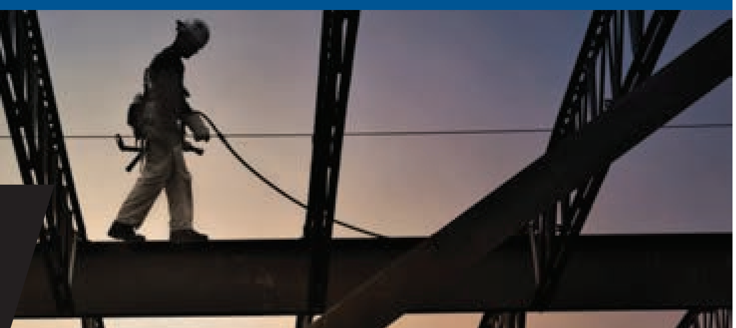
ASSURED GUARANTY®



Financial Supplement

Assured Guaranty Ltd.

June 30, 2020

Assured Guaranty Ltd.
June 30, 2020
Financial Supplement

Table of Contents	Page

This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty or the Company) with the United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2019 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2020 and June 30, 2020.

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) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) changes in the world's credit markets, segments thereof, interest rates, credit spreads or general economic conditions; (3) developments in the world's financial and capital markets that adversely affect insured obligors' repayment rates, Assured Guaranty's insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (4) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (5) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (6) 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; (7) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures; (8) increased competition, including from new entrants into the financial guaranty industry; (9) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (10) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments and investments it manages, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity or to unanticipated consequences; (11) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form, and variable interest entities as well as on the mark-to-market of assets Assured Guaranty manages; (12) 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 insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's insurance subsidiaries have insured; (13) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (14) changes in applicable accounting policies or practices; (15) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (16) the failure of Assured Guaranty to successfully integrate the business of BlueMountain Capital Management, LLC (BlueMountain) and its associated entities; (17) the possibility that acquisitions made by Assured Guaranty, including its acquisition of BlueMountain (BlueMountain Acquisition), do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (18) difficulties with the execution of Assured Guaranty's business strategy; (19) loss of key personnel; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes or pandemics; (22) other risk factors identified in AGL's filings with the U.S. SEC; (23) other risks and uncertainties that have not been identified at this time; and; (24) management's response to these factors. 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 Ltd.

Selected Financial Highlights (1 of 2)

(dollars in millions, except per share amounts)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
GAAP Highlights				
Net income (loss) attributable to AGL	**$ 183**	**$ 142**	**$ 128**	**$ 196**
Net income (loss) attributable to AGL per diluted share	**2.10**	**1.39**	**1.42**	**1.90**
Weighted average shares outstanding				
Basic shares outstanding	86.5	101.2	89.5	102.1
Diluted shares outstanding	87.0	101.9	90.2	103.0
Effective tax rate on net income	**15.4%**	**21.9%**	**18.5%**	**18.4%**
GAAP return on equity (ROE) (3)	**11.5%**	**8.5%**	**3.9%**	**5.9%**
Non-GAAP Highlights (1)				
Adjusted operating income (loss)(1)(4)				
Insurance	$ 154	$ 161	$ 239	$ 272
Asset Management	(9)	—	(18)	—
Corporate	(26)	(26)	(65)	(51)
Other	—	6	(4)	6
Adjusted operating income (loss)	$ 119	$ 141	$ 152	$ 227
Adjusted operating income (loss) per diluted share (1)(4)	1.36	1.38	1.68	2.20
Effective tax rate on adjusted operating income (2)	14.2 %	21.0 %	16.5 %	18.2 %
Adjusted operating ROE (1)(3)(5)	7.9 %	8.9 %	5.0 %	7.1 %
Insurance Segment				
Gross written premiums (GWP)	$ 149	$ 51	$ 213	$ 90
Present value of new business production (PVP) (1)	96	56	147	98
Gross par written	6,012	4,183	9,045	6,890
Asset Management Segment				
Collateralized loan obligation (CLO) net inflows	$ 528	$ —	$ 461	$ —
Opportunity funds outflows	(53)	—	(50)	—
Liquid strategies net inflows	370	—	370	—
Wind-down funds net outflows	(541)	—	(1,416)	—
Total net flows	$ 304	$ —	$ (635)	$ —
Effect of refundings and terminations on GAAP measures:				
Net earned premiums, pre-tax	**$ 32**	**$ 20**	**$ 47**	**$ 46**
Net income effect	**25**	**15**	**36**	**34**
Net income per diluted share	**0.29**	**0.15**	**0.40**	**0.33**
Effect of refundings and terminations on non-GAAP measures:				
Operating net earned premiums and credit derivative revenues(6), pre-tax	$ 32	$ 29	$ 47	$ 55
Adjusted operating income(6) effect	25	15	36	34
Adjusted operating income per diluted share (6)	0.29	0.15	0.40	0.33

1) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement and for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The prior period has been recast to present these measures at 3%, instead of a 6% discount rate.
2) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.
3) Quarterly ROE calculations represent annualized returns. See page 8 for additional information on calculation.
4) "Adjusted operating income" was formerly known as "Non-GAAP operating income."
5) "Adjusted operating ROE" was formerly known as "Non-GAAP operating ROE."
6) Condensed 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 adjusted operating income. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Ltd.

Selected Financial Highlights (2 of 2)

(dollars in millions, except per share amounts)

	As of			
	June 30, 2020		December 31, 2019	
	Amount	Per Share	Amount	Per Share
Shareholders' equity attributable to AGL	**$ 6,444**	**$ 76.66**	**$ 6,639**	**$ 71.18**
Adjusted operating shareholders' equity [1][2]	5,997	71.34	6,246	66.96
Adjusted book value [1][3]	8,796	104.63	9,047	96.99
Gain (loss) related to the effect of consolidating variable interest entities (VIE consolidation) included in adjusted operating shareholders' equity	8	0.09	7	0.07
Gain (loss) related to VIE consolidation included in adjusted book value	(2)	(0.03)	(4)	(0.05)
Shares outstanding at the end of period	84.1		93.3	
Exposure				
Financial guaranty net debt service outstanding	$ 362,529		$ 374,130	
Financial guaranty net par outstanding	231,959		236,807	
Claims-paying resources [4]	11,280		11,357	
Assets under management (AUM)				
CLOs	$ 13,212		$ 12,758	
Opportunity funds	973		1,023	
Liquid strategies	371		—	
Wind-down funds	2,460		4,046	
Total	$ 17,016		$ 17,827	

1) Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement and for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The prior period has been recast to present these measures at 3%, instead of a 6% discount rate.
2) "Adjusted operating shareholders' equity" was formerly known as "Non-GAAP operating shareholders' equity."
3) "Adjusted book value" was formerly known as "Non-GAAP adjusted book value."
4) See page 13 for additional detail on claims-paying resources.

Assured Guaranty Ltd.

Condensed Consolidated Balance Sheets (unaudited)

(dollars in millions)

	As of	
	June 30, 2020	December 31, 2019
Assets		
Investment portfolio:		
Fixed-maturity securities available-for-sale, at fair value	$ 8,630	$ 8,854
Short-term investments, at fair value	821	1,268
Other invested assets	122	118
Total investment portfolio	9,573	10,240
Cash	293	169
Premiums receivable, net of commissions payable	1,294	1,286
Deferred acquisition costs (DAC)	116	111
Salvage and subrogation recoverable	795	747
Financial guaranty variable interest entities' (FG VIEs') assets, at fair value	318	442
Assets of consolidated investment vehicles	1,669	572
Goodwill and other intangible assets	209	216
Other assets	513	543
Total assets	**$ 14,780**	**$ 14,326**
Liabilities and shareholders' equity		
Unearned premium reserve	$ 3,742	$ 3,736
Loss and loss adjustment expense (LAE) reserve	1,076	1,050
Long-term debt	1,222	1,235
Credit derivative liabilities, at fair value	163	191
FG VIEs' liabilities with recourse, at fair value	332	367
FG VIEs' liabilities without recourse, at fair value	20	102
Liabilities of consolidated investment vehicles	1,236	482
Other liabilities	480	511
Total liabilities	**8,271**	**7,674**
Redeemable noncontrolling interests in consolidated investment vehicles	**20**	**7**
Common stock	1	1
Retained earnings	6,109	6,295
Accumulated other comprehensive income	333	342
Deferred equity compensation	1	1
Total shareholders' equity attributable to Assured Guaranty Ltd.	6,444	6,639
Nonredeemable noncontrolling interests	45	**6**
Total shareholders' equity	**6,489**	**6,645**
Total liabilities, redeemable noncontrolling interests and shareholders' equity	**$ 14,780**	**$ 14,326**

Assured Guaranty Ltd.

Condensed Consolidated Statements of Operations (unaudited)

(dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues				
Net earned premiums	$ 121	$ 112	$ 224	$ 230
Net investment income	78	110	158	208
Asset management fees	20	—	43	—
Net realized investment gains (losses)	4	8	(1)	(4)
Net change in fair value of credit derivatives	100	(8)	23	(30)
Fair value gains (losses) on committed capital securities (CCS)	(25)	19	23	10
Fair value gains (losses) on FG VIEs	1	33	(8)	38
Fair value gains (losses) on consolidated investment vehicles	31	—	19	—
Foreign exchange gain (loss) on remeasurement	2	(14)	(60)	(3)
Commutation gains (losses)	38	1	38	1
Other income (loss)	2	5	9	11
Total revenues	**372**	**266**	**468**	**461**
Expenses				
Loss and LAE	37	(1)	57	45
Interest expense	21	22	43	45
Amortization of DAC	4	4	7	10
Employee compensation and benefit expenses	46	39	110	80
Other operating expenses	42	21	87	44
Total expenses	**150**	**85**	**304**	**224**
Income (loss) before provision for income taxes and equity in net earnings of investees	**222**	**181**	**164**	**237**
Equity in net earnings of investees	—	1	(4)	3
Income (loss) before income taxes	**222**	**182**	**160**	**240**
Provision (benefit) for income taxes	34	40	30	44
Net income (loss)	**188**	**142**	**130**	**196**
Less: Noncontrolling interests	5	—	2	—
Net income (loss) attributable to AGL	**$ 183**	**$ 142**	**$ 128**	**$ 196**
Earnings per share:				
Basic	$ 2.11	$ 1.40	$ 1.43	$ 1.92
Diluted	$ 2.10	$ 1.39	$ 1.42	$ 1.90

Assured Guaranty Ltd.

Results by Segment (1 of 2)

(in millions)

Results by Segment for the Three Months Ended June 30, 2020 and June 30, 2019

	Three Months Ended June 30, 2020				
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	$ 125	$ —	$ —	$ (1)	$ 124
Net investment income	82	—	—	(4)	78
Asset management fees	—	12	—	8	20
Fair value gains (losses) on FG VIEs	—	—	—	1	1
Fair value gains (losses) on consolidated investment vehicles	—	—	—	31	31
Commutation gains (losses)	38	—	—	—	38
Other income (loss)	1	1	—	—	2
Total revenues	246	13	—	35	294
Expenses					
Loss expense	39	—	—	(2)	37
Interest expense	—	—	23	(2)	21
Amortization of DAC and intangible assets	4	3	—	—	7
Employee compensation and benefit expenses	29	14	3	—	46
Other operating expenses	18	7	6	8	39
Total expenses	90	24	32	4	150
Equity in net earnings of investees	26	—	—	(26)	—
Income (loss) before income taxes	182	(11)	(32)	5	144
Provision (benefit) for income taxes	28	(2)	(6)	—	20
Noncontrolling interests	—	—	—	5	5
Adjusted operating income (loss)	$ 154	$ (9)	$ (26)	$ —	$ 119

	Three Months Ended June 30, 2019				
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	$ 127	$ —	$ —	$ (11)	$ 116
Net investment income	110	—	1	(1)	110
Fair value gains (losses) on FG VIEs	—	—	—	33	33
Commutation gains (losses)	1	—	—	—	1
Other income (loss)	3	—	—	—	3
Total revenues	241	—	1	21	263
Expenses					
Loss expense	(15)	—	—	14	(1)
Interest expense	—	—	22	—	22
Amortization of DAC and intangible assets	4	—	—	—	4
Employee compensation and benefit expenses	34	—	5	—	39
Other operating expenses	17	—	4	—	21
Total expenses	40	—	31	14	85
Equity in net earnings of investees	1	—	—	—	1
Income (loss) before income taxes	202	—	(30)	7	179
Provision (benefit) for income taxes	41	—	(4)	1	38
Noncontrolling interests	—	—	—	—	—
Adjusted operating income (loss)	$ 161	$ —	$ (26)	$ 6	$ 141

Assured Guaranty Ltd.

Results by Segment (2 of 2)

(in millions)

Results by Segment for the Six Months Ended June 30, 2020 and June 30, 2019

	Six Months Ended June 30, 2020				
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	$ 232	$ —	$ —	$ (2)	$ 230
Net investment income	165	—	1	(8)	158
Asset management fees	—	28	—	15	43
Fair value gains (losses) on FG VIEs	—	—	—	(8)	(8)
Fair value gains (losses) on consolidated investment vehicles	—	—	—	19	19
Commutation gains (losses)	38	—	—	—	38
Other income (loss)	7	2	(5)	—	4
Total revenues	442	30	(4)	16	484
Expenses					
Loss expense	57	—	—	(8)	49
Interest expense	—	—	48	(5)	43
Amortization of DAC and intangible assets	7	6	—	—	13
Employee compensation and benefit expenses	70	32	8	—	110
Other operating expenses	40	14	11	16	81
Total expenses	174	52	67	3	296
Equity in net earnings of investees	17	—	(5)	(16)	(4)
Income (loss) before income taxes	285	(22)	(76)	(3)	184
Provision (benefit) for income taxes	46	(4)	(11)	(1)	30
Noncontrolling interests	—	—	—	2	2
Adjusted operating income (loss)	$ 239	$ (18)	$ (65)	$ (4)	$ 152

	Six Months Ended June 30, 2019				
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	$ 253	$ —	$ —	$ (14)	$ 239
Net investment income	209	—	2	(3)	208
Fair value gains (losses) on FG VIEs	—	—	—	38	38
Commutation gains (losses)	1	—	—	—	1
Other income (loss)	12	—	(1)	—	11
Total revenues	475	—	1	21	497
Expenses					
Loss expense	29	—	—	15	44
Interest expense	—	—	46	(1)	45
Amortization of DAC and intangible assets	10	—	—	—	10
Employee compensation and benefit expenses	71	—	9	—	80
Other operating expenses	37	—	7	—	44
Total expenses	147	—	62	14	223
Equity in net earnings of investees	2	—	1	—	3
Income (loss) before income taxes	330	—	(60)	7	277
Provision (benefit) for income taxes	58	—	(9)	1	50
Noncontrolling interests	—	—	—	—	—
Adjusted operating income (loss)	$ 272	$ —	$ (51)	$ 6	$ 227

Assured Guaranty Ltd.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (1 of 3)

(dollars in millions, except per share amounts)

Adjusted Operating Income Reconciliation	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Net income (loss) attributable to AGL	**$ 183**	**$ 142**	**$ 128**	**$ 196**
Less pre-tax adjustments:				
Realized gains (losses) on investments	4	8	(1)	(4)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	97	(12)	9	(40)
Fair value gains (losses) on CCS	(25)	19	23	10
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	2	(12)	(55)	(3)
Total pre-tax adjustments	78	3	(24)	(37)
Less tax effect on pre-tax adjustments	(14)	(2)	—	6
Adjusted operating income (loss)	$ 119	$ 141	$ 152	$ 227
Per diluted share:				
Net income (loss) attributable to AGL	**$ 2.10**	**$ 1.39**	**$ 1.42**	**$ 1.90**
Less pre-tax adjustments:				
Realized gains (losses) on investments	0.05	0.08	(0.01)	(0.04)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	1.11	(0.12)	0.10	(0.39)
Fair value gains (losses) on CCS	(0.28)	0.19	0.25	0.09
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	0.02	(0.12)	(0.61)	(0.02)
Total pre-tax adjustments	0.90	0.03	(0.27)	(0.36)
Tax effect on pre-tax adjustments	(0.16)	(0.02)	0.01	0.06
Adjusted operating income (loss)	$ 1.36	$ 1.38	$ 1.68	$ 2.20

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

Assured Guaranty Ltd.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (2 of 3)

(dollars in millions)

ROE Reconciliation and Calculation

	June 30, 2020	March 31, 2020	December 31, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Shareholders' equity attributable to AGL	**$ 6,444**	**$ 6,240**	**$ 6,639**	**$ 6,722**	**$ 6,669**	**$ 6,555**
Adjusted operating shareholders' equity	5,997	6,051	6,246	6,335	6,341	6,342
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity	**8**	**12**	**7**	**12**	**3**	**3**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss) attributable to AGL	$ 183	**$ 142**	**$ 128**	**$ 196**
Adjusted operating income (loss)	119	141	152	227
Average shareholders' equity attributable to AGL	**$ 6,342**	**$ 6,696**	**$ 6,542**	**$ 6,612**
Average adjusted operating shareholders' equity	6,024	6,338	6,122	6,342
Gain (loss) related to VIE consolidation included in average adjusted operating shareholders' equity	**10**	**8**	**8**	**8**
GAAP ROE (1)	**11.5%**	**8.5%**	**3.9%**	**5.9%**
Adjusted operating ROE (1)	7.9%	8.9%	5.0%	7.1%

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 Ltd.

Selected Financial Highlights

GAAP to Non-GAAP Reconciliations (3 of 3)

(dollars in millions)

	As of					
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
Reconciliation of shareholders' equity attributable to AGL to adjusted book value[1]:						
Shareholders' equity attributable to AGL	**$ 6,444**	**$ 6,240**	**$ 6,639**	**$ 6,722**	**$ 6,669**	**$ 6,555**
Less pre-tax reconciling items:						
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(47)	(144)	(56)	(85)	(73)	(45)
Fair value gains (losses) on CCS	76	101	52	84	65	74
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	510	275	486	478	419	247
Less taxes	(92)	(43)	(89)	(90)	(83)	(63)
Adjusted operating shareholders' equity	5,997	6,051	6,246	6,335	6,341	6,342
Pre-tax reconciling items:						
Less: Deferred acquisition costs	116	113	111	106	104	105
Plus: Net present value of estimated net future revenue	188	193	206	211	214	219
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,317	3,273	3,296	2,932	2,972	3,005
Plus taxes	(590)	(584)	(590)	(511)	(518)	(526)
Adjusted book value	$ 8,796	$ 8,820	$ 9,047	$ 8,861	$ 8,905	$ 8,935
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity (net of tax (provision) benefit of $(2), $(4), $(2), $(3), $(1) and $(1))	**$ 8**	**$ 12**	**$ 7**	**$ 12**	**$ 3**	**$ 3**
Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of $1, $(2), $1, $1, $5 and $4)	**$ (2)**	**$ 2**	**$ (4)**	**$ (2)**	**$ (20)**	**$ (15)**

(1) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The discount rate used for net present value of estimated net future revenues as of June 30, 2020 is 3%. The prior periods have been recast to present the net present value of net future revenues discounted at 3% instead of 6%.

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

Assured Guaranty Ltd.

Investment Portfolio and Cash
As of June 30, 2020
(dollars in millions)

	Amortized Cost	Allowance for Credit Losses	Pre-Tax Book Yield	After-Tax Book Yield	Fair Value	Annualized Investment Income [1]
Investment portfolio:						
Fixed maturity securities, available-for-sale:						
Obligations of states and political subdivisions[2][4]	$ 3,789	$ (11)	3.66 %	3.37 %	$ 4,113	$ 139
U.S. government and agencies	160	—	3.69	3.21	174	6
Corporate securities [4]	2,327	(38)	2.99	2.62	2,389	69
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) [3][4]	649	(20)	4.93	4.15	635	32
Commercial mortgage-backed securities	384	—	3.50	3.02	411	13
Asset-backed securities [4]	780	(6)	5.05	4.06	768	39
Non-U.S. government securities	148	—	1.23	1.23	140	2
Total fixed maturity securities	8,237	(75)	3.65	3.22	8,630	300
Short-term investments	821	—	0.13	0.11	821	1
Cash [5]	293	—	—	—	293	—
Total	**$ 9,351**	**$ (75)**	**3.33%**	**2.94%**	**$ 9,744**	**$ 301**

Ratings [6]:	Fair Value	% of Portfolio
U.S. government and agencies	$ 174	2.0%
AAA/Aaa	1,351	15.7
AA/Aa	3,417	39.6
A/A	2,090	24.2
BBB	875	10.1
Below-investment-grade (BIG) [7]	666	7.7
Not rated	57	0.7
Total fixed maturity securities, available-for-sale	$ 8,630	100.0%

Duration of fixed maturity securities and short-term investments (in years):	**4.3**
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, 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), average A. Includes fair value of $10 million insured by Assured Guaranty Municipal Corp. (AGM).
3) Includes fair value of $196 million in subprime RMBS, which has an average rating of BIG.
4) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
5) Cash is not included in the yield calculation.
6) 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.
7) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of $1,074 million in par with carrying value of $665 million.

Insurance Segment

Assured Guaranty Ltd.

Insurance Segment Results

(dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues				
Net earned premiums and credit derivative revenues	$ 125	$ 127	$ 232	$ 253
Net investment income	82	110	165	209
Commutation gains (losses)	38	1	38	1
Other income (loss)	1	3	7	12
Total revenues	246	241	442	475
Expenses				
Loss expense	39	(15)	57	29
Amortization of DAC	4	4	7	10
Employee compensation and benefit expenses	29	34	70	71
Other operating expenses	18	17	40	37
Total expenses	90	40	174	147
Equity in net earnings of investees	26	1	17	2
Adjusted operating income (loss) before income taxes	182	202	285	330
Provision (benefit) for income taxes	28	41	46	58
Adjusted operating income (loss)	$ 154	$ 161	$ 239	$ 272

Assured Guaranty Ltd.

Claims-Paying Resources

(dollars in millions)

	As of June 30, 2020					
	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Municipal Assurance Corp.	Assured Guaranty Re Ltd. (7)	Eliminations(2)	Consolidated
Claims-paying resources						
Policyholders' surplus	$ 2,667	$ 1,701	$ 264	$ 834	$ (463)	$ 5,003
Contingency reserve(1)	1,018	625	200	—	(200)	1,643
Qualified statutory capital	**3,685**	**2,326**	**464**	**834**	**(663)**	**6,646**
Unearned premium reserve and net deferred ceding commission income(1)	2,048	411	128	570	(204)	2,953
Loss and LAE reserves (1)	202	125	(1)	174	1	501
Total policyholders' surplus and reserves	**5,935**	**2,862**	**591**	**1,578**	**(866)**	**10,100**
Present value of installment premium (8)	391	190	—	199	—	780
CCS	200	200	—	—	—	400
Total claims-paying resources (including proportionate MAC ownership for AGM and AGC)	**6,526**	**3,252**	**591**	**1,777**	**(866)**	**11,280**
Adjustment for MAC (3)	359	232	—	—	(591)	—
Total claims-paying resources (excluding proportionate MAC ownership for AGM and AGC)	**$ 6,167**	**$ 3,020**	**$ 591**	**$ 1,777**	**$ (275)**	**$ 11,280**
Statutory net exposure (4)	$ 130,392	$ 21,670	$ 16,197	$ 60,116	$ (574)	$ 227,801
Equity method adjustment (3)	9,832	6,365	—	—	(16,197)	—
Adjusted statutory net exposure (1)	$ 140,224	$ 28,035	$ 16,197	$ 60,116	$ (16,771)	$ 227,801
Net debt service outstanding (4)	$ 210,173	$ 32,737	$ 23,859	$ 92,165	$ (1,233)	$ 357,701
Equity method adjustment (3)	14,482	9,377	—	—	(23,859)	—
Adjusted net debt service outstanding (1)	$ 224,655	$ 42,114	$ 23,859	$ 92,165	$ (25,092)	$ 357,701
Ratios:						
Adjusted net exposure to qualified statutory capital	38:1	12:1	35:1	72:1		34:1
Capital ratio (5)	61:1	18:1	51:1	111:1		54:1
Financial resources ratio (6)	34:1	13:1	40:1	52:1		32:1
Adjusted statutory net exposure to claims-paying resources (incl. MAC adj. for AGM and AGC)	21:1	9:1	27:1	34:1		20:1

1) The numbers shown for AGM and Assured Guaranty Corp. (AGC) have been adjusted to include their indirect share of Municipal Assurance Corp. (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. AGM has been adjusted to include 100% share of Assured Guaranty (Europe) plc, AGM's United Kingdom subsidiary. Amounts include financial guaranty insurance and credit derivatives.
2) Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net exposure related to intercompany cessions from AGM and AGC to MAC.
3) Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC.
4) Net exposure and net debt service outstanding are presented on a statutory basis. Includes $1,151 million of specialty insurance and reinsurance exposure.
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 and AGC).
7) Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.
8) Discount rate was changed to 3% in first quarter 2020 from a 6% discount rate.

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

Assured Guaranty Ltd.

New Business Production

(dollars in millions)

Reconciliation of GWP to PVP for the Three Months Ended June 30, 2020 and June 30, 2019 [1]

	Three Months Ended June 30, 2020					Three Months Ended June 30, 2019				
	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	**$ 60**	**$ 81**	**$ 8**	**$ —**	**$ 149**	**$ 43**	**$ 12**	**$ (4)**	**$ —**	**$ 51**
Less: Installment GWP and other GAAP adjustments[2]	—	81	8	—	89	(1)	12	(4)	—	7
Upfront GWP	60	—	—	—	60	44	—	—	—	44
Plus: Installment premium PVP	—	28	8	—	36	—	8	3	1	12
Total PVP	$ 60	$ 28	$ 8	$ —	$ 96	$ 44	$ 8	$ 3	$ 1	$ 56
Gross par written	**$ 5,282**	**$ 557**	**$ 173**	**$ —**	**$ 6,012**	**$ 3,657**	**$ 299**	**$ 227**	**$ —**	**$ 4,183**

Reconciliation of GWP to PVP for the Six Months Ended June 30, 2020 and June 30, 2019 [1]

	Six Months Ended June 30, 2020					Six Months Ended June 30, 2019				
	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	**$ 89**	**$ 115**	**$ 9**	**$ —**	**$ 213**	**$ 73**	**$ 14**	**$ 2**	**$ 1**	**$ 90**
Less: Installment GWP and other GAAP adjustments[2]	—	115	9	—	124	(3)	14	1	—	12
Upfront GWP	89	—	—	—	89	76	—	1	1	78
Plus: Installment premium PVP	—	49	9	—	58	—	12	7	1	20
Total PVP	$ 89	$ 49	$ 9	$ —	$ 147	$ 76	$ 12	$ 8	$ 2	$ 98
Gross par written	**$ 7,923**	**$ 934**	**$ 188**	**$ —**	**$ 9,045**	**$ 5,673**	**$ 475**	**$ 721**	**$ 21**	**$ 6,890**

1) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The discount rate used for PVP as of June 30, 2020 is 3%. Prior period has been recast to present PVP discounted at 3% instead of 6%.

2) 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, 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 Ltd.

Gross Par Written

(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended June 30, 2020		Six Months Ended June 30, 2020	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
Sector:				
U.S. public finance				
General obligation	$ 2,953	A-	$ 4,023	A-
Municipal utilities	808	A-	1,054	A-
Healthcare	518	BBB+	956	BBB
Taxed backed	588	A-	838	A-
Higher education	311	BBB+	565	BBB+
Transportation	104	BBB+	428	BBB+
Housing revenue	—	--	59	BBB-
Total U.S. public finance	5,282	A-	7,923	A-
Non-U.S. public finance:				
Renewable energy	343	BBB+	720	BBB+
Sovereign and sub-sovereign	214	A+	214	A+
Total non-U.S. public finance	557	A-	934	A-
Total public finance	**5,839**	**A-**	**8,857**	**A-**
U.S. structured finance:				
Insurance securitization	140	AA	140	AA
Structured credit	33	BBB	48	BBB
Total U.S. structured finance	173	AA-	188	AA-
Non-U.S. structured finance:				
Total non-U.S. structured finance	—	--	—	--
Total structured finance	**173**	**AA-**	**188**	**AA-**
Total gross par written	**$ 6,012**	**A-**	**$ 9,045**	**A-**

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

Assured Guaranty Ltd.

New Business Production by Quarter

(dollars in millions)

	1Q-19	2Q-19	3Q-19	4Q-19	1Q-20	2Q-20	Six Months 2019	Six Months 2020
PVP [1]:								
Public finance - U.S.	$ 32	$ 44	$ 46	$ 79	$ 29	$ 60	$ 76	$ 89
Public finance - non-U.S.	4	8	16	280	21	28	12	49
Structured finance - U.S.	5	3	25	20	1	8	8	9
Structured finance - non-U.S.	1	1	2	3	—	—	2	—
Total PVP	$ 42	$ 56	$ 89	$ 382	$ 51	$ 96	$ 98	$ 147
Reconciliation of GWP to PVP:								
Total GWP	**$ 39**	**$ 51**	**$ 69**	**$ 518**	**$ 64**	**$ 149**	**$ 90**	**$ 213**
Less: Installment GWP and other GAAP adjustments	5	7	21	436	35	89	12	124
Upfront GWP	34	44	48	82	29	60	78	89
Plus: Installment premium PVP	8	12	41	300	22	36	20	58
Total PVP [1]	$ 42	$ 56	$ 89	$ 382	$ 51	$ 96	$ 98	$ 147
Gross par written:								
Public finance - U.S.	$ 2,016	$ 3,657	$ 4,212	$ 6,452	$ 2,641	$ 5,282	$ 5,673	$ 7,923
Public finance - non-U.S.	176	299	237	5,635	377	557	475	934
Structured finance - U.S.	494	227	438	422	15	173	721	188
Structured finance - non-U.S.	21	—	22	45	—	—	21	—
Total	**$ 2,707**	**$ 4,183**	**$ 4,909**	**$ 12,554**	**$ 3,033**	**$ 6,012**	**$ 6,890**	**$ 9,045**

1) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. Prior periods have been recast to present PVP discounted at 3% for first quarter 2020 and all quarters of 2019, instead of a 6% discount rate.

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

Assured Guaranty Ltd.

Estimated Net Exposure Amortization(1) and Estimated Future Financial Guaranty Net Premium and Credit Derivative Revenues

(dollars in millions)

			Financial Guaranty Insurance (2)			
	Estimated Net Debt Service Amortization	**Estimated Ending Net Debt Service Outstanding**	**Expected PV Net Earned Premiums**	**Accretion of Discount**	**Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount**	**Future Credit Derivative Revenues (3)**
2020 (as of June 30)		$ 362,529				
2020 Q3	$ 7,609	354,920	$ 84	$ 5	$ 1	$ 3
2020 Q4	5,945	348,975	82	5	1	3
2021	23,118	325,857	306	19	4	11
2022	20,575	305,282	281	18	4	10
2023	17,731	287,551	259	17	3	9
2024	18,576	268,975	238	16	3	9
2020-2024	93,554	268,975	1,250	80	16	45
2025-2029	83,223	185,752	930	63	12	40
2030-2034	67,830	117,922	653	41	12	32
2035-2039	49,841	68,081	386	26	7	24
After 2039	68,081	—	518	46	—	19
Total	**$ 362,529**		**$ 3,737**	**$ 256**	**$ 47**	**$ 160**

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of June 30, 2020. 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 20, "Net Expected Loss to be Expensed."

3) Represents a non-GAAP financial measure. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Ltd.

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, 2020

	Net Expected Loss to be Paid/ (Recovered) as of March 31, 2020	Economic Loss Development/ (Benefit) During 2Q-20	(Paid)/Recovered Losses During 2Q-20	Net Expected Loss to be Paid/ (Recovered) as of June 30, 2020
Public Finance:				
U.S. public finance (2)	$ 493	$ 30	$ 20	$ 543
Non-U.S public finance	26	2	1	29
Public Finance	519	32	21	572
Structured Finance:				
U.S. RMBS (3)	104	1	23	128
Other structured finance	37	1	(3)	35
Structured Finance	141	2	20	163
Total	**$ 660**	**$ 34**	**$ 41**	**$ 735**

Rollforward of Net Expected Loss and LAE to be Paid[(1)] for the Six Months Ended June 30, 2020

	Net Expected Loss to be Paid/ (Recovered) as of December 31, 2019	Economic Loss Development/ (Benefit) During 2020	(Paid)/Recovered Losses During 2020	Net Expected Loss to be Paid/ (Recovered) as of June 30, 2020
Public Finance:				
U.S. public finance [(2)]	$ 531	$ 86	$ (74)	$ 543
Non-U.S public finance	23	5	1	29
Public Finance	554	91	(73)	572
Structured Finance:				
U.S. RMBS [(3)]	146	(62)	44	128
Other structured finance	37	2	(4)	35
Structured Finance	183	(60)	40	163
Total	**$ 737**	**$ 31**	**$ (33)**	**$ 735**

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) The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $917 million as of June 30, 2020 and $819 million as of December 31, 2019.

3) Includes future net representations and warranties payable of $95 million as of June 30, 2020 and $53 million as of December 31, 2019.

Assured Guaranty Ltd.
Loss Measures
As of June 30, 2020
(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
		Loss and LAE	**Loss and LAE included in Adjusted Operating Income (1)**	**Effect of FG VIE Consolidation (2)**	**Loss and LAE**	**Loss and LAE included in Adjusted Operating Income (1)**	**Effect of FG VIE Consolidation (2)**
Public finance:							
U.S. public finance	$ 5,720	**$ 33**	$ 33	$ —	**$ 92**	$ 92	$ —
Non-U.S public finance	863	**—**	—	—	**—**	—	—
Public finance	6,583	**33**	33	—	**92**	92	—
Structured finance:							
U.S. RMBS	1,554	**4**	6	(2)	**(38)**	(38)	(8)
Other structured finance	239	**—**	—	—	**3**	3	—
Structured finance	1,793	**4**	6	(2)	**(35)**	(35)	(8)
Total	**$ 8,376**	**$ 37**	$ 39	$ (2)	**$ 57**	$ 57	$ (8)

1) Adjusted 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 adjusted 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 Ltd.

Net Expected Loss to be Expensed (1)

As of June 30, 2020

(dollars in millions)

		GAAP
2020 Q3	$	**9**
2020 Q4		**9**
Subtotal 2020		**18**
2021		**36**
2022		**37**
2023		**34**
2024		**33**
2025-2029		**131**
2030-2034		**89**
2035-2039		**33**
After 2039		**9**
Total expected present value of net expected loss to be expensed(2)		**420**
Future accretion		**56**
Total expected future loss and LAE	**$**	**476**

1) The present value of net expected loss to be paid is discounted using risk free rates ranging from 0.0% to 1.47% for U.S. dollar denominated obligations.

2) Excludes $32 million related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Ltd.
Financial Guaranty Profile (1 of 3)
(dollars in millions)

Net Par Outstanding and Average Rating by Asset Type

	As of June 30, 2020		As of December 31, 2019	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	$ 73,179	A-	$ 73,467	A-
Tax backed	35,419	A-	37,047	A-
Municipal utilities	25,973	A-	26,195	A-
Transportation	15,896	BBB+	16,209	BBB+
Healthcare	7,575	BBB+	7,148	A-
Higher education	5,718	A-	5,916	A-
Infrastructure finance	5,403	A-	5,429	A-
Housing revenue	1,290	BBB	1,321	BBB+
Investor-owned utilities	653	A-	655	A-
Renewable energy	207	A-	210	A-
Other public finance	1,830	A-	1,890	A-
Total public finance	173,143	A-	175,487	A-
Non-U.S. public finance:				
Regulated utilities	17,783	BBB+	18,995	BBB+
Infrastructure finance	16,880	BBB	17,952	BBB
Sovereign and sub-sovereign	11,067	A+	11,341	A+
Renewable energy	2,244	A	1,555	A
Pooled infrastructure	1,319	AAA	1,416	AAA
Total non-U.S. public finance	49,293	A-	51,259	A-
Total public finance	**$ 222,436**	**A-**	**$ 226,746**	**A-**
U.S. structured finance:				
RMBS	$ 3,281	BBB-	$ 3,546	BBB-
Life insurance transactions	1,977	AA-	1,776	AA-
Pooled corporate obligations	1,310	AA-	1,401	AA-
Consumer receivables	861	A-	962	A-
Financial products	808	AA-	1,019	AA-
Other structured finance	585	BBB	596	BBB+
Total U.S. structured finance	8,822	A-	9,300	A-
Non-U.S. structured finance:				
RMBS	400	A	427	A
Pooled corporate obligations	55	BB+	55	BB+
Other structured finance	246	A	279	A+
Total non-U.S. structured finance	701	A	761	A
Total structured finance	**$ 9,523**	**A-**	**$ 10,061**	**A-**
Total	**$ 231,959**	**A-**	**$ 236,807**	**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 Ltd.

Financial Guaranty Profile (2 of 3)

As of June 30, 2020

(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	$ 368	0.2%	$ 2,459	5.0%	$ 1,118	12.7%	$ 166	23.7%	$ 4,111	1.8%
AA	17,800	10.3	4,916	10.0	3,885	44.0	34	4.9	26,635	11.4
A	92,807	53.6	10,314	20.9	1,002	11.3	172	24.5	104,295	45.0
BBB	56,448	32.6	30,741	62.3	1,065	12.1	288	41.1	88,542	38.2
BIG	5,720	3.3	863	1.8	1,752	19.9	41	5.8	8,376	3.6
Net Par Outstanding (1)	**$ 173,143**	**100.0%**	**$ 49,293**	**100.0%**	**$ 8,822**	**100.0%**	**$ 701**	**100.0%**	**$ 231,959**	**100.0%**

1) As of June 30, 2020, excludes $1.4 billion of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio, which are primarily BIG.

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 Ltd.

Financial Guaranty Profile (3 of 3)

As of June 30, 2020

(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

	Net Par Outstanding	% of Total
U.S.:		
U.S. public finance:		
California	$ 33,929	14.6 %
Pennsylvania	15,479	6.7
New York	15,192	6.5
Texas	14,697	6.3
Illinois	12,919	5.6
New Jersey	10,246	4.4
Florida	7,286	3.1
Michigan	5,347	2.3
Puerto Rico	4,388	2.0
Louisiana	4,236	1.8
Other	49,424	21.3
Total U.S. public finance	173,143	74.6
U.S. structured finance	8,822	3.8
Total U.S.	**181,965**	**78.4**
Non-U.S.:		
United Kingdom	35,712	15.4
France	3,143	1.4
Canada	2,407	1.0
Australia	2,069	0.9
Spain	1,344	0.6
Other	5,319	2.3
Total non-U.S.	**49,994**	**21.6**
Total net par outstanding	**$ 231,959**	**100.0%**

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

Assured Guaranty Ltd.

Specialty Insurance and Reinsurance Exposure

As of June 30, 2020

(dollars in millions)

	Gross Exposure		Net Exposure	
	As of June 30, 2020	As of December 31, 2019	As of June 30, 2020	As of December 31, 2019
Life insurance transactions (1)	$ 1,063	$ 1,046	$ 915	$ 898
Aircraft residual value insurance policies (2)	391	398	236	243
Total	$ 1,454	$ 1,444	$ 1,151	$ 1,141

1) The life insurance transactions net exposure is projected to increase to approximately $1.0 billion by September 30, 2026.

2) As of June 30, 2020, $30 million of aircraft residual value insurance exposure was rated BIG.

Assured Guaranty Ltd.

Expected Amortization of Net Par Outstanding

(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
2020 (as of June 30)						$ 9,523
2020 Q3	$ 42	$ 175	$ (10)	$ 121	$ 328	9,195
2020 Q4	32	158	(7)	88	271	8,924
2021	291	487	2	482	1,262	7,662
2022	238	413	17	57	725	6,937
2023	140	350	10	157	657	6,280
2024	28	300	14	125	467	5,813
2020-2024	771	1,883	26	1,030	3,710	5,813
2025-2029	195	715	161	797	1,868	3,945
2030-2034	134	178	541	929	1,782	2,163
2035-2039	171	499	78	952	1,700	463
After 2039	94	6	2	361	463	—
Total structured finance	**$ 1,365**	**$ 3,281**	**$ 808**	**$ 4,069**	**$ 9,523**	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2020 (as of June 30)		$ 222,436
2020 Q3	$ 4,846	217,590
2020 Q4	3,312	214,278
2021	12,433	201,845
2022	10,919	190,926
2023	8,625	182,301
2024	10,054	172,247
2020-2024	50,189	172,247
2025-2029	47,886	124,361
2030-2034	42,965	81,396
2035-2039	33,749	47,647
After 2039	47,647	—
Total public finance	**$ 222,436**	

Net par outstanding (end of period)

	1Q-19	2Q-19	3Q-19	4Q-19	1Q-20	2Q-20
Public finance - U.S.	$ 181,408	$ 180,537	$ 176,515	$ 175,487	$ 172,795	$ 173,143
Public finance - non-U.S.	44,615	44,488	42,882	51,259	48,575	49,293
Structured finance - U.S.	10,337	9,549	9,226	9,300	8,806	8,822
Structured finance - non-U.S.	965	793	752	761	722	701
Net par outstanding	**$ 237,325**	**$ 235,367**	**$ 229,375**	**$ 236,807**	**$ 230,898**	**$ 231,959**

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

Assured Guaranty Ltd.

Exposure to Puerto Rico (1 of 3)

As of June 30, 2020

(dollars in millions)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	$ 4,458	$ 4,388	$ 6,843	$ 6,752

Exposure to Puerto Rico by Risk

	Net Par Outstanding					
	AGM	AGC	AG Re	Eliminations (1)	Total Net Par Outstanding	Gross Par Outstanding
Commonwealth Constitutionally Guaranteed						
Commonwealth of Puerto Rico - General Obligation Bonds (2)	$ 611	$ 268	$ 375	$ (1)	$ 1,253	$ 1,294
Puerto Rico Public Buildings Authority (PBA) (2)	7	140	—	(7)	140	145
Public Corporations - Certain Revenues Potentially Subject to Clawback						
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) (2)	254	480	187	(79)	842	842
PRHTA (Highway revenue) (2)	406	74	35	—	515	515
Puerto Rico Convention Center District Authority (PRCCDA)	—	152	—	—	152	152
Puerto Rico Infrastructure Financing Authority (PRIFA)	—	15	1	—	16	16
Other Public Corporations						
Puerto Rico Electric Power Authority (PREPA)(2)	528	71	226	—	825	838
Puerto Rico Aqueduct and Sewer Authority (PRASA) (3)	—	284	89	—	373	373
Puerto Rico Municipal Finance Agency (MFA) (3)	176	33	62	—	271	282
University of Puerto Rico (U of PR) (3)	—	1	—	—	1	1
Total exposure to Puerto Rico	$ 1,982	$ 1,518	$ 975	$ (87)	$ 4,388	$ 4,458

1) Net par outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary.

2) 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.

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

Assured Guaranty Ltd.

Exposure to Puerto Rico (2 of 3)

As of June 30, 2020

(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2020 (3Q)	2020 (4Q)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2047	Total
Commonwealth Constitutionally Guaranteed																
Commonwealth of Puerto Rico - General Obligation Bonds	$ 141	$ —	$ 15	$ 37	$ 14	$ 73	$ 68	$ 34	$ 90	$ 33	$ 64	$ 419	$ 265	$ —	$ —	$ 1,253
PBA	5	—	13	—	7	—	6	11	40	1	—	38	19	—	—	140
Public Corporations - Certain Revenues Potentially Subject to Clawback																
PRHTA (Transportation revenue)	25	—	18	28	33	4	29	24	29	34	49	180	307	82	—	842
PRHTA (Highway revenue)	22	—	35	40	32	33	34	1	—	10	13	192	103	—	—	515
PRCCDA	—	—	—	—	—	—	—	—	19	—	—	76	57	—	—	152
PRIFA	—	—	—	—	2	—	—	—	—	—	—	—	7	7	—	16
Other Public Corporations																
PREPA	49	—	28	28	95	93	68	106	105	68	39	142	4	—	—	825
PRASA	—	—	—	—	—	1	25	27	28	29	—	—	2	15	246	373
MFA	49	—	44	43	23	18	18	37	15	12	7	5	—	—	—	271
U of PR	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	1
Total	$ 291	$ —	$ 153	$ 176	$ 206	$ 222	$ 248	$ 240	$ 326	$ 187	$ 172	$1,053	$ 764	$ 104	$ 246	$ 4,388

Assured Guaranty Ltd.

Exposure to Puerto Rico (3 of 3)

As of June 30, 2020

(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2020 (3Q)	2020 (4Q)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 - 2034	2035 - 2039	2040 - 2044	2045 - 2047	Total
Commonwealth Constitutionally Guaranteed																
Commonwealth of Puerto Rico - General Obligation Bonds	$ 173	$ —	$ 74	$ 95	$ 70	$ 128	$ 119	$ 82	$ 136	$ 74	$ 103	$ 572	$ 294	$ —	$ —	$ 1,920
PBA	9	—	20	6	13	6	13	17	45	3	3	50	20	—	—	205
Public Corporations - Certain Revenues Potentially Subject to Clawback																
PRHTA (Transportation revenue)	47	—	61	69	74	42	67	61	64	67	81	314	371	89	—	1,407
PRHTA (Highway revenue)	36	—	61	64	54	53	53	18	17	27	29	253	111	—	—	776
PRCCDA	3	—	7	7	7	7	7	7	26	6	6	103	61	—	—	247
PRIFA	—	—	1	1	3	1	1	1	1	—	1	3	10	8	—	31
Other Public Corporations																
PREPA	66	3	63	62	128	122	91	126	122	81	47	157	5	—	—	1,073
PRASA	10	—	19	19	19	20	44	44	44	44	14	68	70	82	272	769
MFA	55	—	54	52	29	24	23	41	17	14	8	6	—	—	—	323
U of PR	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	1
Total	$ 399	$ 3	$ 360	$ 375	$ 397	$ 403	$ 418	$ 397	$ 472	$ 316	$ 292	$1,527	$ 942	$ 179	$ 272	$ 6,752

Assured Guaranty Ltd.
U.S. RMBS Profile
As of June 30, 2020
(dollars in millions)

Distribution of U.S. RMBS by Rating and Type of Exposure

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	$ 5	$ 117	$ 15	$ 736	$ —	$ 873
AA	34	99	10	184	2	329
A	6	27	1	26	120	180
BBB	—	8	—	7	330	345
BIG	59	320	31	982	162	1,554
Total exposures	**$ 104**	**$ 571**	**$ 57**	**$ 1,935**	**$ 614**	**$ 3,281**

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	$ 19	$ 18	$ —	$ 525	$ 40	$ 602
2005	45	207	22	215	117	606
2006	40	39	10	238	197	524
2007	—	307	25	916	260	1,508
2008	—	—	—	41	—	41
Total exposures	**$ 104**	**$ 571**	**$ 57**	**$ 1,935**	**$ 614**	**$ 3,281**

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

Assured Guaranty Ltd.

Direct Pooled Corporate Obligations Profile

As of June 30, 2020

(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	$ 199	15.1 %	47.1%	75.5%
AA	711	54.0 %	41.0%	51.5%
A	273	20.7 %	43.0%	46.1%
BBB	94	7.1 %	35.7%	36.4%
BIG	40	3.1 %	N/A	N/A
Total exposures	**$ 1,317**	**100.0%**	**41.8%**	**52.1%**

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:					
Trust preferred					
Banks and insurance	$ 536	40.7 %	44.2%	59.8%	AA
U.S. mortgage and real estate investment trusts	107	8.1	47.4%	64.0%	A
Collateralized bond obligations / collateralized loan obligations	561	42.6	38.4%	42.4%	A+
Other pooled corporates	113	8.6	N/A	N/A	A+
Total exposures	**$ 1,317**	**100.0%**	**41.8%**	**52.1%**	**AA-**

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

Assured Guaranty Ltd.

Below Investment Grade Exposures (1 of 3)

(dollars in millions)

BIG Exposures by Asset Exposure Type

	As of	
	June 30, 2020	December 31, 2019
U.S. public finance:		
Tax backed	$ 1,969	$ 1,858
General obligation	1,837	1,969
Municipal utilities	1,474	1,472
Higher education	150	178
Transportation	99	100
Infrastructure finance	35	35
Healthcare	32	32
Housing revenue	17	17
Renewable energy	—	3
Other public finance	107	107
Total U.S. public finance	5,720	5,771
Non-U.S. public finance:		
Sovereign and sub-sovereign	429	415
Infrastructure finance	397	444
Renewable energy	37	39
Total non-U.S. public finance	863	898
Total public finance	**$ 6,583**	**$ 6,669**
U.S. structured finance:		
RMBS	$ 1,554	$ 1,618
Consumer receivables	99	108
Life insurance transactions	40	40
Other structured finance	59	30
Total U.S. structured finance	1,752	1,796
Non-U.S. structured finance:		
Pooled corporate obligations	40	40
Other structured finance	1	1
Total non-U.S. structured finance	41	41
Total structured finance	**$ 1,793**	**$ 1,837**
Total BIG net par outstanding	**$ 8,376**	**$ 8,506**

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 Ltd.

Below Investment Grade Exposures (2 of 3)

(dollars in millions)

Net Par Outstanding by BIG Category[1]

	As of	
	June 30, 2020	**December 31, 2019**
BIG Category 1		
U.S. public finance	$ 1,440	$ 1,582
Non-U.S. public finance	817	854
U.S. structured finance	259	191
Non-U.S. structured finance	40	40
Total BIG Category 1	2,556	2,667
BIG Category 2		
U.S. public finance	430	430
Non-U.S. public finance	—	—
U.S. structured finance	85	136
Non-U.S. structured finance	—	—
Total BIG Category 2	515	566
BIG Category 3		
U.S. public finance	3,850	3,759
Non-U.S. public finance	46	44
U.S. structured finance	1,408	1,469
Non-U.S. structured finance	1	1
Total BIG Category 3	5,305	5,273
BIG Total	**$ 8,376**	**$ 8,506**

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 Ltd.

Below Investment Grade Exposures (3 of 3)

As of June 30, 2020

(dollars in millions)

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

Name or description	Net Par Outstanding	Internal Rating (1)	60+ Day Delinquencies
U.S. public finance:			
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	$ 1,409	CCC	
Puerto Rico Highways & Transportation Authority	1,357	CCC	
Puerto Rico Electric Power Authority	825	CCC	
Puerto Rico Aqueduct & Sewer Authority (PRASA)	373	CCC	
Puerto Rico Municipal Finance Agency	271	CCC	
Jackson Water & Sewer System, Mississippi	185	BB	
Virgin Islands Public Finance Authority (Gross Receipts)	166	BB	
Puerto Rico Convention Center District Authority	152	CCC	
Stockton City, California	107	B	
Harrisburg Parking System, Pennsylvania	77	BB	
Alabama State University	75	BB+	
Atlantic City, New Jersey	55	BB	
Coatesville Area School District, Pennsylvania	53	BB	
Virgin Islands Water and Power Authority	53	CCC	
Total U.S. public finance	**$ 5,158**		
Non-U.S. public finance:			
Valencia Fair	$ 318	BB+	
Road Management Services PLC (A13 Highway)	171	B+	
M6 Duna Autopalya Koncesszios Zrt.	121	BB+	
CountyRoute (A130) plc	72	BB-	
Total non-U.S. public finance	**$ 682**		
Total	**$ 5,840**		
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	$ 169	CCC	17.9%
Soundview 2007-WMC1	155	CCC	31.9%
Option One Mortgage Loan Trust 2007-HL1	108	CCC	24.2%
Nomura Asset Accept. Corp. 2007-1	99	CCC	21.9%
Argent Securities Inc. 2005-W4	93	CCC	12.4%
New Century 2005-A	81	CCC	17.6%
MABS 2007-NCW	60	BB	20.2%
ACE 2007-SL1	52	CCC	1.8%
ACE 2007-D1	52	CCC	22.6%
Subtotal RMBS	**$ 869**		
Non-RMBS:			
National Collegiate Trust Series 2006-2	$ 54	CCC	2.1%
Subtotal non-RMBS	**$ 54**		
Total U.S. structured finance	**$ 923**		
Total non-U.S. structured finance	$ —		
Total	**$ 923**		

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.

Largest Exposures by Sector (1 of 3)

As of June 30, 2020

(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)	$	3,980	BBB
Pennsylvania (Commonwealth of)		1,905	A-
New York Metropolitan Transportation Authority		1,891	A-
Illinois (State of)		1,746	BBB
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth		1,409	CCC
Puerto Rico Highways & Transportation Authority		1,357	CCC
North Texas Tollway Authority		1,132	A
Metro Washington Airports Authority (Dulles Toll Road)		1,078	BBB
Foothill/Eastern Transportation Corridor Agency, California		1,006	BBB
CommonSpirit Health, Colorado		1,000	A-
California (State of)		994	AA-
New York (City of), New York		980	AA-
Massachusetts (Commonwealth of)		949	AA-
Great Lakes Water Authority (Sewerage), Michigan		947	A-
San Diego Family Housing, LLC		944	AA
Metropolitan Pier and Exposition Authority, Illinois		939	BBB-
Philadelphia School District, Pennsylvania		917	A-
Chicago Public Schools, Illinois		912	BBB-
Massachusetts (Commonwealth of) Water Resources		875	AA
Port Authority of New York and New Jersey		864	BBB-
Alameda Corridor Transportation Authority, California		842	BBB+
Suffolk County, New York		829	BBB
Puerto Rico Electric Power Authority		825	CCC
Long Island Power Authority		823	A-
Pennsylvania Turnpike Commission		772	A-
ProMedica Healthcare Obligated Group, Ohio		750	BBB
Montefiore Medical Center, New York		749	BBB-
Jefferson County Alabama Sewer		709	BBB
Nassau County, New York		708	A-
Clark County School District, Nevada		689	BBB+
Philadelphia (City of), Pennsylvania		645	BBB+
Connecticut (State of)		635	A-
Regional Transportation Authority (Sales Tax), Illinois		626	AA-
Pittsburgh Water & Sewer, Pennsylvania		619	A-
LCOR Alexandria LLC		588	BBB+
North Carolina Turnpike Authority		585	BBB-
Georgia Board of Regents		580	A
Oglethorpe Power Corporation, Georgia		575	BBB
Chicago (City of), Illinois		554	BBB
Garden State Preservation Trust, New Jersey Open Space & Farmland		550	BBB+
Sacramento County, California		527	A-
Wisconsin (State of)		521	A+
New Jersey Turnpike Authority		521	A-
Arizona (State of)		470	A+
New York State Thruway Authority		461	A-
Yankee Stadium LLC New York City Industrial Development Authority		460	BBB
New Haven (City of), Connecticut		445	BBB-
Jets Stadium Development, LLC		443	BBB
Harris County - Houston Sports Authority, Texas		442	A-
Great Lakes Water Authority (Water), Michigan		429	A-
Total top 50 U.S. public finance exposures	**$**	**44,197**	

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.

Largest Exposures by Sector (2 of 3)

As of June 30, 2020

(dollars in millions)

25 Largest U.S. Structured Finance Exposures

Credit Name:	Net Par Outstanding	Internal Rating (1)
Private US Insurance Securitization	$ 530	AA
Private US Insurance Securitization	500	AA-
SLM Student Loan Trust 2007-A	377	A+
Private US Insurance Securitization	350	AA-
Fortress Credit Opportunities VII CLO Limited	257	AA-
Private US Insurance Securitization	227	AA-
ABPCI Direct Lending Fund CLO I Ltd	208	A
SLM Student Loan Trust 2006-C	169	AA-
Option One 2007-FXD2	169	CCC
Soundview 2007-WMC1	155	CCC
Private US Insurance Securitization	139	AA
Timberlake Financial, LLC Floating Insured Notes	135	BBB+
CWABS 2007-4	114	A+
New Century Home Equity Loan Trust 2006-1	111	AAA
Option One Mortgage Loan Trust 2007-HL1	108	CCC
Soundview Home Equity Loan Trust 2006-OPT1	107	AAA
Nomura Asset Accept. Corp. 2007-1	99	CCC
Brightwood Fund III Static 2018-1, LLC	96	AA
Countrywide HELOC 2006-I	94	A
Argent Securities Inc. 2005-W4	93	CCC
OwnIt Mortgage Loan ABS Certificates 2006-3	88	AAA
CWALT Alternative Loan Trust 2007-HY9	86	A
New Century 2005-A	81	CCC
Structured Asset Investment Loan Trust 2006-1	79	AAA
Preferred Term Securities XXIV, Ltd.	79	AA-
Total top 25 U.S. structured finance exposures	**$ 4,451**	

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.
Largest Exposures by Sector (3 of 3)
As of June 30, 2020
(dollars in millions)

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

Credit Name:	Country	Net Par Outstanding	Internal Rating
Southern Water Services Limited	United Kingdom	$ 2,587	BBB
Quebec Province	Canada	1,969	A+
Thames Water Utility Finance PLC	United Kingdom	1,790	BBB
Societe des Autoroutes du Nord et de l'Est de France S.A.	France	1,736	BBB+
Southern Gas Networks PLC	United Kingdom	1,670	BBB
Dwr Cymru Financing Limited (Welsh Water Plc)	United Kingdom	1,552	A-
Anglian Water Services Financing PLC	United Kingdom	1,413	A-
National Grid Gas PLC	United Kingdom	1,239	BBB+
British Broadcasting Corporation (BBC)	United Kingdom	1,199	A+
Channel Link Enterprises Finance PLC	France, United Kingdom	1,170	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	1,119	AAA
Capital Hospitals (Issuer) PLC	United Kingdom	868	BBB-
Aspire Defence Finance plc	United Kingdom	800	BBB+
Verdun Participations 2 S.A.S.	France	709	BBB-
National Grid Company PLC	United Kingdom	676	BBB+
Yorkshire Water Services Finance Plc	United Kingdom	633	A-
Sydney Airport Finance Company	Australia	611	BBB+
Envestra Limited	Australia	610	A-
Campania Region - Healthcare receivable	Italy	581	BB+
South Lanarkshire Schools	United Kingdom	574	BBB
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	512	BBB-
Severn Trent Water Utilities Finance Plc	United Kingdom	502	BBB+
Derby Healthcare PLC	United Kingdom	485	BBB
Wessex Water Services Finance plc	United Kingdom	462	BBB+
Central Nottinghamshire Hospitals PLC	United Kingdom	441	BBB
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	441	BBB-
International Infrastructure Pool	United Kingdom	440	AAA
International Infrastructure Pool	United Kingdom	440	AAA
International Infrastructure Pool	United Kingdom	440	AAA
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	437	BBB+
United Utilities Water PLC	United Kingdom	431	BBB+
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	412	BBB-
Japan Expressway Holding and Debt Repayment Agency	Japan	409	A+
South East Water	United Kingdom	405	BBB
Scotland Gas Networks plc	United Kingdom	400	BBB
Q Energy Phase II	Spain	374	BBB+
BBI (DBCT) Finance Pty Limited	Australia	366	BBB
NATS (En Route) PLC	United Kingdom	364	A
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	361	BBB
Private International Sub-Sovereign Transaction	United Kingdom	349	AA-
Q Energy Phase III	Spain	331	BBB+
Valencia Fair	Spain	318	BB+
Octagon Healthcare Funding PLC	United Kingdom	313	BBB
Private International Sub-Sovereign Transaction	United Kingdom	308	AA
Bakethin Finance Plc	United Kingdom	297	A-
Leeds Hospital - St. James's Oncology Financing plc	United Kingdom	297	BBB
Catalyst Healthcare (Romford) Financing PLC	United Kingdom	292	BBB
Republic of Poland	Poland	288	A-
MPC Funding Limited	Australia	283	BBB+
Dali Capital PLC-Northumbrian Water	United Kingdom	281	BBB+
Total top 50 non-U.S. exposures		**$ 34,985**	

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

Asset Management Segment

Assured Guaranty Ltd.

Asset Management Results (1 of 2)

(dollars in millions)

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues		
Management fees:		
CLOs	$ 2	$ 7
Opportunity funds	3	5
Wind-down funds	7	16
Total management fees	12	28
Other income	1	2
Total revenues	13	30
Expenses		
Amortization of intangible assets	3	6
Employee compensation and benefit expenses	14	32
Other operating expenses	7	14
Total expenses	24	52
Adjusted operating income (loss) before income taxes	(11)	(22)
Provision (benefit) for income taxes	(2)	(4)
Adjusted operating income (loss)	$ (9)	$ (18)

Assured Guaranty Ltd.

Asset Management Results (2 of 2)

(dollars in millions)

Assets Under Management for the Three and Six Months Ended June 30, 2020

	CLOs	Opportunity Funds	Liquid Strategies	Wind-Down Funds	Total
Rollforward:					
Second Quarter 2020					
AUM, March 31, 2020	$ 12,645	$ 969	$ —	$ 2,865	$ 16,479
Inflows	741	30	370	—	1,141
Outflows:					
Redemptions	—	—	—	—	—
Distributions	(213)	(83)	—	(541)	(837)
Total outflows	(213)	(83)	—	(541)	(837)
Net flows	528	(53)	370	(541)	304
Change in fund value	39	57	1	136	233
AUM, June 30, 2020	$ 13,212	$ 973	$ 371	$ 2,460	$ 17,016
Six Months 2020					
AUM, December 31, 2019	$ 12,758	$ 1,023	$ —	$ 4,046	$ 17,827
Inflows	741	118	370	—	1,229
Outflows:					
Redemptions	—	—	—	—	—
Distributions	(280)	(168)	—	(1,416)	(1,864)
Total outflows	(280)	(168)	—	(1,416)	(1,864)
Net flows	461	(50)	370	(1,416)	(635)
Change in fund value	(7)	—	1	(170)	(176)
AUM, June 30, 2020	$ 13,212	$ 973	$ 371	$ 2,460	$ 17,016
As of June 30, 2020:					
Funded AUM (1)	$ 13,142	$ 868	$ 371	$ 2,438	$ 16,819
Unfunded AUM (1)	70	105	—	22	197
Fee Earning AUM (2)	$ 6,513	$ 804	$ 371	$ 2,258	$ 9,946
Non-Fee Earning AUM (2)	6,699	169	—	202	7,070
As of December 31, 2019:					
Funded AUM (1)	$ 12,721	$ 796	$ —	$ 3,980	$ 17,497
Unfunded AUM (1)	37	227	—	66	330
Fee Earning AUM (2)	$ 3,438	$ 695	$ —	$ 3,838	$ 7,971
Non-Fee Earning AUM (2)	9,320	328	—	208	9,856
As of June 30, 2020:					
AUM Internally Managed for Insurance Segment					
Funded AUM (1)	$ 165	$ 200	$ 351	$ —	$ 716
Unfunded AUM (1)	56	56	—	—	112
Total	$ 221	$ 256	$ 351	$ —	$ 828

1) Funded AUM refers to assets that have been deployed or invested into the funds or CLOs. Unfunded AUM refers to unfunded capital commitments from closed-end funds and CLO warehouse fund.

2) Fee Earning AUM refers to assets where Assured Investment Management collects fees or has elected not to waive or rebate fees to investors. Non-Fee Earning AUM refers to assets where Assured Investment Management does not collect fees or has elected to waive or rebate fees to investors.

Corporate Division

Assured Guaranty Ltd.

Corporate Results

(dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Total revenues	$ —	$ 1	$ (4)	$ 1
Expenses				
Interest expense	23	22	48	46
Employee compensation and benefit expenses	3	5	8	9
Other operating expenses	6	4	11	7
Total expenses	32	31	67	62
Equity in net earnings of investees	—	—	(5)	1
Adjusted operating income (loss) before income taxes	(32)	(30)	(76)	(60)
Provision (benefit) for income taxes	(6)	(4)	(11)	(9)
Adjusted operating income (loss)	$ (26)	$ (26)	$ (65)	$ (51)

Other

Assured Guaranty Ltd.
Other Results (1 of 2)
(dollars in millions)

	Three Months Ended June 30, 2020			
	FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other
	(in millions)			
Revenues				
Net earned premiums	$ (1)	$ —	$ —	$ (1)
Net investment income	(2)	—	(2)	(4)
Asset management fees	—	(1)	9	8
Fair value gains (losses) on FG VIEs	1	—	—	1
Fair value gains (losses) on consolidated investment vehicles	—	31	—	31
Total revenues	(2)	30	7	35
Expenses				
Loss and LAE	(2)	—	—	(2)
Interest expense	—	—	(2)	(2)
Other operating expenses	—	(1)	9	8
Total expenses	(2)	(1)	7	4
Equity in net earnings of investees	—	(26)	—	(26)
Adjusted operating income (loss) before income taxes	—	5	—	5
Provision (benefit) for income taxes	—	—	—	—
Noncontrolling interests	—	5	—	5
Adjusted operating income (loss)	**$ —**	**$ —**	**$ —**	**$ —**

	Three Months Ended June 30, 2019			
	FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other
	(in millions)			
Revenues				
Net earned premiums	$ (11)	$ —	$ —	$ (11)
Net investment income	(1)	—	—	(1)
Fair value gains (losses) on FG VIEs	33	—	—	33
Total revenues	21	—	—	21
Expenses				
Loss and LAE	14	—	—	14
Interest expense	—	—	—	—
Other operating expenses	—	—	—	—
Total expenses	14	—	—	14
Equity in net earnings of investees	—	—	—	—
Adjusted operating income (loss) before income taxes	7	—	—	7
Provision (benefit) for income taxes	1	—	—	1
Noncontrolling interests	—	—	—	—
Adjusted operating income (loss)	**$ 6**	**$ —**	**$ —**	**$ 6**

Assured Guaranty Ltd.

Other Results (2 of 2)

(dollars in millions)

	Six Months Ended June 30, 2020			
	FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other
	(in millions)			
Revenues				
Net earned premiums	$ (2)	$ —	$ —	$ (2)
Net investment income	(3)	—	(5)	(8)
Asset management fees	—	(2)	17	15
Fair value gains (losses) on FG VIEs	(8)	—	—	(8)
Fair value gains (losses) on consolidated investment vehicles	—	19	—	19
Total revenues	(13)	17	12	16
Expenses				
Loss and LAE	(8)	—	—	(8)
Interest expense	—	—	(5)	(5)
Other operating expenses	—	(1)	17	16
Total expenses	(8)	(1)	12	3
Equity in net earnings of investees	—	(16)	—	(16)
Adjusted operating income (loss) before income taxes	(5)	2	—	(3)
Provision (benefit) for income taxes	(1)	—	—	(1)
Noncontrolling interests	—	2	—	2
Adjusted operating income (loss)	$ (4)	$ —	$ —	$ (4)

	Six Months Ended June 30, 2019			
	FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other
	(in millions)			
Revenues				
Net earned premiums	$ (14)	$ —	$ —	$ (14)
Net investment income	(2)	—	(1)	(3)
Fair value gains (losses) on FG VIEs	38	—	—	38
Total revenues	22	—	(1)	21
Expenses				
Loss and LAE	15	—	—	15
Interest expense	—	—	(1)	(1)
Other operating expenses	—	—	—	—
Total expenses	15	—	(1)	14
Equity in net earnings of investees	—	—	—	—
Adjusted operating income (loss) before income taxes	7	—	—	7
Provision (benefit) for income taxes	1	—	—	1
Noncontrolling interests	—	—	—	—
Adjusted operating income (loss)	**$ 6**	**$ —**	**$ —**	**$ 6**

Summary

Assured Guaranty Ltd.

Summary of Financial and Statistical Data

(dollars in millions, except per share amounts)

	As of and for the Six Months Ended June 30, 2020	Year Ended December 31, 2019	2018	2017	2016
GAAP Summary Statements of Operations Data					
Net earned premiums	$ 224	$ 476	$ 548	$ 690	$ 864
Net investment income	158	378	395	417	408
Total expenses	304	503	422	748	660
Income (loss) before income taxes	160	460	580	991	1,017
Net income (loss) attributable to AGL	128	402	521	730	881
Net income (loss) attributable to AGL per diluted share	1.42	4.00	4.68	5.96	6.56
GAAP Summary Balance Sheet Data					
Total investments and cash	$ 9,866	$ 10,409	$ 10,977	$ 11,539	$ 11,103
Total assets	14,780	14,326	13,603	14,433	14,151
Unearned premium reserve	3,742	3,736	3,512	3,475	3,511
Loss and LAE reserve	1,076	1,050	1,177	1,444	1,127
Long-term debt	1,222	1,235	1,233	1,292	1,306
Shareholders’ equity attributable to AGL	6,444	6,639	6,555	6,839	6,504
Shareholders’ equity attributable to AGL per share	76.66	71.18	63.23	58.95	50.82
Other Financial Information (GAAP Basis)					
Financial guaranty:					
Net debt service outstanding (end of period)	$ 362,529	$ 374,130	$ 371,586	$ 401,118	$ 437,535
Gross debt service outstanding (end of period)	363,462	375,776	375,080	408,492	455,000
Net par outstanding (end of period)	231,959	236,807	241,802	264,952	296,318
Gross par outstanding (end of period)	232,845	238,156	244,191	269,386	307,474
Other Financial Information (Statutory Basis)[1]					
Financial guaranty:					
Net debt service outstanding (end of period)	$ 356,550	$ 367,630	$ 359,499	$ 373,340	$ 401,004
Gross debt service outstanding (end of period)	357,483	369,251	362,974	380,478	417,072
Net par outstanding (end of period)	226,649	230,984	230,664	239,003	262,468
Gross par outstanding (end of period)	227,536	232,333	233,036	243,217	272,286
Claims-paying resources[2]					
Policyholders' surplus	$ 5,003	$ 5,056	$ 5,148	$ 5,305	$ 5,126
Contingency reserve	1,643	1,607	1,663	1,750	2,008
Qualified statutory capital	**6,646**	**6,663**	**6,811**	**7,055**	**7,134**
Unearned premium reserve and net deferred ceding commission income	2,953	2,961	2,950	2,849	2,672
Loss and LAE reserves	501	529	1,023	1,092	888
Total policyholders' surplus and reserves	**10,100**	**10,153**	**10,784**	**10,996**	**10,694**
Present value of installment premium [3]	780	804	577	559	616
CCS and standby line of credit	400	400	400	400	400
Excess of loss reinsurance facility	—	—	180	180	360
Total claims-paying resources	$ 11,280	$ 11,357	$ 11,941	$ 12,135	$ 12,070
Ratios:					
Net exposure to qualified statutory capital	34:1	35:1	34:1	34:1	37:1
Capital ratio	54:1	55:1	53:1	53:1	56:1
Financial resources ratio	32:1	32:1	30:1	31:1	33:1
Adjusted statutory net exposure to claims-paying resources	20:1	20:1	19:1	20:1	22:1
Par and Debt Service Written (FG and specialty)					
Gross debt service written:					
Public finance - U.S.	$ 12,588	$ 28,054	$ 31,989	$ 26,988	$ 25,423
Public finance - non-U.S.	1,215	17,907	7,166	2,811	848
Structured finance - U.S.	315	1,704	1,191	500	1,143
Structured finance - non-U.S.	—	88	369	202	30
Total gross debt service written	$ 14,118	$ 47,753	$ 40,715	$ 30,501	$ 27,444
Net debt service written	$ 14,118	$ 47,731	$ 40,630	$ 30,476	$ 27,444
Net par written	9,045	24,331	24,538	17,962	17,854
Gross par written	9,045	24,353	24,624	18,024	17,854

1) Statutory amounts prepared on a consolidated basis. The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Subsidiaries are prepared on a stand-alone basis.
2) See page 13 for additional detail on claims-paying resources.
3) Discount rate was changed from 6% to 3% in first quarter 2020. Prior periods have been updated to reflect the change.

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 debt service and net par outstanding and of the various sectors.

Assured Guaranty Ltd.

Summary of GAAP to Non-GAAP Reconciliations[1] (1 of 2)

(dollars in millions, except per share amounts)

	Six Months Ended June 30, 2020	Year Ended December 31, 2019	2018	2017	2016
Total GWP	**$ 213**	**$ 677**	**$ 612**	**$ 307**	**$ 154**
Less: Installment GWP and other GAAP adjustments [2]	124	469	119	99	(10)
Upfront GWP	89	208	493	208	164
Plus: Installment premium PVP	58	361	204	107	61
Total PVP [3]	$ 147	$ 569	$ 697	$ 315	$ 225
PVP [3]:					
Public finance - U.S.	$ 89	$ 201	$ 402	$ 197	$ 161
Public finance - non-U.S.	49	308	116	89	29
Structured finance - U.S.	9	53	167	14	34
Structured finance - non-U.S.	—	7	12	15	1
Total PVP	$ 147	$ 569	$ 697	$ 315	$ 225
Adjusted operating income reconciliation:					
Net income (loss) attributable to AGL	**$ 128**	**$ 402**	**$ 521**	**$ 730**	**$ 881**
Less pre-tax adjustments:					
Realized gains (losses) on investments	(1)	22	(32)	40	(30)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	9	(10)	101	43	36
Fair value gains (losses) on CCS	23	(22)	14	(2)	—
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(55)	22	(32)	57	(33)
Total pre-tax adjustments	(24)	12	51	138	(27)
Less tax effect on pre-tax adjustments	—	(1)	(12)	(69)	13
Adjusted operating income (loss)	$ 152	$ 391	$ 482	$ 661	$ 895
Adjusted operating income per diluted share reconciliation:					
Net income (loss) attributable to AGL per diluted share	**$ 1.42**	**$ 4.00**	**$ 4.68**	**$ 5.96**	**$ 6.56**
Less pre-tax adjustments:					
Realized gains (losses) on investments	(0.01)	0.22	(0.29)	0.33	(0.23)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	0.10	(0.11)	0.90	0.35	0.27
Fair value gains (losses) on CCS	0.25	(0.22)	0.13	(0.02)	—
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	(0.61)	0.21	(0.29)	0.46	(0.25)
Total pre-tax adjustments	(0.27)	0.10	0.45	1.12	(0.21)
Tax effect on pre-tax adjustments	0.01	(0.01)	(0.11)	(0.57)	0.09
Adjusted operating income (loss) per diluted share	$ 1.68	$ 3.91	$ 4.34	$ 5.41	$ 6.68

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

2) 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, and other GAAP adjustments.

3) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The discount rate used for PVP as of June 30, 2020 is 3%. The prior periods have been recast to present PVP discounted at 3% instead of 6%.

Assured Guaranty Ltd.

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

(dollars in millions, except per share amounts)

	As of June 30, 2020	As of December 31, 2019	2018	2017	2016
Adjusted book value reconciliation:					
Shareholders' equity attributable to AGL	**$ 6,444**	**$ 6,639**	**$ 6,555**	**$ 6,839**	**$ 6,504**
Less pre-tax adjustments:					
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(47)	(56)	(45)	(146)	(189)
Fair value gains (losses) on CCS	76	52	74	60	62
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	510	486	247	487	316
Less taxes	(92)	(89)	(63)	(83)	(71)
Adjusted operating shareholders' equity	5,997	6,246	6,342	6,521	6,386
Pre-tax adjustments:					
Less: Deferred acquisition costs	116	111	105	101	106
Plus: Net present value of estimated net future revenue	188	206	219	162	147
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,317	3,296	3,005	2,966	2,922
Plus taxes	(590)	(590)	(526)	(515)	(835)
Adjusted book value	$ 8,796	$ 9,047	$ 8,935	$ 9,033	$ 8,514
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity (net of tax (provision) benefit of $(2), $(2), $(1), $(2), and $4)	$ 8	$ 7	$ 3	$ 5	$ (7)
Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of $1, $1, $4, $3, and $12)	$ (2)	$ (4)	$ (15)	$ (14)	$ (24)
Adjusted book value per share reconciliation:					
Shareholders' equity attributable to AGL per share	**$ 76.66**	**$ 71.18**	**$ 63.23**	**$ 58.95**	**$ 50.82**
Less pre-tax adjustments:					
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.56)	(0.60)	(0.44)	(1.26)	(1.48)
Fair value gains (losses) on CCS	0.90	0.56	0.72	0.52	0.48
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	6.07	5.21	2.39	4.20	2.47
Less taxes	(1.09)	(0.95)	(0.61)	(0.71)	(0.54)
Adjusted operating shareholders' equity per share	71.34	66.96	61.17	56.20	49.89
Pre-tax adjustments:					
Less: Deferred acquisition costs	1.37	1.19	1.01	0.87	0.83
Plus: Net present value of estimated net future revenue	2.24	2.20	2.11	1.40	1.15
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	39.46	35.34	28.98	25.56	22.83
Plus taxes	(7.04)	(6.32)	(5.07)	(4.43)	(6.52)
Adjusted book value per share	$ 104.63	$ 96.99	$ 86.18	$ 77.86	$ 66.52
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity per share	$ 0.09	$ 0.07	$ 0.03	$ 0.03	$ (0.06)
Gain (loss) related to VIE consolidation included in adjusted book value per share	$ (0.03)	$ (0.05)	$ (0.15)	$ (0.12)	$ (0.18)

1) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement for a description of the changes to the discount rates used in the calculation of non-GAAP financial measure. The discount rate used for net present value of estimated net future revenues as of June 30, 2020 is 3%. The prior periods have been recast to present the net present value of net future revenues discounted at 3% instead of 6%.

Glossary

Net Par Outstanding and Internal Ratings

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

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

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

Performance Indicators

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

60+ Day Delinquencies are defined as loans that are greater than 60 days delinquent and all loans that are in foreclosure, bankruptcy or real estate owned divided by current collateral balance.

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

Sectors

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2019.

Public Finance:

General Obligation Bonds are full faith and credit obligations 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 obligations, 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.

Sectors (continued)

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.

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.

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.

Renewable Energy Bonds are obligations backed by renewable energy sources, such as solar, wind farm, hydroelectric, geothermal and fuel cell.

Regulated Utility Obligations are obligations 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.

Sovereign and Sub-Sovereign Obligations primarily include obligations of local, municipal, regional or national governmental authorities or agencies outside of the United States.

Other Public Finance are obligations of or backed by local, municipal, regional or national governmental authorities or agencies not generally described in any of the other described categories.

Structured Finance:

Residential Mortgage-Backed Securities 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.

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.

Pooled Corporate Obligations are obligations 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.

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.

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

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

Definitions for Asset Management Segment

The Company uses _AUM_ as a metric to measure progress in its Asset Management segment. The Company uses measures of its AUM in its decision making process and intends to use a measure of change in AUM in its calculation of certain components of management compensation. Investors also use AUM to evaluate companies that participate in the asset management business. AUM refers to the assets managed, advised or serviced by the Asset Management segment and equals the sum of the following:

- the amount of aggregate collateral balance and principal cash of Assured Investment Management's CLOs, including CLO equity that may be held by Assured Investment Management funds. This also includes CLO assets managed by BlueMountain Fuji Management, LLC (BM Fuji). BlueMountain is not the investment manager of BM Fuji CLOs, but rather has entered into a services agreement and a secondary agreement with BM Fuji pursuant to which BlueMountain provides certain services associated with the management of BM Fuji-advised CLOs and acts in the capacity of service provider, and

- the net asset value of all funds and accounts other than CLOs, plus any unfunded commitments.

The Company's calculation of AUM may differ from the calculation employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. The calculation also differs from the manner in which Assured Investment Management affiliates registered with the SEC report "Regulatory Assets Under Management" on Form ADV and Form PF in various ways.

The Company also uses several other measurements of AUM to understand and measure its AUM in more detail and for various purposes, including its relative position in the market and its income and income potential:

"Third-party assets under management" or "3rd Party AUM" refers to the assets Assured Investment Management manages or advises on behalf of third-party investors. This includes current and former employee investments in Assured Investment Management's funds. For CLOs, this also includes CLO equity that may be held by Assured Investment Management's funds.

"Intercompany assets under management" or "Intercompany AUM" refers to the assets Assured Investment Management manages or advises on behalf of the Company. This includes investments from affiliates of Assured Guaranty along with general partners' investments of BlueMountain (or its affiliates) into the funds.

"Funded assets under management" or "Funded AUM" refers to assets that have been deployed or invested into the funds or CLOs.

"Unfunded assets under management" or "Unfunded AUM" refers to unfunded capital commitments from closed-end funds and CLO warehouse fund.

"Fee earning assets under management" or "Fee Earning AUM" refers to assets where Assured Investment Management collects fees and has elected not to waive or rebate fees to investors.

"Non-fee earning assets under management" or "Non-Fee Earning AUM" refers to assets where Assured Investment Management does not collect fees or has elected to waive or rebate fees to investors. Assured Investment Management reserves the right to waive some or all fees for certain investors, including investors affiliated with Assured Investment Management and/or the Company. Further, to the extent that the Company's wind-down and/or opportunity funds are invested in Assured Investment Management managed CLOs, BlueMountain may rebate any management fees and/or performance compensation earned from the CLOs to the extent such fees are attributable to the wind-down and opportunity funds' holdings of CLOs also managed by Assured Investment Management.

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 the Company.

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. The Company believes its presentation of non-GAAP financial measures 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.

The Company also provides the effect of VIE consolidation that is embedded in each non-GAAP financial measure, as applicable, which the Company believes may also be useful to investors, analysts and financial news media to evaluate Assured Guaranty's financial results. GAAP requires the Company to consolidate certain FG VIEs and investment vehicles. The Company does not own the consolidated FG VIEs and its exposure is limited to its obligation under the financial guaranty insurance contract. The Insurance segment presents the economic effect of the financial guaranty contracts associated with the consolidated FG VIEs. The Company does own a substantial ownership interest in its consolidated investment vehicles, which is reflected in the Insurance segment.

Management and the Board of Directors use non-GAAP financial measures further adjusted to remove the effect of 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 core financial measures in its decision making process and in its calculation of certain components of management compensation.

Management believes that many investors, analysts and financial news reporters use adjusted operating shareholders' equity, further adjusted to remove the effect of 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. Management also believes that many of the Company's fixed income investors also use this measure to evaluate the Company's capital adequacy.

Management believes that many investors, analysts and financial news reporters also use adjusted book value, further adjusted to remove the effect of VIE consolidation, to evaluate AGL's share price and as the basis of their decision to recommend, buy or sell the AGL common shares. Adjusted operating income further adjusted for the effect of 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) adjusted operating income, further adjusted to remove the effect of VIE consolidation, (2) adjusted operating shareholders' equity, further adjusted to remove the effect of VIE consolidation, (3) growth in adjusted book value per share, further adjusted to remove the effect of VIE consolidation, and (4) PVP.

In the first quarter of 2020, the Company changed the discount rate used in the calculation of PVP and net present value of estimated future net revenues, which is a component of adjusted book value. Beginning in 2020, the discount rate will be the approximate average pre-tax fixed book yield of fixed-maturity securities purchased in the prior calendar year, excluding loss mitigation bonds. In prior periods the discount rate was a constant 6% discount rate. The Company made these changes and recast prior periods to better reflect the then current interest rate environment. The reconciliation tables of GAAP to non-GAAP financial measures for PVP and ABV indicate the new discount rate for each relevant period. 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.

Adjusted Operating Income: Management believes that adjusted operating income is a useful measure because it clarifies the understanding of the underwriting results of the Company. Adjusted 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.

Non-GAAP Financial Measures (continued)

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.

Adjusted Operating Shareholders' Equity and Adjusted Book Value: Management believes that adjusted operating shareholders' equity is a useful measure because it excludes the fair value adjustments on investments, credit derivatives and CCS that are not expected to result in economic gain or loss.

Adjusted operating shareholders' equity is the basis of the calculation of adjusted book value (see below). Adjusted 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 adjusted book value, further adjusted for VIE consolidation, to measure the intrinsic value of the Company, excluding franchise value. Growth in adjusted book value per share, further adjusted for 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 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. Adjusted book value is adjusted 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 present value of the expected future net earned premiums, net of the present value 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 adjusted book value will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current adjusted book value due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors.

Non-GAAP Financial Measures (continued)

Adjusted Operating Return on Equity (Adjusted Operating ROE): Adjusted Operating ROE represents adjusted operating income for a specified period divided by the average of adjusted operating shareholders' equity at the beginning and the end of that period. Management believes that adjusted 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 adjusted operating ROE, adjusted for 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 adjusted operating ROE are calculated on an annualized basis. Adjusted operating ROE, adjusted for 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 the present value of estimated net future revenue for contracts other than financial guaranty insurance contracts (such as specialty insurance and reinsurance contracts and credit derivatives). This amount represents the net present value of estimated future revenue from these contracts (other than credit derivatives with net expected losses), net of reinsurance, ceding commissions and premium taxes.

Future installment premiums are discounted at the approximate average pre-tax book yield of fixed maturity securities purchased during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary. Net present value of estimated future revenue for an obligation may change from period to period due to a change in the discount rate or due to a change in estimated net future revenue for the obligation, which may change 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. There is no corresponding GAAP financial measure.

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 additional installment premium on existing contracts (which may result from supplements or fees or from the issuer not calling an insured obligation the Company projected would be called), whether in insurance or credit derivative contract form, which management believes GAAP gross written premiums and changes in fair value of credit derivatives 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.

Future installment premiums are discounted at the approximate average pre-tax book yield of fixed maturity securities purchased during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary. 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 installment premiums may differ from those estimated in the Company's PVP calculation 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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