	—
<b>Total</b>	<b>\$ 5,790</b>	<b>3.45%</b>	<b>3.05%</b>	<b>\$ 5,899</b>	<b>\$ 198</b>

**Ratings <sup>(5)</sup>:**

	<b>Fair Value</b>	<b>% of Portfolio</b>
U.S. Treasury securities and obligations of U.S. government agencies	\$ 25	0.5 %
AAA/Aaa	878	15.8
AA/Aa	3,042	54.7
A/A	1,025	18.4
BBB	132	2.4
Below investment grade (BIG) <sup>(6)</sup>	456	8.2
Not rated	1	0.0
Total fixed-maturity securities, available-for-sale	<u>\$ 5,559</u>	<u>100.0 %</u>

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

4.8

**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, average A+, 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 as part of loss mitigation or other risk management strategies.
- 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 bonds) 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 \$689 million in par with carrying value of \$435 million.



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

	Financial Guaranty Insurance <sup>(2)</sup>					
	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Expected PV Net Earned Premiums	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	Future Credit Derivative Revenues
2018 (as of March 31)		\$ 248,029				
2018 Q2	\$ 7,097	240,932	\$ 53	\$ 3	\$ 3	\$ 1
2018 Q3	7,599	233,333	51	3	3	0
2018 Q4	5,402	227,931	49	3	2	0
2019	17,569	210,362	176	10	8	1
2020	14,418	195,944	161	9	7	1
2021	14,555	181,389	145	9	5	1
2022	13,413	167,976	133	8	4	1
2018-2022	80,053	167,976	768	45	32	5
2023-2027	57,757	110,219	516	29	14	3
2028-2032	46,117	64,102	333	16	11	1
2033-2037	30,857	33,245	199	8	10	1
After 2037	33,245	—	175	8	0	0
<b>Total</b>	<b>\$ 248,029</b>		<b>\$ 1,991</b>	<b>\$ 106</b>	<b>\$ 67</b>	<b>\$ 10</b>

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 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 18 for “Net Expected Loss to be Expensed.”

# Assured Guaranty Municipal Corp.

Net Expected Loss to be Expensed

As of March 31, 2018

(dollars in millions)

	Net Expected Loss to be Expensed <sup>(1)</sup>
	GAAP <sup>(1)</sup>
2018 Q2	\$ 4
2018 Q3	5
2018 Q4	5
2019	23
2020	19
2021	16
2022	13
2018-2022	85
2023-2027	52
2028-2032	24
2033-2037	13
After 2037	3
<b>Total expected PV of net expected loss to be expensed<sup>(2)</sup></b>	<b>177</b>
Future accretion	38
<b>Total expected future loss and LAE</b>	<b>\$ 215</b>

1) The present value of net expected loss to be paid is discounted using weighted-average risk-free rates ranging from 0.0% to 3.11% for U.S. dollar denominated obligations.

2) Excludes \$44 million related to FG VIEs, which are eliminated in consolidation.

**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	
2018 (as of March 31)						\$ 5,026
2018 Q2	\$ —	\$ 127	\$ 2	\$ 39	\$ 168	4,858
2018 Q3	—	122	(2)	19	139	4,719
2018 Q4	—	115	(51)	42	106	4,613
2019	—	399	7	195	601	4,012
2020	—	333	(2)	134	465	3,547
2021	—	319	2	54	375	3,172
2022	—	254	95	43	392	2,780
2018-2022	—	1,669	51	526	2,246	2,780
2023-2027	47	736	159	77	1,019	1,761
2028-2032	—	170	865	63	1,098	663
2033-2037	49	261	222	52	584	79
After 2037	—	15	64	—	79	—
<b>Total structured finance</b>	<b>\$ 96</b>	<b>\$ 2,851</b>	<b>\$ 1,361</b>	<b>\$ 718</b>	<b>\$ 5,026</b>	

**Public Finance**

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2018 (as of March 31)		\$ 158,116
2018 Q2	\$ 5,002	153,114
2018 Q3	5,687	147,427
2018 Q4	3,464	143,963
2019	10,212	133,751
2020	7,607	126,144
2021	8,233	117,911
2022	7,440	110,471
2018-2022	47,645	110,471
2023-2027	33,737	76,734
2028-2032	29,971	46,763
2033-2037	21,694	25,069
After 2037	25,069	—
<b>Total public finance</b>	<b>\$ 158,116</b>	

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	
2018 (as of March 31)	\$ 119,749	\$ 22,101	\$ 12,750	\$ 3,516	\$ 38,367	\$ 158,116
2018 Q2	117,615	20,335	11,695	3,469	35,499	153,114
2018 Q3	114,879	18,680	10,454	3,414	32,548	147,427
2018 Q4	113,271	17,736	9,582	3,374	30,692	143,963
2019	108,825	15,723	6,029	3,174	24,926	133,751
2020	103,750	13,944	5,489	2,961	22,394	126,144
2021	97,432	12,655	5,084	2,740	20,479	117,911
2022	91,800	11,436	4,725	2,510	18,671	110,471
2027	65,241	6,738	3,275	1,480	11,493	76,734
2032	40,707	3,401	1,944	711	6,056	46,763
2037	22,411	1,604	831	223	2,658	25,069

**Public Finance:**

**Estimated Net Par Amortization**

	MAC					Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	
2018 Q2	\$ 2,134	\$ 1,765	\$ 1,055	\$ 48	\$ 2,868	\$ 5,002
2018 Q3	2,736	1,655	1,241	55	2,951	5,687
2018 Q4	1,608	944	872	40	1,856	3,464
2019	4,446	2,012	3,553	201	5,766	10,212
2020	5,075	1,779	540	213	2,532	7,607
2021	6,318	1,289	405	221	1,915	8,233
2022	5,632	1,219	359	230	1,808	7,440
2018-2022	27,949	10,663	8,025	1,008	19,696	47,645
2023-2027	26,559	4,698	1,450	1,030	7,178	33,737
2028-2032	24,534	3,338	1,331	768	5,437	29,971
2033-2037	18,296	1,797	1,114	487	3,398	21,694
After 2037	22,411	1,604	831	223	2,658	25,069

# Assured Guaranty Municipal Corp.

## Financial Guaranty Profile (1 of 4)

As of March 31, 2018

(dollars in millions)

### Net Par Outstanding by Asset Type

	AGM (excluding MAC)	MAC				Consolidated AGM
		Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	
<b>U.S. public finance:</b>						
General obligation	\$ 33,917	\$ 12,886	\$ 7,245	\$ 3,135	\$ 23,266	\$ 57,183
Tax backed	21,464	3,290	1,765	125	5,180	26,644
Municipal utilities	14,887	3,895	1,954	217	6,066	20,953
Transportation	7,573	1,165	599	36	1,800	9,373
Higher education	2,828	644	895	3	1,542	4,370
Healthcare	4,037	—	—	—	—	4,037
Infrastructure finance	1,115	—	—	—	—	1,115
Housing revenue	789	116	—	—	116	905
Other public finance	483	105	292	—	397	880
Total U.S. public finance	87,093	22,101	12,750	3,516	38,367	125,460
<b>Non-U.S. public finance:</b>						
Infrastructure finance	14,951	—	—	—	—	14,951
Regulated utilities	12,071	—	—	—	—	12,071
Other public finance	5,634	—	—	—	—	5,634
Total non-U.S. public finance	32,656	—	—	—	—	32,656
<b>Total public finance</b>	<b>119,749</b>	<b>22,101</b>	<b>12,750</b>	<b>3,516</b>	<b>38,367</b>	<b>158,116</b>
<b>U.S. structured finance:</b>						
RMBS	2,851	—	—	—	—	2,851
Financial products	1,361	—	—	—	—	1,361
Consumer receivables	90	—	—	—	—	90
Pooled corporate obligations	24	—	—	—	—	24
Other structured finance	140	—	—	—	—	140
Total U.S. structured finance	4,466	—	—	—	—	4,466
<b>Non-U.S. structured finance:</b>						
RMBS	393	—	—	—	—	393
Pooled corporate obligations	72	—	—	—	—	72
Other structured finance	95	—	—	—	—	95
Total non-U.S. structured finance	560	—	—	—	—	560
<b>Total structured finance</b>	<b>5,026</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,026</b>
<b>Total</b>	<b>\$ 124,775</b>	<b>\$ 22,101</b>	<b>\$ 12,750</b>	<b>\$ 3,516</b>	<b>\$ 38,367</b>	<b>\$ 163,142</b>

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 (2 of 4)  
(dollars in millions)

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

	March 31, 2018		December 31, 2017	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
<b>U.S. public finance:</b>				
General obligation	\$ 57,183	A-	\$ 60,024	A-
Tax backed	26,644	A-	27,255	A-
Municipal utilities	20,953	A-	21,480	A-
Transportation	9,373	A-	9,528	A-
Higher education	4,370	A	4,678	A
Healthcare	4,037	A-	4,391	A
Infrastructure finance	1,115	BBB	1,092	BBB
Housing revenue	905	A-	916	A-
Other public finance	880	A	885	A
Total U.S. public finance	125,460	A-	130,249	A-
<b>Non-U.S. public finance:</b>				
Infrastructure finance	14,951	BBB	14,687	BBB
Regulated utilities	12,071	BBB+	11,881	BBB+
Other public finance	5,634	A	5,584	A
Total non-U.S. public finance	32,656	BBB+	32,152	BBB+
<b>Total public finance</b>	<b>158,116</b>	<b>A-</b>	<b>162,401</b>	<b>A-</b>
<b>U.S. structured finance:</b>				
RMBS	2,851	BB+	2,908	BB
Financial products	1,361	AA-	1,418	AA-
Consumer receivables	90	BB	95	B+
Pooled corporate obligations	24	AAA	24	AAA
Other structured finance	140	A	142	A
Total U.S. structured finance	4,466	BBB	4,587	BBB
<b>Non-U.S. structured finance:</b>				
RMBS	393	BBB	390	BBB
Pooled corporate obligations	72	BBB+	72	BBB+
Other structured finance	95	AAA	95	AAA
Total non-U.S. structured finance	560	A-	557	A-
<b>Total structured finance</b>	<b>5,026</b>	<b>BBB</b>	<b>5,144</b>	<b>BBB</b>
<b>Total</b>	<b>\$ 163,142</b>	<b>A-</b>	<b>\$ 167,545</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 Municipal Corp.

## Financial Guaranty Profile (3 of 4)

As of March 31, 2018

(dollars in millions)

### Distribution by Ratings of Financial Guaranty Portfolio

	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
Ratings:	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 728	0.6 %	\$ 818	2.5 %	\$ 701	15.7 %	\$ 124	22.1 %	\$ 2,371	1.5 %
AA	17,977	14.3	201	0.6	1,728	38.7	28	5.0	19,934	12.2
A	73,000	58.2	12,263	37.6	54	1.2	70	12.5	85,387	52.3
BBB	30,601	24.4	17,896	54.8	59	1.3	248	44.3	48,804	29.9
BIG	3,154	2.5	1,478	4.5	1,924	43.1	90	16.1	6,646	4.1
Net Par Outstanding <sup>(1)</sup>	<u>\$ 125,460</u>	<u>100.0%</u>	<u>\$ 32,656</u>	<u>100.0%</u>	<u>\$ 4,466</u>	<u>100.0%</u>	<u>\$ 560</u>	<u>100.0%</u>	<u>\$ 163,142</u>	<u>100.0%</u>

1) As of March 31, 2018, excludes \$663 million of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio, which are primarily BIG.

### Distribution by Ratings of U.S. Public Finance Portfolio

	MAC						
Ratings:	AGM(excludi ng MAC)	Assumed from AGM	Assumed from AGC	Direct	Total MAC	Consolidated AGM	
AAA	\$ 416	\$ 310	\$ 2	\$ —	\$ 312	\$ 728	
AA	9,502	6,049	2,386	40	8,475	17,977	
A	49,402	12,586	8,618	2,394	23,598	73,000	
BBB	24,867	2,929	1,723	1,082	5,734	30,601	
BIG	2,906	227	21	—	248	3,154	
Net Par Outstanding	<u>\$ 87,093</u>	<u>\$ 22,101</u>	<u>\$ 12,750</u>	<u>\$ 3,516</u>	<u>\$ 38,367</u>	<u>\$ 125,460</u>	

### Ceded Par Outstanding

	Ceded Par Outstanding <sup>(1)(2)</sup>	% of Total
Affiliated reinsurers	\$ 55,663	93.5 %
Non-affiliated reinsurers	3,839	6.5 %
Total	<u>\$ 59,502</u>	<u>100.0%</u>

1) Of the total ceded par to reinsurers rated BIG, that had rating withdrawn or not rated, \$261 million is rated BIG.

2) The total collateral posted by all affiliated and non-affiliated reinsurers required to post or which had agreed to post collateral is approximately \$1.2 billion. The collateral excludes amounts posted by AGM for the benefit of AGE.

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 4)  
As of March 31, 2018  
(dollars in millions)

**Geographic Distribution of Financial Guaranty Portfolio**

	<b>Net Par Outstanding</b>	<b>% of Total</b>
<b>U.S.:</b>		
U.S. public finance		
California	\$ 23,145	14.2 %
Pennsylvania	11,986	7.4
Texas	10,641	6.5
Illinois	10,159	6.2
New York	9,290	5.7
New Jersey	7,094	4.3
Florida	5,999	3.7
Michigan	4,110	2.5
Arizona	3,193	2.0
Georgia	3,120	1.9
Other	36,723	22.5
Total U.S. public finance	125,460	76.9
U.S. structured finance	4,466	2.7
<b>Total U.S.</b>	<b>129,926</b>	<b>79.6</b>
<b>Non-U.S.:</b>		
United Kingdom	22,667	13.9
France	2,559	1.6
Canada	2,440	1.5
Australia	1,360	0.8
Italy	1,086	0.7
Other	3,104	1.9
<b>Total non-U.S.</b>	<b>33,216</b>	<b>20.4</b>
<b>Total net par outstanding</b>	<b>\$ 163,142</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 Municipal Corp.

Exposure to Puerto Rico (1 of 3)

As of March 31, 2018

(dollars in millions)

## Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Total	\$ 3,369	\$ 2,321	\$ 5,236	\$ 3,663

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

	Net Par Outstanding <sup>(3)</sup>	Gross Par Outstanding
<b>Commonwealth Constitutionally Guaranteed</b>		
Commonwealth of Puerto Rico - General Obligation Bonds <sup>(4)</sup>	\$ 669	\$ 1,070
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy on affiliate exposure") <sup>(2)</sup>	1	1
Commonwealth of Puerto Rico - General Obligation Bonds total	670	1,071
Puerto Rico Public Buildings Authority (PBA)	—	56
PBA ("Second-to-pay policies on affiliate exposure") <sup>(2)</sup>	9	9
PBA total	9	65
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) <sup>(4)</sup>	167	265
PRHTA (Transportation revenue) ("Second-to-pay policies on affiliate exposure") <sup>(2)</sup>	85	85
PRHTA (Transportation revenue) total	252	350
PRHTA (Highways revenue) <sup>(4)</sup>	358	528
<b>Other Public Corporations</b>		
Puerto Rico Electric Power Authority (PREPA) <sup>(4)</sup>	547	730
Puerto Rico Sales Tax Financing Corporation (COFINA) <sup>(4)</sup>	264	273
Puerto Rico Municipal Finance Agency (MFA) <sup>(5)</sup>	221	352
Total net exposure to Puerto Rico	\$ 2,321	\$ 3,369

- 1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations total \$2.3 billion net par as of March 31, 2018. Of that amount, \$2.2 billion is rated BIG, while the remainder is rated AA since it relates to second-to-pay policies on obligations insured by an affiliate of the Company.
- 2) 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.
- 3) Includes exposure to capital appreciation bonds to one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$12 million, net fully accreted par at maturity \$30 million.
- 4) As of the date of this filing, the seven-member federal 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.
- 5) As of the date of this filing, the Company has not paid claims on these credits.

# Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2018

(dollars in millions)

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

	2018 (2Q)	2018 (3Q)	2018 (4Q)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 -2032	2033 -2037	2038 -2043	Total
<b>Commonwealth Constitutionally Guaranteed</b>																
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	\$ —	\$ 22	\$ —	\$ 37	\$ 36	\$ —	\$ 12	\$ 3	\$ 38	\$ 35	\$ 10	\$ 39	\$ 122	\$ 315	\$ —	\$ 669
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy") <sup>(2)</sup>	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies") <sup>(2)</sup>	—	—	—	2	5	—	—	1	—	1	—	—	—	—	—	9
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																
PRHTA (Transportation revenue) ("Primary policies")	—	14	—	10	10	10	11	12	—	4	4	17	75	—	—	167
PRHTA (Transportation revenue) ("Second-to-pay policies") <sup>(2)</sup>	—	6	—	—	—	—	—	—	—	17	12	—	20	30	—	85
PRHTA (Highways revenue)	—	6	—	6	7	18	4	30	32	33	1	—	73	148	—	358
<b>Other Public Corporations</b>																
PREPA	—	3	—	19	37	21	22	69	66	53	58	59	140	—	—	547
COFINA	0	0	0	(1)	(1)	(1)	(1)	1	0	(1)	(1)	(1)	0	18	252	264
MFA	—	32	—	36	22	21	21	13	13	13	25	9	16	—	—	221
Total net par for Puerto Rico	\$ 0	\$ 83	\$ 0	\$ 109	\$ 117	\$ 69	\$ 69	\$ 129	\$ 149	\$ 155	\$ 109	\$ 123	\$ 446	\$ 511	\$ 252	\$ 2,321

1) Includes exposure to capital appreciation bonds for one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$12 million, net fully accreted par at maturity \$30 million.

2) Represents exposure in 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.

# Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (3 of 3)

As of March 31, 2018

(dollars in millions)

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

	2018 (2Q)	2018 (3Q)	2018 (4Q)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 -2032	2033 -2037	2038 -2043	Total
<b>Commonwealth Constitutionally Guaranteed</b>																
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	\$ —	\$ 40	\$ —	\$ 70	\$ 68	\$ 30	\$ 42	\$ 33	\$ 68	\$ 62	\$ 35	\$ 64	\$ 226	\$ 361	\$ —	\$ 1,099
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy") <sup>(2)</sup>	—	0	—	0	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies") <sup>(2)</sup>	—	1	—	2	6	0	0	1	0	1	—	—	—	—	—	11
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																
PRHTA (Transportation revenue) ("Primary policies")	—	18	—	18	17	17	18	18	5	9	9	22	84	—	—	235
PRHTA (Transportation revenue) ("Second-to-pay policies") <sup>(2)</sup>	—	8	—	5	4	4	4	4	4	22	16	3	30	34	—	138
PRHTA (Highways revenue)	—	15	—	25	25	36	21	47	46	46	13	11	126	168	—	579
<b>Other Public Corporations</b>																
PREPA	2	14	2	45	61	43	43	89	83	67	69	67	159	—	—	744
COFINA	0	6	0	13	13	13	13	14	14	13	13	12	70	83	307	584
MFA	—	38	—	44	30	28	27	17	17	16	27	11	17	—	—	272
Total net par for Puerto Rico	\$ 2	\$ 140	\$ 2	\$ 222	\$ 225	\$ 171	\$ 168	\$ 223	\$ 237	\$ 236	\$ 182	\$ 190	\$ 712	\$ 646	\$ 307	\$ 3,663

1) Includes exposure to capital appreciation bonds for one Puerto Rico credit: Puerto Rico Sales Tax Financing Corporation, current net par \$12 million, net fully accreted par at maturity \$30 million.

2) Represents exposure in 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.

# Assured Guaranty Municipal Corp.

## Consolidated U.S. RMBS Profile

As of March 31, 2018

(dollars in millions)

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

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	\$ 0	\$ 61	\$ —	\$ 599	\$ —	\$ 660
AA	0	20	18	216	49	304
A	0	—	—	1	—	1
BBB	—	—	—	35	—	35
BIG	29	292	26	810	693	1,850
<b>Total exposures</b>	<b>\$ 30</b>	<b>\$ 373</b>	<b>\$ 44</b>	<b>\$ 1,662</b>	<b>\$ 742</b>	<b>\$ 2,851</b>

### 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	\$ 0	\$ 21	\$ —	\$ 625	\$ 33	\$ 679
2005	—	142	11	146	107	406
2006	29	54	2	—	264	350
2007	—	156	31	833	338	1,357
2008	—	—	—	59	—	59
<b>Total exposures</b>	<b>\$ 30</b>	<b>\$ 373</b>	<b>\$ 44</b>	<b>\$ 1,662</b>	<b>\$ 742</b>	<b>\$ 2,851</b>

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, 2018  
(dollars in millions)

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

<b>Rating:</b>	<b>Net Par Outstanding</b>	<b>% of Total</b>
AAA	\$ —	—%
AA	168	16.8
A	472	47.1
BBB	362	36.1
<b>Total credit derivative net par outstanding</b>	<b>\$ 1,002</b>	<b>100.0%</b>

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

	<b>Net Par Outstanding</b>	<b>Average Rating</b>
<b>Public finance</b>		
U.S. public finance	\$ 734	A-
Non-U.S. public finance	183	A-
<b>Total public finance</b>	<b>917</b>	<b>A-</b>
<b>U.S. structured finance</b>		
RMBS	24	AA
Other structured finance	61	A
Total U.S. structured finance	85	A+
<b>Non-U.S. structured finance:</b>		
Total non-U.S. structured finance	—	—
<b>Total structured finance</b>	<b>85</b>	<b>A+</b>
<b>Total credit derivative net par outstanding</b>	<b>\$ 1,002</b>	<b>A-</b>

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**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>U.S. public finance:</b>		
General obligation	\$ 1,272	\$ 1,582
Tax backed	1,112	1,112
Municipal utilities	613	613
Transportation	70	70
Higher education	23	23
Other public finance	64	3
Total U.S. public finance	<u>3,154</u>	<u>3,403</u>
<b>Non-U.S. public finance:</b>		
Infrastructure finance	1,145	1,123
Other public finance	333	329
Total non-U.S. public finance	<u>1,478</u>	<u>1,452</u>
<b>Total public finance</b>	<u><b>4,632</b></u>	<u><b>4,855</b></u>
<b>U.S. structured finance:</b>		
RMBS	1,850	1,888
Consumer receivables	65	68
Other structured finance	9	9
Total U.S. structured finance	<u>1,924</u>	<u>1,965</u>
<b>Non-U.S. structured finance:</b>		
RMBS	50	48
Pooled corporate obligations	40	41
Total non-U.S. structured finance	<u>90</u>	<u>89</u>
<b>Total structured finance</b>	<u><b>2,014</b></u>	<u><b>2,054</b></u>
<b>Total BIG net par outstanding</b>	<u><b>\$ 6,646</b></u>	<u><b>\$ 6,909</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 Municipal Corp.**  
Below Investment Grade Exposures (2 of 4)  
(dollars in millions)

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Category 1</b>		
U.S. public finance	\$ 1,086	\$ 1,334
Non-U.S. public finance	1,256	1,231
U.S. structured finance	210	191
Non-U.S. structured finance	90	89
Total Category 1	<u>2,642</u>	<u>2,845</u>
<b>Category 2</b>		
U.S. public finance	—	264
Non-U.S. public finance	222	221
U.S. structured finance	160	201
Non-U.S. structured finance	—	—
Total Category 2	<u>382</u>	<u>686</u>
<b>Category 3</b>		
U.S. public finance	2,068	1,805
Non-U.S. public finance	—	—
U.S. structured finance	1,554	1,573
Non-U.S. structured finance	—	—
Total Category 3	<u>3,622</u>	<u>3,378</u>
<b>BIG Total</b>	<u><u>\$ 6,646</u></u>	<u><u>\$ 6,909</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 Municipal Corp.**  
Below Investment Grade Exposures (3 of 4)  
As of March 31, 2018  
(dollars in millions)

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

<b>Name or description</b>	<b>BIG Net Par Outstanding</b>	<b>Internal Rating</b>
<b>U.S. public finance:</b>		
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 669	CCC-
Puerto Rico Electric Power Authority	547	CC
Puerto Rico Highways & Transportation Authority	525	CC
Puerto Rico Sales Tax Financing Corporation	264	CC
Puerto Rico Municipal Finance Agency	221	CCC-
Oyster Bay, New York	199	BB+
Penn Hills School District, Pennsylvania	106	BB
Virgin Islands Public Finance Authority (Gross Receipts)	101	BB
Stockton Pension Obligation Bonds, California	61	B
Detroit-Wayne County Stadium Authority, Michigan	58	BB+
Harrisburg Parking System, Pennsylvania	53	BB
<b>Total U.S. public finance</b>	<b>2,804</b>	
<b>Non-U.S. public finance:</b>		
Coventry & Rugby Hospital Company Plc Walsgrave Hospital Guaranteed Secured	589	BB+
Valencia Fair	262	BB-
Road Management Services PLC (A13 Highway)	222	B+
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	161	BB+
Autovia de la Mancha, S.A.	122	BB
Metropolitano de Porto Lease and Sublease of Railroad Equipment	51	B+
<b>Total non-U.S. public finance</b>	<b>1,407</b>	
<b>Total</b>	<b>\$ 4,211</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 Municipal Corp.**  
Below Investment Grade Exposures (4 of 4)  
As of March 31, 2018  
(dollars in millions)

**Structured Finance BIG Exposures Greater Than \$50 Million**

Name or description	Net Par Outstanding	Internal Rating	60+ Day Delinquencies
<b>U.S. structured finance:</b>			
<b>RMBS:</b>			
Option One 2007-FXD2	\$ 211	CCC	18.2%
Soundview 2007-WMC1	160	CCC	40.0
Countrywide HELOC 2006-I	149	BB	1.9
Nomura Asset Accept. Corp. 2007-1	135	CCC	23.8
MABS 2007-NCW	123	CCC	24.0
New Century 2005-A	99	CCC	18.1
Countrywide HELOC 2007-A	80	B	3.2
Countrywide HELOC 2006-F	79	B	3.0
Countrywide HELOC 2007-B	77	B	2.4
Countrywide HELOC 2005-D	71	B	3.2
Soundview (Delta) 2008-1	59	CCC	25.4
Ace 2007-D1	59	CCC	27.5
IndyMac 2007-H1 HELOC	58	CCC	2.6
Ace Home Equity Loan Trust 2007-SL1	53	CCC	5.9
<b>Total RMBS</b>	<b>1,413</b>		
<b>Subtotal U.S. structured finance</b>	<b>1,413</b>		
<b>Non-U.S. structured finance:</b>	—		
<b>Subtotal Non-U.S. structured finance</b>	—		
<b>Total</b>	<b>\$ 1,413</b>		

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, 2018

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating
New Jersey (State of)	\$ 2,248	BBB
Illinois (State of)	1,388	BBB
Pennsylvania (Commonwealth of)	1,340	A-
Chicago (City of) Illinois	835	BBB+
Arizona (State of)	818	A+
Wisconsin (State of)	804	A+
Massachusetts (Commonwealth of) Water Resources	747	AA
Massachusetts (Commonwealth of)	744	AA-
California (State of)	729	A
Chicago Public Schools, Illinois	693	BBB-
Great Lakes Water Authority (Sewerage), Michigan	687	BBB+
Long Island Power Authority	687	BBB+
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	679	CCC-
Philadelphia (City of), Pennsylvania	643	BBB+
New York (City of), New York	640	AA-
Puerto Rico Highways & Transportation Authority	610	CCC-
Puerto Rico Electric Power Authority	547	CC
New York Metropolitan Transportation Authority	543	A
Regional Transportation Authority, Illinois	526	AA-
Pennsylvania Turnpike Commission	517	A-
Port Authority of New York & New Jersey	503	BBB-
Oglethorpe Power Corporation, Georgia	500	BBB
Sacramento County, California	476	A-
Garden State Preservation Trust (Open Space & Farmland), New Jersey	473	BBB+
Connecticut (State of)	472	A
Atlanta, Georgia Water & Sewer System	469	A-
Suffolk County, New York	466	BBB
Philadelphia School District, Pennsylvania	454	A-
Pittsburgh Water & Sewer, Pennsylvania	454	BBB+
Utah Transit Authority, Utah	453	AA+
Metropolitan Pier & Exposition Authority, Illinois	441	BBB
Kansas (State of)	416	A+
Miami-Dade County Aviation, Florida	413	A
New Jersey Turnpike Authority, New Jersey	409	A-
Jefferson County Alabama Sewer	400	BBB-
Central Florida Expressway Authority, Florida	380	A+
San Bernardino County, California	372	A+
Sacramento (County of), California Airport System	365	A
Las Vegas-McCarran International Airport, Nevada	362	A
Pennsylvania Turnpike Commission Registration Fee	353	BBB
Oregon School Boards Association, Oregon	347	A+
Illinois Toll Highway Authority	340	AA
Arizona (State of) Lottery Revenue Bonds	334	A+
Georgia Board of Regents	327	A
Dade County Sales Tax, Florida	324	AA-
Jets Stadium Development, LLC	322	BBB
Anaheim (City of), California	300	BBB+
California (State of) Department of Water Resources - Electric Power Revenue	296	AA-
New York (State of)	295	A
San Francisco Airports Commission (San Francisco International Airport), California	292	A
<b>Total top 50 U.S. public finance exposures</b>	<b>\$ 28,233</b>	

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, 2018

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating	Credit Enhancement
Option One 2007-FXD2	\$ 211	CCC	0.0%
Soundview 2007-WMC1	160	CCC	—
Countrywide HELOC 2006-I	149	BB	0.0
Nomura Asset Accept. Corp. 2007-1	135	CCC	0.0
CWABS 2007-4	129	A+	0.0
MABS 2007-NCW	123	CCC	0.0
New Century 2005-A	99	CCC	4.1
Countrywide 2007-13	98	AA-	20.5
Countrywide HELOC 2007-A	80	B	0.0
Countrywide HELOC 2006-F	79	B	0.0
Countrywide HELOC 2007-B	77	B	0.0
Countrywide HELOC 2005-D	71	B	0.0
Soundview (Delta) 2008-1	59	CCC	0.0
Ace 2007-D1	59	CCC	0.1
IndyMac 2007-H1 HELOC	58	CCC	—
Wells Fargo Home Equity 2004-2	57	AAA	25.9
Ace Home Equity Loan Trust 2007-SL1	53	CCC	—
Mid-State Trust X	53	AAA	41.3
Long Beach 2004-1	44	AAA	66.2
Countrywide Home Loans (CWABS) 2004-1	41	AAA	59.2
Asset Backed Funding Corp. 2005-AQ1	40	AAA	17.2
NRG Peaker	37	AA	N/A
Conseco Finance Manufactured Housing Series 2001-2	37	BB	19.9
Terwin Mortgage Trust 2005-16HE	36	CCC	—
Countrywide HELOC 2005-C	36	CCC	0.0
Ameriquist 2003-5	35	BBB	17.1
Long Beach 2004-3N	35	AAA	51.1
Renaissance (Delta) 2004-2	34	AAA	37.2
Private Other Structured Finance Transaction	34	A-	N/A
GMACM 2004-HE3	33	B	0.0
Renaissance (Delta) 2005-4	32	B	13.1
Deutsche Alt-B 2006-AB1	31	CCC	0.0
Doral 2006-1	29	CCC	4.7
GreenPoint 2000-4	29	CCC	0.0
Countrywide Alt-A 2005-22T	25	A	0.7
AMSI 04-R1	25	AAA	31.2
Terwin Mortgage Trust 2006-10SL	24	CCC	—
GSAMP 2007-HSBC1	24	AAA	75.3
ACE 2007-SL3	24	AA	0.0
Augusta Funding Limited	24	AAA	N/A
AMSI 03-11	23	AAA	33.9
America West Airlines Series 2000-1 G-1	23	BBB-	N/A
Harborview 2007-1	23	A	0.0
Terwin Mortgage Trust 2005-14HE	23	CCC	—
Renaissance (Delta) 2004-3	22	AAA	37.2
Countrywide HELOC 2006-H	21	CCC	—
Long Beach 2004-4	21	AAA	79.5
GreenPoint 2000-6	19	A	54.6
AMSI 03-13	18	AAA	40.9
ARSI 03-W5	17	AAA	43.8
<b>Total top 50 U.S. structured finance exposures</b>	<b>\$ 2,669</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 Municipal Corp.

### Largest Exposures by Sector (3 of 4)

As of March 31, 2018

(dollars in millions)

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

Credit Name	Country	Net Par Outstanding	Internal Rating
Southern Water Services Limited	United Kingdom	\$ 2,449	A-
Hydro-Quebec, Province of Quebec	Canada	1,834	A+
Dwr Cymru Financing Limited Welsh Water Plc	United Kingdom	1,443	A-
Anglian Water Services Financing PLC	United Kingdom	1,415	A-
Societe des Autoroutes du Nord et de l'Est de France S.A.	France	1,365	BBB+
British Broadcasting Corporation (BBC)	United Kingdom	969	A+
Aspire Defence Finance plc	United Kingdom	951	BBB+
Channel Link Enterprises Finance PLC	France, United Kingdom	948	BBB
Thames Water Utility Finance PLC	United Kingdom	926	A-
Verbund - Lease and Sublease of Hydro-Electric equipment	Austria	793	AAA
Southern Gas Networks PLC	United Kingdom	770	BBB
National Grid Gas PLC	United Kingdom	746	BBB+
Coventry & Rugby Hospital Company Plc Walsgrave Hospital Guaranteed Secured	United Kingdom	589	BB+
Verdun Participations 2 S.A.S.	France	584	BBB-
NATS (En Route) PLC	United Kingdom	535	A
Derby Healthcare PLC	United Kingdom	534	BBB
Campania Region - Healthcare receivable	Italy	523	BBB-
Capital Hospitals (Barts)	United Kingdom	506	BBB-
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	502	BBB-
Sydney Airport Finance Company	Australia	502	BBB
BBC 3 White City Commercial Mortgage Backed Fixed Rate Notes due 2035	United Kingdom	466	A+
Central Nottinghamshire Hospitals PLC	United Kingdom	422	BBB
InspirED Education (South Lanarkshire) plc	Scotland	415	BBB-
National Grid Company PLC	United Kingdom	392	BBB+
Envestra Limited	Australia	388	BBB+
<b>Total top 25 non-U.S. exposures</b>		<b>\$ 20,967</b>	

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, 2018

(dollars in millions)

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

<b>Servicer:</b>	<b>Net Par Outstanding</b>
Specialized Loan Servicing, LLC	\$ 1,273
Ocwen Loan Servicing, LLC <sup>(1)</sup>	626
Bank of America, N.A. <sup>(2)</sup>	444
Wells Fargo Bank N.A.	221
JPMorgan Chase Bank	103
Select Portfolio Servicing, Inc.	70
Ditech Financial LLC	53
Banco Popular de Puerto Rico	29
EverHome Mortgage Company	13
Citicorp Mortgage Securities, Inc.	7
<b>Total top 10 U.S. residential mortgage servicer exposures</b>	<b>\$ 2,839</b>

1) Includes 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>
Dignity Health, California	\$ 248	A-	CA
Children's National Medical Center, District of Columbia	246	A-	DC
Carolina HealthCare System	220	AA-	NC
Asante Health System	202	A+	OR
Palmetto Health Alliance, South Carolina	200	BBB+	SC
Columbus Regional Healthcare System Inc.	164	BBB-	GA
Palomar Pomerado Health	155	BBB-	CA
Mercy Health (f/k/a Catholic Health Partners)	151	A	OH
Methodist Healthcare	149	A+	TN
UC HealthPoudre Valley Health System, Colorado	145	AA-	CO
<b>Total top 10 U.S. healthcare exposures</b>	<b>\$ 1,880</b>		

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  
(dollars in millions)

**Rollforward of Net Expected Loss and LAE to be Paid<sup>(1)</sup> for the Three Months Ended March 31, 2018**

	<b>Net Expected Loss to be Paid (Recovered) as of December 31, 2017</b>	<b>Economic Loss Development During 1Q-18</b>	<b>(Paid) Recovered Losses During 1Q-18</b>	<b>Net Expected Loss to be Paid (Recovered) as of March 31, 2018</b>
Public Finance:				
U.S. public finance	\$ 482	\$ (22)	\$ (52)	\$ 408
Non-U.S. public finance	36	(2)	0	34
Public Finance	<u>518</u>	<u>(24)</u>	<u>(52)</u>	<u>442</u>
Structured Finance:				
U.S. RMBS <sup>(2)</sup>	163	17	12	192
Other structured finance	15	(2)	0	13
Structured Finance	<u>178</u>	<u>15</u>	<u>12</u>	<u>205</u>
<b>Total</b>	<u><b>\$ 696</b></u>	<u><b>\$ (9)</b></u>	<u><b>\$ (40)</b></u>	<u><b>\$ 647</b></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) recoverable (payable) of \$(13) million as of March 31, 2018 and \$(25) million as of December 31, 2017.

# Assured Guaranty Municipal Corp.

## Loss Measures

As of March 31, 2018

(dollars in millions)

	<b>Total Net Par Outstanding for BIG Transactions</b>	<b>1Q-18 Loss and LAE</b>	<b>1Q-18 Loss and LAE Included in Non- GAAP Operating Income (1)</b>	<b>1Q-18 Effect of FG VIE Consolidation (2)</b>
Public finance:				
U.S. public finance	\$ 3,154	\$ (22)	\$ (22)	\$ —
Non-U.S public finance	1,478	(1)	(1)	—
Public finance	4,632	(23)	(23)	—
Structured finance:				
U.S. RMBS	1,850	16	16	(7)
Other structured finance	164	(1)	(1)	—
Structured finance	2,014	15	15	(7)
<b>Total</b>	<b>\$ 6,646</b>	<b>\$ (8)</b>	<b>\$ (8)</b>	<b>\$ (7)</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 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 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,			
	2018	2017	2016	2015	2014
<b>Statutory Data</b>					
Policyholders' surplus	\$ 2,247	\$ 2,254	\$ 2,321	\$ 2,441	\$ 2,267
Contingency reserve	1,133	1,108	1,236	1,357	1,496
<b>Qualified statutory capital</b>	<b>3,380</b>	<b>3,362</b>	<b>3,557</b>	<b>3,798</b>	<b>3,763</b>
Unearned premium reserve	1,646	1,657	1,328	1,597	1,769
Loss and LAE reserves	617	634	410	438	487
<b>Total policyholders' surplus and reserves</b>	<b>5,643</b>	<b>5,653</b>	<b>5,295</b>	<b>5,833</b>	<b>6,019</b>
Present value of installment premium	182	183	200	275	315
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 AGM)</b>	<b>6,205</b>	<b>6,216</b>	<b>6,055</b>	<b>6,668</b>	<b>6,984</b>
Adjustment for MAC	450	451	657	940	954
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>	<b>\$ 5,755</b>	<b>\$ 5,765</b>	<b>\$ 5,398</b>	<b>\$ 5,728</b>	<b>\$ 6,030</b>
<b>Other Financial Information (Statutory Basis)</b>					
Net debt service outstanding (end of period) <sup>(1)</sup>	\$ 215,248	\$ 218,788	\$ 213,198	\$ 262,652	\$ 309,272
Gross debt service outstanding (end of period) <sup>(1)</sup>	307,886	311,805	310,057	371,282	431,626
Net par outstanding (end of period) <sup>(1)</sup>	136,588	138,775	139,420	170,925	201,290
Gross par outstanding (end of period) <sup>(1)</sup>	194,588	197,164	200,061	238,062	276,304
Ceded to Assured Guaranty affiliates	54,354	54,628	60,641	54,855	54,704
Ceded par to other companies	3,647	3,762	9,170	12,282	20,309
Ratios:					
Net par outstanding to qualified statutory capital	40:1	41:1	39:1	45:1	53:1
Capital ratio <sup>(1)</sup>	64:1	65:1	60:1	69:1	82:1
Financial resources ratio <sup>(1)</sup>	35:1	35:1	35:1	39:1	44:1
Gross debt service written:					
Public finance	\$ 3,909	\$ 29,785	\$ 26,269	\$ 27,849	\$ 21,022
Structured finance	—	—	—	—	—
<b>Total gross debt service written</b>	<b>\$ 3,909</b>	<b>\$ 29,785</b>	<b>\$ 26,269</b>	<b>\$ 27,849</b>	<b>\$ 21,022</b>

1) 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.

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 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.

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.

Financial Products Business is how the Company refers to the guaranteed investment contracts (GICs) portion of a line of business previously conducted by Assured Guaranty Municipal Holdings Inc. (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.

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 Financial Measures (continued)

**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.

**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.



**Assured Guaranty Municipal Corp.**

1633 Broadway  
New York, NY 10019  
(212) 974-0100  
[www.assuredguaranty.com](http://www.assuredguaranty.com)

**Contacts:**

**Equity and Fixed Income Investors:**

*Robert Tucker*  
Senior Managing Director, Investor Relations and  
Corporate Communications  
(212) 339-0861  
[rtucker@agltd.com](mailto:rtucker@agltd.com)

*Michael Walker*  
Managing Director, Fixed Income Investor Relations  
(212) 261-5575  
[mwalker@agltd.com](mailto:mwalker@agltd.com)

*Andre Thomas*  
Managing Director, Equity Investor Relations  
(212) 339-3551  
[athomas@agltd.com](mailto:athomas@agltd.com)

**Media:**

*Ashweeta Durani*  
Vice President, Corporate Communications  
(212) 408-6042  
[adurani@agltd.com](mailto:adurani@agltd.com)