

A photograph of a construction worker in silhouette, wearing a hard hat and safety harness, walking across a steel truss bridge. The worker is holding a tool or equipment. The background shows the sky and the structural elements of the bridge.

Financial Supplement

Assured Guaranty Municipal Corp.

March 31, 2019



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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2018 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019. This financial supplement should also be read in conjunction with the Company's financial statements posted on agltd.com/investor-information. 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 assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form, and variable interest entities; (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) difficulties with the execution of Assured Guaranty's business strategy; (16) loss of key personnel; (17) the effects of mergers, acquisitions and divestitures; (18) natural or man-made catastrophes; (19) other risk factors identified in AGL's filings with the SEC; (20) other risks and uncertainties that have not been identified at this time and; (21) 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,	
	2019	2018
Net income (loss) attributable to AGM (consolidated)	\$ 68	\$ 103
Non-GAAP operating income ⁽¹⁾	76	87
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) (net of tax provision of \$- and \$1) included in non-GAAP operating income	1	4
Effective tax rate on net income	15.7%	7.4%
Effective tax rate on non-GAAP operating income ⁽²⁾	17.0 %	9.3 %
Effect of FG VIE consolidation included in effective tax rate on non-GAAP operating income	0.1 %	0.6 %
Return on equity (ROE) calculations⁽³⁾:		
GAAP ROE	6.8%	10.3%
Non-GAAP operating ROE ⁽¹⁾	7.8 %	9.0 %
Effect of FG VIE consolidation on non-GAAP operating ROE	—%	0.4 %
New business⁽⁴⁾:		
Gross written premiums (GWP)	\$ 33	\$ 73
Present value of new business production (PVP) ⁽¹⁾	35	61
Gross par written	2,192	2,191
	As of	
	March 31, 2019	December 31, 2018
Shareholder's equity attributable to AGM	\$ 4,076	\$ 3,988
Non-GAAP operating shareholder's equity ⁽¹⁾	3,925	3,903
Non-GAAP adjusted book value ⁽¹⁾	5,384	5,378
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity	11	10
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	(11)	(6)
Other Information		
Net debt service outstanding ⁽⁴⁾	\$ 222,037	\$ 226,248
Net par outstanding ⁽⁴⁾	144,149	146,637
Claims-paying resources (including MAC) ⁽⁵⁾	6,332	6,516

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

2) Represents the ratio of non-GAAP operating provision for income taxes to non-GAAP operating income before income taxes.

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

4) 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)

	Three Months Ended	
	March 31,	
	2019	2018
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	\$ 17	\$ 20
Net change in fair value of credit derivatives, pre-tax	—	—
Net income effect	12	15
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues ⁽¹⁾ , pre-tax	17	20
Non-GAAP operating income ⁽¹⁾ effect	12	15

- 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 Consolidated Balance Sheets (unaudited)
(dollars in millions)

	As of:	
	March 31, 2019	December 31, 2018
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 5,230	\$ 5,342
Short-term investments, at fair value	256	319
Other invested assets (includes Surplus Note from affiliate of \$300 and \$300)	336	331
Total investment portfolio	5,822	5,992
Cash	87	53
Premiums receivable	696	698
Ceded unearned premium reserve	709	714
Reinsurance recoverable on unpaid losses	174	179
Salvage and subrogation recoverable	340	311
Financial guaranty variable interest entities (FG VIE) assets, at fair value	463	467
Other assets	285	234
Total assets	\$ 8,576	\$ 8,648
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	\$ 2,596	\$ 2,634
Loss and loss adjustment expense (LAE) reserve	614	770
Reinsurance balances payable, net	192	196
FG VIE liabilities with recourse, at fair value	401	409
FG VIE liabilities without recourse, at fair value	103	101
Other liabilities	363	324
Total liabilities	4,269	4,434
Shareholders' equity:		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	702	702
Retained earnings	3,302	3,308
Accumulated other comprehensive income (loss)	57	(37)
Total shareholders' equity attributable to Assured Guaranty Municipal Corp.	4,076	3,988
Noncontrolling interest	231	226
Total shareholders' equity	4,307	4,214
Total liabilities and shareholders' equity	\$ 8,576	\$ 8,648

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

	Three Months Ended	
	March 31,	
	2019	2018
Revenues:		
Net earned premiums	\$ 67	\$ 76
Net investment income	50	51
Net realized investment gains (losses)	(13)	(3)
Foreign exchange gain (loss) on remeasurement	9	21
Other income (loss)	5	1
Total revenues	118	146
Expenses:		
Loss and LAE	—	(8)
Other operating expenses	33	35
Total expenses	33	27
Income (loss) before provision for income taxes and equity in net earnings of investees	85	119
Equity in net earnings of investees	1	—
Income (loss) before income taxes	86	119
Provision (benefit) for income taxes	14	9
Net income (loss)	72	110
Less: Non-controlling interest	4	7
Net income (loss) attributable to Assured Guaranty Municipal Corp.	\$ 68	\$ 103

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, 2019 and March 31, 2018

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Non-GAAP Operating Income Adjustments ⁽¹⁾	Effect of FG VIE Consolidation ⁽²⁾	Non-GAAP Operating Income Adjustments ⁽¹⁾	Effect of FG VIE Consolidation ⁽²⁾
Adjustments to revenues:				
Net earned premiums	\$ —	\$ (2)	\$ —	\$ (3)
Net investment income	—	(1)	—	(1)
Net realized investment gains (losses)	(13)	—	(3)	—
Foreign exchange gain (loss) on remeasurement	8	—	20	—
Other income (loss)	(6)	4	(2)	2
Total revenue adjustments	(11)	1	15	(2)
Adjustments to expenses:				
Loss expense	—	—	—	(7)
Total expense adjustments	—	—	—	(7)
Pre-tax adjustments	(11)	1	15	5
Tax effect of adjustments	(3)	—	1	(1)
Less: Non-controlling interest	—	—	—	—
After-tax adjustments	<u>(8)</u>	<u>1</u>	<u>14</u>	<u>6</u>

- 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,	
	2019	2018
Consolidated net income (loss) attributable to AGM	\$ 68	\$ 103
Less pre-tax adjustments:		
Realized gains (losses) on investments	(13)	(3)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives ⁽¹⁾	(1)	(2)
Fair value gains (losses) on committed capital securities (CCS) ⁽¹⁾	(5)	—
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves ⁽²⁾	8	20
Total pre-tax adjustments	(11)	15
Less tax effect on pre-tax adjustments	3	1
Non-GAAP operating income	\$ 76	\$ 87
 Gain (loss) related to FG VIE consolidation (net of tax provision of \$- and \$1) included in non-GAAP operating income	 \$ 1	 \$ 4

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

2) Included in foreign exchange gain (loss) on remeasurement in the condensed consolidated statements of operations.

ROE Reconciliation and Calculation

ROE Reconciliation and Calculation	As of			
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2018	2017
Shareholder's equity attributable to AGM	\$ 4,076	\$ 3,988	\$ 4,018	\$ 4,034
Non-GAAP operating shareholders' equity	3,925	3,903	3,934	3,878
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	11	10	14	11
	Three Months Ended			
	March 31,			
	2019	2018		
Net income (loss) attributable to AGM	68	\$	103	
Non-GAAP operating income	76		87	
Gain (loss) related to FG VIE consolidation included in non-GAAP operating income	1		4	
Average shareholder's equity attributable to AGM		\$	4,032	\$ 4,026
Average non-GAAP operating shareholders' equity			3,914	3,906
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity			11	13
GAAP ROE ⁽¹⁾			6.8%	10.3%
Non-GAAP operating ROE ⁽¹⁾			7.8 %	9.0 %
Effect of FG VIE consolidation included in non-GAAP operating ROE			— %	0.4 %

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 2019	December 31, 2018	March 31, 2018	December 31, 2017
Reconciliation of shareholder's equity to non- GAAP adjusted book value:				
Consolidated shareholder's equity attributable to AGM	\$ 4,076	\$ 3,988	\$ 4,018	\$ 4,034
Less pre-tax reconciling items:				
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(3)	(2)	(6)	(5)
Fair value gains (losses) on CCS	31	37	29	29
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	158	72	83	173
Less taxes	(35)	(22)	(22)	(41)
Non-GAAP operating shareholders' equity	3,925	3,903	3,934	3,878
Pre-tax reconciling items:				
Less: Deferred acquisition costs	(96)	(98)	(97)	(93)
Plus: Net present value of estimated net future credit derivative revenue	6	7	9	9
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,735	1,751	1,736	1,764
Plus taxes	(378)	(381)	(378)	(384)
Non-GAAP adjusted book value	<u>\$ 5,384</u>	<u>\$ 5,378</u>	<u>\$ 5,398</u>	<u>\$ 5,360</u>
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit (provision) of \$(3), \$(3), \$(4) and \$(3))	\$ 11	\$ 10	\$ 14	\$ 11
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit of \$3, \$2, \$1 and \$2)	\$ (11)	\$ (6)	\$ (3)	\$ (5)

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

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

	As of:	
	March 31, 2019	December 31, 2018
Claims-paying resources		
Policyholders' surplus	\$ 2,523	\$ 2,533
Contingency reserve ⁽¹⁾	1,054	1,034
Qualified statutory capital	3,577	3,567
Unearned premium reserve and net deferred ceding commission income ⁽¹⁾	1,848	1,873
Loss and LAE reserves ⁽¹⁾	338	518
Total policyholders' surplus and reserves	5,763	5,958
Present value of installment premium ⁽¹⁾	189	178
CCS	200	200
Excess of loss reinsurance facility ⁽²⁾	180	180
Total claims-paying resources (including proportionate MAC ownership for AGM)	6,332	6,516
Adjustment for MAC ⁽³⁾	430	434
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	\$ 5,902	\$ 6,082
Statutory net par outstanding ⁽⁴⁾	\$ 115,177	\$ 115,555
Equity method adjustment ⁽³⁾	13,582	14,338
Adjusted statutory net par outstanding ⁽¹⁾	\$ 128,759	\$ 129,893
Net debt service outstanding ⁽⁴⁾	\$ 181,780	\$ 183,075
Equity method adjustment ⁽³⁾	20,035	21,222
Adjusted net debt service outstanding ⁽¹⁾	\$ 201,815	\$ 204,297
Ratios:		
Adjusted net par outstanding to qualified statutory capital	36:1	36:1
Capital ratio ⁽⁵⁾	56:1	57:1
Financial resources ratio ⁽⁶⁾	32:1	31:1

1) The numbers shown for AGM have been adjusted to include (i) its 100% share of its United Kingdom (U.K.) insurance subsidiary and (ii) its indirect share of MAC. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. Amounts include financial guaranty insurance and credit derivatives.

2) Represents 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, 2019 and March 31, 2018

	Three Months Ended March 31, 2019					Three Months Ended March 31, 2018				
	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.	
Total GWP	\$ 31	\$ 2	\$ —	\$ —	\$ 33	\$ 33	\$ 40	\$ —	\$ —	\$ 73
Less: Installment GWP and other GAAP adjustments ⁽¹⁾	(1)	2	—	—	1	(1)	23	—	—	22
Upfront GWP	32	—	—	—	32	34	17	—	—	51
Plus: Installment premium PVP	—	3	—	—	3	—	10	—	—	10
Total PVP	<u>\$ 32</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 35</u>	<u>\$ 34</u>	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 61</u>
Gross par written	\$ 2,016	\$ 176	\$ —	\$ —	\$ 2,192	\$ 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.

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, 2019

		Three Months Ended March 31, 2019				
		Public Finance		Structured Finance		Total
		U.S.	Non - U.S.	U.S.	Non - U.S.	
AGM (Excluding MAC)						
Total GWP		\$ 31	\$ 2	\$ —	\$ —	\$ 33
Less: Installment GWP and other GAAP adjustments ⁽¹⁾		(1)	2	—	—	1
Upfront GWP		32	—	—	—	32
Plus: Installment premium PVP		—	3	—	—	3
Total PVP		<u>\$ 32</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 35</u>
Gross par written		\$ 1,932	\$ 176	\$ —	\$ —	\$ 2,108
MAC						
Total GWP		\$ —	\$ —	\$ —	\$ —	\$ —
Less: Installment GWP and other GAAP adjustments ⁽²⁾		—	—	—	—	—
Upfront GWP		—	—	—	—	—
Plus: Installment premium PVP		—	—	—	—	—
Total PVP		<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Gross par written		\$ 84	\$ —	\$ —	\$ —	\$ 84
Consolidated AGM						
Total GWP		\$ 31	\$ 2	\$ —	\$ —	\$ 33
Less: Installment GWP and other GAAP adjustments ⁽¹⁾		(1)	2	—	—	1
Upfront GWP		32	—	—	—	32
Plus: Installment premium PVP		—	3	—	—	3
Total PVP		<u>\$ 32</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 35</u>
Gross par written		\$ 2,016	\$ 176	\$ —	\$ —	\$ 2,192

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, 2018

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

Assured Guaranty Municipal Corp.

Gross Par Written
(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31, 2019	
	Gross Par Written	Avg. Internal Rating
Sector:		
U.S. public finance:		
General obligation	\$ 1,117	A-
Tax backed	333	A
Transportation	215	A-
Municipal utilities	108	A-
Healthcare	95	BBB+
Higher education	78	A-
Housing revenue	62	BBB-
Infrastructure finance	8	BBB-
Total U.S. public finance	2,016	A-
Non-U.S. public finance:		
Regulated utilities	176	A-
Total non-U.S. public finance	176	A-
Total public finance	2,192	A-
U.S. structured finance:		
Total U.S. structured finance	—	—
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	—	—
Total gross par written	\$ 2,192	A-

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

Assured Guaranty Municipal Corp.

Investment Portfolio and Cash (1 of 2)

As of March 31, 2019

(dollars in millions)

	Fair Value		
	AGM (Excluding MAC)	MAC	Consolidated AGM
Investment portfolio:			
Fixed-maturity securities:			
U.S. obligations of states and political subdivisions ⁽²⁾	\$ 2,265	\$ 431	\$ 2,696
Insured obligations of state and political subdivisions ⁽¹⁾	22	88	110
U.S. Treasury securities and obligations of U.S. government agencies	20	20	40
Corporate securities ⁽²⁾	996	110	1,106
Mortgage-backed securities (MBS):			
Residential MBS (RMBS) ⁽²⁾	439	20	459
Commercial MBS (CMBS)	250	21	271
Asset-backed securities ⁽²⁾	263	33	296
Non-U.S. government securities	252	—	252
Total fixed-maturity securities	4,507	723	5,230
Short-term investments and cash	324	19	343
Total	\$ 4,831	\$ 742	\$ 5,573

	Fair Value (AGM Excluding MAC)	% of Portfolio
Ratings ⁽³⁾:		
U.S. Treasury securities and obligations of U.S. government agencies	\$ 20	0.4%
AAA/Aaa	845	18.8
AA/Aa	1,969	43.7
A/A	883	19.6
BBB	198	4.4
Below investment grade (BIG) ⁽⁴⁾	447	9.9
Not rated ⁽⁵⁾	145	3.2
Total fixed-maturity securities, available-for-sale	\$ 4,507	100.0%

- 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 \$693 million in par with carrying value of \$446 million.
- 5) Includes closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with \$152 million in initial par and \$145 million fair value.

Assured Guaranty Municipal Corp.

Investment Portfolio and Cash (2 of 2)

As of March 31, 2019

(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income ⁽¹⁾
Investment portfolio:					
Fixed-maturity securities:					
U.S. obligations of states and political subdivisions ⁽³⁾	\$ 2,570	3.58 %	3.34 %	\$ 2,696	\$ 92
Insured obligations of state and political subdivisions ⁽²⁾	100	4.27	4.03	110	4
U.S. Treasury securities and obligations of U.S. government agencies	38	3.08	2.45	40	1
Corporate securities ⁽³⁾	1,093	2.81	2.38	1,106	31
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) ⁽³⁾	467	6.01	4.75	459	28
Commercial MBS (CMBS)	268	3.30	2.61	271	9
Asset-backed securities ⁽³⁾	286	4.95	4.27	296	14
Non-U.S. government securities	262	1.36	1.36	252	4
Total fixed-maturity securities	5,084	3.60	3.18	5,230	183
Short-term investments	256	2.35	2.08	256	6
Cash ⁽⁴⁾	87	—	—	87	—
Total	\$ 5,427	3.54%	3.13%	\$ 5,573	\$ 189

Ratings ⁽⁵⁾:

	Fair Value	% of Portfolio
U.S. Treasury securities and obligations of U.S. government agencies	\$ 40	0.8 %
AAA/Aaa	939	17.9
AA/Aa	2,384	45.6
A/A	1,016	19.4
BBB	259	5.0
Below investment grade (BIG) ⁽⁶⁾	447	8.5
Not rated ⁽⁷⁾	145	2.8
Total fixed-maturity securities, available-for-sale	<u>\$ 5,230</u>	<u>100.0 %</u>

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

4.7

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

A+

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average A+, after giving effect to the lower of the rating assigned by S&P or 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 \$693 million in par with carrying value of \$446 million.
- 7) Includes closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with \$152 million in initial par and \$145 million fair value.

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

	Financial Guaranty Insurance ⁽²⁾					
	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
2019 (as of March 31)		\$ 222,037				
2019 Q2	\$ 3,960	218,077	\$ 45	\$ 3	\$ 2	\$ —
2019 Q3	5,068	213,009	44	2	2	—
2019 Q4	3,961	209,048	43	2	2	—
2020	14,132	194,916	164	10	7	1
2021	13,971	180,945	151	9	5	1
2022	12,755	168,190	139	8	4	1
2023	11,242	156,948	128	8	4	1
2019-2023	65,089	156,948	714	42	26	4
2024-2028	54,486	102,462	499	29	13	2
2029-2033	42,945	59,517	331	16	11	—
2034-2038	28,562	30,955	195	9	8	—
After 2038	30,955	—	173	7	—	—
Total	\$ 222,037		\$ 1,912	\$ 103	\$ 58	\$ 6

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 2019. 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 16, "Net Expected Loss to be Expensed."

Assured Guaranty Municipal Corp.

Net Expected Loss to be Expensed

As of March 31, 2019

(dollars in millions)

	Net Expected Loss to be Expensed ⁽¹⁾
	GAAP ⁽¹⁾
2019 Q2	\$ 3
2019 Q3	3
2019 Q4	3
2020	12
2021	10
2022	10
2023	9
2019-2023	50
2024-2028	39
2029-2033	21
2034-2038	9
After 2038	2
Total expected PV of net expected loss to be expensed ⁽²⁾	121
Future accretion	(42)
Total expected future loss and LAE	\$ 79

1) The present value of net expected loss to be paid is discounted using weighted-average risk-free rates ranging from 0.0% to 2.87% for U.S. dollar denominated obligations.

2) Excludes \$29 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. RMBS	Financial Products	Other Structured Finance	Total	
2019 (as of March 31)					\$ 3,984
2019 Q2	\$ 98	\$ 6	\$ 83	\$ 187	3,797
2019 Q3	92	(10)	18	100	3,697
2019 Q4	87	1	15	103	3,594
2020	302	7	84	393	3,201
2021	261	3	45	309	2,892
2022	259	20	39	318	2,574
2023	235	12	33	280	2,294
2019-2023	1,334	39	317	1,690	2,294
2024-2028	624	194	132	950	1,344
2029-2033	142	627	95	864	480
2034-2038	277	121	54	452	28
After 2038	3	25	—	28	—
Total structured finance	\$ 2,380	\$ 1,006	\$ 598	\$ 3,984	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2019 (as of March 31)		\$ 140,165
2019 Q2	\$ 2,060	138,105
2019 Q3	3,468	134,637
2019 Q4	2,198	132,439
2020	7,526	124,913
2021	7,831	117,082
2022	6,947	110,135
2023	5,770	104,365
2019-2023	35,800	104,365
2024-2028	32,300	72,065
2029-2033	28,286	43,779
2034-2038	20,268	23,511
After 2038	23,511	—
Total public finance	\$ 140,165	

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	
2019 (as of March 31)	\$ 114,101	\$ 15,170	\$ 7,082	\$ 3,812	\$ 26,064	\$ 140,165
2019 Q2	113,305	14,729	6,323	3,748	24,800	138,105
2019 Q3	111,769	14,144	5,042	3,682	22,868	134,637
2019 Q4	110,608	13,675	4,523	3,633	21,831	132,439
2020	105,498	11,924	4,087	3,404	19,415	124,913
2021	99,346	10,778	3,792	3,166	17,736	117,082
2022	93,916	9,755	3,546	2,918	16,219	110,135
2023	89,429	8,891	3,353	2,692	14,936	104,365
2028	62,939	5,139	2,402	1,585	9,126	72,065
2033	39,067	2,547	1,413	752	4,712	43,779
2038	21,488	1,201	591	231	2,023	23,511

Public Finance:

Estimated Net Par Amortization

	MAC					Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	
2019 Q2	\$ 796	\$ 441	\$ 760	\$ 63	\$ 1,264	\$ 2,060
2019 Q3	1,536	585	1,281	66	1,932	3,468
2019 Q4	1,161	469	519	49	1,037	2,198
2020	5,110	1,751	436	229	2,416	7,526
2021	6,152	1,146	295	238	1,679	7,831
2022	5,430	1,023	246	248	1,517	6,947
2023	4,487	864	193	226	1,283	5,770
2019-2023	24,672	6,279	3,730	1,119	11,128	35,800
2024-2028	26,490	3,752	950	1,108	5,810	32,300
2029-2033	23,872	2,592	989	833	4,414	28,286
2034-2038	17,579	1,346	822	521	2,689	20,268
After 2038	21,488	1,201	591	231	2,023	23,511

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (1 of 4)

As of March 31, 2019

(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	
U.S. public finance:						
General obligation	\$ 33,245	\$ 9,038	\$ 4,190	\$ 3,362	\$ 16,590	\$ 49,835
Tax backed	20,047	2,366	1,083	122	3,571	23,618
Municipal utilities	13,709	2,376	1,004	286	3,666	17,375
Transportation	7,147	880	312	39	1,231	8,378
Higher education	2,923	409	406	3	818	3,741
Healthcare	3,475	—	—	—	—	3,475
Infrastructure finance	1,237	—	—	—	—	1,237
Housing revenue	828	91	—	—	91	919
Other public finance	372	10	87	—	97	469
Total U.S. public finance	82,983	15,170	7,082	3,812	26,064	109,047
Non-U.S. public finance:						
Infrastructure finance	13,137	—	—	—	—	13,137
Regulated utilities	11,801	—	—	—	—	11,801
Other public finance	6,180	—	—	—	—	6,180
Total non-U.S. public finance	31,118	—	—	—	—	31,118
Total public finance	114,101	15,170	7,082	3,812	26,064	140,165
U.S. structured finance:						
RMBS	2,380	—	—	—	—	2,380
Financial products	1,006	—	—	—	—	1,006
Other structured finance	192	—	—	—	—	192
Total U.S. structured finance	3,578	—	—	—	—	3,578
Non-U.S. structured finance:						
RMBS	263	—	—	—	—	263
Other structured finance	143	—	—	—	—	143
Total non-U.S. structured finance	406	—	—	—	—	406
Total structured finance	3,984	—	—	—	—	3,984
Total	\$ 118,085	\$ 15,170	\$ 7,082	\$ 3,812	\$ 26,064	\$ 144,149

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, 2019		December 31, 2018	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 49,835	A-	\$ 50,927	A-
Tax backed	23,618	A-	24,374	A-
Municipal utilities	17,375	A-	17,932	A-
Transportation	8,378	A-	8,541	A-
Higher education	3,741	A-	3,764	A-
Healthcare	3,475	A-	3,421	A-
Infrastructure finance	1,237	BBB	1,232	BBB
Housing revenue	919	BBB+	904	BBB+
Other public finance	469	A-	480	A-
Total U.S. public finance	109,047	A-	111,575	A-
Non-U.S. public finance:				
Infrastructure finance	13,137	BBB	13,131	BBB
Regulated utilities	11,801	BBB+	11,408	BBB+
Other public finance	6,180	A	6,258	A
Total non-U.S. public finance	31,118	BBB+	30,797	BBB+
Total public finance	140,165	A-	142,372	A-
U.S. structured finance:				
RMBS	2,380	BB+	2,488	BB+
Financial products	1,006	AA-	1,094	AA-
Other structured finance	192	A-	174	BBB+
Total U.S. structured finance	3,578	BBB	3,756	BBB
Non-U.S. structured finance:				
RMBS	263	BBB	342	BBB
Other structured finance	143	AA	167	AA
Total non-U.S. structured finance	406	A-	509	A-
Total structured finance	3,984	BBB	4,265	BBB
Total	\$ 144,149	A-	\$ 146,637	A-

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, 2019

(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	\$ 328	0.3 %	\$ 857	2.8 %	\$ 620	17.3 %	\$ 99	24.4 %	\$ 1,904	1.3 %
AA	13,216	12.1	1,432	4.6	1,307	36.5	24	5.9	15,979	11.1
A	63,018	57.8	10,800	34.7	17	0.5	56	13.8	73,891	51.3
BBB	29,704	27.2	17,262	55.4	239	6.7	142	35.0	47,347	32.8
BIG	2,781	2.6	767	2.5	1,395	39.0	85	20.9	5,028	3.5
Net Par Outstanding ⁽¹⁾	<u>\$ 109,047</u>	<u>100.0%</u>	<u>\$ 31,118</u>	<u>100.0%</u>	<u>\$ 3,578</u>	<u>100.0%</u>	<u>\$ 406</u>	<u>100.0%</u>	<u>\$ 144,149</u>	<u>100.0%</u>

1) As of March 31, 2019, excludes \$657 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 (excluding MAC)	Assumed from AGM	Assumed from AGC	Direct	Total MAC	Consolidated AGM	
AAA	\$ 132	\$ 196	\$ —	\$ —	\$ 196	\$ 328	
AA	8,269	3,610	1,302	35	4,947	13,216	
A	46,680	8,880	4,755	2,703	16,338	63,018	
BBB	25,390	2,287	956	1,071	4,314	29,704	
BIG	2,512	197	69	3	269	2,781	
Net Par Outstanding	<u>\$ 82,983</u>	<u>\$ 15,170</u>	<u>\$ 7,082</u>	<u>\$ 3,812</u>	<u>\$ 26,064</u>	<u>\$ 109,047</u>	

Ceded Par Outstanding

	Ceded Par Outstanding ⁽¹⁾⁽²⁾	% of Total
Affiliated reinsurers	\$ 54,495	96.7 %
Non-affiliated reinsurers	1,872	3.3 %
Total	<u>\$ 56,367</u>	<u>100.0%</u>

1) Of the total ceded par to unrated or BIG rated reinsurers, \$235 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 \$772 million. 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, 2019
(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance		
California	\$ 20,214	14.0%
Pennsylvania	11,168	7.7
Texas	9,261	6.4
Illinois	8,982	6.2
New York	8,893	6.2
New Jersey	6,448	4.5
Florida	4,840	3.4
Michigan	3,566	2.5
Arizona	2,798	1.9
Georgia	2,554	1.8
Other	30,323	21.0
Total U.S. public finance	109,047	75.6
U.S. structured finance	3,578	2.5
Total U.S.	112,625	78.1
Non-U.S.:		
United Kingdom	21,912	15.2
France	2,496	1.7
Canada	2,296	1.6
Australia	1,119	0.8
Austria	959	0.7
Other	2,742	1.9
Total non-U.S.	31,524	21.9
Total net par outstanding	\$ 144,149	100.0%

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, 2019

(dollars in millions)

Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Total	\$ 2,960	\$ 1,973	\$ 4,339	\$ 2,893

Exposure to Puerto Rico by Risk⁽¹⁾

	Net Par Outstanding	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed		
Commonwealth of Puerto Rico - General Obligation Bonds	\$ 646	\$ 1,035
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy on affiliate exposure") ⁽²⁾⁽⁴⁾	1	1
Commonwealth of Puerto Rico - General Obligation Bonds total ⁽³⁾	647	1,036
Puerto Rico Public Buildings Authority (PBA)	—	56
PBA ("Second-to-pay policies on affiliate exposure") ⁽²⁾⁽⁴⁾	9	9
PBA total	9	65
Public Corporations - Certain Revenues Potentially Subject to Clawback		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)	154	246
PRHTA (Transportation revenue) ("Second-to-pay policies on affiliate exposure") ⁽²⁾⁽⁴⁾	79	79
PRHTA (Transportation revenue) total ⁽³⁾	233	325
PRHTA (Highways revenue) ⁽³⁾	351	508
Other Public Corporations		
Puerto Rico Electric Power Authority (PREPA) ⁽³⁾	544	727
Puerto Rico Municipal Finance Agency (MFA) ⁽⁴⁾	189	299
Total exposure to Puerto Rico	\$ 1,973	\$ 2,960

- 1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations total \$2.0 billion net par as of March 31, 2019. Of that amount, \$1.9 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) As of the date of this filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.
- 4) As of the date of this filing, the Company has not paid claims on these credits.

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of March 31, 2019

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2019 (2Q)	2019 (3Q)	2019 (4Q)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 -2033	2034 -2037	Total
Commonwealth Constitutionally Guaranteed															
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	\$ —	\$ 37	\$ —	\$ 36	\$ —	\$ 12	\$ 3	\$ 38	\$ 35	\$ 10	\$ 39	\$ 18	\$ 191	\$ 227	\$ 646
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy") ⁽¹⁾	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies") ⁽¹⁾	—	2	—	5	—	—	1	—	1	—	—	—	—	—	9
Public Corporations - Certain Revenues Potentially Subject to Clawback															
PRHTA (Transportation revenue) ("Primary policies")	—	9	—	10	10	12	12	—	4	5	17	18	57	—	154
PRHTA (Transportation revenue) ("Second-to-pay policies") ⁽¹⁾	—	—	—	—	—	—	—	—	17	12	—	—	20	30	79
PRHTA (Highways revenue)	—	6	—	7	18	4	30	32	33	1	—	7	99	114	351
Other Public Corporations															
PREPA	—	19	—	37	21	22	69	66	53	58	59	29	111	—	544
MFA	—	36	—	22	21	21	13	13	13	25	9	8	8	—	189
Total	\$ —	\$ 109	\$ —	\$ 118	\$ 70	\$ 71	\$ 128	\$ 149	\$ 156	\$ 111	\$ 124	\$ 80	\$ 486	\$ 371	\$ 1,973

- 1) 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, 2019

(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2019 (2Q)	2019 (3Q)	2019 (4Q)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 -2033	2034 -2037	Total
Commonwealth Constitutionally Guaranteed															
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	\$ —	\$ 54	\$ —	\$ 68	\$ 30	\$ 42	\$ 33	\$ 68	\$ 62	\$ 35	\$ 64	\$ 41	\$ 289	\$ 256	\$ 1,042
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policy") ⁽¹⁾	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies") ⁽¹⁾	—	2	—	6	—	—	1	—	1	—	—	—	—	—	10
Public Corporations - Certain Revenues Potentially Subject to Clawback															
PRHTA (Transportation revenue) ("Primary policies")	—	13	—	17	17	18	18	5	9	9	22	22	63	—	213
PRHTA (Transportation revenue) ("Second-to-pay policies") ⁽¹⁾	—	2	—	4	4	4	4	4	22	16	3	3	29	32	127
PRHTA (Highways revenue)	—	16	—	25	36	21	46	46	46	13	11	19	149	126	554
Other Public Corporations															
PREPA	2	30	2	61	43	43	89	83	67	69	68	35	124	—	716
MFA	—	40	—	30	28	27	17	17	16	27	11	9	8	—	230
Total	\$ 2	\$ 157	\$ 2	\$ 212	\$ 158	\$ 155	\$ 208	\$ 223	\$ 223	\$ 169	\$ 179	\$ 129	\$ 662	\$ 414	\$ 2,893

- 1) 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.

U.S. RMBS Profile

As of March 31, 2019

(dollars in millions)

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

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	\$ —	\$ 58	\$ —	\$ 501	\$ —	\$ 559
AA	—	19	14	226	14	273
A	—	—	—	2	—	2
BBB	—	10	—	—	174	184
BIG	24	241	19	690	388	1,362
Total exposures	\$ 24	\$ 328	\$ 33	\$ 1,419	\$ 576	\$ 2,380

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	\$ —	\$ 18	\$ —	\$ 532	\$ 23	\$ 573
2005	—	131	9	132	81	353
2006	24	46	1	—	214	285
2007	—	133	23	717	258	1,131
2008	—	—	—	38	—	38
Total exposures	\$ 24	\$ 328	\$ 33	\$ 1,419	\$ 576	\$ 2,380

1) Assured Guaranty Municipal has not insured any new U.S. RMBS transactions since 2008.

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

Assured Guaranty Municipal Corp.
Credit Derivative Net Par Outstanding Profile
As of March 31, 2019
(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AA	\$ 102	13.4 %
A	416	54.8
BBB	241	31.8
Total credit derivative net par outstanding	\$ 759	100.0%

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

	Net Par Outstanding	Average Rating
Public finance		
U.S. public finance	\$ 547	A-
Non-U.S. public finance	170	A-
Total public finance	717	A-
Structured finance		
U.S. structured finance	42	A
Non-U.S. structured finance	—	—
Total structured finance	42	A
Total credit derivative net par outstanding	\$ 759	A-

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

	March 31, 2019	December 31, 2018
U.S. public finance:		
General obligation	\$ 1,025	\$ 1,067
Tax backed	796	1,060
Municipal utilities	710	710
Higher education	123	125
Transportation	68	68
Other public finance	59	60
Total U.S. public finance	2,781	3,090
Non-U.S. public finance:		
Infrastructure finance	464	487
Other public finance	303	310
Total non-U.S. public finance	767	797
Total public finance	3,548	3,887
U.S. structured finance:		
RMBS	1,362	1,464
Other structured finance	33	34
Total U.S. structured finance	1,395	1,498
Non-U.S. structured finance:		
RMBS	44	45
Other structured finance	41	41
Total non-U.S. structured finance	85	86
Total structured finance	1,480	1,584
Total BIG net par outstanding	\$ 5,028	\$ 5,471

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

Assured Guaranty Municipal Corp.
Below Investment Grade Exposures (2 of 4)
(dollars in millions)

Net Par Outstanding by BIG Category⁽¹⁾

	March 31, 2019	December 31, 2018
Category 1		
U.S. public finance	\$ 1,026	\$ 1,071
Non-U.S. public finance	767	600
U.S. structured finance	244	252
Non-U.S. structured finance	85	86
Total Category 1	<u>2,122</u>	<u>2,009</u>
Category 2		
U.S. public finance	—	—
Non-U.S. public finance	—	197
U.S. structured finance	23	24
Non-U.S. structured finance	—	—
Total Category 2	<u>23</u>	<u>221</u>
Category 3		
U.S. public finance	1,755	2,019
Non-U.S. public finance	—	—
U.S. structured finance	1,128	1,222
Non-U.S. structured finance	—	—
Total Category 3	<u>2,883</u>	<u>3,241</u>
BIG Total	<u><u>\$ 5,028</u></u>	<u><u>\$ 5,471</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, 2019
(dollars in millions)

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

Name or description	BIG Net Par Outstanding	Internal Rating(1)
U.S. public finance:		
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 646	CCC
Puerto Rico Electric Power Authority	544	CCC
Puerto Rico Highways & Transportation Authority	505	CCC
Puerto Rico Municipal Finance Agency	189	CCC
Jackson Water & Sewer System, Mississippi	115	BB
Penn Hills School District, Pennsylvania	106	BB
Virgin Islands Public Finance Authority (Gross Receipts)	101	BB
Alabama State University (Montgomery)	67	BB+
Coatesville Area School District, Pennsylvania	62	BB
Stockton Pension Obligation Bonds, California	60	B
Harrisburg Parking System, Pennsylvania	53	BB
Total U.S. public finance	2,448	
Non-U.S. public finance:		
Valencia Fair	234	BB-
Road Management Services PLC (A13 Highway)	193	B+
M6 Duna Autopalya Koncessziós Zártkörűen Működő Részvénytársaság	121	BB+
Autovia de la Mancha, S.A.	109	BB
Total non-U.S. public finance	657	
Total	\$ 3,105	

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.

1) Transactions rated below B- are categorized as CCC.

Assured Guaranty Municipal Corp.
Below Investment Grade Exposures (4 of 4)
As of March 31, 2019
(dollars in millions)

Structured Finance BIG Exposures Greater Than \$50 Million

Name or description	Net Par Outstanding	Internal Rating(1)	60+ Day Delinquencies
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	\$ 191	CCC	14.6%
Soundview 2007-WMC1	156	CCC	30.1
Nomura Asset Accept. Corp. 2007-1	114	CCC	17.6
New Century 2005-A	90	CCC	14.2
MABS 2007-NCW	69	CCC	20.6
Countrywide HELOC 2007-A	65	BB	5.5
Countrywide HELOC 2006-F	63	BB	2.6
Countrywide HELOC 2007-B	63	BB	2.8
Countrywide HELOC 2005-D	53	B	1.7
Ace 2007-D1	52	CCC	25.1
Ace Home Equity Loan Trust 2007-SL1	51	CCC	3.8
Total RMBS	967		
Subtotal U.S. structured finance	967		
Non-U.S. structured finance:			
Subtotal Non-U.S. structured finance	—		
Total	\$ 967		

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.

1) Transactions rated below B- are categorized as CCC.

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (1 of 3)

As of March 31, 2019

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating(1)
New Jersey (State of)	\$ 2,102	BBB
Pennsylvania (Commonwealth of)	1,366	A-
Illinois (State of)	1,282	BBB
Wisconsin (State of)	781	A+
Chicago (City of) Illinois	751	BBB
Arizona (State of)	750	A+
Massachusetts (Commonwealth of)	732	AA-
California (State of)	694	AA-
Great Lakes Water Authority (Sewerage), Michigan	683	BBB+
Massachusetts (Commonwealth of) Water Resources	673	AA
New York Metropolitan Transportation Authority	664	A
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	656	CCC
Long Island Power Authority	650	BBB+
New York (City of), New York	605	AA-
Puerto Rico Highways & Transportation Authority	584	CCC
Pennsylvania Turnpike Commission	549	A-
Puerto Rico Electric Power Authority	544	CCC
Chicago Public Schools, Illinois	510	BBB-
Port Authority of New York & New Jersey	509	BBB-
Oglethorpe Power Corporation, Georgia	500	BBB
Regional Transportation Authority, Illinois	493	AA-
Suffolk County, New York	485	BBB
Philadelphia School District, Pennsylvania	483	A-
Metropolitan Pier & Exposition Authority, Illinois	463	BBB-
Philadelphia (City of), Pennsylvania	459	BBB+
Garden State Preservation Trust (Open Space & Farmland), New Jersey	457	BBB+
Sacramento County, California	453	A-
Connecticut (State of)	447	A-
Pittsburgh Water & Sewer, Pennsylvania	442	BBB+
Jefferson County Alabama Sewer	411	BBB
New Jersey Turnpike Authority, New Jersey	402	A-
Kansas (State of)	376	A+
Central Florida Expressway Authority, Florida	374	A+
Nassau County, New York	371	A-
Atlanta, Georgia Water & Sewer System	365	A-
Las Vegas-McCarran International Airport, Nevada	358	A
Pennsylvania Turnpike Commission Registration Fee	345	BBB
ProMedica Healthcare Obligated Group	331	BBB+
Oregon School Boards Association, Oregon	329	AA-
Jets Stadium Development, LLC	321	BBB
Arizona (State of) Lottery Revenue Bonds	313	AA
San Bernardino County, California	309	A+
Miami-Dade County Aviation, Florida	305	A
Georgia Board of Regents	304	A
Anaheim (City of), California	299	BBB+
Hayward Unified School District, California	272	A
Montefiore Medical Center, New York	262	BBB
Oyster Bay, New York	261	BBB-
Great Lakes Water Authority (Water), Michigan	257	BBB+
Palomar Pomerado Health	249	BBB
Total top 50 U.S. public finance exposures	\$ 26,581	

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

1) Transactions rated below B- are categorized as CCC.

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (2 of 3)

As of March 31, 2019

(dollars in millions)

25 Largest U.S. Structured Finance Exposures

Credit Name	Net Par Outstanding	Internal Rating(1)
Option One 2007-FXD2	\$ 191	CCC
Soundview 2007-WMC1	156	CCC
CWABS 2007-4	119	A+
Countrywide HELOC 2006-I	119	BBB-
Nomura Asset Accept. Corp. 2007-1	114	CCC
Countrywide 2007-13	90	AA-
New Century 2005-A	90	CCC
MABS 2007-NCW	69	CCC
Countrywide HELOC 2007-A	65	BB
Countrywide HELOC 2006-F	63	BB
Countrywide HELOC 2007-B	63	BB
Countrywide HELOC 2005-D	53	B
Ace 2007-D1	52	CCC
Ace Home Equity Loan Trust 2007-SL1	51	CCC
Wells Fargo Home Equity 2004-2	48	AAA
Augusta Funding Limited	47	AAA
IndyMac 2007-H1 HELOC	47	BBB-
Mid-State Trust X	47	AAA
Long Beach 2004-1	44	AAA
Countrywide Home Loans (CWABS) 2004-1	41	AAA
Asset Backed Funding Corp. 2005-AQ1	40	AAA
Soundview (Delta) 2008-1	38	CCC
Renaissance (Delta) 2005-4	32	BB
Terwin Mortgage Trust 2005-16HE	32	CCC
Conseco Finance Manufactured Housing Series 2001-2	32	BBB-
Total top 25 U.S. structured finance exposures	\$ 1,743	

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

1) Transactions rated below B- are categorized as CCC.

Assured Guaranty Municipal Corp.

Largest Exposures by Sector (3 of 3)

As of March 31, 2019

(dollars in millions)

50 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	1,767	A+
Dwr Cymru Financing Limited	United Kingdom	1,367	A-
Anglian Water Services Financing	United Kingdom	1,344	A-
British Broadcasting Corporation (BBC)	United Kingdom	1,297	A+
Societe des Autoroutes du Nord et de l'Est de France S.A.	France	1,242	BBB+
Channel Link Enterprises Finance PLC	France, United Kingdom	1,056	BBB
Thames Water Utility Finance Plc	United Kingdom	940	A-
Aspire Defence Finance plc	United Kingdom	863	BBB+
Verbund - Lease and Sublease of Hydro-Electric Equipment	Austria	834	AAA
National Grid Gas PLC	United Kingdom	741	BBB+
Southern Gas Networks PLC	United Kingdom	731	BBB
Capital Hospitals (Barts)	United Kingdom	607	BBB-
Verdun Participations 2 S.A.S.	France	604	BBB-
Coventry & Rugby Hospital Company	United Kingdom	546	BBB-
Derby Healthcare PLC	United Kingdom	492	BBB
North Staffordshire PFI	United Kingdom	466	BBB-
Sydney Airport Finance Company	Australia	464	BBB+
Campania Region - Healthcare receivable	Italy	460	BBB-
NATS (En Route) PLC	United Kingdom	439	A
Central Nottinghamshire Hospitals PLC	United Kingdom	425	BBB
National Grid Company PLC	United Kingdom	412	BBB+
Envestra Limited	Australia	361	A-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	353	BBB
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	319	BBB
Wessex Water Services Finance plc	United Kingdom	311	BBB+
South East Water	United Kingdom	292	BBB+
Yorkshire Water Services Finance Plc	United Kingdom	289	A-
Sarawak Capital Incorporated	Malaysia	280	BBB+
Octagon Healthcare Funding PLC	United Kingdom	254	BBB
Integrated Accommodation Services PLC	United Kingdom	249	BBB+
Severn Trent Water Utilities Finance Plc	United Kingdom	245	BBB+
Japan Expressway Holding and Debt Repayment Agency	Japan	235	A+
Valencia Fair	Spain	234	BB-
MPC Funding Limited	Australia	232	BBB+
Plenary Health North Bay Finco Inc.	Canada	231	BBB+
The Republic of Poland	Poland	220	A-
Western Power Distribution (South Wales) PLC	United Kingdom	218	BBB+
Bakethin Finance Plc	United Kingdom	215	A-
Scotland Gas Networks plc	United Kingdom	214	BBB
Province of Nova Scotia	Canada	207	A+
St. James's Oncology Financing plc	United Kingdom	206	BBB
Western Power Distribution (SW) PLC	United Kingdom	194	BBB+
Road Management Services PLC (A13 Highway)	United Kingdom	193	B+
DirectRoute (Limerick) Holdings Ltd	Ireland	187	BBB-
Catalyst Higher Education (Sheffield) plc	United Kingdom	180	BBB
Keele Residential Funding PLC	United Kingdom	178	BBB+
InspirED Education (South Lanarkshire) PLC	United Kingdom	168	BBB-
East Slope Residencies PLC	United Kingdom	164	BBB
The Walsall Hospital Company Plc	United Kingdom	163	BBB
Total top 50 non-U.S. exposures		\$ 26,138	

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

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⁽¹⁾ for the Three Months Ended March 31, 2019

	Net Expected Loss to be Paid (Recovered) as of December 31, 2018	Economic Loss Development (Benefit) During 1Q-19	(Paid) Recovered Losses During 1Q-19	Net Expected Loss to be Paid (Recovered) as of March 31, 2019
Public Finance:				
U.S. public finance	\$ 347	\$ 12	\$ (167)	\$ 192
Non-U.S. public finance	26	(1)	—	25
Public Finance	<u>373</u>	<u>11</u>	<u>(167)</u>	<u>217</u>
Structured Finance:				
U.S. RMBS ⁽²⁾	155	(47)	7	115
Other structured finance	9	—	—	9
Structured Finance	<u>164</u>	<u>(47)</u>	<u>7</u>	<u>124</u>
Total	<u>\$ 537</u>	<u>\$ (36)</u>	<u>\$ (160)</u>	<u>\$ 341</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 \$(42) million as of March 31, 2019 and \$(22) million as of December 31, 2018.

Assured Guaranty Municipal Corp.

Loss Measures

As of March 31, 2019

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	1Q-19 Loss and LAE	1Q-19 Loss and LAE Included in Non-GAAP Operating Income (1)	1Q-19 Effect of FG VIE Consolidation (2)
Public finance:				
U.S. public finance	\$ 2,781	\$ 19	\$ 19	\$ —
Non-U.S public finance	767	—	—	—
Public finance	3,548	19	19	—
Structured finance:				
U.S. RMBS	1,362	(19)	(19)	—
Other structured finance	118	—	—	—
Structured finance	1,480	(19)	(19)	—
Total	\$ 5,028	\$ —	\$ —	\$ —

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,			
	2019	2018	2017	2016	2015
Claims-Paying Resources⁽¹⁾					
Policyholders' surplus	\$ 2,523	\$ 2,533	\$ 2,254	\$ 2,321	\$ 2,441
Contingency reserve	1,054	1,034	1,108	1,236	1,357
Qualified statutory capital	3,577	3,567	3,362	3,557	3,798
Unearned premium reserve and net deferred ceding commission income	1,848	1,873	1,926	1,573	1,849
Loss and LAE reserves	338	518	634	410	438
Total policyholders' surplus and reserves	5,763	5,958	5,922	5,540	6,085
Present value of installment premium	189	178	183	200	275
CCS	200	200	200	200	200
Excess of loss reinsurance facility	180	180	180	360	360
Total claims-paying resources (including proportionate MAC ownership for AGM)	6,332	6,516	6,485	6,300	6,920
Adjustment for MAC	430	434	451	657	940
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	\$ 5,902	\$ 6,082	\$ 6,034	\$ 5,643	\$ 5,980
Ratios:					
Net par outstanding to qualified statutory capital	36:1	36:1	41:1	39:1	45:1
Capital ratio	56:1	57:1	65:1	60:1	69:1
Financial resources ratio	32:1	31:1	34:1	34:1	38:1
Other Financial Information (Statutory Basis)⁽²⁾					
Net debt service outstanding (end of period)	\$ 201,815	\$ 204,297	\$ 218,788	\$ 213,198	\$ 262,652
Gross debt service outstanding (end of period)	289,633	291,926	311,805	310,057	371,282
Net par outstanding (end of period)	128,759	129,893	138,775	139,420	170,925
Gross par outstanding (end of period)	184,632	185,515	197,164	200,061	238,062
Ceded to Assured Guaranty affiliates	54,012	53,733	54,628	60,641	54,855
Ceded par to other companies	1,862	1,889	3,762	9,170	12,282
Gross debt service written:					
Public finance	\$ 3,765	\$ 21,854	\$ 29,785	\$ 26,269	\$ 27,849
Structured finance	—	—	—	—	—
Total gross debt service written	\$ 3,765	\$ 21,854	\$ 29,785	\$ 26,269	\$ 27,849

1) See page 8 for additional detail on claims-paying resources and exposure.

2) The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Companies are prepared on a stand-alone basis.

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, 2018.

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)

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:

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 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 consisted 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.

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. 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 contracts other than financial guaranty insurance contracts (such as non-financial guaranty insurance contracts and credit derivatives). There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from these 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

Contacts:

Equity and Fixed Income Investors:

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

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

Andre Thomas
Managing Director, Equity Investor Relations
(212) 339-3551
athomas@agltd.com

Media:

Ashweeta Durani
Vice President, Corporate Communications
(212) 408-6042
adurani@agltd.com