ASSURED GUARANTY®

# Financial Supplement

**Assured Guaranty Corp.**

June 30, 2019

# Assured Guaranty Corp.
# June 30, 2019
# Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2018 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2019 and June 30, 2019. This financial supplement should also be read in conjunction with the Company's financial statements posted on agltd.com/investor-information. For the purposes of this financial supplement, all references to the "Company" shall mean AGC and its consolidated entities.

**Cautionary Statement Regarding Forward Looking Statements:**

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's subsidiaries have insured; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) increased competition, including from new entrants into the financial guaranty industry; (7) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap (CDS) form, and variable interest entities; (11) changes in applicable accounting policies or practices; (12) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (13) the impact of changes in the world's economy and credit and currency markets and in applicable laws or regulations relating to the decision of the United Kingdom to exit the European Union; (14) the possibility that Assured Guaranty's planned acquisition (BlueMountain Acquisition) of all of the outstanding equity interests in BlueMountain Capital Management, LLC (BlueMountain) and its associated entities fails to close or is delayed due to the failure to fulfill or waive closing conditions, including the receipt of necessary regulatory approvals and client consents, or fails to close or is delayed for other reasons; (15) the impact of the announcement of Assured Guaranty's planned BlueMountain Acquisition on the Company and its relationships with its investors, regulators, rating agencies, employees and the obligors it insures and on the business of BlueMountain and its relationships with its clients and employees; (16) the possibility that regulators, clients of BlueMountain or others will impose conditions on their approvals or consents of the planned BlueMountain Acquisition or not provide approvals or consents Assured Guaranty anticipated receiving and receipt of which is not a condition to closing; (17) the failure of Assured Guaranty to successfully integrate the business of BlueMountain after closing; (18) the possibility that acquisitions or alternative investments made by Assured Guaranty, including its anticipated BlueMountain Acquisition, do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (19) difficulties with the execution of Assured Guaranty's business strategy; (20) loss of key personnel; (21) the effects of mergers, acquisitions and divestitures; (22) natural or man-made catastrophes; (23) other risk factors identified in AGL's filings with the SEC; (24) other risks and uncertainties that have not been identified at this time and; (25) management's response to these factors. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the dates on which they are made. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

# Assured Guaranty Corp.

## Selected Financial Highlights (1 of 2)

(dollars in millions)

| | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Net income (loss)** | **$ 69** | **$ 75** | **$ 63** | **$ 151** |
| Non-GAAP operating income[1] | 72 | 47 | 86 | 105 |
| Gain (loss) related to the effect of consolidating financial guaranty variable interest entities (FG VIE consolidation) (net of tax provision of $0, $0, $0 and $0) included in non-GAAP operating income | 2 | — | 2 | 1 |
| **Effective tax rate on net income** | **18.9%** | **16.6%** | **15.7%** | **17.6%** |
| Effective tax rate on non-GAAP operating income[2] | 19.0 % | 13.2 % | 17.4 % | 15.8 % |
| Effect of FG VIE consolidation included in effective tax rate on non-GAAP operating income | 0.1 % | — % | 0.1 % | 0.1 % |
| **Return on equity (ROE) calculations[3]:** | | | | |
| **GAAP ROE** | **12.0%** | **12.9%** | **5.5%** | **12.4%** |
| Non-GAAP operating ROE[1] | 13.5 % | 8.5 % | 8.0 % | 9.2 % |
| Effect of FG VIE consolidation on non-GAAP operating ROE | 0.4 % | 0.1 % | 0.1 % | 0.1 % |
| **New business:** | | | | |
| **Gross written premiums (GWP)** | **$ (4)** | **$ 331** | **$ (2)** | **$ 332** |
| Present value of new business production (PVP)[1] | 4 | 399 | 9 | 401 |
| Gross par written | 274 | 11,726 | 768 | $ 11,737 |

| | As of: June 30, 2019 | As of: December 31, 2018 |
|---|---|---|
| **Shareholder's equity** | **$ 2,235** | **$ 2,329** |
| Non-GAAP operating shareholder's equity[1] | 2,096 | 2,173 |
| Non-GAAP adjusted book value[1] | 2,566 | 2,691 |
| Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity | (5) | (8) |
| Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value | (7) | (9) |
| **Other Information** | | |
| Net debt service outstanding | $ 37,088 | $ 40,619 |
| Net par outstanding | 24,800 | 27,412 |
| Claims-paying resources (including MAC)[4] | 3,606 | 3,659 |

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

# Assured Guaranty Corp.

Selected Financial Highlights (2 of 2)

(dollars in millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Effect of refundings and terminations on GAAP measures:** | | | | |
| **Net earned premiums, pre-tax** | **$ 8** | **$ 8** | **$ 13** | **$ 29** |
| **Net change in fair value of credit derivatives, pre-tax** | **—** | **—** | **—** | **3** |
| **Net income effect** | **8** | **9** | **14** | **30** |
| **Effect of refundings and terminations on non-GAAP measures:** | | | | |
| Operating net earned premiums and credit derivative revenues[1], pre-tax | 8 | 8 | 13 | 32 |
| Non-GAAP operating income[1] effect | 8 | 9 | 14 | 30 |

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

# Assured Guaranty Corp.

## Condensed Consolidated Balance Sheets (unaudited)

(dollars in millions)

| | As of: | |
|---|---|---|
| | June 30, 2019 | December 31, 2018 |
| **Assets:** | | |
| Investment portfolio: | | |
| Fixed-maturity securities, available-for-sale, at fair value | $ 2,726 | $ 2,907 |
| Short-term investments, at fair value | 178 | 126 |
| Other invested assets | 2 | 2 |
| Equity method investments | 207 | 234 |
| Total investment portfolio | 3,113 | 3,269 |
| Cash | 114 | 31 |
| Premiums receivable, net of commissions payable | 180 | 199 |
| Ceded unearned premium reserve | 193 | 221 |
| Reinsurance recoverable on unpaid losses | 125 | 171 |
| Salvage and subrogation recoverable | 226 | 214 |
| Financial guaranty variable interest entities (FG VIE) assets, at fair value | 103 | 101 |
| Other assets | 301 | 252 |
| **Total assets** | **$ 4,355** | **$ 4,458** |
| **Liabilities and shareholders' equity:** | | |
| **Liabilities:** | | |
| Unearned premium reserve | $ 887 | $ 982 |
| Loss and loss adjustment expense (LAE) reserve | 429 | 386 |
| Notes payable to affiliates | 300 | 300 |
| Credit derivative liabilities | 220 | 182 |
| FG VIE liabilities with recourse, at fair value | 101 | 108 |
| FG VIE liabilities without recourse, at fair value | 2 | 1 |
| Other liabilities | 181 | 170 |
| **Total liabilities** | **2,120** | **2,129** |
| **Shareholders' equity:** | | |
| Preferred stock | — | — |
| Common stock | 15 | 15 |
| Additional paid-in capital | 742 | 842 |
| Retained earnings | 1,330 | 1,333 |
| Accumulated other comprehensive income | 148 | 139 |
| **Total shareholders' equity** | **2,235** | **2,329** |
| **Total liabilities and shareholders' equity** | **$ 4,355** | **$ 4,458** |

# Assured Guaranty Corp.

Condensed Consolidated Statements of Operations (unaudited)

(dollars in millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Revenues:** | | | | |
| Net earned premiums | $ 33 | $ 33 | $ 63 | $ 74 |
| Net investment income | 46 | 30 | 80 | 63 |
| Net realized investment gains (losses) | 2 | (2) | 2 | (3) |
| Net change in fair value of credit derivatives | (12) | 43 | (30) | 72 |
| Fair value gains (losses) on committed capital securities (CCS) | 9 | — | 5 | (1) |
| Other income (loss) | 9 | 2 | 13 | 5 |
| **Total revenues** | **87** | **106** | **133** | **210** |
| **Expenses:** | | | | |
| Loss and LAE | (8) | 1 | 33 | 2 |
| Interest expense on note payable to affiliate | 2 | 2 | 5 | 5 |
| Other operating expenses | 14 | 19 | 32 | 34 |
| **Total expenses** | **8** | **22** | **70** | **41** |
| **Income (loss) before provision for income taxes and equity in net earnings of investee** | **79** | **84** | **63** | **169** |
| Equity in net earnings of investees | — | (1) | 1 | (1) |
| **Income (loss) before income taxes** | 79 | 83 | 64 | 168 |
| Provision (benefit) for income taxes | 15 | 14 | 10 | 30 |
| Equity in net earnings of MAC Holdings | 5 | 6 | 9 | 13 |
| **Net income (loss)** | **$ 69** | **$ 75** | **$ 63** | **$ 151** |

# Assured Guaranty Corp.

## Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation

(dollars in millions)

### Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation for the Three Months Ended June 30, 2019 and June 30, 2018

| | Three Months Ended June 30, 2019 | | Three Months Ended June 30, 2018 | |
|---|---|---|---|---|
| | Non-GAAP Operating Income Adjustments(1) | Effect of FG VIE Consolidation (2) | Non-GAAP Operating Income Adjustments(1) | Effect of FG VIE Consolidation (2) |
| **Adjustments to revenues:** | | | | |
| Net earned premiums | $ — | $ — | $ — | $ (1) |
| Net investment income | — | — | — | — |
| Net realized investment gains (losses) | 2 | — | (2) | — |
| Net change in fair value of credit derivatives | (14) | — | 40 | — |
| Fair value gains (losses) on CCS | 9 | — | — | — |
| Other income (loss) | (1) | 7 | (1) | 1 |
| **Total revenue adjustments** | (4) | 7 | 37 | — |
| **Adjustments to expenses:** | | | | |
| Loss expense | — | 5 | 1 | — |
| **Total expense adjustments** | — | 5 | 1 | — |
| **Pre-tax adjustments** | (4) | 2 | 36 | — |
| Tax effect of adjustments | — | — | 8 | — |
| Equity in net earnings of MAC Holdings | 1 | — | — | — |
| **After-tax adjustments** | $ (3) | $ 2 | $ 28 | $ — |

### Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation for the Six Months Ended June 30, 2019 and June 30, 2018

| | Six Months Ended June 30, 2019 | | Six Months Ended June 30, 2018 | |
|---|---|---|---|---|
| | Non-GAAP Operating Income Adjustments(1) | Effect of FG VIE Consolidation (2) | Non-GAAP Operating Income Adjustments(1) | Effect of FG VIE Consolidation (2) |
| **Adjustments to revenues:** | | | | |
| Net earned premiums | $ — | $ — | $ — | $ (1) |
| Net investment income | — | — | — | — |
| Net realized investment gains (losses) | 2 | — | (3) | — |
| Net change in fair value of credit derivatives | (36) | — | 65 | — |
| Fair value gains (losses) on CCS | 5 | — | (1) | — |
| Other income (loss) | — | 8 | (1) | 3 |
| **Total revenue adjustments** | (29) | 8 | 60 | 2 |
| **Adjustments to expenses:** | | | | |
| Loss expense | 1 | 6 | 1 | 1 |
| **Total expense adjustments** | 1 | 6 | 1 | 1 |
| **Pre-tax adjustments** | (30) | 2 | 59 | 1 |
| Tax effect of adjustments | (6) | — | 13 | — |
| Equity in net earnings of MAC Holdings | 1 | — | — | — |
| **After-tax adjustments** | $ (23) | $ 2 | $ 46 | $ 1 |

1) The "Non-GAAP Operating Income Adjustments" column represents the amounts recorded in the condensed consolidated statements of operations that the Company removes to arrive at non-GAAP operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

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

# Assured Guaranty Corp.

## Selected Financial Highlights

## GAAP to Non-GAAP Reconciliations (1 of 2)

(dollars in millions)

### Non-GAAP Operating Income Reconciliation

| | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Net income (loss)** | **$ 69** | **$ 75** | **$ 63** | **$ 151** |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | 2 | (2) | 2 | (3) |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (14) | 39 | (37) | 64 |
| Fair value gains (losses) on CCS | 9 | — | 5 | (1) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves[1] | (1) | (1) | — | (1) |
| Total pre-tax adjustments | (4) | 36 | (30) | 59 |
| Less tax effect on pre-tax adjustments | 1 | (8) | 7 | (13) |
| Non-GAAP operating income | $ 72 | $ 47 | $ 86 | $ 105 |
| **Gain (loss) related to FG VIE consolidation (net of tax provision of $0, $0, $0 and $0) included in non-GAAP operating income** | **$ 2** | **$ —** | **$ 2** | **$ 1** |

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

### ROE Reconciliation and Calculation

| | As of June 30, 2019 | March 31, 2019 | December 31, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
|---|---|---|---|---|---|---|
| **Shareholder's equity** | **$ 2,235** | **$ 2,316** | **$ 2,329** | **$ 2,357** | **$ 2,304** | **$ 2,518** |
| Non-GAAP operating shareholder's equity | 2,096 | 2,146 | 2,173 | 2,193 | 2,172 | 2,367 |
| **Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity** | **(5)** | **(8)** | **(8)** | **(6)** | **(7)** | **(7)** |

| | Three Months Ended June 30, 2019 | Three Months Ended June 30, 2018 | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|---|
| **Net income (loss)** | **69** | **$ 75** | **$ 63** | **$ 151** |
| Non-GAAP operating income | 72 | 47 | 86 | 105 |
| **Gain (loss) related to FG VIE consolidation included in non-GAAP operating income** | **2** | **—** | **2** | **1** |
| **Average shareholder's equity** | **$ 2,276** | **$ 2,331** | **$ 2,282** | **$ 2,438** |
| Average non-GAAP operating shareholder's equity | 2,121 | 2,183 | 2,135 | 2,280 |
| **Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholder's equity** | **(7)** | **(7)** | **(7)** | **(7)** |
| **GAAP ROE [1]** | **12.0%** | **12.9%** | **5.5%** | **12.4%** |
| Non-GAAP operating ROE[1] | 13.5 % | 8.5 % | 8.0 % | 9.2 % |
| Effect of FG VIE consolidation included in non-GAAP operating ROE | 0.4 % | 0.1 % | 0.1 % | 0.1 % |

1) Quarterly ROE calculations represent annualized returns.

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

# Assured Guaranty Corp.

## Selected Financial Highlights

## GAAP to Non-GAAP Reconciliations (2 of 2)

(dollars in millions)

| | As of | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2019 | March 31, 2019 | December 31, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| **Reconciliation of shareholder's equity to non-GAAP adjusted book value:** | | | | | | |
| **Shareholder's equity** | **$ 2,235** | **$ 2,316** | **$ 2,329** | **$ 2,357** | **$ 2,304** | **$ 2,518** |
| Less pre-tax reconciling items: | | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (57) | (42) | (20) | (39) | (78) | (103) |
| Fair value gains (losses) on CCS | 42 | 33 | 38 | 29 | 30 | 31 |
| Unrealized gain (loss) on investment portfolio | 177 | 210 | 167 | 205 | 203 | 249 |
| Less taxes | (23) | (31) | (29) | (31) | (23) | (26) |
| Non-GAAP operating shareholders' equity | 2,096 | 2,146 | 2,173 | 2,193 | 2,172 | 2,367 |
| Pre-tax reconciling items: | | | | | | |
| Less: Deferred acquisition costs | (10) | (10) | (8) | (14) | 5 | 4 |
| Plus: Net present value of estimated net future credit derivative revenue | 148 | 148 | 152 | 159 | 89 | 95 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 437 | 466 | 495 | 572 | 468 | 504 |
| Plus taxes | (125) | (130) | (137) | (156) | (116) | (125) |
| Non-GAAP adjusted book value | $ 2,566 | $ 2,640 | $ 2,691 | $ 2,782 | $ 2,608 | $ 2,837 |
| **Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit of $1, $2, $2, $2, $2, and $2)** | **$ (5)** | **$ (8)** | **$ (8)** | **$ (6)** | **$ (7)** | **$ (7)** |
| **Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit of $1, $3, $3, $3, $3, and $2)** | **$ (7)** | **$ (9)** | **$ (9)** | **$ (7)** | **$ (8)** | **$ (9)** |

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

# Assured Guaranty Corp.

Claims-Paying Resources

(dollars in millions)

| | As of: | |
|---|---|---|
| | June 30, 2019 | December 31, 2018 |
| **Claims-paying resources** | | |
| Policyholders' surplus | $ 1,729 | $ 1,793 |
| Contingency reserve [1] | 633 | 629 |
| **Qualified statutory capital** | **2,362** | **2,422** |
| Unearned premium reserve and net deferred ceding commission income[1] | 452 | 484 |
| Loss and LAE reserves [1] | 284 | 236 |
| **Total policyholders' surplus and reserves** | **3,098** | **3,142** |
| Present value of installment premium [1] | 128 | 137 |
| CCS | 200 | 200 |
| Excess of loss reinsurance facility [2] | 180 | 180 |
| **Total claims-paying resources (including proportionate MAC ownership for AGC)** | **3,606** | **3,659** |
| Adjustment for MAC [3] | 240 | 281 |
| **Total claims-paying resources (excluding proportionate MAC ownership for AGC)** | **$ 3,366** | **$ 3,378** |
| | | |
| Statutory net par outstanding [4] | $ 24,240 | $ 26,263 |
| Equity method adjustment [3] | 8,374 | 9,283 |
| Adjusted statutory net par outstanding [1] | $ 32,614 | $ 35,546 |
| | | |
| Net debt service outstanding [4] | $ 36,553 | $ 39,473 |
| Equity method adjustment [3] | 12,356 | 13,740 |
| Adjusted net debt service outstanding [1] | $ 48,909 | $ 53,213 |
| | | |
| **Ratios:** | | |
| Adjusted net par outstanding to qualified statutory capital | 14:1 | 15:1 |
| Capital ratio [5] | 21:1 | 22:1 |
| Financial resources ratio [6] | 14:1 | 15:1 |

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

# Assured Guaranty Corp.

New Business Production

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended June 30, 2019 and June 30, 2018

| | Three Months Ended June 30, 2019 | | | | | Three Months Ended June 30, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **$ (1)** | **$ —** | **$ (3)** | **$ —** | **$ (4)** | **$ 121** | **$ 51** | **$ 158** | **$ 1** | **$ 331** |
| Less: Installment GWP and other GAAP adjustments[1] | (2) | — | (3) | — | (5) | 20 | 29 | 5 | 1 | 55 |
| Upfront GWP | 1 | — | — | — | 1 | 101 | 22 | 153 | — | 276 |
| Plus: Installment premium PVP | — | — | 3 | — | 3 | 85 | 34 | 4 | — | 123 |
| Total PVP | $ 1 | $ — | $ 3 | $ — | $ 4 | $ 186 | $ 56 | $ 157 | $ — | $ 399 |
| **Gross par written** | **$ 47** | **$ —** | **$ 227** | **$ —** | **$ 274** | **$ 7,598** | **$ 3,716** | **$ 393** | **$ 19** | **$11,726** |

### Reconciliation of GWP to PVP for the Six Months Ended June 30, 2019 and June 30, 2018

| | Six Months Ended June 30, 2019 | | | | | Six Months Ended June 30, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **$ (2)** | **$ (2)** | **$ 2** | **$ —** | **$ (2)** | **$ 121** | **$ 52** | **$ 158** | **$ 1** | **$ 332** |
| Less: Installment GWP and other GAAP adjustments[1] | (3) | (2) | 1 | — | (4) | 20 | 29 | 5 | 1 | 55 |
| Upfront GWP | 1 | — | 1 | — | 2 | 101 | 23 | 153 | — | 277 |
| Plus: Installment premium PVP | — | — | 7 | — | 7 | 85 | 35 | 4 | — | 124 |
| Total PVP | $ 1 | $ — | $ 8 | $ — | $ 9 | $ 186 | $ 58 | $ 157 | $ — | $ 401 |
| **Gross par written** | **$ 47** | **$ —** | **$ 721** | **$ —** | **$ 768** | **$ 7,598** | **$ 3,716** | **$ 404** | **$ 19** | **$11,737** |

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

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

# Assured Guaranty Corp.

Gross Par Written

(dollars in millions)

## Gross Par Written by Asset Type

| | Three Months Ended June 30, 2019 | | Six Months Ended June 30, 2019 | |
|---|---|---|---|---|
| | Gross Par Written | Avg. Internal Rating | Gross Par Written | Avg. Internal Rating |
| **Sector** | | | | |
| **U.S. public finance** | | | | |
| Infrastructure finance | $ 5 | BBB+ | $ 5 | BBB+ |
| Other public finance | 42 | A | 42 | A |
| Total U.S. public finance | $ 47 | A | $ 47 | A |
| **Non-U.S. public finance:** | | | | |
| Total non-U.S. public finance | — | — | — | — |
| **Total public finance** | **47** | **A** | **47** | **A** |
| **U.S. structured finance:** | | | | |
| Pooled corporate obligations | 208 | A | 465 | A+ |
| Life insurance transactions | — | — | 200 | AA |
| Structured credit | 15 | BBB | 30 | BBB |
| Other structured finance | 4 | A- | 26 | A- |
| Total U.S. structured finance | 227 | A | 721 | A+ |
| **Non-U.S. structured finance:** | | | | |
| Total non-U.S. structured finance | — | — | — | — |
| **Total structured finance** | **227** | **A** | **721** | **A+** |
| **Total gross par written** | **$ 274** | **A** | **$ 768** | **A+** |

# Assured Guaranty Corp.

Investment Portfolio and Cash
As of June 30, 2019
(dollars in millions)

| | Amortized Cost | Pre-Tax Book Yield | After-Tax Book Yield | Fair Value | Annualized Investment Income (1) |
|---|---|---|---|---|---|
| **Investment portfolio:** | | | | | |
| Fixed-maturity securities: | | | | | |
| Obligations of state and political subdivisions(2)(3) | $ 1,602 | 3.56 % | 3.23 % | $ 1,721 | $ 57 |
| U.S. government and agencies | 51 | 3.95 | 3.12 | 53 | 2 |
| Corporate securities | 329 | 3.36 | 2.65 | 341 | 11 |
| Mortgage-backed securities (MBS): | | | | | |
| Residential MBS (RMBS)(3) | 88 | 3.73 | 2.95 | 90 | 3 |
| Commercial MBS (CMBS) | 54 | 3.12 | 2.46 | 55 | 2 |
| Asset-backed securities(3) | 434 | 7.81 | 6.17 | 466 | 34 |
| Total fixed-maturity securities | 2,558 | 4.26 | 3.62 | 2,726 | 109 |
| Short-term investments | 178 | 2.29 | 1.81 | 178 | 4 |
| Cash (4) | 114 | — | — | 114 | — |
| **Total** | **$ 2,850** | **4.13%** | **3.51%** | **$ 3,018** | **$ 113** |

| **Ratings (5):** | **Fair Value** | **% of Portfolio** |
|---|---|---|
| U.S. government and agencies | $ 53 | 1.9 % |
| AAA/Aaa | 275 | 10.1 |
| AA/Aa | 1,302 | 47.7 |
| A/A | 469 | 17.2 |
| BBB | 179 | 6.6 |
| Below investment grade (BIG) (6) | 392 | 14.4 |
| Not rated | 56 | 2.1 |
| **Total fixed-maturity securities, available-for-sale** | **$ 2,726** | **100.0%** |

| | |
|---|---|
| **Duration of fixed-maturity securities and short-term investments (in years):** | **5.3** |
| **Average ratings of fixed-maturity securities and short-term investments** | **A** |

1) Represents annualized investment income based on amortized cost and pre-tax book yields.
2) Includes obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average BBB, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's).
3) Includes securities purchased or obtained for loss mitigation purposes.
4) Cash is not included in the yield calculation.
5) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $532 million in par with carrying value of $391 million.

# Assured Guaranty Corp.

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

(dollars in millions)

| | | | Financial Guaranty Insurance [2] | | | |
|---|---|---|---|---|---|---|
| | Estimated Net Debt Service Amortization[1] | Estimated Ending Net Debt Service Outstanding[1] | Expected PV Net Earned Premiums | Accretion of Discount | Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount | Future Credit Derivative Revenues |
| 2019 (as of June 30) | | $ 37,088 | | | | |
| 2019 Q3 | 1,358 | 35,730 | 22 | 1 | — | 3 |
| 2019 Q4 | 900 | 34,830 | 22 | 1 | — | 3 |
| 2020 | 2,960 | 31,870 | 80 | 2 | 1 | 11 |
| 2021 | 3,041 | 28,829 | 70 | 2 | 1 | 10 |
| 2022 | 2,335 | 26,494 | 61 | 2 | 1 | 9 |
| 2023 | 1,723 | 24,771 | 55 | 2 | — | 8 |
| 2019-2023 | 12,317 | 24,771 | 310 | 10 | 3 | 44 |
| 2024-2028 | 7,398 | 17,373 | 210 | 6 | 2 | 38 |
| 2029-2033 | 6,199 | 11,174 | 134 | 4 | 1 | 32 |
| 2034-2038 | 5,126 | 6,048 | 62 | 1 | 1 | 24 |
| After 2038 | 6,048 | — | 28 | 1 | — | 24 |
| **Total** | **$ 37,088** | | **$ 744** | **$ 22** | **$ 7** | **$ 162** |

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of June 30, 2019. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.

2) See page 13 for ‘‘Net Expected Loss to be Expensed.’’

# Assured Guaranty Corp.

Net Expected Loss to be Expensed[1]

As of June 30, 2019

(dollars in millions)

| | GAAP |
|---|---|
| 2019 Q3 | **$ 6** |
| 2019 Q4 | **7** |
| 2020 | **28** |
| 2021 | **26** |
| 2022 | **24** |
| 2023 | **29** |
| 2019-2023 | **120** |
| 2024-2028 | **120** |
| 2029-2033 | **78** |
| 2034-2038 | **34** |
| After 2038 | **6** |
| **Total expected present value of net expected loss to be expensed[2]** | **358** |
| Future accretion | **41** |
| **Total expected future loss and LAE** | **$ 399** |

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.0% to 2.63% for U.S. dollar denominated obligations.

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

# Assured Guaranty Corp.

Financial Guaranty Profile (1 of 3)

(dollars in millions)

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

| | As of June 30, 2019 | | As of December 31, 2018 | |
|---|---|---|---|---|
| | Net Par Outstanding | Avg. Internal Rating | Net Par Outstanding | Avg. Internal Rating |
| **U.S. public finance:** | | | | |
| Tax backed | $ 3,684 | BB+ | $ 4,168 | BBB- |
| General obligation | 3,270 | BBB+ | 3,777 | BBB+ |
| Transportation | 2,148 | A- | 2,255 | A- |
| Infrastructure finance | 2,000 | A | 2,051 | A- |
| Municipal utilities | 1,530 | BBB | 1,928 | BBB |
| Healthcare | 1,054 | A- | 1,371 | A- |
| Investor-owned utilities | 456 | A- | 603 | A- |
| Higher education | 444 | A- | 585 | A- |
| Housing revenue | 129 | BBB- | 145 | BBB |
| Other public finance | 942 | A- | 994 | A- |
| Total U.S. public finance | 15,657 | BBB+ | 17,877 | BBB+ |
| **Non-U.S. public finance:** | | | | |
| Regulated utilities | 2,122 | BBB+ | 2,347 | BBB+ |
| Infrastructure finance | 1,677 | BBB | 1,509 | BBB- |
| Pooled infrastructure | 681 | AAA | 687 | AAA |
| Other public finance | 363 | A | 362 | A- |
| Total non-U.S. public finance | 4,843 | A- | 4,905 | A- |
| **Total public finance** | **20,500** | **BBB+** | **22,782** | **BBB+** |
| **U.S. structured finance:** | | | | |
| RMBS | 1,268 | BBB | 1,399 | BBB- |
| Pooled corporate obligations | 1,140 | AA- | 1,015 | AA- |
| Consumer receivables | 650 | A+ | 720 | A+ |
| Life insurance transactions | 487 | AA | 510 | AA |
| Other structured finance | 388 | BBB+ | 414 | BBB+ |
| Total U.S. structured finance | 3,933 | A | 4,058 | A |
| **Non-U.S. structured finance:** | | | | |
| RMBS | 207 | AA- | 215 | A+ |
| Pooled corporate obligations | 3 | BBB | 47 | AA |
| Other structured finance | 157 | BBB | 310 | A- |
| Total non-U.S. structured finance | 367 | A | 572 | A |
| **Total structured finance** | **4,300** | **A** | **4,630** | **A** |
| **Total** | **$ 24,800** | **BBB+** | **$ 27,412** | **BBB+** |

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

# Assured Guaranty Corp.

Financial Guaranty Profile (2 of 3)

As of June 30, 2019

(dollars in millions)

### Distribution by Ratings of Financial Guaranty Portfolio

| | Public Finance - U.S. | | Public Finance - Non-U.S. | | Structured Finance - U.S. | | Structured Finance - Non-U.S. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Ratings:** | **Net Par Outstanding** | **%** | **Net Par Outstanding** | **%** | **Net Par Outstanding** | **%** | **Net Par Outstanding** | **%** | **Net Par Outstanding** | **%** |
| AAA | $ 18 | 0.1 % | $ 774 | 16.0 % | $ 603 | 15.3 % | $ 79 | 21.5 % | $ 1,474 | 6.0 % |
| AA | 3,023 | 19.3 | 189 | 3.9 | 1,397 | 35.5 | 11 | 3.0 | 4,620 | 18.6 |
| A | 6,059 | 38.7 | 913 | 18.9 | 770 | 19.6 | 128 | 34.9 | 7,870 | 31.7 |
| BBB | 4,755 | 30.4 | 2,841 | 58.6 | 585 | 14.9 | 149 | 40.6 | 8,330 | 33.6 |
| BIG | 1,802 | 11.5 | 126 | 2.6 | 578 | 14.7 | — | — | 2,506 | 10.1 |
| **Net Par Outstanding[(1)]** | **$ 15,657** | **100.0%** | **$ 4,843** | **100.0%** | **$ 3,933** | **100.0%** | **$ 367** | **100.0%** | **$ 24,800** | **100.0%** |

1) As of June 30, 2019, excludes $593 million of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio, which are primarily BIG.

### Ceded Par Outstanding

| | Ceded Par Outstanding[(1)(2)] | % of Total |
|---|---|---|
| Affiliated reinsurers | $ 17,415 | 99.4 % |
| Non-affiliated reinsurers | 99 | 0.6 % |
| **Total** | **$ 17,514** | **100.0%** |

1) Of the total ceded par to reinsurers rated BIG or not rated, none is rated BIG.
2) There was no collateral posted by third party reinsurers and $296 million posted by affiliated reinsurers as of June 30, 2019.

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

# Assured Guaranty Corp.

Financial Guaranty Profile (3 of 3)

As of June 30, 2019

(dollars in millions)

**Geographic Distribution of Financial Guaranty Portfolio**

| | Net Par Outstanding | % of Total |
|---|---|---|
| **U.S.:** | | |
| U.S. public finance: | | |
| California | $ 3,404 | 13.7 % |
| Puerto Rico | 1,586 | 6.5 |
| New Jersey | 1,257 | 5.1 |
| Texas | 1,242 | 5.0 |
| New York | 1,016 | 4.1 |
| Florida | 741 | 3.0 |
| Illinois | 697 | 2.8 |
| District of Columbia | 629 | 2.5 |
| Pennsylvania | 505 | 2.0 |
| Virginia | 477 | 1.9 |
| Other | 4,103 | 16.5 |
| Total U.S. public finance | 15,657 | 63.1 |
| U.S. structured finance: | 3,933 | 15.9 |
| **Total U.S.** | **19,590** | **79.0** |
| **Non-U.S.:** | | |
| United Kingdom | 3,305 | 13.3 |
| Australia | 560 | 2.3 |
| New Zealand | 219 | 0.9 |
| Chile | 209 | 0.8 |
| Mexico | 184 | 0.7 |
| Other | 733 | 3.0 |
| **Total non-U.S.** | **5,210** | **21.0** |
| **Total net par outstanding** | **$ 24,800** | **100.0%** |

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

# Assured Guaranty Corp.

Exposure to Puerto Rico (1 of 3)

As of June 30, 2019

(dollars in millions)

## Exposure to Puerto Rico

| | Gross Par Outstanding | Net Par Outstanding | Gross Debt Service Outstanding | Net Debt Service Outstanding |
|---|---|---|---|---|
| Total | $ 1,939 | $ 1,586 | $ 3,245 | $ 2,627 |

## Exposure to Puerto Rico by Risk[1]

| | Net Par Outstanding[2] | Gross Par Outstanding |
|---|---|---|
| **Commonwealth Constitutionally Guaranteed** | | |
| Commonwealth of Puerto Rico - General Obligation Bonds[3] | $ 301 | $ 352 |
| Puerto Rico Public Buildings Authority (PBA) | 142 | 143 |
| **Public Corporations - Certain Revenues Potentially Subject to Clawback** | | |
| Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)[3] | 495 | 630 |
| PRHTA (Highways revenue)[3] | 84 | 87 |
| Puerto Rico Convention Center District Authority (PRCCDA) | 152 | 152 |
| Puerto Rico Infrastructure Financing Authority (PRIFA) | 15 | 16 |
| **Other Public Corporations** | | |
| Puerto Rico Electric Power Authority (PREPA)[3] | 72 | 121 |
| Puerto Rico Aqueduct and Sewer Authority (PRASA)[4] | 284 | 373 |
| Puerto Rico Municipal Finance Agency (MFA)[4] | 40 | 64 |
| University of Puerto Rico (U of PR) [4] | 1 | 1 |
| Total exposure to Puerto Rico | $ 1,586 | $ 1,939 |

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

2) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $2.5 million and a fully accreted net par at maturity of $2.5 million.

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

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

# Assured Guaranty Corp.

## Exposure to Puerto Rico (2 of 3)

## As of June 30, 2019

(dollars in millions)

### Amortization Schedule of Net Par Outstanding of Puerto Rico[(1)]

| | 2019 (3Q) | 2019 (4Q) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 -2033 | 2034 -2038 | 2039 -2043 | 2044 -2047 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Commonwealth Constitutionally Guaranteed** | | | | | | | | | | | | | | | | |
| Commonwealth of Puerto Rico - General Obligation Bonds | $ 33 | $ — | $ 84 | $ 15 | $ 13 | $ 8 | $ 9 | $ 8 | $ 16 | $ 23 | $ 7 | $ 62 | $ 23 | $ — | $ — | $ 301 |
| PBA | 3 | — | 5 | 13 | — | 7 | — | 7 | 11 | 40 | — | 36 | 20 | — | — | 142 |
| **Public Corporations - Certain Revenues Potentially Subject to Clawback** | | | | | | | | | | | | | | | | |
| PRHTA (Transportation revenue) | 15 | — | 8 | 5 | 14 | 19 | 4 | 21 | 17 | 8 | 12 | 54 | 235 | 83 | — | 495 |
| PRHTA (Highway revenue) | 10 | — | 11 | 12 | — | — | — | 1 | — | — | 1 | 34 | 15 | — | — | 84 |
| PRCCDA | — | — | — | — | — | — | — | — | — | 19 | — | 50 | 83 | — | — | 152 |
| PRIFA | — | — | — | — | — | 2 | — | — | — | — | — | — | 3 | 10 | — | 15 |
| **Other Public Corporations** | | | | | | | | | | | | | | | | |
| PREPA | — | — | 1 | 1 | 1 | 1 | 1 | 1 | 20 | 17 | 17 | 12 | — | — | — | 72 |
| PRASA | — | — | — | — | — | — | 2 | 19 | 19 | 21 | 22 | — | 2 | — | 199 | 284 |
| MFA | 7 | — | 9 | 8 | 7 | 3 | 1 | — | 2 | 1 | 1 | 1 | — | — | — | 40 |
| U of PR | — | — | — | — | — | — | — | — | — | — | — | 1 | — | — | — | 1 |
| Total | $ 68 | $ — | $ 118 | $ 54 | $ 35 | $ 40 | $ 17 | $ 57 | $ 85 | $ 129 | $ 60 | $ 250 | $ 381 | $ 93 | $ 199 | $ 1,586 |

1) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $2.5 million and a fully accreted net par at maturity of $2.5 million.

# Assured Guaranty Corp.

Exposure to Puerto Rico (3 of 3)

As of June 30, 2019

(dollars in millions)

**Amortization Schedule of Net Debt Service Outstanding of Puerto Rico(1)**

| | 2019 (3Q) | 2019 (4Q) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 -2033 | 2034 -2038 | 2039 -2043 | 2044 -2047 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Commonwealth Constitutionally Guaranteed** | | | | | | | | | | | | | | | | |
| Commonwealth of Puerto Rico - General Obligation Bonds | $ 40 | $ — | $ 97 | $ 24 | $ 22 | $ 16 | $ 17 | $ 16 | $ 23 | $ 29 | $ 12 | $ 75 | $ 25 | $ — | $ — | $ 396 |
| PBA | 7 | — | 12 | 19 | 6 | 13 | 6 | 13 | 17 | 45 | 3 | 50 | 23 | — | — | 214 |
| **Public Corporations - Certain Revenues Potentially Subject to Clawback** | | | | | | | | | | | | | | | | |
| PRHTA (Transportation revenue) | 27 | — | 33 | 30 | 38 | 43 | 27 | 44 | 38 | 28 | 32 | 144 | 283 | 91 | — | 858 |
| PRHTA (Highway revenue) | 13 | — | 15 | 15 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 44 | 16 | — | — | 124 |
| PRCCDA | 3 | — | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 26 | 6 | 79 | 91 | — | — | 254 |
| PRIFA | — | — | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 3 | 6 | 11 | — | 30 |
| **Other Public Corporations** | | | | | | | | | | | | | | | | |
| PREPA | 2 | — | 4 | 5 | 4 | 5 | 4 | 4 | 22 | 19 | 18 | 14 | — | — | — | 101 |
| PRASA | 7 | — | 15 | 15 | 15 | 15 | 16 | 33 | 33 | 33 | 34 | 52 | 54 | 52 | 229 | 603 |
| MFA | 8 | — | 11 | 9 | 8 | 3 | 1 | 1 | 2 | 1 | 1 | 1 | — | — | — | 46 |
| U of PR | — | — | — | — | — | — | — | — | — | — | — | 1 | — | — | — | 1 |
| Total | $ 107 | $ — | $ 195 | $ 125 | $ 104 | $ 107 | $ 82 | $ 122 | $ 146 | $ 185 | $ 110 | $ 463 | $ 498 | $ 154 | $ 229 | $ 2,627 |

1) Includes exposure to capital appreciation bonds with a current aggregate net par outstanding of $2.5 million and a fully accreted net par at maturity of $2.5 million.

# Assured Guaranty Corp.
## Direct Pooled Corporate Obligations Profile
## As of June 30, 2019
(dollars in millions)

### Distribution of Direct Pooled Corporate Obligations by Ratings

| | Net Par Outstanding | % of Total | Avg. Initial Credit Enhancement | Avg. Current Credit Enhancement |
|---|---|---|---|---|
| **Ratings:** | | | | |
| AAA | $ 149 | 13.8 % | 47.0 % | 71.4 % |
| AA | 535 | 49.4 | 43.6 | 51.4 |
| A | 288 | 26.6 | 35.6 | 39.3 |
| BBB | 110 | 10.2 | 40.4 | 45.2 |
| BIG | — | — | — | — |
| **Total exposures** | **$ 1,082** | **100.0%** | **41.6%** | **50.3%** |

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

| | Net Par Outstanding | % of Total | Avg. Initial Credit Enhancement | Avg. Current Credit Enhancement | Avg. Rating |
|---|---|---|---|---|---|
| **Asset class:** | | | | | |
| CBOs/CLOs | $ 443 | 40.9 % | 36.8 % | 39.1 % | A |
| Trust preferred | | | | | |
| Banks and insurance | 548 | 50.6 | 44.6 | 57.4 | AA |
| U.S. mortgage and real estate investment trusts | 91 | 8.5 | 47.3 | 62.2 | A- |
| **Total exposures** | **$ 1,082** | **100.0%** | **41.6%** | **50.3%** | **A+** |

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

# Assured Guaranty Corp.

U.S. RMBS Profile
As of June 30, 2019
(dollars in millions)

### Distribution of U.S. RMBS by Rating and Type of Exposure [1]

| Ratings: | Prime First Lien | Alt-A First Lien | Option ARMs | Subprime First Lien | Second Lien | Total Net Par Outstanding |
|---|---|---|---|---|---|---|
| AAA | $ 8 | $ 61 | $ 14 | $ 324 | $ — | $ 407 |
| AA | 13 | 84 | 2 | 15 | 2 | 116 |
| A | 8 | — | — | 14 | — | 22 |
| BBB | 14 | 28 | — | 15 | 106 | 163 |
| BIG | 26 | 99 | 15 | 352 | 68 | 560 |
| **Total exposures** | **$ 69** | **$ 272** | **$ 31** | **$ 720** | **$ 176** | **$ 1,268** |

### 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 | $ 22 | $ 2 | $ 1 | $ 101 | $ 27 | $ 153 |
| 2005 | 39 | 80 | 11 | 94 | 36 | 260 |
| 2006 | 8 | — | 8 | 254 | 19 | 289 |
| 2007 | — | 190 | 11 | 271 | 94 | 566 |
| **Total exposures** | **$ 69** | **$ 272** | **$ 31** | **$ 720** | **$ 176** | **$ 1,268** |

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

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

# Assured Guaranty Corp.

Credit Derivative Net Par Outstanding Profile

As of June 30, 2019

(dollars in millions)

## Distribution of Credit Derivative Net Par Outstanding by Rating

| Rating | Net Par Outstanding | % of Total |
|---|---|---|
| AAA | $ 976 | 24.0 % |
| AA | 1,626 | 39.9 |
| A | 594 | 14.6 |
| BBB | 751 | 18.4 |
| BIG | 126 | 3.1 |
| **Total credit derivative net par outstanding** | **$ 4,073** | **100.0%** |

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

| | Net Par Outstanding | Average Internal Rating |
|---|---|---|
| **Public finance** | | |
| U.S. public finance | $ 1,111 | AA |
| Non-U.S. public finance | 1,723 | A+ |
| **Total public finance** | **2,834** | **AA-** |
| **U.S. structured finance:** | | |
| Pooled corporate obligations | 549 | AA- |
| RMBS | 456 | A+ |
| Consumer receivables | 107 | A+ |
| Total U.S. structured finance | 1,112 | A+ |
| **Non-U.S. structured finance:** | | |
| RMBS | 127 | A |
| Total non-U.S. structured finance | 127 | A |
| **Total structured finance** | **1,239** | **A+** |
| **Total credit derivative net par outstanding** | **$ 4,073** | **AA-** |

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

# Assured Guaranty Corp.

## Below Investment Grade Exposures (1 of 3)

(dollars in millions)

**BIG Exposures by Asset Exposure Type**

| | As of | |
|---|---|---|
| | **June 30, 2019** | **December 31, 2018** |
| **U.S. public finance:** | | |
| Tax backed | $ 811 | $ 815 |
| General obligation | 519 | 524 |
| Municipal utilities | 375 | 375 |
| Higher education | 39 | 41 |
| Healthcare | 32 | 55 |
| Housing revenue | 17 | 18 |
| Transportation | 5 | 5 |
| Investor-owned utilities | 2 | 4 |
| Infrastructure finance | 2 | 2 |
| Total U.S. public finance | 1,802 | 1,839 |
| **Non-U.S. public finance:** | | |
| Infrastructure finance | 88 | 99 |
| Other public finance | 38 | 38 |
| Total non-U.S. public finance | 126 | 137 |
| **Total public finance** | **1,928** | **1,976** |
| **U.S. structured finance:** | | |
| RMBS | 560 | 724 |
| Life insurance transactions | 7 | — |
| Consumer receivables | 4 | 4 |
| Other structured finance | 7 | 8 |
| Total U.S. structured finance | 578 | 736 |
| **Non-U.S. structured finance:** | | |
| Total non-U.S. structured finance | — | — |
| **Total structured finance** | **578** | **736** |
| **Total BIG net par outstanding** | **$ 2,506** | **$ 2,712** |

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

# Assured Guaranty Corp.

Below Investment Grade Exposures (2 of 3)

(dollars in millions)

**Net Par Outstanding by BIG Category[(1)]**

| | As of | |
|---|---|---|
| | **June 30, 2019** | **December 31, 2018** |
| **Category 1** | | |
| U.S. public finance | $ 221 | $ 252 |
| Non-U.S. public finance | 126 | 89 |
| U.S. structured finance | 83 | 85 |
| Non-U.S. structured finance | — | — |
| Total Category 1 | 430 | 426 |
| **Category 2** | | |
| U.S. public finance | 300 | 305 |
| Non-U.S. public finance | — | 48 |
| U.S. structured finance | 51 | 171 |
| Non-U.S. structured finance | — | — |
| Total Category 2 | 351 | 524 |
| **Category 3** | | |
| U.S. public finance | 1,281 | 1,282 |
| Non-U.S. public finance | — | — |
| U.S. structured finance | 444 | 480 |
| Non-U.S. structured finance | — | — |
| Total Category 3 | 1,725 | 1,762 |
| **BIG Total** | **$ 2,506** | **$ 2,712** |

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

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

# Assured Guaranty Corp.

Below Investment Grade Exposures (3 of 3)

As of June 30, 2019

(dollars in millions)

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

| Name or description | Net Par Outstanding | Internal Rating(1) |
|---|---|---|
| **U.S. public finance:** | | |
| Puerto Rico Highways & Transportation Authority | $ 579 | CCC |
| Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth | 458 | CCC |
| Puerto Rico Aqueduct & Sewer Authority | 284 | CCC |
| Puerto Rico Convention Center District Authority | 152 | CCC |
| Puerto Rico Electric Power Authority | 72 | CCC |
| **Subtotal U.S. public finance** | **1,545** | |
| **Non-U.S. public finance:** | | |
| **Subtotal non-U.S. public finance** | — | |
| **U.S. structured finance** | | |
| **RMBS:** | | |
| Option One Mortgage Loan Trust 2007-HL1 | 112 | CCC |
| Argent Securities Inc., Asset Backed Pass Through Certificates 2005-W4 | 93 | CCC |
| **Subtotal RMBS** | **205** | |
| **Non-RMBS:** | | |
| **Subtotal non-RMBS** | — | |
| **Subtotal U.S. structured finance** | **205** | |
| **Total** | **$ 1,750** | |

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

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

# Assured Guaranty Corp.

Largest Exposures by Sector (1 of 3)

As of June 30, 2019

(dollars in millions)

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

| Credit Name | Net Par Outstanding | Internal Rating(1) |
|---|---|---|
| New Jersey (State of) | $ 1,020 | BBB |
| San Diego Family Housing, LLC Military Housing | 956 | AA |
| North Texas Tollway Authority | 648 | A |
| Puerto Rico Highways & Transportation Authority | 579 | CCC |
| Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth | 458 | CCC |
| LCOR Alexandria LLC | 449 | BBB+ |
| Metro Washington Airports Authority (Dulles Toll Road) | 333 | BBB+ |
| Puerto Rico Aqueduct & Sewer Authority | 284 | CCC |
| DOT Headquarters II Lease-Backed Mortgage Finance Trust | 268 | A |
| California (State of) | 245 | AA- |
| Yankee Stadium LLC New York City Industrial Development Authority | 219 | BBB- |
| Dallas (City of) Civic Center Convention Complex, Texas | 216 | A+ |
| Dodger Tickets LLC | 189 | BBB |
| San Joaquin Hills Transportation, California | 183 | BBB- |
| Philadelphia (City of), Pennsylvania | 173 | BBB+ |
| Clarksville Natural Gas Acquisition Corporation, Tennessee | 166 | A |
| Miami-Dade County, Florida | 164 | A+ |
| Denver (City & County) Airport System, Colorado | 154 | A+ |
| Puerto Rico Convention Center District Authority | 152 | CCC |
| Duke Energy - Florida | 149 | A |
| New York Metropolitan Transportation Authority | 135 | BBB+ |
| New York (City of), New York | 134 | AA |
| Navy Midwest Family Housing LLC | 127 | A- |
| Virtua Health | 121 | AA- |
| San Francisco Airports Commission (San Francisco International Airport), California | 120 | A+ |
| Massachusetts (Commonwealth of) | 114 | AA- |
| Southern California Logistic Airport, California | 114 | BBB- |
| Orange County Schools, Florida | 110 | A+ |
| San Bernardino County, California | 109 | A+ |
| Georgia Board of Regents | 108 | A |
| Washington Water Power (Avista Project) First Mortgage Bonds | 107 | A- |
| Covenant Health | 106 | A |
| San Diego County, California | 106 | AA- |
| Chicago-O'Hare International Airport, Illinois | 98 | A- |
| Nassau County, New York | 97 | A- |
| St. Louis, Missouri | 94 | BBB+ |
| Essentia Health | 94 | A- |
| Offutt Air Force Base, Nebraska | 93 | A- |
| Municipal Gas Authority of Georgia | 91 | A+ |
| Piedmont Municipal Power Authority, South Carolina | 86 | A- |
| Ohana Military Communities, LLC | 85 | A- |
| UnityPoint Health System (f/k/a Iowa Health System) | 79 | AA- |
| Massachusetts State College Building Authority | 78 | AA- |
| Aurora Military Housing, LLC | 77 | AA |
| North Oaks Health System | 74 | BBB- |
| Puerto Rico Electric Power Authority | 72 | CCC |
| E-470 Public Highway Authority, Colorado | 71 | A- |
| Miami-Dade County Aviation, Florida | 71 | A |
| Long Beach Bond Financing Authority (Natural Gas Prepayment), California | 70 | A |
| Fort Benning Family Communities, LLC | 70 | A- |
| **Total top 50 U.S. public finance exposures** | **$ 9,916** | |

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

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

# Assured Guaranty Corp.

Largest Exposures by Sector (2 of 3)

As of June 30, 2019

(dollars in millions)

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

| Credit Name | Net Par Outstanding | Internal Rating(1) |
|---|---|---|
| SLM Private Credit Student Trust 2007-A | $ 395 | A+ |
| Private US Insurance Securitization | 180 | AA |
| SLM Private Credit Student Loan Trust 2006-C | 168 | AA- |
| Fortress Credit Opportunities VII CLO Limited | 167 | AA- |
| Private US Insurance Securitization | 150 | AA |
| Private US Insurance Securitization | 150 | AA |
| Brightwood Fund III Static 2018-1, LLC | 141 | A- |
| ABPCI Direct Lending Fund CLO I Ltd | 135 | A |
| Option One Mortgage Loan Trust 2007-HL1 | 112 | CCC |
| Argent Securities Inc., Asset Backed Pass Through Certificates 2005-W4 | 93 | CCC |
| CWALT Alternative Loan Trust 2007-HY9 | 89 | A |
| ALESCO Preferred Funding XIII, Ltd. | 84 | AA |
| Soundview Home Equity Loan Trust 2006-OPT1 | 83 | AAA |
| New Century Home Equity Loan Trust 2006-1 | 83 | AAA |
| Preferred Term Securities XXIV, Ltd. | 80 | AA- |
| OwnIt Mortgage Loan ABS Certificates 2006-3 | 78 | AAA |
| Structured Asset Investment Loan Trust 2006-1 | 71 | AAA |
| Preferred Term Securities XXIII | 60 | AA |
| Private Balloon Note Guarantee | 59 | BBB |
| Private Commercial Receivable Transaction | 56 | BBB |
| Countrywide Home Equity Loan Trust 2007-D | 55 | BBB- |
| CAPCO - Excess SIPC Excess of Loss Reinsurance | 54 | BBB |
| IMPAC CMB Trust Series 2007-A | 53 | AAA |
| ALESCO Preferred Funding XII, Ltd. | 53 | AA |
| Alesco Preferred Funding XVI, Ltd. | 49 | BBB- |
| **Total top 25 U.S. structured finance exposures** | **$ 2,698** | |

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

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

# Assured Guaranty Corp.

Largest Exposures by Sector (3 of 3)

As of June 30, 2019

(dollars in millions)

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

| Credit Name | Country | Net Par Outstanding | Internal Rating |
|---|---|---|---|
| Thames Water Utility Finance PLC | United Kingdom | $ 471 | A- |
| InspirED Education (South Lanarkshire) PLC | United Kingdom | 337 | BBB- |
| BBI (DBCT) Finance Property Limited | Australia | 236 | BBB |
| International Infrastructure Pool | United Kingdom | 227 | AAA |
| International Infrastructure Pool | United Kingdom | 227 | AAA |
| International Infrastructure Pool | United Kingdom | 227 | AAA |
| Comision Federal De Electricidad (CFE) El Cajon Project | Mexico | 180 | BBB- |
| National Grid Gas PLC | United Kingdom | 174 | BBB+ |
| Mighty River Power, New Zealand | New Zealand | 144 | BBB+ |
| Sydney Airport Finance Company | Australia | 143 | BBB+ |
| Regione Lazio | Italy | 140 | BBB- |
| Dali Capital (Northumbrian Water) PLC | United Kingdom | 129 | BBB+ |
| Private International Residential Mortgage Transaction | United Kingdom | 127 | A |
| Titularizadora Cetroamericana De DPRs | Guatemala | 125 | BBB- |
| Wessex Water Services Finance PLC | United Kingdom | 121 | AA |
| M77 - Glasgow Southern Orbital PFI Road Project | United Kingdom | 117 | BBB- |
| Channel Link Enterprises Finance PLC | France, United Kingdom | 108 | BBB |
| Vespucio Sur Chilean Toll Road Sociedad Concesionaira Autopista Vespucio Sur, S.A. | Chile | 98 | BBB |
| Anglian Water Services Financing | United Kingdom | 96 | A- |
| Verbund - Lease and Sublease of Hydro-Electric equipment | Austria | 93 | AAA |
| Orange and Associated Health Services Ancora (OAHS) Pty Ltd. | Australia | 89 | BBB |
| Chillan-Collipulli Chilean Toll Road Sociedad Concesionaria Autopista del Bosque-Chillan-Collipulli | Chile | 88 | BBB- |
| National Grid Company PLC | United Kingdom | 86 | BBB+ |
| Yorkshire Water Services Finance PLC | United Kingdom | 81 | A- |
| United Utilities Water PLC | United Kingdom | 81 | BBB+ |
| Southern Gas Networks PLC | United Kingdom | 79 | BBB |
| Envestra Limited | Australia | 76 | A- |
| Vector Limited | New Zealand | 75 | BBB+ |
| Capital Hospitals (Barts) | United Kingdom | 72 | BBB- |
| Hydro-Quebec, Province of Quebec | Canada | 71 | AA- |
| Southern Water Services Limited | United Kingdom | 63 | A- |
| Dwr Cymru Financing Limited | United Kingdom | 61 | A- |
| Societe des Autoroutes du Nord et de l'Est de France S.A. | France | 55 | BBB+ |
| Electricity North West Ltd | United Kingdom | 44 | BBB+ |
| Breeze Finance S.A. | Germany | 43 | B- |
| ALBA 2005-1 A3 | United Kingdom | 38 | AAA |
| Valencia Fair | Spain | 36 | BB+ |
| Newcastle Hospitals PFI Project | United Kingdom | 34 | BB+ |
| Severn Trent Water Utilities Finance PLC | United Kingdom | 33 | BBB+ |
| Southern Electric Power PLC | United Kingdom | 25 | BBB+ |
| Derby Healthcare PLC | United Kingdom | 23 | BBB |
| Western Power Distribution (South Wales) PLC | United Kingdom | 21 | BBB+ |
| Private Commercial Receivable Transaction | Refer to Note 1 | 20 | AAA |
| Verdun Participations 2 S.A.S. | France | 20 | BBB- |
| Western Power Distribution (SW) PLC | United Kingdom | 19 | BBB+ |
| ALBA 2006-1 A3b | United Kingdom | 18 | AAA |
| Autopista Del Maipo Sociedad SA | Chile | 16 | BBB |
| MPC Funding Limited | Australia | 16 | BBB+ |
| NewHospitals (St Helens & Knowsley) Finance PLC | United Kingdom | 16 | BBB |
| Autolink Concessionaires (M6) | United Kingdom | 15 | A- |
| **Total top 50 non-U.S. exposures** | | **$ 4,934** | |

1) Primarily United Kingdom, Mexico, Brazil, Aruba and Iceland.

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

# Assured Guaranty Corp.

## Rollforward of Net Expected Loss and LAE to be Paid

(dollars in millions)

### Rollforward of Net Expected Loss and LAE to be Paid[(1)] for the Three Months Ended June 30, 2019

| | Net Expected Loss to be Paid (Recovered) as of March 31, 2019 | Economic Loss Development (Benefit) During 2Q-19 | (Paid) Recovered Losses During 2Q-19 | Net Expected Loss to be Paid (Recovered) as of June 30, 2019 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance | $ 319 | $ 20 | $ (2) | $ 337 |
| Non-U.S public finance | 4 | (1) | — | 3 |
| Public Finance | 323 | 19 | (2) | 340 |
| Structured Finance: | | | | |
| U.S. RMBS [(2)] | 110 | (37) | 19 | 92 |
| Other structured finance | (81) | (6) | 56 | (31) |
| Structured Finance | 29 | (43) | 75 | 61 |
| Total | **$ 352** | **$ (24)** | **$ 73** | **$ 401** |

### Rollforward of Net Expected Loss and LAE to be Paid[(1)] for the Six Months Ended June 30, 2019

| | Net Expected Loss to be Paid (Recovered) as of December 31, 2018 | Economic Loss Development (Benefit) During 2019 | (Paid) Recovered Losses During 2019 | Net Expected Loss to be Paid (Recovered) as of June 30, 2019 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance | $ 314 | $ 59 | $ (36) | $ 337 |
| Non-U.S public finance | 4 | (1) | — | 3 |
| Public Finance | 318 | 58 | (36) | 340 |
| Structured Finance: | | | | |
| U.S. RMBS [(2)] | 123 | (52) | 21 | 92 |
| Other structured finance | (87) | (3) | 59 | (31) |
| Structured Finance | 36 | (55) | 80 | 61 |
| Total | **$ 354** | **$ 3** | **$ 44** | **$ 401** |

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

2) Includes future net representations and warranties (R&W) receivable of $18 million as of June 30, 2019, $21 million as of March 31, 2019 and $25 million as of December 31, 2018.

# Assured Guaranty Corp.

Loss Measures

As of June 30, 2019

(dollars in millions)

| | Total Net Par Outstanding for BIG Transactions | 2Q-19 Loss and LAE | 2Q-19 Loss and LAE included in Non-GAAP Operating Income (1) | 2Q-19 Effect of FG VIE Consolidation (2) | YTD 2019 Loss and LAE | YTD 2019 Loss and LAE included in Non-GAAP Operating Income (1) | YTD 2019 Effect of FG VIE Consolidation (2) |
|---|---|---|---|---|---|---|---|
| Public finance: | | | | | | | |
| U.S. public finance | $ 1,802 | **$ 24** | $ 24 | $ — | **$ 64** | $ 64 | $ — |
| Non-U.S public finance | 126 | **—** | — | — | **—** | — | — |
| Public finance | 1,928 | **24** | 24 | — | **64** | 64 | — |
| Structured finance: | | | | | | | |
| U.S. RMBS | 560 | **(27)** | (28) | 5 | **(31)** | (33) | 6 |
| Other structured finance | 18 | **(5)** | (4) | — | **—** | 1 | — |
| Structured finance | 578 | **(32)** | (32) | 5 | **(31)** | (32) | 6 |
| **Total** | **$ 2,506** | **$ (8)** | $ (8) | $ 5 | **$ 33** | $ 32 | $ 6 |

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

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

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

# Assured Guaranty Corp.

Summary of Statutory Financial and Statistical Data

(dollars in millions)

| | As of and for Six Months Ended June 30, | Year Ended December 31, | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| **Claims-Paying Resources**(1) | | | | | |
| Policyholders' surplus | $ 1,729 | $ 1,793 | $ 2,073 | $ 1,896 | $ 1,365 |
| Contingency reserve | 633 | 629 | 642 | 772 | 906 |
| **Qualified statutory capital** | **2,362** | **2,422** | **2,715** | **2,668** | **2,271** |
| Unearned premium reserve and net deferred ceding commission income | 452 | 484 | 354 | 498 | 663 |
| Loss and LAE reserves | 284 | 236 | 135 | 140 | 224 |
| **Total policyholders' surplus and reserves** | **3,098** | **3,142** | **3,204** | **3,306** | **3,158** |
| Present value of installment premium | 128 | 137 | 126 | 156 | 215 |
| CCS | 200 | 200 | 200 | 200 | 200 |
| Excess of loss reinsurance facility | 180 | 180 | 180 | 360 | 360 |
| **Total claims-paying resources (including proportionate MAC ownership for AGC)** | **3,606** | **3,659** | **3,710** | **4,022** | **3,933** |
| Adjustment for MAC | 240 | 281 | 292 | 425 | 544 |
| **Total claims-paying resources (excluding proportionate MAC ownership for AGC)** | **$ 3,366** | **$ 3,378** | **$ 3,418** | **$ 3,597** | **$ 3,389** |
| Ratios: | | | | | |
| Net par outstanding to qualified statutory capital | 14:1 | 15:1 | 13:1 | 19:1 | 31:1 |
| Capital ratio | 21:1 | 22:1 | 20:1 | 28:1 | 46:1 |
| Financial resources ratio | 14:1 | 15:1 | 14:1 | 19:1 | 26:1 |
| **Other Financial Information (Statutory Basis)**(2) | | | | | |
| Net debt service outstanding (end of period) | $ 48,909 | $ 53,213 | $ 53,437 | $ 75,532 | $ 103,862 |
| Gross debt service outstanding (end of period) | 64,396 | 70,087 | 67,865 | 97,249 | 137,292 |
| Net par outstanding (end of period) | 32,614 | 35,546 | 35,743 | 50,965 | 69,766 |
| Gross par outstanding (end of period) | 43,275 | 47,202 | 45,664 | 65,503 | 92,273 |
| Ceded to Assured Guaranty affiliates | 10,562 | 11,556 | 9,846 | 13,905 | 21,448 |
| Gross debt service written: | | | | | |
| Public finance - U.S. | $ 72 | $ 10,932 | $ 15 | $ 1 | 38 |
| Public finance - non-U.S. | — | 6,370 | — | — | — |
| Structured finance - U.S. | 822 | 1,191 | 56 | 105 | 349 |
| Structured finance - non-U.S. | — | 230 | — | 30 | 63 |
| Total gross debt service written | $ 894 | $ 18,723 | $ 71 | $ 136 | $ 450 |

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

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

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

# Glossary

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

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

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

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

***Performance Indicators***

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

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

***Sectors***

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2018.

*Public Finance:*

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

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

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

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

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

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

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

***Sectors* (continued)**

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

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

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

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

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

*Structured Finance:*

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

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

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

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

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

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

## Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

1) Elimination of realized gains (losses) on the Company’s investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company’s discretion and influenced by market opportunities, as well as the Company’s tax and capital profile.

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

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

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

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

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

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

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

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

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

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

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

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

2) Addition of the net present value of estimated net future revenue. See below.

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

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

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

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

## Non-GAAP Financial Measures (continued)

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

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

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