Financial Supplement

Assured Guaranty Municipal Corp.

September 30, 2017

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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, 2016 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017, June 30, 2017 and September 30, 2017. 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 and combined entities (consisting primarily of Assured Guaranty (Europe) Ltd., Municipal Assurance Holdings Inc., a company formed to own 100% of the common stock of Municipal Assurance Corp. (MAC), and variable interest entities Assured Guaranty Municipal is required to consolidate under accounting principles generally accepted in the United States). Assured Guaranty Municipal Corp. owns 60.7% of the outstanding shares of Municipal Assurance Holdings Inc., and Assured Guaranty Municipal Corp.'s affiliate Assured Guaranty Corp. (AGC) owns the remaining 39.3%; Assured Guaranty Municipal consolidates all of MAC. AGM (excluding MAC) shall mean Consolidated and Combined AGM excluding Municipal Assurance Holdings Inc. and MAC. On June 26, 2017, AGM purchased from its affiliate, AGC, all of the shares of AGC's direct, wholly owned subsidiaries, Assured Guaranty (UK) plc, CIFG Europe S.A. and Assured Guaranty (London) plc (collectively, the European Subsidiaries), and then immediately contributed the European Subsidiaries to AGM's wholly owned subsidiary, AGE. GAAP financial statements and disclosures for all prior periods presented in this supplement have been retrospectively adjusted to reflect the combination of AGM and the European Subsidiaries as if the combinations had been in effect from the date common control began for each of the subsidiaries. Please see the AGM Consolidated and Combined financial statements filed in Form 8-K.

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, Assured Guaranty's loss experience, or its exposure to refinancing risk in transactions (which could result in substantial liquidity claims on its guarantees); (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates ; (6) 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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss) attributable to AGM (combined)	**$ 178**	**$ 80**	**$ 408**	**$ 247**
Operating income (non-GAAP)[1]	165	90	344	279
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) (net of tax provision (benefit) of $0, $(6), $5 and $(4)) included in operating income	0	(11)	9	(7)
Effective tax rate on consolidated and combined net income	**31.5 %**	**26.7 %**	**28.0%**	**27.2 %**
Effective tax rate on operating income (non-GAAP)[2]	31.3 %	25.0 %	26.7 %	27.2 %
Effect of FG VIE consolidation included in effective tax rate on operating income	0.0 %	(1.2)%	0.2 %	(0.2)%
Return on equity (ROE) calculations[3]:				
GAAP ROE (combined)	**17.2 %**	**7.5 %**	**13.4%**	**7.7 %**
Operating ROE (non-GAAP)[1]	16.5 %	9.0 %	11.9 %	9.4 %
Effect of FG VIE consolidation on operating ROE	(0.1)%	(1.1)%	0.3 %	(0.2)%
New business[4]:				
Gross written premiums (GWP)	**$ 48**	**$ 15**	**$ 229**	**$ 80**
Present value of new business production (PVP)[1]	42	27	194	106
Gross par written	3,417	3,624	12,840	11,144

	As of	
	September 30, 2017	December 31, 2016
Consolidated and Combined Shareholder's equity attributable to AGM	**$ 4,201**	**$ 3,720**
Non-GAAP operating shareholder's equity[1]	4,069	3,641
Non-GAAP adjusted book value[1]	5,303	4,632
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity	8	1
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value	(5)	(14)
Other Information		
Net debt service outstanding[4]	$ 261,777	$ 262,816
Net par outstanding[4]	172,793	179,351
Claims-paying resources (including MAC)[5]	6,656	6,055

1) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement. The prior-year's quarterly non-GAAP financial measures (operating income and operating ROE) 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.
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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Effect of refundings and terminations on GAAP measures:				
Net earned premiums, pre-tax	**$ 38**	**$ 52**	**$ 86**	**$ 180**
Net change in fair value of credit derivatives, pre-tax	**—**	**—**	**5**	**9**
Net income effect	**22**	**29**	**52**	**141**
Effect of refundings and terminations on non-GAAP measures:				
Operating net earned premiums and credit derivative revenues[1], pre-tax	38	52	86	182
Operating income [1] effect	22	29	49	137
Gain (loss) related to FG VIE consolidation included in the effect of refundings and terminations above for the following measures:				
Net earned premiums, pre-tax	—	—	—	—
Net income and operating income, after-tax	—	—	—	—

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

Condensed Consolidated and Combined Balance Sheets (unaudited)

(dollars in millions)

	As of:	
	September 30, 2017	December 31, 2016
Assets:		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	$ 5,648	$ 5,547
Short-term investments, at fair value	629	165
Other invested assets (includes Surplus Note from affiliate of $300 and $300)	378	357
Total investment portfolio	6,655	6,069
Cash	25	32
Premiums receivable	726	358
Ceded unearned premium reserve	759	827
Reinsurance recoverable on unpaid losses	198	310
Salvage and subrogation recoverable	320	249
Credit derivative assets	3	7
Deferred tax asset, net	—	166
Financial guaranty variable interest entities (FG VIE) assets, at fair value	580	644
Other assets	225	151
Total assets	**$ 9,491**	**$ 8,813**
Liabilities and shareholders' equity:		
Liabilities:		
Unearned premium reserve	$ 2,802	$ 2,530
Loss and loss adjustment expense reserve	844	816
Reinsurance balances payable, net	191	153
Credit derivative liabilities	87	97
Deferred tax liability	52	—
Current income tax payable	118	75
FG VIE liabilities with recourse, at fair value	519	602
FG VIE liabilities without recourse, at fair value	109	110
Other liabilities	359	249
Total liabilities	**5,081**	**4,632**
Shareholders' equity:		
Preferred stock	—	—
Common stock	15	77
Additional paid-in capital	802	778
Retained earnings	3,284	3,019
Accumulated other comprehensive income	100	12
Total shareholders' equity attributable to Assured Guaranty Municipal Corp.	**4,201**	**3,886**
Noncontrolling interest	209	295
Total shareholders' equity	**4,410**	**4,181**
Total liabilities and shareholders' equity	**$ 9,491**	**$ 8,813**

Assured Guaranty Municipal Corp.

Condensed Consolidated and Combined Statements of Operations (unaudited)
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Net earned premiums	$ 96	$ 106	$ 261	$ 343
Net investment income	53	56	171	185
Net realized investment gains (losses)	7	(2)	18	(11)
Net change in fair value of credit derivatives:				
Realized gains (losses) and other settlements	0	3	16	13
Net unrealized gains (losses)	(1)	9	5	18
Net change in fair value of credit derivatives	(1)	12	21	31
Fair value gains (losses) on committed capital securities	(2)	(11)	(2)	(23)
Fair value gains (losses) on FG VIEs	3	(12)	21	2
Other income (loss)	272	9	381	38
Total revenues	**428**	**158**	**871**	**565**
Expenses:				
Loss and loss adjustment expenses (LAE)	129	8	185	99
Amortization of deferred ceding commissions	(5)	(4)	(12)	(11)
Other operating expenses	32	30	100	91
Total expenses	**156**	**34**	**273**	**179**
Income (loss) before income taxes	**272**	**124**	**598**	**386**
Provision (benefit) for income taxes	86	33	168	105
Net income (loss)	**186**	**91**	**430**	**281**
Less: Non-controlling interest	8	11	22	34
Net income (loss) attributable to Assured Guaranty Municipal Corp.	**$ 178**	**$ 80**	**$ 408**	**$ 247**

Assured Guaranty Municipal Corp.

Operating Income Adjustments and Effect of FG VIE Consolidation

(dollars in millions)

Operating Income Adjustments for the Three Months Ended September 30, 2017 and September 30, 2016

	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016	
	Operating Income Adjustments (1)	Effect of FG VIE Consolidation (2)	Operating Income Adjustments(1)	Effect of FG VIE Consolidation (2)
Adjustments to revenues:				
Net earned premiums	$ —	$ (3)	$ —	$ (3)
Net investment income	—	(1)	(1)	(1)
Net realized investment gains (losses)	7	—	(2)	—
Net change in fair value of credit derivatives	(3)	—	9	—
Fair value gains (losses) on CCS	(2)	—	(11)	—
Fair value gains (losses) on FG VIEs	—	3	—	(12)
Other income (loss)	16	0	(3)	0
Total revenue adjustments	18	(1)	(8)	(16)
Adjustments to expenses:				
Loss expense	(2)	(1)	7	1
Total expense adjustments	(2)	(1)	7	1
Pre-tax adjustments	20	0	(15)	(17)
Tax effect of adjustments	7	0	(6)	(6)
Less: Non-controlling interest	0	—	0	—
After-tax adjustments	$ 13	$ 0	$ (9)	$ (11)
Retrospective combination adjustments	$ —	$ —	$ 0	$ —

Operating Income Adjustments for the Nine Months Ended September 30, 2017 and d September 30, 2016

	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	Operating Income Adjustments (1)	Effect of FG VIE Consolidation (2)	Operating Income Adjustments(1)	Effect of FG VIE Consolidation (2)
Adjustments to revenues:				
Net earned premiums	$ —	$ (10)	$ —	$ (12)
Net investment income	—	(3)	8	(4)
Net realized investment gains (losses)	13	—	(17)	—
Net change in fair value of credit derivatives	13	—	17	—
Fair value gains (losses) on CCS	(2)	—	(23)	—
Fair value gains (losses) on FG VIEs	—	21	—	2
Other income (loss)	30	0	(25)	0
Total revenue adjustments	54	8	(40)	(14)
Adjustments to expenses:				
Loss expense	5	(6)	8	(3)
Total expense adjustments	5	(6)	8	(3)
Pre-tax adjustments	49	14	(48)	(11)
Tax effect of adjustments	17	5	(17)	(4)
Less: Non-controlling interest	0	—	3	—
After-tax adjustments	$ 32	$ 9	$ (34)	$ (7)
Retrospective combination adjustments	$ 13	$ —	$ 0	$ —

1) The "Operating Income Adjustments" column represents the amounts recorded in the consolidated statements of operations that the Company removes to arrive at 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 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)

Operating Income (non-GAAP) Reconciliation	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Combined net income (loss) attributable to AGM	**$ 178**	**$ 80**	**$ 408**	**$ 247**
Retrospective combination adjustments	—	1	(32)	1
Consolidated net income attributable to AGM	178	81	376	248
Less pre-tax adjustments:				
Realized gains (losses) on investments	7	(3)	13	(18)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(1)	1	8	12
Fair value gains (losses) on CCS	(2)	(11)	(2)	(23)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	16	(2)	30	(19)
Total pre-tax adjustments	20	(15)	49	(48)
Less tax effect on pre-tax adjustments	(7)	6	(17)	17
Operating income (non-GAAP)	$ 165	$ 90	$ 344	$ 279
Gain (loss) related to FG VIE consolidation (net of tax provision (benefit) of $0, $(6), $5 and $(4)) included in operating income	**$ 0**	**$ (11)**	**$ 9**	**$ (7)**

ROE Reconciliation and Calculation	As of September 30, 2017	June 30, 2017	December 31, 2016	September 30, 2016	June 30, 2016	December 31, 2015
Shareholder's equity attributable to AGM (combined)	**$ 4,201**	**$ 4,082**	**$ 3,886**	**$ 4,323**	**$ 4,293**	**$ 4,216**
Non-GAAP operating shareholders' equity	4,069	3,946	3,641	4,013	3,969	3,930
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity	**8**	**9**	**1**	**(14)**	**(3)**	**(7)**

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net income (loss) attributable to AGM (combined)	**$ 178**	**$ 80**	**$ 408**	**$ 247**
Operating income (non-GAAP)	165	90	344	279
Gain (loss) related to FG VIE consolidation included in operating income	**0**	**(11)**	**9**	**(7)**
Average shareholder's equity attributable to AGM (combined)	**$ 4,142**	**$ 4,308**	**$ 4,044**	**$ 4,270**
Average non-GAAP operating shareholders' equity	4,008	3,991	3,855	3,972
Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity	**9**	**(9)**	**5**	**(11)**
GAAP ROE (combined) (1)	**17.2 %**	**7.5 %**	**13.4%**	**7.7 %**
Operating ROE (non-GAAP)(1)	16.5 %	9.0 %	11.9 %	9.4 %
Effect of FG VIE consolidation included in operating ROE	(0.1)%	(1.1)%	0.3 %	(0.2)%

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. 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.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (2 of 2)

(dollars in millions)

	As of					
	September 30, 2017	June 30, 2017	December 31, 2016	September 30, 2016	June 30, 2016	December 31, 2015
Reconciliation of shareholder's equity to non-GAAP adjusted book value:						
Combined shareholder's equity attributable to AGM	**$ 4,201**	**$ 4,082**	**$ 3,886**	**$ 4,323**	**$ 4,293**	**$ 4,216**
Retrospective combination adjustments	—	—	(166)	(174)	(141)	(149)
Consolidated shareholder's equity attributable to AGM	**4,201**	**4,082**	**3,720**	**4,149**	**4,152**	**4,067**
Less pre-tax reconciling items:						
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(8)	(7)	(16)	(41)	(15)	(31)
Fair value gains (losses) on CCS	28	30	30	6	17	29
Unrealized gain (loss) on investment portfolio,	182	188	111	252	287	194
Less taxes	(70)	(75)	(46)	(81)	(106)	(55)
Non-GAAP operating shareholders' equity	4,069	3,946	3,641	4,013	3,969	3,930
Pre-tax reconciling items:						
Less: Deferred acquisition costs	(91)	(91)	(73)	(71)	(73)	(75)
Plus: Net present value of estimated net future credit derivative revenue	10	12	14	17	20	30
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,797	1,918	1,438	1,463	1,536	1,705
Plus taxes	(664)	(707)	(534)	(543)	(570)	(634)
Non-GAAP adjusted book value	$ 5,303	$ 5,260	$ 4,632	$ 5,021	$ 5,028	$ 5,106
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit (provision) of $(5), $(6), $0, $8, $2 and $4)	$ 8	$ 9	$ 1	$ (14)	$ (3)	$ (7)
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit of $3, $2, $7, $16, $10 and $12)	(5)	(4)	(14)	(27)	(17)	(24)

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)

	As of:	
	September 30, 2017	**December 31, 2016**
Claims-paying resources		
Policyholders' surplus	$ 2,322	$ 2,321
Contingency reserve	1,371	1,236
Qualified statutory capital	**3,693**	**3,557**
Unearned premium reserve[1]	1,681	1,328
Loss and LAE reserves [1]	542	410
Total policyholders' surplus and reserves	**5,916**	**5,295**
Present value of installment premium	180	200
CCS	200	200
Excess of loss reinsurance facility [2]	360	360
Total claims-paying resources (including proportionate MAC ownership for AGM)	**6,656**	**6,055**
Adjustment for MAC [3]	480	657
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	**$ 6,176**	**$ 5,398**
Statutory net par outstanding [4]	$ 122,505	$ 113,955
Equity method adjustment [3]	20,092	25,465
Adjusted statutory net par outstanding [1]	$ 142,597	$ 139,420
Net debt service outstanding [4]	$ 194,711	$ 175,668
Equity method adjustment [3]	29,543	37,530
Adjusted net debt service outstanding [1]	$ 224,254	$ 213,198
Ratios:		
Adjusted net par outstanding to qualified statutory capital	39:1	39:1
Capital ratio [5]	61:1	60:1
Financial resources ratio [6]	34:1	35:1

1) The numbers shown for AGM have been adjusted to include (i) its 100% share of its U.K. insurance subsidiary and (ii) its indirect share of MAC. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. Amounts include financial guaranty insurance and credit derivatives.
2) Represents an aggregate $360 million excess-of-loss reinsurance facility for the benefit of AGC, AGM and MAC, which became effective January 1, 2016. The facility terminates on January 1, 2018, unless AGC, AGM and MAC choose to extend it.
3) Represents adjustment for AGM's interest and indirect ownership of MAC.
4) Net par outstanding and net debt service outstanding are presented on a statutory basis.
5) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
6) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM).

Assured Guaranty Municipal Corp.

New Business Production (1 of 5)

(dollars in millions)

Reconciliation of GWP to PVP for the Three Months Ended September 30, 2017 and September 30, 2016

	Three Months Ended September 30, 2017					Three Months Ended September 30, 2016				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
Total GWP	$ 39	$ 8	$ 1	$ 0	$ 48	$ 23	$ (9)	$ 1	$ 0	$ 15
Less: Installment GWP and other GAAP adjustments(1)	4	8	1	0	13	(2)	(9)	1	0	(10)
Upfront GWP	35	—	—	—	35	25	—	—	—	25
Plus: Installment premium PVP	3	4	0	—	7	0	2	0	—	2
Total PVP	$ 38	$ 4	$ 0	$ —	$ 42	$ 25	$ 2	$ 0	$ —	$ 27
Gross par written	**$ 3,328**	**$ 89**	**$ —**	**$ —**	**$ 3,417**	**$ 3,459**	**$ 165**	**$ —**	**$ —**	**$ 3,624**

Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2017 and September 30, 2016

	Nine Months Ended September 30, 2017					Nine Months Ended September 30, 2016				
	Public Finance		Structured Finance			Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
Total GWP	$ 136	$ 92	$ 2	$ (1)	229	$ 73	$ 6	$ 1	$ 0	80
Less: Installment GWP and other GAAP adjustments(1)	3	90	2	(1)	94	(16)	6	1	0	(9)
Upfront GWP	133	2	—	—	135	89	0	—	—	89
Plus: Installment premium PVP	3	56	0	—	59	0	16	1	—	17
Total PVP	$ 136	$ 58	$ 0	$ —	$ 194	$ 89	$ 16	$ 1	$ —	$ 106
Gross par written	**$ 11,581**	**$ 1,259**	**$ —**	**$ —**	**$ 12,840**	**$ 10,574**	**$ 570**	**$ —**	**$ —**	**$ 11,144**

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 5)

(dollars in millions)

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

	Three Months Ended September 30, 2017				
	Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
AGM (Excluding MAC)					
Total GWP	**$ 38**	**$ 8**	**$ 1**	**$ 0**	**$ 47**
Less: Installment GWP and other GAAP adjustments[(1)]	4	8	1	0	13
Upfront GWP	34	—	—	—	34
Plus: Installment premium PVP	3	4	0	—	7
Total PVP	$ 37	$ 4	$ 0	$ —	$ 41
Gross par written	**$ 3,142**	**$ 89**	**$ —**	**$ —**	**$ 3,231**
MAC					
Total GWP	**$ 1**	**$ —**	**$ —**	**$ —**	**$ 1**
Less: Installment GWP and other GAAP adjustments[(2)]	0	—	—	—	0
Upfront GWP	1	—	—	—	1
Plus: Installment premium PVP	—	—	—	—	—
Total PVP	$ 1	$ —	$ —	$ —	$ 1
Gross par written	**$ 186**	**$ —**	**$ —**	**$ —**	**$ 186**
Consolidated AGM					
Total GWP	**$ 39**	**$ 8**	**$ 1**	**$ 0**	**$ 48**
Less: Installment GWP and other GAAP adjustments[(1)]	4	8	1	0	13
Upfront GWP	35	—	—	—	35
Plus: Installment premium PVP	3	4	0	—	7
Total PVP	$ 38	$ 4	$ 0	$ —	$ 42
Gross par written	**$ 3,328**	**$ 89**	**$ —**	**$ —**	**$ 3,417**

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 5)

(dollars in millions)

Reconciliation of GWP to PVP for the Three Months Ended September 30, 2016

	Three Months Ended September 30, 2016				
	Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
AGM (Excluding MAC)					
Total GWP	**$ 22**	**$ (9)**	**$ 1**	**$ 0**	**$ 14**
Less: Installment GWP and other GAAP adjustments[1]	(2)	(9)	1	0	(10)
Upfront GAAP	24	—	—	—	24
Plus: Installment premium PVP	—	2	0	—	2
Total PVP	$ 24	$ 2	$ 0	$ —	$ 26
Gross par written	**$ 3,210**	**$ 165**	**$ —**	**$ —**	**$ 3,375**
MAC					
Total GWP	**$ 1**	**$ —**	**$ —**	**$ —**	**$ 1**
Less: Installment GWP and other GAAP adjustments[2]	0	—	—	—	0
Upfront GAAP	1	—	—	—	1
Plus: Installment premium PVP	—	—	—	—	—
Total PVP	$ 1	$ —	$ —	$ —	$ 1
Gross par written	**$ 249**	**$ —**	**$ —**	**$ —**	**$ 249**
Consolidated AGM					
Total GWP	**$ 23**	**$ (9)**	**$ 1**	**$ 0**	**$ 15**
Less: Installment GWP and other GAAP adjustments[1]	(2)	(9)	1	0	(10)
Upfront GAAP	25	—	—	—	25
Plus: Installment premium PVP	0	2	0	—	2
Total PVP	$ 25	$ 2	$ 0	$ —	$ 27
Gross par written	**$ 3,459**	**$ 165**	**$ —**	**$ —**	**$ 3,624**

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.

New Business Production (4 of 5)

(dollars in millions)

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

	Nine Months Ended September 30, 2017				
	Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
AGM (Excluding MAC)					
Total GWP	**$ 133**	**$ 92**	**$ 2**	**$ (1)**	**$ 226**
Less: Installment GWP and other GAAP adjustments(1)	3	90	2	(1)	94
Upfront GWP	130	2	—	—	132
Plus: Installment premium PVP	3	56	0	—	59
Total PVP	$ 133	$ 58	$ 0	$ —	$ 191
Gross par written	**$ 11,003**	**$ 1,259**	**$ —**	**$ —**	**$ 12,262**
MAC					
Total GWP	**$ 3**	**$ —**	**$ —**	**$ —**	**$ 3**
Less: Installment GWP and other GAAP adjustments(2)	0	—	—	—	0
Upfront GWP	3	—	—	—	3
Plus: Installment premium PVP	—	—	—	—	—
Total PVP	$ 3	$ —	$ —	$ —	$ 3
Gross par written	**$ 578**	**$ —**	**$ —**	**$ —**	**$ 578**
Consolidated AGM					
Total GWP	**$ 136**	**$ 92**	**$ 2**	**$ (1)**	**$ 229**
Less: Installment GWP and other GAAP adjustments(1)	3	90	2	(1)	94
Upfront GWP	133	2	—	—	135
Plus: Installment premium PVP	3	56	0	—	59
Total PVP	$ 136	$ 58	$ 0	$ —	$ 194
Gross par written	**$ 11,581**	**$ 1,259**	**$ —**	**$ —**	**$ 12,840**

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 (5 of 5)

(dollars in millions)

Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2016

	Nine Months Ended September 30, 2016				
	Public Finance		Structured Finance		
	U.S.	Non - U.S.	U.S.	Non - U.S.	Total
AGM (Excluding MAC)					
Total GWP	**$ 71**	**$ 6**	**$ 1**	**$ 0**	**$ 78**
Less: Installment GWP and other GAAP adjustments[1]	(15)	6	1	0	(8)
Upfront GWP	86	0	—	—	86
Plus: Installment premium PVP	0	16	1	—	17
Total PVP	$ 86	$ 16	$ 1	$ —	$ 103
Gross par written	**$ 9,869**	**$ 570**	**$ —**	**$ —**	**$ 10,439**
MAC					
Total GWP	**$ 2**	**$ —**	**$ —**	**$ —**	**$ 2**
Less: Installment GWP and other GAAP adjustments[2]	(1)	—	—	—	(1)
Upfront GWP	3	—	—	—	3
Plus: Installment premium PVP	—	—	—	—	—
Total PVP	$ 3	$ —	$ —	$ —	$ 3
Gross par written	**$ 705**	**$ —**	**$ —**	**$ —**	**$ 705**
Consolidated AGM					
Total GWP	**$ 73**	**$ 6**	**$ 1**	**$ 0**	**$ 80**
Less: Installment GWP and other GAAP adjustments[1]	(16)	6	1	0	(9)
Upfront GWP	89	0	—	—	89
Plus: Installment premium PVP	0	16	1	—	17
Total PVP	$ 89	$ 16	$ 1	$ —	$ 106
Gross par written	**$ 10,574**	**$ 570**	**$ —**	**$ —**	**$ 11,144**

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.

Gross Par Written

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
Sector:				
U.S. public finance:				
General obligation	$ 1,818	A-	$ 5,373	A-
Tax backed	863	A	2,747	A
Municipal utilities	258	BBB+	1,211	BBB+
Transportation	254	A-	1,228	BBB+
Higher education	117	A-	555	A-
Healthcare	18	BBB	122	BBB
Infrastructure finance	—	—	345	A
Total U.S. public finance	3,328	A-	11,581	A-
Non-U.S. public finance:				
Regulated utilities	89	BBB	389	BBB
Infrastructure finance	—	—	870	BBB+
Total non-U.S. public finance	89	BBB	1,259	BBB
Total public finance	**3,417**	**A-**	**12,840**	**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	**$ 3,417**	**A-**	**$ 12,840**	**A-**

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

Assured Guaranty Municipal Corp.

Available-for-Sale Investment Portfolio and Cash (1 of 2)

As of September 30, 2017

(dollars in millions)

	Fair Value		
	AGM (Excluding MAC)	**MAC**	**Consolidated AGM**
Investment portfolio, available-for-sale:			
Fixed-maturity securities:			
Obligations of states and political subdivisions [2]	$ 2,772	$ 577	$ 3,349
Insured obligations of state and political subdivisions[1][2]	151	104	255
U.S. Treasury securities and obligations of U.S. government agencies	7	19	26
Agency obligations	10	—	10
Corporate securities [2]	851	80	931
Mortgage-backed securities (MBS):			
Residential MBS (RMBS) [2]	379	9	388
Commercial MBS (CMBS)	239	20	259
Asset-backed securities[2]	122	8	130
Foreign government securities	300	—	300
Total fixed-maturity securities	4,831	817	5,648
Short-term investments and cash	650	4	654
Total	**$ 5,481**	**$ 821**	**$ 6,302**

Ratings[3]:	**Fair Value (AGM Excluding MAC)**	**% of Portfolio**
U.S. Treasury securities and obligations of U.S. government agencies	$ 7	0.2 %
Agency obligations	10	0.2
AAA/Aaa	803	16.6
AA/Aa	2,512	52.0
A/A	973	20.1
BBB	65	1.3
Below investment grade (BIG) [4]	461	9.6
Total fixed-maturity securities, available-for-sale	**$ 4,831**	**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 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 and S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
4) Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $723 million in par with carrying value of $461 million.

Assured Guaranty Municipal Corp.

Available-for-Sale Investment Portfolio and Cash (2 of 2)

As of September 30, 2017

(dollars in millions)

	Amortized Cost	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Investment portfolio, available-for-sale:					
Fixed-maturity securities:					
Obligations of states and political subdivisions [3]	$ 3,220	3.62 %	3.35 %	$ 3,349	$ 117
Insured obligations of state and political subdivisions [2][3]	235	4.76	4.51	255	11
U.S. Treasury securities and obligations of U.S. government agencies	23	3.33	2.16	26	1
Agency obligations	10	3.74	2.43	10	0
Corporate securities [3]	912	2.69	1.75	931	25
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) [3]	383	6.07	3.95	388	23
Commercial MBS (CMBS)	253	3.30	2.15	259	8
Asset-backed securities[3]	113	5.36	3.48	130	6
Foreign government securities	313	1.58	1.03	300	5
Total fixed-maturity securities	5,462	3.59	2.98	5,648	196
Short-term investments	628	0.50	0.33	629	3
Cash [4]	25	—	—	25	—
Total	**$ 6,115**	**3.27%**	**2.71%**	**$ 6,302**	**$ 199**

Ratings [5]:	**Fair Value**	**% of Portfolio**
U.S. Treasury securities and obligations of U.S. government agencies	$ 26	0.5 %
Agency obligations	10	0.2
AAA/Aaa	886	15.7
AA/Aa	3,041	53.8
A/A	1,118	19.8
BBB	106	1.9
Below investment grade (BIG) [6]	461	8.1
Total fixed-maturity securities, available-for-sale	$ 5,648	100.0 %

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 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 and S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $723 million in par with carrying value of $461 million.

Assured Guaranty Municipal Corp.

Estimated Net Exposure Amortization[1] and Estimated Future Net Premium and Credit Derivative Revenues

(dollars in millions)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance [2] Expected PV Net Earned Premiums	Financial Guaranty Insurance [2] Accretion of Discount	Financial Guaranty Insurance [2] Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	Future Credit Derivative Revenues
2017 (as of September 30)		$ 261,777				
2017 Q4	$ 6,989	254,788	$ 55	$ 3	$ 3	$ 1
2018	25,514	229,274	207	11	10	2
2019	17,994	211,280	176	10	8	1
2020	14,461	196,819	158	9	7	1
2021	14,417	182,402	145	9	5	1
2017-2021	79,375	182,402	741	42	33	6
2022-2026	62,425	119,977	561	34	17	3
2027-2031	48,461	71,516	357	20	11	2
2032-2036	33,573	37,943	219	11	10	0
After 2036	37,943	—	197	10	2	0
Total	**$ 261,777**		**$ 2,075**	**$ 117**	**$ 73**	**$ 11**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 2017 . 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, ‘‘Net Expected Loss to be Expensed.’’

Assured Guaranty Municipal Corp.

Net Expected Loss to be Expensed

As of September 30, 2017

(dollars in millions)

	Net Expected Loss to be Expensed [1]
	GAAP
2017 Q4	**$ 4**
2018	**21**
2019	**19**
2020	**17**
2021	**15**
2017-2021	**76**
2022-2026	**60**
2027-2031	**29**
2032-2036	**15**
After 2036	**5**
Total expected PV of net expected loss to be expensed[2]	**185**
Future accretion	**91**
Total expected future loss and LAE	**$ 276**

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.0% to 2.94% for U.S. dollar denominated obligations.

2) Excludes $51 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					
	U.S. and Non-U.S. Pooled Corporate	U.S. RMBS	Financial Products	Other Structured Finance	Total	Estimated Ending Net Par Outstanding
2017 (as of September 30)						$ 6,087
2017 Q4	$ 569	$ 133	$ (9)	$ 50	$ 743	5,344
2018	112	454	(19)	112	659	4,685
2019	47	378	7	188	620	4,065
2020	1	324	(2)	131	454	3,611
2021	—	301	2	52	355	3,256
2017-2021	729	1,590	(21)	533	2,831	3,256
2022-2026	47	918	272	115	1,352	1,904
2027-2031	—	241	859	66	1,166	738
2032-2036	—	85	229	52	366	372
After 2036	65	208	93	6	372	—
Total structured finance	**$ 841**	**$ 3,042**	**$ 1,432**	**$ 772**	**$ 6,087**	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2017 (as of September 30)		$ 166,706
2017 Q4	$ 4,095	162,611
2018	17,257	145,354
2019	10,526	134,828
2020	7,579	127,249
2021	8,027	119,222
2017-2021	47,484	119,222
2022-2026	36,136	83,086
2027-2031	30,832	52,254
2032-2036	23,669	28,585
After 2036	28,585	—
Total public finance	**$ 166,706**	

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)

<u>Public Finance:</u>
Estimated Ending Net Par Outstanding

		MAC				
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	Consolidated AGM
2017 (as of September 30)	$ 121,941	$ 26,740	$ 14,714	$ 3,311	$ 44,765	$ 166,706
2017 Q4	119,845	25,200	14,290	3,276	42,766	162,611
2018	112,209	19,640	10,392	3,113	33,145	145,354
2019	107,417	17,507	6,984	2,920	27,411	134,828
2020	102,347	15,775	6,407	2,720	24,902	127,249
2021	96,407	14,359	5,939	2,517	22,815	119,222
2026	68,913	8,546	4,062	1,565	14,173	83,086
2031	44,626	4,422	2,439	767	7,628	52,254
2036	25,086	2,108	1,126	265	3,499	28,585

<u>Public Finance:</u>
Estimated Net Par Amortization

		MAC				
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	Consolidated AGM
2017 Q4	$ 2,096	$ 1,540	$ 424	$ 35	$ 1,999	$ 4,095
2018	7,636	5,559	3,899	163	9,621	17,257
2019	4,792	2,133	3,408	193	5,734	10,526
2020	5,070	1,732	577	200	2,509	7,579
2021	5,940	1,415	468	204	2,087	8,027
2017-2021	25,534	12,379	8,776	795	21,950	47,484
2022-2026	27,494	5,814	1,877	951	8,642	36,136
2027-2031	24,287	4,123	1,623	799	6,545	30,832
2032-2036	19,540	2,314	1,314	501	4,129	23,669
After 2036	25,086	2,108	1,125	266	3,499	28,585

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (1 of 6)

As of September 30, 2017

(dollars in millions)

Net Par Outstanding by Asset Type

		MAC				
	AGM (excluding MAC)	**Assumed from Assured Guaranty Municipal**	**Assumed from AGC**	**Direct**	**Total MAC**	**Consolidated AGM**
U.S. public finance:						
General obligation	$ 35,171	$ 15,597	$ 8,425	$ 2,956	$ 26,978	$ 62,149
Tax backed	21,772	4,015	1,989	130	6,134	27,906
Municipal utilities	15,684	4,492	2,204	186	6,882	22,566
Transportation	7,890	1,327	670	36	2,033	9,923
Higher education	2,974	1,056	1,052	3	2,111	5,085
Healthcare	4,744	—	—	—	—	4,744
Housing	750	148	—	—	148	898
Infrastructure finance	865	—	—	—	—	865
Other public finance	434	105	374	—	479	913
Total U.S. public finance	90,284	26,740	14,714	3,311	44,765	135,049
Non-U.S. public finance:						
Infrastructure finance	14,928	—	—	—	—	14,928
Regulated utilities	11,055	—	—	—	—	11,055
Other public finance	5,674	—	—	—	—	5,674
Total non-U.S. public finance	31,657	—	—	—	—	31,657
Total public finance	**121,941**	**26,740**	**14,714**	**3,311**	**44,765**	**166,706**
U.S. structured finance:						
RMBS	3,042	—	—	—	—	3,042
Financial products	1,432	—	—	—	—	1,432
Pooled corporate obligations	645	—	—	—	—	645
Consumer receivables	100	—	—	—	—	100
Commercial receivables	23	—	—	—	—	23
Insurance securitization	9	—	—	—	—	9
Other structured finance	153	—	—	—	—	153
Total U.S. structured finance	5,404	—	—	—	—	5,404
Non-U.S. structured finance:						
RMBS	392	—	—	—	—	392
Pooled corporate obligations	196	—	—	—	—	196
Other structured finance	95	—	—	—	—	95
Total non-U.S. structured finance	683	—	—	—	—	683
Total structured finance	**6,087**	**—**	**—**	**—**	**—**	**6,087**
Total	**$ 128,028**	**$ 26,740**	**$ 14,714**	**$ 3,311**	**$ 44,765**	**$ 172,793**

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (2 of 6)

(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	September 30, 2017		December 31, 2016	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	$ 62,149	A-	$ 71,026	A
Tax backed	27,906	A-	30,126	A
Municipal utilities	22,566	A-	25,237	A
Transportation	9,923	A-	10,890	A-
Higher education	5,085	A	5,479	A
Healthcare	4,744	A	5,059	A
Housing	898	A-	1,117	A-
Infrastructure finance	865	BBB	574	BBB
Other public finance	913	A	1,561	A
Total U.S. public finance	135,049	A-	151,069	A
Non-U.S. public finance:				
Infrastructure finance	14,928	BBB	7,228	BBB
Regulated utilities	11,055	BBB+	4,727	BBB+
Other public finance	5,674	A	4,063	A
Total non-U.S. public finance	31,657	BBB+	16,018	BBB+
Total public finance	**166,706**	**A-**	**167,087**	**A**
U.S. structured finance:				
RMBS	3,042	BB	3,293	BB
Financial products	1,432	AA-	1,540	AA-
Pooled corporate obligations	645	AAA	5,395	AAA
Consumer receivables	100	B+	113	B+
Commercial receivables	23	BBB-	24	BBB-
Insurance securitization	9	CC	—	—
Other structured finance	153	AA-	149	AA-
Total U.S. structured finance	5,404	BBB+	10,514	AA-
Non-U.S. structured finance:				
RMBS	392	BBB	357	BBB+
Pooled corporate obligations	196	AA	1,106	AA+
Other structured finance	95	AAA	287	AAA
Total non-U.S. structured finance	683	A	1,750	AA+
Total structured finance	**6,087**	**BBB+**	**12,264**	**AA-**
Total	**$ 172,793**	**A-**	**$ 179,351**	**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 6)
As of September 30, 2017
(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	$ 736	0.6%	$ 801	2.6%	$ 1,334	24.7%	$ 231	33.8%	$ 3,102	1.8%
AA	22,133	16.4	226	0.7	1,887	34.9	28	4.1	24,274	14.0
A	78,249	57.9	11,900	37.6	76	1.5	71	10.4	90,296	52.3
BBB	30,529	22.6	17,037	53.8	67	1.2	250	36.6	47,883	27.7
BIG	3,402	2.5	1,693	5.3	2,040	37.7	103	15.1	7,238	4.2
Net Par Outstanding[1]	**$ 135,049**	**100.0%**	**$ 31,657**	**100.0%**	**$ 5,404**	**100.0%**	**$ 683**	**100.0%**	**$ 172,793**	**100.0%**

1) As of September 30, 2017 , excludes $698 million of net par as a result of 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				
	AGM(excluding MAC)	**Assumed from AGM**	**Assumed from AGC**	**Direct**	**Total MAC**	**Consolidated AGM**
Ratings:						
AAA	$ 413	$ 314	$ 9	$ —	$ 323	$ 736
AA	11,454	8,026	2,609	44	10,679	22,133
A	50,946	15,028	10,058	2,217	27,303	78,249
BBB	24,373	3,105	2,001	1,050	6,156	30,529
BIG	3,098	267	37	—	304	3,402
Net Par Outstanding	**$ 90,284**	**$ 26,740**	**$ 14,714**	**$ 3,311**	**$ 44,765**	**$ 135,049**

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

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (4 of 6)

As of September 30, 2017

(dollars in millions)

Ceded Par Outstanding by Reinsurer

Reinsurer	Ceded Par Outstanding[1]	% of Total
Affiliated companies[2]	$ 56,220	92.3 %
Non-affiliated companies:		
Reinsurers rated investment grade:		
Subtotal	—	—
Reinsurers rated BIG or not rated:		
American Overseas Reinsurance Company Limited[2]	2,445	4.0
Syncora Guarantee Inc.[2]	1,994	3.3
ACA Financial Guaranty Corporation	208	0.3
Subtotal	4,647	7.6
Other[2]	41	0.1
Non-affiliated companies	4,688	7.7
Total	**$ 60,908**	**100.0%**

1) Of the total ceded par to reinsurers rated BIG or not rated, $305 million is rated BIG.

2) The total collateral posted by all affiliated and non-affiliated reinsurers required or had agreed to post collateral as of September 30, 2017 , was approximately $1.3 billion. The collateral excludes amounts posted by AGM for the benefit of AGE.

Assured Guaranty Municipal Corp.

Financial Guaranty Profile (5 of 6)

As of September 30, 2017

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance		
California	$ 23,704	13.7 %
Pennsylvania	12,362	7.2
Illinois	11,362	6.6
Texas	11,244	6.5
New York	10,267	5.9
New Jersey	7,398	4.3
Florida	7,123	4.1
Michigan	4,470	2.6
Georgia	3,319	1.9
Arizona	3,270	1.9
Other states	40,530	23.5
Total public finance	135,049	78.2
U.S. structured finance	5,404	3.1
Total U.S.	**140,453**	**81.3**
Non-U.S.:		
United Kingdom	21,151	12.2
Canada	2,545	1.5
France	2,469	1.4
Australia	1,869	1.1
Italy	1,065	0.6
Other	3,241	1.9
Total non-U.S.	**32,340**	**18.7**
Total net par outstanding	**$ 172,793**	**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.

Financial Guaranty Profile (6 of 6)

As of September 30, 2017

(dollars in millions)

Net Direct Economic Exposure to Selected European Countries [1]

	Hungary	Italy	Portugal	Spain	Total
Sub-sovereign exposure [2]	$ 166	$ 728	$ 73	$ 370	$ 1,337
Non-sovereign exposure [3]	121	338	—	—	459
Total	**$ 287**	**$ 1,066**	**$ 73**	**$ 370**	**$ 1,796**
Total BIG	**$ 214**	**$ —**	**$ 73**	**$ 370**	**$ 657**

1) While exposures are shown in U.S. dollars, the obligations are in various currencies, primarily euros.

2) Sub-sovereign exposure in Selected European Countries includes transactions backed by receivables from or supported by sub-sovereigns, which are governmental or government-backed entities other than the ultimate governing body of the country.

3) Non-sovereign exposure in Selected European Countries includes debt of regulated utilities and RMBS.

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

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (1 of 3)

As of September 30, 2017

(dollars in millions)

Exposure to Puerto Rico

	Gross Par Outstanding	Net Par Outstanding	Gross Debt Service Outstanding	Net Debt Service Outstanding
Total	$ 3,368	$ 2,320	$ 5,321	$ 3,721

Exposure to Puerto Rico by Risk[1]

	Net Par Outstanding[3]	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed		
Commonwealth of Puerto Rico - General Obligation Bonds[4]	$ 669	$ 1,070
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policies on affiliate exposure")[2]	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")[2]	9	9
PBA total	9	65
Public Corporations - Certain Revenues Potentially Subject to Clawback		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)[4]	167	265
PRHTA (Transportation revenue) ("Second-to-pay policies on affiliate exposure")[2]	85	85
PRHTA (Transportation revenue) total	252	350
PRHTA (Highways revenue)[4]	358	528
Other Public Corporations		
Puerto Rico Electric Power Authority (PREPA)[4]	547	730
Puerto Rico Sales Tax Financing Corporation (COFINA)[4]	263	272
Puerto Rico Municipal Finance Agency (MFA)	221	352
Total exposure to Puerto Rico	$ 2,320	$ 3,368

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 September 30, 2017 . 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 value at maturity $30 million.

4) As of the date of this filing, the Company has paid claims on these credits.

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of September 30, 2017

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico[1]

	2017 (4Q)	2018 (1Q)	2018 (2Q)	2018 (3Q)	2018 (4Q)	2019	2020	2021	2022	2023	2024	2025	2026	2027 -2031	2032 -2036	2037 -2041	2042 -2043	Total
Commonwealth Constitutionally Guaranteed																		
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	$ —	$ —	$ —	$ 22	$ —	$ 37	$ 36	$ —	$ 12	$ 3	$ 38	$ 35	$ 10	$ 149	$ 264	$ 63	$ —	$ 669
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policies")[2]	—	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies")[2]	—	—	—	—	—	2	5	—	—	1	—	1	—	—	—	—	—	9
Public Corporations - Certain Revenues Potentially Subject to Clawback																		
PRHTA (Transportation revenue) ("Primary policies")	—	—	—	14	—	10	10	10	11	12	—	4	4	87	5	—	—	167
PRHTA (Transportation revenue) ("Second-to-pay policies")[2]	—	—	—	6	—	—	—	—	—	—	—	17	12	20	30	—	—	85
PRHTA (Highways revenue)	—	—	—	6	—	6	7	18	4	30	32	33	1	40	181	—	—	358
Other Public Corporations																		
PREPA	—	—	—	3	—	19	37	21	22	69	66	54	58	198	—	—	—	547
COFINA	0	0	0	0	0	(1)	(1)	(1)	(1)	1	0	(1)	(1)	(4)	20	101	151	263
MFA	—	—	—	32	—	36	22	21	22	12	13	13	25	25	—	—	—	221
Total net par for Puerto Rico	$ 0	$ 0	$ 0	$ 83	$ 0	$109	$117	$ 69	$ 70	$128	$149	$156	$ 109	$ 515	$ 500	$ 164	$ 151	$ 2,320

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

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.

Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (3 of 3)

As of September 30, 2017

(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico[1]

	2017 (4Q)	2018 (1Q)	2018 (2Q)	2018 (3Q)	2018 (4Q)	2019	2020	2021	2022	2023	2024	2025	2026	2027 -2031	2032 -2036	2037 -2041	2042 -2043	Total
Commonwealth Constitutionally Guaranteed																		
Commonwealth of Puerto Rico - General Obligation Bonds ("Primary policies")	$ —	$ 18	$ —	$ 40	$ —	$ 70	$ 68	$ 30	$ 42	$ 33	$ 68	$ 62	$ 35	$ 260	$ 324	$ 67	$ —	$ 1,117
Commonwealth of Puerto Rico - General Obligation Bonds ("Second-to-pay policies")[2]	—	0	—	0	—	0	1	—	—	—	—	—	—	—	—	—	—	1
PBA ("Second-to-pay policies")[2]	—	0	—	1	—	2	6	0	0	1	0	1	—	—	—	—	—	11
Public Corporations - Certain Revenues Potentially Subject to Clawback																		
PRHTA (Transportation revenue) ("Primary policies")	—	4	—	18	—	18	17	17	18	18	5	9	9	101	5	—	—	239
PRHTA (Transportation revenue) ("Second-to-pay policies")[2]	—	2	—	8	—	5	4	4	4	4	4	22	16	31	36	—	—	140
PRHTA (Highways revenue)	—	9	—	15	—	25	25	36	21	47	46	46	13	95	210	—	—	588
Other Public Corporations																		
PREPA	2	11	2	14	2	45	61	43	43	89	83	67	69	226	—	—	—	757
COFINA	0	7	0	6	0	13	13	13	13	14	14	13	13	66	87	160	159	591
MFA	—	5	—	38	—	44	30	28	27	17	17	16	27	28	—	—	—	277
Total net par for Puerto Rico	$ 2	$ 56	$ 2	$140	$ 2	$222	$225	$171	$168	$223	$237	$236	$ 182	$ 807	$ 662	$ 227	$ 159	$ 3,721

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 value at maturity $30 million.

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.

Assured Guaranty Municipal Corp.

Pooled Corporate Obligations Profile

As of September 30, 2017

(dollars in millions)

Distribution of Pooled Corporate Obligations by Ratings

		Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement
Ratings:					
AAA	$	775	92.2 %	26.8 %	29.5 %
AA		—	—	—	—
A		—	—	—	—
BBB		11	1.3	N/A	N/A
BIG		55	6.5	N/A	N/A
Total exposures	**$**	**841**	**100.0%**	**24.7%**	**27.2%**

Distribution of Pooled Corporate Obligations by Asset Class

		Net Par Outstanding	% of Total	Avg. Initial Credit Enhancement	Avg. Current Credit Enhancement	Avg. Rating
Asset class:						
Synthetic investment grade pooled corporates	$	543	64.6 %	30.0 %	29.0 %	AAA
CBOs/CLOs		183	21.7	23.8	37.7	AAA
Trust preferred						
Banks and insurance		3	0.4	45.0	82.4	AAA
Other pooled corporates		112	13.3	N/A	N/A	A
Total exposures	**$**	**841**	**100.0%**	**24.7%**	**27.2%**	**AAA**

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

Assured Guaranty Municipal Corp.

Consolidated U.S. RMBS Profile

As of September 30, 2017

(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	$ 0	$ 23	$ —	$ 653	$ —	$ 676
AA	0	62	20	215	54	351
A	0	—	—	15	—	16
BBB	—	—	—	38	—	38
BIG	31	310	29	840	752	1,962
Total exposures	**$ 32**	**$ 394**	**$ 49**	**$ 1,762**	**$ 805**	**$ 3,042**

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	$ 23	$ —	$ 653	$ 39	$ 715
2005	—	150	12	150	117	429
2006	31	58	3	24	283	401
2007	—	163	34	873	367	1,436
2008	—	—	—	61	—	61
Total exposures	**$ 32**	**$ 394**	**$ 49**	**$ 1,762**	**$ 805**	**$ 3,042**

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 September 30, 2017

(dollars in millions)

Distribution of Credit Derivative Net Par Outstanding by Rating

Rating:	Net Par Outstanding	% of Total
AAA	$ 750	36.7 %
AA	269	13.2
A	596	29.2
BBB	428	20.9
Total credit derivative net par outstanding	**$ 2,043**	**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	$ 994	A-
Non-U.S. public finance	175	A-
Total public finance	**1,169**	**A-**
U.S. structured finance		
Pooled corporate obligations	621	AAA
RMBS	52	AA+
Commercial receivables	23	BBB-
Other structured finance	73	AA
Total U.S. structured finance	769	AAA
Non-U.S. structured finance:		
Pooled corporate obligations	105	AAA
Total non-U.S. structured finance	105	AAA
Total structured finance	**874**	**AAA**
Total credit derivative net par outstanding	**$ 2,043**	**AA-**

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

	September 30, 2017	December 31, 2016
U.S. public finance:		
General obligation	$ 1,589	$ 1,428
Tax backed	1,116	848
Municipal utilities	613	436
Transportation	70	64
Higher education	11	5
Healthcare	—	5
Other public finance	3	3
Total U.S. public finance	3,402	2,789
Non-U.S. public finance:		
Infrastructure finance	1,367	550
Other public finance	326	231
Total non-U.S. public finance	1,693	781
Total public finance	**5,095**	**3,570**
U.S. structured finance:		
RMBS	1,962	2,093
Consumer receivables	70	76
Insurance securitization	8	—
Other structured finance	—	6
Total U.S. structured finance	2,040	2,175
Non-U.S. structured finance:		
Pooled corporate obligations	55	134
RMBS	48	40
Total non-U.S. structured finance	103	174
Total structured finance	**2,143**	**2,349**
Total BIG net par outstanding	**$ 7,238**	**$ 5,919**

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)]

	September 30, 2017	December 31, 2016
Category 1		
U.S. public finance	$ 1,334	$ 967
Non-U.S. public finance	1,477	781
U.S. structured finance	27	45
Non-U.S. structured finance	103	174
Total Category 1	2,941	1,967
Category 2		
U.S. public finance	263	1,082
Non-U.S. public finance	216	—
U.S. structured finance	206	303
Non-U.S. structured finance	—	—
Total Category 2	685	1,385
Category 3		
U.S. public finance	1,805	740
Non-U.S. public finance	—	—
U.S. structured finance	1,807	1,827
Non-U.S. structured finance	—	—
Total Category 3	3,612	2,567
BIG Total	**$ 7,238**	**$ 5,919**

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

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

Assured Guaranty Municipal Corp.

Below Investment Grade Exposures (3 of 4)

As of September 30, 2017

(dollars in millions)

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

Name or description	Net Par Outstanding	Internal Rating
U.S. public finance:		
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	$ 669	CCC-
Puerto Rico Electric Power Authority	547	CC
Puerto Rico Highways & Transportation Authority	525	CC
Puerto Rico Sales Tax Financing Corporation	263	CCC+
Puerto Rico Municipal Finance Agency	221	CCC-
Hartford, Connecticut	212	B
Oyster Bay, New York	210	BB+
Penn Hills School District, Pennsylvania	106	BB
Virgin Islands Public Finance Authority (Gross Receipts)	101	BB
Butler County General Authority, Pennsylvania	64	BB
Stockton Pension Obligation Bonds, California	61	D
Detroit-Wayne County Stadium Authority, Michigan	61	BB+
Harrisburg Parking System, Pennsylvania	52	BB
Total	**3,092**	
Non-U.S. public finance:		
Coventry & Rugby Hospital Company Plc Walsgrave Hospital Guaranteed Secured	558	BB+
Reliance Rail Finance Pty. Limited[(1)]	259	BB+
Valencia Fair	253	BB-
Road Management Services PLC (A13 Highway)	216	B+
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	166	BB+
Autovia de la Mancha, S.A.	117	BB
Metropolitano de Porto Lease and Sublease of Railroad Equipment	52	B+
Total	**1,621**	
Total	**$ 4,713**	

1) This exposure was terminated in November 2017 due to a refinancing.

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 September 30, 2017

(dollars in millions)

Structured Finance BIG Exposures Greater Than $50 Million

Name or description	Net Par Outstanding	Internal Rating	60+ Day Delinquencies
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	$ 221	CCC	15.4%
Soundview 2007-WMC1	162	CCC	41.9
Countrywide HELOC 2006-I	161	B	2.1
Nomura Asset Accept. Corp. 2007-1	144	CCC	24.1
MABS 2007-NCW	132	CCC	28.8
New Century 2005-A	103	CCC	17.3
Countrywide HELOC 2007-A	87	CCC	3.0
Countrywide HELOC 2007-B	87	B	3.1
Countrywide HELOC 2006-F	85	CCC	3.8
Countrywide HELOC 2005-D	79	CCC	3.3
IndyMac 2007-H1 HELOC	65	CCC	3.1
Soundview (Delta) 2008-1	61	CCC	19.9
Ace 2007-D1	59	CCC	25.3
Ace Home Equity Loan Trust 2007-SL1	53	CCC	4.8
Total RMBS	**1,499**		
Subtotal U.S. structured finance	**1,499**		
Non-U.S. structured finance:			
Gleneagles Funding Ltd.	55	BB	N/A
Subtotal Non-U.S. structured finance	**55**		
Total	**$ 1,554**		

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 September 30, 2017

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating
New Jersey (State of)	$ 2,390	BBB
Illinois (State of)	1,434	BBB+
Pennsylvania (Commonwealth of)	1,099	A-
Chicago (City of) Illinois	1,098	BBB+
Arizona (State of)	894	A+
Wisconsin (State of)	813	A+
New York (City of), New York	800	AA-
Massachusetts (Commonwealth of)	790	AA-
California (State of)	781	A
Chicago Public Schools, Illinois	773	BBB-
Massachusetts (Commonwealth of) Water Resources	747	AA
Long Island Power Authority	711	BBB+
Great Lakes Water Authority (Sewerage), Michigan	687	BBB+
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	679	CCC-
Miami-Dade County Water & Sewer, Florida	665	A+
Philadelphia (City of), Pennsylvania	653	BBB+
Puerto Rico Highways & Transportation Authority	610	CCC-
New York Metropolitan Transportation Authority	566	A
San Diego Unified School District, California	548	AA
Puerto Rico Electric Power Authority	547	CC
Oglethorpe Power Corporation, Georgia	525	BBB
Atlanta, Georgia Water & Sewer System	519	A-
Regional Transportation Authority, Illinois	518	AA-
New York (State of)	513	A+
Miami-Dade County Aviation, Florida	513	A
Pennsylvania Turnpike Commission	510	A-
Port Authority of New York & New Jersey	505	BBB-
Garden State Preservation Trust (Open Space & Farmland), New Jersey	492	A-
Sacramento County, California	475	A-
Philadelphia School District, Pennsylvania	453	A-
Utah Transit Authority, Utah	453	AA+
Suffolk County, New York	452	BBB
Kansas (State of)	418	A+
New Jersey Turnpike Authority, New Jersey	412	A-
Houston, Texas Water and Sewer Authority	406	AA-
Metropolitan Pier & Exposition Authority, Illinois	397	BBB
Jefferson County Alabama Sewer	395	BBB-
Central Florida Expressway Authority, Florida	380	A+
Las Vegas-McCarran International Airport, Nevada	367	A
Sacramento (County of), California Airport System	365	A-
San Bernardino County, California	364	A+
Georgia Board of Regents	354	A
Pennsylvania Turnpike Commission Registration Fee	353	BBB
Nassau County, New York	349	A-
Oregon School Boards Association, Oregon	347	A+
Pittsburgh Water & Sewer, Pennsylvania	342	BBB+
Illinois Toll Highway Authority	341	AA
Arizona (State of) Lottery Revenue Bonds	334	A+
Dade County Sales Tax, Florida	324	AA-
Jets Stadium Development, LLC	322	BBB
Total top 50 U.S. public finance exposures	**$ 29,783**	

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 September 30, 2017
(dollars in millions)

50 Largest U.S. Structured Finance Exposures

Credit Name		Net Par Outstanding	Internal Rating	Credit Enhancement
Synthetic Investment Grade Pooled Corporate CDO	$	287	AAA	30.3%
Option One 2007-FXD2		221	CCC	0.0
Synthetic Investment Grade Pooled Corporate CDO		172	AAA	27.6
Soundview 2007-WMC1		161	CCC	—
Countrywide HELOC 2006-I		161	B	0.0
Cent CDO 12 Limited		145	AAA	34.3
Nomura Asset Accept. Corp. 2007-1		144	CCC	0.0
CWABS 2007-4		136	A+	0.0
MABS 2007-NCW		132	CCC	0.0
New Century 2005-A		103	CCC	4.6
Countrywide 2007-13		102	AA-	20.1
Countrywide HELOC 2007-A		87	CCC	0.2
Countrywide HELOC 2007-B		87	B	0.0
Countrywide HELOC 2006-F		85	CCC	0.0
Countrywide HELOC 2005-D		79	CCC	0.0
NRG Peaker		73	AA	N/A
IndyMac 2007-H1 HELOC		65	CCC	—
Wells Fargo Home Equity 2004-2		63	AAA	25.9
Soundview (Delta) 2008-1		61	CCC	0.0
Ace 2007-D1		59	CCC	0.4
Ace Home Equity Loan Trust 2007-SL1		53	CCC	—
Mid-State Trust X		52	AAA	41.0
Long Beach 2004-1		44	AAA	68.9
Countrywide Home Loans (CWABS) 2004-1		41	AAA	60.9
Asset Backed Funding Corp. 2005-AQ1		40	AA	16.7
Conseco Finance Manufactured Housing Series 2001-2		39	CCC	19.5
GMACM 2004-HE3		39	CCC	0.0
Terwin Mortgage Trust 2005-16HE		38	CCC	—
Countrywide HELOC 2005-C		38	CCC	0.0
Ameriquest 2003-5		38	BBB	16.5
Long Beach 2004-3N		37	AAA	51.6
Renaissance (Delta) 2004-2		36	AAA	36.0
Private Other Structured Finance Transaction		34	A-	N/A
Deutsche Alt-B 2006-AB1		34	CCC	0.0
Renaissance (Delta) 2005-4		32	B	13.6
Doral 2006-1		31	CCC	5.4
GSAMP 2007-HSBC1		31	AAA	70.5
GreenPoint 2000-4		31	CCC	0.0
Countrywide Alt-A 2005-22T		27	A	1.6
ACE 2007-SL3		27	AA	0.0
AMSI 04-R1		27	AAA	29.8
Harborview 2007-1		25	A	0.0
AMSI 03-11		25	AAA	33.5
ACE 2005-HE6		24	AAA	83.2
Terwin Mortgage Trust 2006-10SL		24	CCC	—
Augusta Funding Limited		24	AAA	N/A
Terwin Mortgage Trust 2005-14HE		23	CCC	—
America West Airlines Series 2000-1 G-1		23	BBB-	N/A
Renaissance (Delta) 2004-3		22	AAA	37.0
Countrywide HELOC 2006-H		21	CCC	—
Total top 50 U.S. structured finance exposures	**$**	**3,403**		

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 September 30, 2017

(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	$ 2,326	A-
Hydro-Quebec, Province of Quebec	Canada	1,921	A+
Dwr Cymru Financing Limited Welsh Water Plc	United Kingdom	1,358	A-
Anglian Water Services Financing PLC	United Kingdom	1,328	A-
Societe des Autoroutes du Nord et de l'Est de France S.A.	France	1,308	BBB+
Thames Water Utility Finance PLC	United Kingdom	999	A-
British Broadcasting Corporation (BBC)	United Kingdom	939	A+
Aspire Defence Finance plc	United Kingdom	920	BBB+
Channel Link Enterprises Finance PLC	France, United Kingdom	829	BBB
Verbund - Lease and Sublease of Hydro-Electric equipment	Austria	773	AAA
National Grid Gas PLC	United Kingdom	694	BBB+
Verdun Participations 2 S.A.S.	France	561	BBB-
Coventry & Rugby Hospital Company Plc Walsgrave Hospital Guaranteed Secured	United Kingdom	558	BB+
NATS (En Route) PLC	United Kingdom	543	A
Derby Healthcare PLC	United Kingdom	513	BBB
Sydney Airport Finance Company	Australia	512	BBB
Campania Region - Healthcare receivable	Italy	509	BBB-
Capital Hospitals (Barts)	United Kingdom	477	BBB-
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	474	BBB-
BBC 3 White City Commercial Mortgage Backed Fixed Rate Notes due 2035	United Kingdom	450	A+
Central Nottinghamshire Hospitals PLC	United Kingdom	400	BBB
InspirED Education (South Lanarkshire) plc	United Kingdom	396	BBB-
Envestra Limited	Australia	395	BBB+
National Grid Company PLC	United Kingdom	366	BBB+
Sarawak Capital Incorporated	Malaysia	350	BBB+
Total top 25 non-U.S. exposures		**$ 19,899**	

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 September 30, 2017
(dollars in millions)

10 Largest U.S. Residential Mortgage Servicer Exposures

Servicer:	Net Par Outstanding
Specialized Loan Servicing, LLC	$ 1,125
Ocwen Loan Servicing, LLC[1]	898
Bank of America, N.A.[2]	457
Wells Fargo Bank NA	264
JPMorgan Chase Bank	105
Select Portfolio Servicing, Inc.	75
Ditech Financial LLC	52
Banco Popular de Puerto Rico	32
EverHome Mortgage Company	15
Citicorp Mortgage Securities, Inc.	7
Total top 10 U.S. residential mortgage servicer exposures	**$ 3,030**

1) Includes Homeward Residential Inc.

2) Includes Countrywide Home Loans Servicing LP.

10 Largest U.S. Healthcare Exposures

Credit Name:	Net Par Outstanding	Internal Rating	State
Children's National Medical Center, District of Columbia	$ 251	A-	DC
Dignity Health, California	248	A-	CA
Asante Health System	202	A+	OR
Palmetto Health Alliance, South Carolina	201	BBB+	SC
MultiCare Health System	184	AA-	WA
Carolina HealthCare System	180	AA-	NC
Columbus Regional Healthcare System Inc.	164	BBB-	GA
Methodist Healthcare	163	A+	TN
Mercy Health (f/k/a Catholic Health Partners)	152	A	OH
Carilion Clinic	149	A	VA
Total top 10 U.S. healthcare exposures	**$ 1,894**		

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

Assured Guaranty Municipal Corp.

Roll Forward of Net Expected Loss and LAE to be Paid

(dollars in millions)

Roll Forward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended September 30, 2017

	Net Expected Loss to be Paid (Recovered) as of June 30, 2017	Economic Loss Development During 3Q-17	(Paid) Recovered Losses During 3Q-17	Net Expected Loss to be Paid (Recovered) as of September 30, 2017
Public finance:				
U.S. public finance	$ 389	$ 121	$ (79)	$ 431
Non-U.S. public finance	32	0	5	37
Public finance	421	121	(74)	468
Structured finance:				
U.S. RMBS [2]	149	(13)	11	147
Other structured finance	17	(1)	0	16
Structured finance	**166**	**(14)**	**11**	**163**
Total	**$ 587**	**$ 107**	**$ (63)**	**$ 631**

Roll Forward of Net Expected Loss and LAE to be Paid[1] for the Nine Months Ended September 30, 2017 [3]

	Net Expected Loss to be Paid (Recovered) as of December 31, 2016	Net Expected Loss to be Paid on AGLN as of January 10, 2017	Economic Loss Development During 2017	(Paid) Recovered Losses During 2017	Net Expected Loss to be Paid (Recovered) as of September 30, 2017
Public finance:					
U.S. public finance	$ 323	$ —	$ 188	$ (80)	$ 431
Non-U.S. public finance	22	13	(3)	5	37
Public finance	345	13	185	(75)	468
Structured finance:					
U.S. RMBS [2]	147	—	(35)	35	147
Other structured finance	29	8	(18)	(3)	16
Structured finance	**176**	**8**	**(53)**	**32**	**163**
Total	**$ 521**	**$ 21**	**$ 132**	**$ (43)**	**$ 631**

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 $(41) million as of December 31, 2016, $(38) million as of June 30, 2017 and $(35) million as of September 30, 2017 .

3) Includes effect of retrospective combination adjustments.

Assured Guaranty Municipal Corp.

Loss Measures[3]

As of September 30, 2017

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	GAAP Consolidated and Combined 3Q-17 Loss and LAE	3Q-17 Loss and LAE included in Operating Income (1)	3Q-17 Effect of FG VIE Consolidation (2)	GAAP Consolidated and Combined 2017 Loss and LAE	2017 Loss and LAE included in Operating Income (1)	2017 Effect of FG VIE Consolidation (2)
Public finance:							
U.S. public finance	$ 3,402	**$ 132**	$ 133	$ —	**$ 210**	$ 211	**$ —**
Non-U.S public finance	1,693	**0**	0	—	**(1)**	(1)	—
Public finance	5,095	**132**	133	—	**209**	210	—
Structured finance:							
U.S. RMBS	1,962	**(3)**	(3)	(1)	**(15)**	(21)	**(6)**
Other structured finance	181	**0**	1	—	**(9)**	(1)	—
Structured finance	2,143	**(3)**	(2)	(1)	**(24)**	(22)	(6)
Total	**$ 7,238**	**$ 129**	$ 131	$ (1)	**$ 185**	$ 188	$ (6)

1) 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 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.

3) Includes effect of retrospective combination adjustments.

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 Nine Months Ended September 30,	Year Ended December 31,			
	2017	2016	2015	2014	2013
Statutory Data					
Policyholders' surplus	$ 2,322	$ 2,321	$ 2,441	$ 2,267	$ 1,746
Contingency reserve	1,371	1,236	1,357	1,496	1,783
Qualified statutory capital	**3,693**	**3,557**	**3,798**	**3,763**	**3,529**
Unearned premium reserve	1,681	1,328	1,597	1,769	1,891
Loss and LAE reserves	542	410	438	487	340
Total policyholders' surplus and reserves	**5,916**	**5,295**	**5,833**	**6,019**	**5,760**
Present value of installment premium	180	200	275	315	395
CCS	200	200	200	200	200
Excess of loss reinsurance facility	360	360	360	450	435
Total claims-paying resources (including proportionate MAC ownership for AGM)	**6,656**	**6,055**	**6,668**	**6,984**	**6,790**
Adjustment for MAC	480	657	940	954	917
Total claims-paying resources (excluding proportionate MAC ownership for AGM)	**$ 6,176**	**$ 5,398**	**$ 5,728**	**$ 6,030**	**$ 5,873**
Other Financial Information (Statutory Basis)					
Net debt service outstanding (end of period)(1)	$ 224,254	$ 213,198	$ 262,652	$ 309,272	$ 350,905
Gross debt service outstanding (end of period)(1)	318,266	310,057	371,282	431,626	486,413
Net par outstanding (end of period)(1)	142,597	139,420	170,925	201,290	229,637
Gross par outstanding (end of period)(1)	201,610	200,061	238,062	276,304	311,891
Ceded to Assured Guaranty affiliates	54,573	60,641	54,855	54,704	57,019
Ceded par to other companies	4,439	9,170	12,282	20,309	25,237
Ratios:					
Net par outstanding to qualified statutory capital	39:1	39:1	45:1	53:1	65:1
Capital ratio (1)	61:1	60:1	69:1	82:1	99:1
Financial resources ratio (1)	34:1	35:1	39:1	44:1	52:1
Gross debt service written:					
Public finance	$ 22,183	$ 26,269	$ 27,849	$ 21,022	$ 16,204
Structured finance	—	—	—	—	—
Total gross debt service written	$ 22,183	$ 26,269	$ 27,849	$ 21,022	$ 16,204

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

<u>*Net Par Outstanding*</u> 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.

<u>*Internal Rating*</u> 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.

<u>*Statutory Net Par and Net Debt Service Outstanding.*</u> 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 are obtained:

<u>*60+ Day Delinquencies*</u> 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.

<u>*Average Credit Enhancement*</u> 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, 2016.

Public Finance:

<u>*General Obligation Bonds*</u> 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.

<u>*Tax-Backed Bonds*</u> 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.

<u>*Municipal Utility Bonds*</u> 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.

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

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

<u>*Higher Education Bonds*</u> 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.

<u>*Infrastructure Bonds*</u> 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.

Sectors (continued)

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

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

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

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

Other Public Finance primarily includes government insured student loans, government-sponsored project finance and structured municipal transactions, which 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.

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

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

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

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

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

Other Structured Finance Obligations are obligations backed by assets not generally described in any of the other described categories. One such type of asset is a tax benefit to be realized by an investor in one of the Federal or state programs that permit such investor to receive a credit against taxes (such as Federal corporate income tax or state insurance premium tax) for making qualified investments in specified enterprises, typically located in designated low-income areas.

Non-GAAP Financial Measures

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 on those measures of consolidating FG VIEs (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 variable interest entities (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. Therefore, the Company had previously removed the effect of FG VIE consolidation in its calculation of its non-GAAP financial measures. However, since fourth quarter 2016, based on the SEC's May 2016 compliance and disclosure interpretations, the Company no longer removes the effect of FG VIE consolidation from its publicly disclosed non-GAAP financial measures. This change affects the Company's calculation of operating income (non-GAAP), operating ROE, non-GAAP operating shareholders' equity and non-GAAP adjusted book value. Wherever possible, the Company has separately disclosed the effect of FG VIE consolidation. The prior-year quarterly non-GAAP financial measures have been updated to reflect the revised calculation.

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.

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. Operating income adjusted for the effect of FG VIE consolidation enables investors and analysts to evaluate the Company's financial results as 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) 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. A reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

Operating Income (non-GAAP): Management believes that 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 operating income further by removing FG VIE consolidation to arrive at its core operating income measure. Operating income is defined as net income (loss) attributable to AGL, (on a consolidated basis for entities owned as of and during each reporting period, and therefore excluding prior period retrospective combination adjustments to reflect common control transactions), 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, 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.

Non-GAAP Financial Measures (continued)

3) 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.

4) Elimination of foreign exchange gains (losses) on remeasurement of net premium receivables and loss and LAE reserves. 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, (on a consolidated basis for entities owned as of and during each reporting period, and therefore excluding prior period retrospective combination adjustments to reflect common control transactions, 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 asset or liability 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 net present value 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 asset or liability 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)

Operating Return on Equity (Operating ROE): Operating ROE represents operating income for a specified period divided by the average of operating shareholders' equity at the beginning and the end of that period. Management believes that operating ROE is a useful measure to evaluate the Company's return on invested capital. Many investors, analysts and members of the financial news media use 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 operating ROE are calculated on an annualized basis. 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. There is no corresponding GAAP financial measure. This amount represents the present value of estimated future revenue from the Company's non financial guaranty 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 net earned or written premiums and Credit Derivative Realized Gains (Losses) may differ from PVP due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

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