

ASSURED  
GUARANTY®



Financial Supplement

**Assured Guaranty Municipal Corp.**  
September 30, 2019

# ASSURED GUARANTY<sup>®</sup>

## MUNICIPAL

### Assured Guaranty Municipal Corp. September 30, 2019 Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty) with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2018 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2019, June 30, 2019 and September 30, 2019. This financial supplement should also be read in conjunction with the Company's financial statements posted on [agld.com/investor-information](http://agld.com/investor-information). For the purposes of this financial supplement, all references to the "Company", or "Consolidated AGM" shall mean Assured Guaranty Municipal Corp. (AGM) and its consolidated entities (consisting primarily of Assured Guaranty (Europe) plc., Municipal Assurance Holdings Inc., a company formed to own 100% of the common stock of Municipal Assurance Corp. (MAC), and variable interest entities Assured Guaranty Municipal is required to consolidate under accounting principles generally accepted in the United States). Assured Guaranty Municipal Corp. owns 60.7% of the outstanding shares of Municipal Assurance Holdings Inc., and Assured Guaranty Municipal Corp.'s affiliate Assured Guaranty Corp. (AGC) owns the remaining 39.3%; Assured Guaranty Municipal consolidates all of MAC. AGM (excluding MAC) shall mean Consolidated AGM excluding Municipal Assurance Holdings Inc. and MAC. Some amounts in this financial supplement may not add due to rounding.

#### **Cautionary Statement Regarding Forward Looking Statements:**

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

**Assured Guaranty Municipal Corp.**  
**Selected Financial Highlights (1 of 2)**  
(dollars in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>GAAP Highlights</b>				
Net income (loss) attributable to AGM (consolidated)	\$ 52	\$ 84	\$ 214	\$ 195
Gross written premiums (GWP)	66	50	149	175
Effective tax rate on net income	24.3 %	3.9 %	21.0%	7.3 %
GAAP return on equity (ROE) <sup>(3)</sup>	5.0 %	8.4 %	7.0%	6.5 %
<b>Non-GAAP Highlights<sup>(1)</sup></b>				
Non-GAAP operating income <sup>(1)</sup>	\$ 66	\$ 95	\$ 234	\$ 215
Gain (loss) related to the effect of consolidating FG VIEs (FG VIE consolidation) (net of tax provision (benefit) included in non-GAAP operating income	(2)	(2)	2	(2)
Present value of new business production (PVP) <sup>(1)</sup>	59	44	145	157
Gross par written	4,449	2,517	10,550	7,824
Effective tax rate on non-GAAP operating income <sup>(2)</sup>	19.7 %	4.1 %	19.4 %	7.9 %
Effect of FG VIE consolidation included in effective tax rate on non-GAAP operating income	— %	(0.5)%	0.1 %	(0.1)%
Non-GAAP operating ROE <sup>(1)(3)</sup>	6.7 %	9.8 %	8.0 %	7.4 %
Effect of FG VIE consolidation on non-GAAP operating ROE <sup>(3)</sup>	(0.2)%	(0.2)%	0.1 %	(0.1)%
			<b>As of</b>	
			<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>Shareholder's equity attributable to AGM</b>			<b>\$ 4,131</b>	<b>\$ 3,988</b>
Non-GAAP operating shareholder's equity <sup>(1)</sup>			3,915	3,903
Non-GAAP adjusted book value <sup>(1)</sup>			5,364	5,378
Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity			17	10
Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value			6	(6)
<b>Other Information</b>				
Net debt service outstanding <sup>(4)</sup>			\$ 216,862	\$ 226,248
Net par outstanding <sup>(4)</sup>			140,219	146,637
Claims-paying resources (including MAC) <sup>(5)</sup>			6,171	6,516

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

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

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

4) Amounts include those of Municipal Assurance Corp. (MAC). Although Assured Guaranty Municipal owns approximately 60.7% of the outstanding shares of Municipal Assurance Holdings Inc. (MAC Holdings), a company formed to own 100% of the common stock of MAC, and Assured Guaranty Municipal's affiliate Assured Guaranty Corp. owns the remaining 39.3%, Assured Guaranty Municipal consolidates all of MAC.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Effect of refundings and terminations on GAAP measures:</b>				
Net earned premiums, pre-tax	\$ 17	\$ 23	\$ 43	\$ 68
Net change in fair value of credit derivatives, pre-tax	—	—	—	1
Net income effect	12	16	29	49
<b>Effect of refundings and terminations on non-GAAP measures:</b>				
Operating net earned premiums and credit derivative revenues <sup>(1)</sup> , pre-tax	17	23	43	68
Non-GAAP operating income <sup>(1)</sup> effect	12	16	29	48

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

**Assured Guaranty Municipal Corp.**  
Condensed Consolidated Balance Sheets (unaudited)  
(dollars in millions)

	As of	
	September 30, 2019	December 31, 2018
<b>Assets:</b>		
Investment portfolio:		
Fixed-maturity securities, available-for-sale, at fair value	\$ 4,824	\$ 5,342
Short-term investments, at fair value	641	319
Surplus note from affiliate	300	300
Other invested assets	34	31
Total investment portfolio	5,799	5,992
Cash	98	53
Premiums receivable	658	698
Ceded unearned premium reserve	700	714
Reinsurance recoverable on unpaid losses	179	179
Salvage and subrogation recoverable	487	311
Financial guaranty variable interest entities (FG VIE) assets, at fair value	418	467
Other assets	216	234
<b>Total assets</b>	<b>\$ 8,555</b>	<b>\$ 8,648</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Liabilities:</b>		
Unearned premium reserve	\$ 2,569	\$ 2,634
Loss and loss adjustment expense (LAE) reserve	596	770
Reinsurance balances payable, net	223	196
FG VIE liabilities with recourse, at fair value	339	409
FG VIE liabilities without recourse, at fair value	103	101
Other liabilities	390	324
<b>Total liabilities</b>	<b>4,220</b>	<b>4,434</b>
<b>Shareholders' equity:</b>		
Preferred stock	—	—
Common stock	15	15
Additional paid-in capital	702	702
Retained earnings	3,335	3,308
Accumulated other comprehensive income (loss)	79	(37)
<b>Total shareholders' equity attributable to Assured Guaranty Municipal Corp.</b>	<b>4,131</b>	<b>3,988</b>
Noncontrolling interest	204	226
<b>Total shareholders' equity</b>	<b>4,335</b>	<b>4,214</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,555</b>	<b>\$ 8,648</b>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Net earned premiums	\$ 64	\$ 77	\$ 188	\$ 234
Net investment income	45	52	145	154
Net realized investment gains (losses)	11	(6)	3	(7)
Fair value gains (losses) on FG VIEs	3	3	33	7
Foreign exchange gain (loss) on remeasurement	(17)	(7)	(20)	(19)
Other income (loss)	(7)	4	9	(13)
<b>Total revenues</b>	<b>99</b>	<b>123</b>	<b>358</b>	<b>356</b>
<b>Expenses:</b>				
Loss and LAE	(9)	—	(26)	36
Other operating expenses	33	28	97	90
<b>Total expenses</b>	<b>24</b>	<b>28</b>	<b>71</b>	<b>126</b>
<b>Income (loss) before provision for income taxes and equity in net earnings of investees</b>	<b>75</b>	<b>95</b>	<b>287</b>	<b>230</b>
Equity in net earnings of investees	1	(1)	2	1
<b>Income (loss) before income taxes</b>	<b>76</b>	<b>94</b>	<b>289</b>	<b>231</b>
Provision (benefit) for income taxes	19	4	61	17
<b>Net income (loss)</b>	<b>57</b>	<b>90</b>	<b>228</b>	<b>214</b>
Less: Non-controlling interest	5	6	14	19
<b>Net income (loss) attributable to Assured Guaranty Municipal Corp.</b>	<b>\$ 52</b>	<b>\$ 84</b>	<b>\$ 214</b>	<b>\$ 195</b>

**Assured Guaranty Municipal Corp.**  
Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation  
(dollars in millions)

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

	<b>Three Months Ended September 30, 2019</b>		<b>Three Months Ended September 30, 2018</b>	
	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ (1)	\$ —	\$ (3)
Net investment income	—	(1)	—	(1)
Net realized investment gains (losses)	10	—	(6)	—
Fair value gains (losses) on FG VIEs	—	3	—	3
Foreign exchange gain (loss) on remeasurement	(17)	—	(6)	—
Other income (loss)	(6)	—	—	—
<b>Total revenue adjustments</b>	<u>(13)</u>	<u>1</u>	<u>(12)</u>	<u>(1)</u>
<b>Adjustments to expenses:</b>				
Loss expense	—	3	—	2
<b>Total expense adjustments</b>	<u>—</u>	<u>3</u>	<u>—</u>	<u>2</u>
<b>Pre-tax adjustments</b>	<u>(13)</u>	<u>(2)</u>	<u>(12)</u>	<u>(3)</u>
Tax effect of adjustments	1	—	(1)	(1)
Less: Non-controlling interest	—	—	—	—
<b>After-tax adjustments</b>	<u>\$ (14)</u>	<u>\$ (2)</u>	<u>\$ (11)</u>	<u>\$ (2)</u>

**Non-GAAP Operating Income Adjustments and Effect of FG VIE Consolidation for the Nine Months Ended September 30, 2019 and September 30, 2018**

	<b>Nine Months Ended September 30, 2019</b>		<b>Nine Months Ended September 30, 2018</b>	
	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>	Non-GAAP Operating Income Adjustments <sup>(1)</sup>	Effect of FG VIE Consolidation <sup>(2)</sup>
<b>Adjustments to revenues:</b>				
Net earned premiums	\$ —	\$ (15)	\$ —	\$ (9)
Net investment income	—	(3)	—	(3)
Net realized investment gains (losses)	1	—	(7)	—
Fair value gains (losses) on FG VIEs	—	33	—	7
Foreign exchange gain (loss) on remeasurement	(19)	—	(16)	—
Other income (loss)	(1)	—	(2)	—
<b>Total revenue adjustments</b>	<u>(19)</u>	<u>15</u>	<u>(25)</u>	<u>(5)</u>
<b>Adjustments to expenses:</b>				
Loss expense	—	12	(1)	(2)
<b>Total expense adjustments</b>	<u>—</u>	<u>12</u>	<u>(1)</u>	<u>(2)</u>
<b>Pre-tax adjustments</b>	<u>(19)</u>	<u>3</u>	<u>(24)</u>	<u>(3)</u>
Tax effect of adjustments	1	1	(4)	(1)
Less: Non-controlling interest	1	—	—	—
<b>After-tax adjustments</b>	<u>\$ (21)</u>	<u>\$ 2</u>	<u>\$ (20)</u>	<u>\$ (2)</u>

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

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



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

	As of					
	September 30, 2019	June 30 2019	December 31, 2018	September 30, 2018	June 30 2018	December 31, 2017
<b>Reconciliation of shareholder's equity to non-GAAP adjusted book value:</b>						
<b>Consolidated shareholder's equity attributable to AGM</b>	<b>\$ 4,131</b>	<b>\$ 4,192</b>	<b>\$ 3,988</b>	<b>\$ 3,964</b>	<b>\$ 3,977</b>	<b>\$ 4,034</b>
Less pre-tax reconciling items:						
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	—	(1)	(2)	(4)	(4)	(5)
Fair value gains (losses) on CCS	34	41	37	28	28	29
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	234	215	72	45	80	173
Less taxes	(52)	(51)	(22)	(14)	(21)	(41)
Non-GAAP operating shareholders' equity	3,915	3,988	3,903	3,909	3,894	3,878
Pre-tax reconciling items:						
Less: Deferred acquisition costs	(95)	(94)	(98)	(92)	(94)	(93)
Plus: Net present value of estimated net future credit derivative revenue	5	6	7	8	8	9
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	1,724	1,740	1,751	1,731	1,755	1,764
Plus taxes	(375)	(379)	(381)	(377)	(382)	(384)
Non-GAAP adjusted book value	\$ 5,364	\$ 5,449	\$ 5,378	\$ 5,363	\$ 5,369	\$ 5,360
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholder's equity (net of tax benefit (provision) of \$(4), \$(4), \$(3), \$(3), \$(4) and \$(3))</b>	\$ 17	\$ 18	\$ 10	\$ 9	\$ 14	\$ 11
<b>Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value (net of tax benefit (provision) of \$(1), \$(1), \$2, \$1, \$1 and \$2)</b>	\$ 6	\$ 4	\$ (6)	\$ (8)	\$ (4)	\$ (5)

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

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

	As of	
	September 30, 2019	December 31, 2018
<b>Claims-paying resources</b>		
Policyholders' surplus	\$ 2,473	\$ 2,533
Contingency reserve <sup>(1)</sup>	1,100	1,034
	<b>3,573</b>	<b>3,567</b>
Unearned premium reserve and net deferred ceding commission income <sup>(1)</sup>	1,829	1,873
Loss and LAE reserves <sup>(1)</sup>	204	518
	<b>5,606</b>	<b>5,958</b>
<b>Total policyholders' surplus and reserves</b>		
Present value of installment premium <sup>(1)</sup>	185	178
CCS	200	200
Excess of loss reinsurance facility <sup>(2)</sup>	180	180
	<b>6,171</b>	<b>6,516</b>
<b>Total claims-paying resources (including proportionate MAC ownership for AGM)</b>		
Adjustment for MAC <sup>(3)</sup>	375	434
	<b>\$ 5,796</b>	<b>\$ 6,082</b>
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>		
Statutory net par outstanding <sup>(4)</sup>	\$ 115,643	\$ 115,555
Equity method adjustment <sup>(3)</sup>	12,231	14,338
	<b>\$ 127,874</b>	<b>\$ 129,893</b>
Net debt service outstanding <sup>(4)</sup>	\$ 182,205	\$ 183,075
Equity method adjustment <sup>(3)</sup>	18,031	21,222
	<b>\$ 200,236</b>	<b>\$ 204,297</b>
<b>Ratios:</b>		
Adjusted net par outstanding to qualified statutory capital	36:1	36:1
Capital ratio <sup>(5)</sup>	56:1	57:1
Financial resources ratio <sup>(6)</sup>	32:1	31:1

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

## Assured Guaranty Municipal Corp.

### New Business Production (1 of 5)

(dollars in millions)

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

	Three Months Ended September 30, 2019					Three Months Ended September 30, 2018				
	Public Finance		Structured Finance		Total	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.		U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>Total GWP</b>	\$ 46	\$ 20	\$ —	\$ —	\$ 66	\$ 32	\$ 17	\$ 1	\$ —	\$ 50
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	—	20	—	—	20	—	16	1	—	17
Upfront GWP	46	—	—	—	46	32	1	—	—	33
Plus: Installment premium PVP	—	13	—	—	13	—	11	—	—	11
<b>Total PVP</b>	<u>\$ 46</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 59</u>	<u>\$ 32</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44</u>
<b>Gross par written</b>	<b>\$ 4,212</b>	<b>\$ 237</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,449</b>	<b>\$ 2,328</b>	<b>\$ 189</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,517</b>

#### Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2019 and September 30, 2018

	Nine Months Ended September 30, 2019					Nine Months Ended September 30, 2018				
	Public Finance		Structured Finance		Total	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.		U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>Total GWP</b>	\$ 120	\$ 34	\$ (5)	\$ —	\$ 149	\$ 114	\$ 60	\$ 1	\$ —	\$ 175
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(1)	34	(5)	—	28	(2)	43	1	—	42
Upfront GWP	121	—	—	—	121	116	17	—	—	133
Plus: Installment premium PVP	—	24	—	—	24	—	24	—	—	24
<b>Total PVP</b>	<u>\$ 121</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 145</u>	<u>\$ 116</u>	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 157</u>
<b>Gross par written</b>	<b>\$ 9,837</b>	<b>\$ 713</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 10,550</b>	<b>\$ 7,448</b>	<b>\$ 376</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,824</b>

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (2 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended September 30, 2019

	Three Months Ended September 30, 2019				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 45	\$ 20	\$ —	\$ —	\$ 65
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	—	20	—	—	20
Upfront GWP	45	—	—	—	45
Plus: Installment premium PVP	—	13	—	—	13
<b>Total PVP</b>	<u>\$ 45</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 58</u>
<b>Gross par written</b>	<b>\$ 4,043</b>	<b>\$ 237</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,280</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ 1	\$ —	\$ —	\$ —	\$ 1
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GWP	1	—	—	—	1
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>
<b>Gross par written</b>	<b>\$ 169</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 169</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 46	\$ 20	\$ —	\$ —	\$ 66
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	—	20	—	—	20
Upfront GWP	46	—	—	—	46
Plus: Installment premium PVP	—	13	—	—	13
<b>Total PVP</b>	<u>\$ 46</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 59</u>
<b>Gross par written</b>	<b>\$ 4,212</b>	<b>\$ 237</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,449</b>

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

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (3 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Three Months Ended September 30, 2018

	Three Months Ended September 30, 2018				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 32	\$ 17	\$ 1	\$ —	\$ 50
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	—	16	1	—	17
Upfront GAAP	32	1	—	—	33
Plus: Installment premium PVP	—	11	—	—	11
<b>Total PVP</b>	<u>\$ 32</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44</u>
<b>Gross par written</b>	<b>\$ 2,214</b>	<b>\$ 189</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,403</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ —	\$ —	\$ —	\$ —	\$ —
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GAAP	—	—	—	—	—
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Gross par written</b>	<b>\$ 114</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 114</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 32	\$ 17	\$ 1	\$ —	\$ 50
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	—	16	1	—	17
Upfront GAAP	32	1	—	—	33
Plus: Installment premium PVP	—	11	—	—	11
<b>Total PVP</b>	<u>\$ 32</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44</u>
<b>Gross par written</b>	<b>\$ 2,328</b>	<b>\$ 189</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,517</b>

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (4 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2019

	Nine Months Ended September 30, 2019				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 118	\$ 34	\$ (5)	\$ —	\$ 147
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(1)	34	(5)	—	28
Upfront GWP	119	—	—	—	119
Plus: Installment premium PVP	—	24	—	—	24
<b>Total PVP</b>	<u>\$ 119</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 143</u>
<b>Gross par written</b>	<b>\$ 9,389</b>	<b>\$ 713</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 10,102</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ 2	\$ —	\$ —	\$ —	\$ 2
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	—	—	—	—	—
Upfront GWP	2	—	—	—	2
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>
<b>Gross par written</b>	<b>\$ 448</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 448</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 120	\$ 34	\$ (5)	\$ —	\$ 149
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(1)	34	(5)	—	28
Upfront GWP	121	—	—	—	121
Plus: Installment premium PVP	—	24	—	—	24
<b>Total PVP</b>	<u>\$ 121</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 145</u>
<b>Gross par written</b>	<b>\$ 9,837</b>	<b>\$ 713</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 10,550</b>

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

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

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

# Assured Guaranty Municipal Corp.

## New Business Production (5 of 5)

(dollars in millions)

### Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2018

	Nine Months Ended September 30, 2018				
	Public Finance		Structured Finance		Total
	U.S.	Non - U.S.	U.S.	Non - U.S.	
<b>AGM (Excluding MAC)</b>					
<b>Total GWP</b>	\$ 114	\$ 60	\$ 1	\$ —	\$ 175
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(1)	43	1	—	43
Upfront GAAP	115	17	—	—	132
Plus: Installment premium PVP	—	24	—	—	24
<b>Total PVP</b>	<u>\$ 115</u>	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 156</u>
<b>Gross par written</b>	<b>\$ 7,138</b>	<b>\$ 376</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,514</b>
<b>MAC</b>					
<b>Total GWP</b>	\$ —	\$ —	\$ —	\$ —	\$ —
Less: Installment GWP and other GAAP adjustments <sup>(2)</sup>	(1)	—	—	—	(1)
Upfront GAAP	1	—	—	—	1
Plus: Installment premium PVP	—	—	—	—	—
<b>Total PVP</b>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>
<b>Gross par written</b>	<b>\$ 310</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 310</b>
<b>Consolidated AGM</b>					
<b>Total GWP</b>	\$ 114	\$ 60	\$ 1	\$ —	\$ 175
Less: Installment GWP and other GAAP adjustments <sup>(1)</sup>	(2)	43	1	—	42
Upfront GAAP	116	17	—	—	133
Plus: Installment premium PVP	—	24	—	—	24
<b>Total PVP</b>	<u>\$ 116</u>	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 157</u>
<b>Gross par written</b>	<b>\$ 7,448</b>	<b>\$ 376</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 7,824</b>

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

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

## Assured Guaranty Municipal Corp.

### Gross Par Written

(dollars in millions)

#### Gross Par Written by Asset Type

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Gross Par Written	Avg. Internal Rating	Gross Par Written	Avg. Internal Rating
<b>Sector:</b>				
<b>U.S. public finance:</b>				
General obligation	\$ 1,912	A-	\$ 5,069	A-
Tax backed	599	A-	1,501	A-
Municipal utilities	561	A-	1,133	A-
Transportation	344	A-	943	A-
Healthcare	710	A-	900	A-
Higher education	86	A	209	A-
Housing revenue	—	--	62	BBB-
Infrastructure finance	—	--	20	A-
Total U.S. public finance	4,212	A-	9,837	A-
<b>Non-U.S. public finance:</b>				
Regulated utilities	86	BBB+	262	A-
Renewable energy	—	--	236	BBB
Infrastructure finance	151	BBB	215	BBB+
Total non-U.S. public finance	237	BBB	713	BBB
<b>Total public finance</b>	<b>4,449</b>	A-	<b>10,550</b>	<b>BBB+</b>
<b>U.S. structured finance:</b>				
Total U.S. structured finance	—	--	—	--
<b>Non-U.S. structured finance:</b>				
Total non-U.S. structured finance	—	--	—	--
<b>Total structured finance</b>	—	--	—	--
<b>Total gross par written</b>	<b>\$ 4,449</b>	A-	<b>\$ 10,550</b>	<b>BBB+</b>

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

**Assured Guaranty Municipal Corp.**  
Investment Portfolio and Cash (1 of 2)  
As of September 30, 2019  
(dollars in millions)

	Fair Value		
	AGM (Excluding MAC)	MAC	Consolidated AGM
<b>Investment portfolio:</b>			
Fixed-maturity securities:			
Obligations of state and political subdivisions <sup>(1)(2)</sup>	\$ 2,051	\$ 398	\$ 2,449
U.S. government securities	21	21	42
Corporate securities <sup>(2)</sup>	1,116	102	1,218
Mortgage-backed securities (MBS):			
Residential MBS (RMBS) <sup>(2)</sup>	428	14	442
Commercial MBS (CMBS)	205	16	221
Asset-backed securities <sup>(2)</sup>	226	28	254
Non-U.S. government securities	198	—	198
Total fixed-maturity securities	<u>4,245</u>	<u>579</u>	<u>4,824</u>
Short-term investments and cash	661	78	739
<b>Total</b>	<b><u>\$ 4,906</u></b>	<b><u>\$ 657</u></b>	<b><u>\$ 5,563</u></b>

	Fair Value (AGM Excluding MAC)	% of Portfolio
	<b>Ratings<sup>(3)</sup>:</b>	
U.S. government securities	\$ 21	0.5%
AAA/Aaa	868	20.5
AA/Aa	1,784	42.0
A/A	878	20.7
BBB	306	7.2
Below investment grade (BIG) <sup>(4)</sup>	386	9.1
Not rated	2	0.0
<b>Total fixed-maturity securities, available-for-sale</b>	<b><u>\$ 4,245</u></b>	<b><u>100.0%</u></b>

- 1) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average A+, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC(S&P) or Moody's Investors Service, Inc. (Moody's).
- 2) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 3) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings.
- 4) Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$597 million in par with carrying value of \$386 million.

**Assured Guaranty Municipal Corp.**  
**Investment Portfolio and Cash (2 of 2)**  
**As of September 30, 2019**  
(dollars in millions)

	<u>Amortized Cost</u>	<u>Pre-Tax Book Yield</u>	<u>After-Tax Book Yield</u>	<u>Fair Value</u>	<u>Annualized Investment Income <sup>(1)</sup></u>
<b>Investment portfolio:</b>					
Fixed-maturity securities:					
Obligations of state and political subdivisions <sup>(2)(3)</sup>	\$ 2,286	3.53 %	3.30 %	\$ 2,449	\$ 81
U.S. government securities	38	2.93	2.32	42	1
Corporate securities <sup>(3)</sup>	1,214	2.75	2.33	1,218	33
Mortgage-backed securities (MBS):					
Residential MBS (RMBS) <sup>(3)</sup>	431	5.58	4.41	442	24
Commercial MBS (CMBS)	212	3.42	2.70	221	7
Asset-backed securities <sup>(3)</sup>	253	3.93	3.30	254	10
Non-U.S. government securities	210	1.39	1.39	198	3
Total fixed-maturity securities	<u>4,644</u>	<u>3.43</u>	<u>3.03</u>	<u>4,824</u>	<u>159</u>
Short-term investments	641	1.80	1.53	641	12
Cash <sup>(4)</sup>	98	—	—	98	—
<b>Total</b>	<b><u>\$ 5,383</u></b>	<b><u>3.23%</u></b>	<b><u>2.84%</u></b>	<b><u>\$ 5,563</u></b>	<b><u>\$ 171</u></b>

	<u>Fair Value</u>	<u>% of Portfolio</u>
<b>Ratings <sup>(5)</sup>:</b>		
U.S. government securities	\$ 42	0.9 %
AAA/Aaa	947	19.6
AA/Aa	2,107	43.7
A/A	965	20.0
BBB	375	7.8
Below investment grade (BIG) <sup>(6)</sup>	386	8.0
Not rated	2	0.0
Total fixed-maturity securities, available-for-sale	<u>\$ 4,824</u>	<u>100.0 %</u>

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

3.8

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

AA-

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Reflects obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, average A+, after giving effect to the lower of the rating assigned by S&P or Moody's.
- 3) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 4) Cash is not included in the yield calculation.
- 5) Ratings are represented by the lower of the Moody's or S&P classifications except for bonds purchased for loss mitigation (loss mitigation bonds) or other risk management strategies which use internal ratings classifications.
- 6) Includes below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$597 million in par with carrying value of \$386 million.

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

	<b>Financial Guaranty Insurance <sup>(2)</sup></b>					
	<b>Estimated Net Debt Service Amortization</b>	<b>Estimated Ending Net Debt Service Outstanding</b>	<b>Expected PV Net Earned Premiums</b>	<b>Accretion of Discount</b>	<b>Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount</b>	<b>Future Credit Derivative Revenues<sup>(3)</sup></b>
2019 (as of September 30)		\$ 216,862				
2019 Q4	\$ 4,070	212,792	\$ 43	\$ 2	\$ 1	\$ —
2020	14,268	198,524	166	9	4	1
2021	13,732	184,792	152	9	4	1
2022	12,679	172,113	141	8	3	1
2023	11,230	160,883	131	7	3	1
2019-2023	55,979	160,883	633	35	15	4
2024-2028	54,704	106,179	511	28	12	2
2029-2033	43,428	62,751	343	16	10	—
2034-2038	29,418	33,333	205	9	8	—
After 2038	33,333	—	195	8	—	—
<b>Total</b>	<b>\$ 216,862</b>		<b>\$ 1,887</b>	<b>\$ 96</b>	<b>\$ 45</b>	<b>\$ 6</b>

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

2) See page 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 Municipal Corp.**  
 Expected Amortization of Net Par Outstanding (1 of 2)  
 (dollars in millions)

**Structured Finance**

	Estimated Net Par Amortization				Estimated Ending Net Par Outstanding
	U.S. RMBS	Financial Products	Other Structured Finance	Total	
2019 (as of September 30)					\$ 3,664
2019 Q4	\$ 81	\$ 1	\$ 8	\$ 90	3,574
2020	270	7	61	338	3,236
2021	231	3	30	264	2,972
2022	205	20	30	255	2,717
2023	227	12	39	278	2,439
2019-2023	1,014	43	168	1,225	2,439
2024-2028	689	196	164	1,049	1,390
2029-2033	177	633	100	910	480
2034-2038	279	122	51	452	28
After 2038	2	26	—	28	—
<b>Total structured finance</b>	<b>\$ 2,161</b>	<b>\$ 1,020</b>	<b>\$ 483</b>	<b>\$ 3,664</b>	

**Public Finance**

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2019 (as of September 30)		\$ 136,555
2019 Q4	\$ 2,229	134,326
2020	7,638	126,688
2021	7,596	119,092
2022	6,885	112,207
2023	5,708	106,499
2019-2023	30,056	106,499
2024-2028	32,105	74,394
2029-2033	28,359	46,035
2034-2038	20,762	25,273
After 2038	25,273	—
<b>Total public finance</b>	<b>\$ 136,555</b>	

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

**Assured Guaranty Municipal Corp.**  
 Expected Amortization of Net Par Outstanding (2 of 2)  
 (dollars in millions)

**Public Finance:**

**Estimated Ending Net Par Outstanding**

	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC		
2019 (as of September 30)	\$ 114,718	\$ 13,470	\$ 4,331	\$ 4,036	\$ 21,837	\$ 136,555	
2019 Q4	113,566	12,996	3,788	3,976	20,760	134,326	
2020	108,382	11,198	3,369	3,739	18,306	126,688	
2021	102,358	10,120	3,123	3,491	16,734	119,092	
2022	96,903	9,147	2,925	3,232	15,304	112,207	
2023	92,396	8,328	2,782	2,993	14,103	106,499	
2028	65,682	4,825	2,077	1,810	8,712	74,394	
2033	41,483	2,411	1,253	888	4,552	46,035	
2038	23,265	1,162	551	295	2,008	25,273	

**Public Finance:**

**Estimated Net Par Amortization**

	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC		
2019 Q4	\$ 1,152	\$ 474	\$ 543	\$ 60	\$ 1,077	\$ 2,229	
2020	5,184	1,799	419	236	2,454	7,638	
2021	6,024	1,078	246	248	1,572	7,596	
2022	5,455	973	198	259	1,430	6,885	
2023	4,507	819	144	238	1,201	5,708	
2019-2023	22,322	5,143	1,550	1,041	7,734	30,056	
2024-2028	26,714	3,503	705	1,183	5,391	32,105	
2029-2033	24,199	2,414	823	923	4,160	28,359	
2034-2038	18,218	1,249	702	593	2,544	20,762	
After 2038	23,265	1,162	551	295	2,008	25,273	

# Assured Guaranty Municipal Corp.

Net Expected Loss to be Expensed<sup>(1)</sup>

As of September 30, 2019

(dollars in millions)

	<u>GAAP</u>
2019 Q4	\$ 3
2020	12
2021	11
2022	11
2023	<u>9</u>
2019-2023	46
2024-2028	41
2029-2033	19
2034-2038	8
After 2038	<u>2</u>
<b>Total expected PV of net expected loss to be expensed<sup>(2)</sup></b>	<b>116</b>
Future accretion	<u>(27)</u>
<b>Total expected future loss and LAE</b>	<b><u>\$ 89</u></b>

1) The present value of net expected loss to be paid is discounted using risk-free rates ranging from 0.0% to 2.20% for U.S. dollar denominated obligations.

2) Excludes \$30 million related to FG VIEs, which are eliminated in consolidation.

# Assured Guaranty Municipal Corp.

## Financial Guaranty Profile (1 of 4)

As of September 30, 2019

(dollars in millions)

### Net Par Outstanding by Asset Type

	MAC					Consolidated AGM
	AGM (excluding MAC)	Assumed from Assured Guaranty Municipal	Assumed from AGC	Direct	Total MAC	
<b>U.S. public finance:</b>						
General obligation	\$ 34,124	\$ 7,844	\$ 2,487	\$ 3,498	\$ 13,829	\$ 47,953
Tax backed	20,237	2,201	550	146	2,897	23,134
Municipal utilities	13,944	2,215	757	347	3,319	17,263
Transportation	7,013	728	299	40	1,067	8,080
Healthcare	4,058	—	—	—	—	4,058
Higher education	2,919	392	234	5	631	3,550
Infrastructure finance	1,242	—	—	—	—	1,242
Housing revenue	773	82	—	—	82	855
Renewable energy	17	—	—	—	—	17
Other public finance	366	8	4	—	12	378
Total U.S. public finance	84,693	13,470	4,331	4,036	21,837	106,530
<b>Non-U.S. public finance:</b>						
Infrastructure finance	12,458	—	—	—	—	12,458
Regulated utilities	11,355	—	—	—	—	11,355
Sovereign and sub-sovereign	5,235	—	—	—	—	5,235
Renewable energy	977	—	—	—	—	977
Total non-U.S. public finance	30,025	—	—	—	—	30,025
<b>Total public finance</b>	<b>114,718</b>	<b>13,470</b>	<b>4,331</b>	<b>4,036</b>	<b>21,837</b>	<b>136,555</b>
<b>U.S. structured finance:</b>						
RMBS	2,161	—	—	—	—	2,161
Financial products	1,020	—	—	—	—	1,020
Other structured finance	140	—	—	—	—	140
Total U.S. structured finance	3,321	—	—	—	—	3,321
<b>Non-U.S. structured finance:</b>						
RMBS	200	—	—	—	—	200
Other structured finance	143	—	—	—	—	143
Total non-U.S. structured finance	343	—	—	—	—	343
<b>Total structured finance</b>	<b>3,664</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,664</b>
<b>Total</b>	<b>\$ 118,382</b>	<b>\$ 13,470</b>	<b>\$ 4,331</b>	<b>\$ 4,036</b>	<b>\$ 21,837</b>	<b>\$ 140,219</b>

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

**Assured Guaranty Municipal Corp.**  
**Financial Guaranty Profile (2 of 4)**  
(dollars in millions)

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

	As of September 30, 2019		As of December 31, 2018	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
<b>U.S. public finance:</b>				
General obligation	\$ 47,953	A-	\$ 50,927	A-
Tax backed	23,134	A-	24,374	A-
Municipal utilities	17,263	A-	17,915	A-
Transportation	8,080	A-	8,541	A-
Healthcare	4,058	A-	3,421	A-
Higher education	3,550	A-	3,764	A-
Infrastructure finance	1,242	BBB	1,232	BBB
Housing revenue	855	BBB+	904	BBB+
Renewable energy	17	A	17	A
Other public finance	378	A-	480	A-
Total U.S. public finance	106,530	A-	111,575	A-
<b>Non-U.S. public finance:</b>				
Infrastructure finance	12,458	BBB	13,129	BBB
Regulated utilities	11,355	BBB+	11,408	BBB+
Sovereign and sub-sovereign	5,235	A	5,425	A
Renewable energy	977	A+	835	A+
Total non-U.S. public finance	30,025	BBB+	30,797	BBB+
<b>Total public finance</b>	<b>136,555</b>	<b>A-</b>	<b>142,372</b>	<b>A-</b>
<b>U.S. structured finance:</b>				
RMBS	2,161	BBB-	2,488	BB+
Financial products	1,020	AA-	1,094	AA-
Other structured finance	140	A-	174	BBB+
Total U.S. structured finance	3,321	BBB+	3,756	BBB
<b>Non-U.S. structured finance:</b>				
RMBS	200	BBB+	342	BBB
Other structured finance	143	AA	167	AA
Total non-U.S. structured finance	343	A	509	A-
<b>Total structured finance</b>	<b>3,664</b>	<b>BBB+</b>	<b>4,265</b>	<b>BBB</b>
<b>Total</b>	<b>\$ 140,219</b>	<b>A-</b>	<b>\$ 146,637</b>	<b>A-</b>

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

# Assured Guaranty Municipal Corp.

## Financial Guaranty Profile (3 of 4)

As of September 30, 2019

(dollars in millions)

### Distribution by Ratings of Financial Guaranty Portfolio

Ratings:	Public Finance - U.S.		Public Finance - Non-U.S.		Structured Finance - U.S.		Structured Finance - Non-U.S.		Total	
	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%	Net Par Outstanding	%
AAA	\$ 303	0.3%	\$ 924	3.1%	\$ 597	18.0%	\$ 99	28.9%	\$ 1,923	1.4%
AA	12,694	11.9	1,429	4.8	1,245	37.4	22	6.4	15,390	11.0
A	60,552	56.8	10,372	34.5	2	0.1	50	14.6	70,976	50.6
BBB	30,334	28.5	16,657	55.5	428	12.9	132	38.4	47,551	33.9
BIG	2,647	2.5	643	2.1	1,049	31.6	40	11.7	4,379	3.1
<b>Net Par Outstanding<sup>(1)</sup></b>	<b>\$ 106,530</b>	<b>100.0%</b>	<b>\$ 30,025</b>	<b>100.0%</b>	<b>\$ 3,321</b>	<b>100.0%</b>	<b>\$ 343</b>	<b>100.0%</b>	<b>\$ 140,219</b>	<b>100.0%</b>

1) As of September 30, 2019, excludes \$586 million of net par attributable to loss mitigation strategies, including loss mitigation securities held in the investment portfolio which are primarily BIG.

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

Ratings:	MAC						Consolidated AGM
	AGM (excluding MAC)	Assumed from AGM	Assumed from AGC	Direct	Total MAC		
AAA	\$ 115	\$ 188	\$ —	\$ —	\$ 188	\$ 303	
AA	8,475	3,298	887	34	4,219	12,694	
A	47,317	7,614	2,753	2,868	13,235	60,552	
BBB	26,379	2,175	649	1,131	3,955	30,334	
BIG	2,407	195	42	3	240	2,647	
<b>Net Par Outstanding</b>	<b>\$ 84,693</b>	<b>\$ 13,470</b>	<b>\$ 4,331</b>	<b>\$ 4,036</b>	<b>\$ 21,837</b>	<b>\$ 106,530</b>	

### Ceded Par Outstanding

	Ceded Par Outstanding <sup>(1)(2)</sup>	% of Total
Affiliated reinsurers	\$ 55,615	98.6%
Non-affiliated reinsurers	767	1.4%
<b>Total</b>	<b>\$ 56,382</b>	<b>100.0%</b>

1) Of the total ceded par to unrated or BIG rated reinsurers, \$224 million is rated BIG.

2) The total collateral posted by all affiliated and non-affiliated reinsurers required to post or which had agreed to post collateral is approximately \$1 billion. The collateral excludes amounts posted by AGM for the benefit of AGE.

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

**Assured Guaranty Municipal Corp.**  
 Financial Guaranty Profile (4 of 4)  
 As of September 30, 2019  
 (dollars in millions)

**Geographic Distribution of Financial Guaranty Portfolio**

	<u>Net Par Outstanding</u>	<u>% of Total</u>
<b>U.S.:</b>		
U.S. public finance		
California	\$ 19,475	13.9%
Pennsylvania	11,002	7.8
Illinois	9,014	6.4
New York	8,633	6.2
Texas	8,569	6.1
New Jersey	6,437	4.6
Florida	4,494	3.2
Michigan	3,541	2.5
Arizona	2,538	1.8
Alabama	2,473	1.8
Other	30,354	21.6
Total U.S. public finance	<u>106,530</u>	<u>75.9</u>
U.S. structured finance	3,321	2.4
<b>Total U.S.</b>	<b><u>109,851</u></b>	<b><u>78.3</u></b>
<b>Non-U.S.:</b>		
United Kingdom	20,826	14.9
France	2,411	1.7
Canada	2,244	1.6
Australia	1,100	0.8
Austria	1,029	0.7
Other	2,758	2.0
<b>Total non-U.S.</b>	<b><u>30,368</u></b>	<b><u>21.7</u></b>
<b>Total net par outstanding</b>	<b><u>\$ 140,219</u></b>	<b><u>100.0%</u></b>

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

# Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (1 of 3)

As of September 30, 2019

(dollars in millions)

## Exposure to Puerto Rico

	<b>Gross Par Outstanding</b>	<b>Net Par Outstanding</b>	<b>Gross Debt Service Outstanding</b>	<b>Net Debt Service Outstanding</b>
Total	\$ 2,787	\$ 1,864	\$ 4,092	\$ 2,734

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

	<b>Net Par Outstanding</b>	<b>Gross Par Outstanding</b>
<b>Commonwealth Constitutionally Guaranteed</b>		
Commonwealth of Puerto Rico - General Obligation Bonds	\$ 610	\$ 986
Commonwealth of Puerto Rico - General Obligation Bonds (Second-to-pay policy on affiliate exposure) <sup>(2)(4)</sup>	1	1
Commonwealth of Puerto Rico - General Obligation Bonds total <sup>(3)</sup>	611	987
Puerto Rico Public Buildings Authority (PBA) <sup>(3)</sup>	—	56
PBA (Second-to-pay policies on affiliate exposure) <sup>(2)(4)</sup>	7	7
PBA total	7	63
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>		
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue)	144	233
PRHTA (Transportation revenue) (Second-to-pay policies on affiliate exposure) <sup>(2)(4)</sup>	79	79
PRHTA (Transportation revenue) total <sup>(3)</sup>	223	312
PRHTA (Highways revenue) <sup>(3)</sup>	345	487
<b>Other Public Corporations</b>		
Puerto Rico Electric Power Authority (PREPA) <sup>(3)</sup>	525	699
Puerto Rico Municipal Finance Agency (MFA) <sup>(4)</sup>	153	239
Total exposure to Puerto Rico	\$ 1,864	\$ 2,787

- 1) The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations total \$1.9 billion net par as of September 30, 2019. Of that amount, \$1.8 billion is rated BIG, while the remainder is rated AA since it relates to second-to-pay policies on obligations insured by an affiliate of the Company.
- 2) Represents exposure as to which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.
- 3) As of the date of this filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.
- 4) As of the date of this filing, the Company has not paid claims on these credits.

# Assured Guaranty Municipal Corp.

Exposure to Puerto Rico (2 of 3)

As of September 30, 2019

(dollars in millions)

## Amortization Schedule of Net Par Outstanding of Puerto Rico

	2019 (4Q)	2020 (1Q)	2020 (2Q)	2020 (3Q)	2020 (4Q)	2021	2022	2023	2024	2025	2026	2027	2028	2029- 2033	2034- 2037	Total
<b>Commonwealth Constitutionally Guaranteed</b>																
Commonwealth of Puerto Rico - General Obligation Bonds (Primary policies)	\$ —	\$ —	\$ —	\$ 36	\$ —	\$ —	\$ 12	\$ 3	\$ 38	\$ 35	\$ 10	\$ 39	\$ 19	\$ 191	\$ 227	\$ 610
Commonwealth of Puerto Rico - General Obligation Bonds (Second-to-pay policy) <sup>(1)</sup>	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1
PBA (Second-to-pay policies) <sup>(1)</sup>	—	—	—	5	—	—	—	1	—	1	—	—	—	—	—	7
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																
PRHTA (Transportation revenue) (Primary policies)	—	—	—	10	—	10	12	12	—	4	4	17	18	57	—	144
PRHTA (Transportation revenue) (Second-to-pay policies) <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	17	12	—	—	20	30	79
PRHTA (Highways revenue)	—	—	—	7	—	18	4	30	32	33	1	—	7	99	114	345
<b>Other Public Corporations</b>																
PREPA	—	—	—	37	—	21	22	69	66	53	58	59	29	111	—	525
MFA	—	—	—	22	—	21	21	13	13	13	25	9	8	8	—	153
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 118</b>	<b>\$ —</b>	<b>\$ 70</b>	<b>\$ 71</b>	<b>\$ 128</b>	<b>\$ 149</b>	<b>\$ 156</b>	<b>\$ 110</b>	<b>\$ 124</b>	<b>\$ 81</b>	<b>\$ 486</b>	<b>\$ 371</b>	<b>\$ 1,864</b>

- 1) Represents exposure in which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.

**Assured Guaranty Municipal Corp.**  
 Exposure to Puerto Rico (3 of 3)  
 As of September 30, 2019  
 (dollars in millions)

**Amortization Schedule of Net Debt Service Outstanding of Puerto Rico**

	2019 (4Q)	2020 (1Q)	2020 (2Q)	2020 (3Q)	2020 (4Q)	2021	2022	2023	2024	2025	2026	2027	2028	2029- 2033	2034- 2037	Total
<b>Commonwealth Constitutionally Guaranteed</b>																
Commonwealth of Puerto Rico - General Obligation Bonds (Primary policies)	\$ —	\$ 16	\$ —	\$ 52	\$ —	\$ 30	\$ 42	\$ 33	\$ 68	\$ 62	\$ 35	\$ 64	\$ 41	\$ 289	\$ 256	\$ 988
Commonwealth of Puerto Rico - General Obligation Bonds (Second-to-pay policy) <sup>(1)</sup>	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1
PBA (Second-to-pay policies) <sup>(1)</sup>	—	—	—	6	—	—	—	1	—	1	—	—	—	—	—	8
<b>Public Corporations - Certain Revenues Potentially Subject to Clawback</b>																
PRHTA (Transportation revenue) (Primary policies)	—	4	—	13	—	17	18	18	5	9	9	22	22	63	—	200
PRHTA (Transportation revenue) (Second-to-pay policies) <sup>(1)</sup>	—	2	—	2	—	4	4	4	4	22	16	3	3	29	32	125
PRHTA (Highways revenue)	—	9	—	16	—	36	21	47	46	46	13	11	19	149	126	539
<b>Other Public Corporations</b>																
PREPA	2	10	2	47	2	43	43	89	83	67	69	68	35	124	—	684
MFA	—	4	—	26	—	28	27	17	17	16	27	11	9	7	—	189
<b>Total</b>	<b>\$ 2</b>	<b>\$ 45</b>	<b>\$ 2</b>	<b>\$163</b>	<b>\$ 2</b>	<b>\$ 158</b>	<b>\$ 155</b>	<b>\$ 209</b>	<b>\$ 223</b>	<b>\$ 223</b>	<b>\$ 169</b>	<b>\$ 179</b>	<b>\$ 129</b>	<b>\$ 661</b>	<b>\$ 414</b>	<b>\$ 2,734</b>

1) Represents exposure in which AGM guarantees payment of principal and interest when due in the event that both the obligor and the AGM affiliate that issued a primary insurance policy fail to pay.

# Assured Guaranty Municipal Corp.

## U.S. RMBS Profile

As of September 30, 2019

(dollars in millions)

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

Ratings:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
AAA	\$ —	\$ 57	\$ —	\$ 482	\$ —	\$ 539
AA	—	18	11	175	14	218
A	—	—	—	2	—	2
BBB	—	9	—	—	370	379
BIG	21	230	17	663	92	1,023
<b>Total exposures</b>	<b>\$ 21</b>	<b>\$ 314</b>	<b>\$ 28</b>	<b>\$ 1,322</b>	<b>\$ 476</b>	<b>\$ 2,161</b>

### Distribution of U.S. RMBS by Year Insured and Type of Exposure

Year insured:	Prime First Lien	Alt-A First Lien	Option ARMs	Subprime First Lien	Second Lien	Total Net Par Outstanding
2004 and prior	\$ —	\$ 17	\$ —	\$ 478	\$ 20	\$ 515
2005	—	128	8	127	71	334
2006	21	43	—	—	193	257
2007	—	126	20	680	192	1,018
2008	—	—	—	37	—	37
<b>Total exposures</b>	<b>\$ 21</b>	<b>\$ 314</b>	<b>\$ 28</b>	<b>\$ 1,322</b>	<b>\$ 476</b>	<b>\$ 2,161</b>

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

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

**Assured Guaranty Municipal Corp.**  
**Credit Derivative Net Par Outstanding Profile**  
As of September 30, 2019  
(dollars in millions)

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

<b>Rating:</b>	<b>Net Par Outstanding</b>	<b>% of Total</b>
AA	\$ 133	14.5%
A	483	52.5
BBB	304	33.0
<b>Total credit derivative net par outstanding</b>	<b>\$ 920</b>	<b>100.0%</b>

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

	<b>Net Par Outstanding</b>	<b>Average Rating</b>
<b>Public finance</b>		
U.S. public finance	\$ 729	A
Non-U.S. public finance	171	A-
<b>Total public finance</b>	<b>900</b>	<b>A-</b>
<b>Structured finance</b>		
U.S. structured finance	20	BBB
Non-U.S. structured finance	—	--
<b>Total structured finance</b>	<b>20</b>	<b>BBB</b>
<b>Total credit derivative net par outstanding</b>	<b>\$ 920</b>	<b>A-</b>

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

**Assured Guaranty Municipal Corp.**  
Below Investment Grade Exposures (1 of 3)  
(dollars in millions)

**BIG Exposures by Asset Exposure Type**

	As of	
	September 30, 2019	December 31, 2018
<b>U.S. public finance:</b>		
General obligation	\$ 982	\$ 1,067
Tax backed	744	1,060
Municipal utilities	687	710
Higher education	102	125
Transportation	73	68
Healthcare	1	—
Other public finance	58	60
Total U.S. public finance	<u>2,647</u>	<u>3,090</u>
<b>Non-U.S. public finance:</b>		
Sovereign and sub-sovereign	326	310
Infrastructure finance	317	487
Total non-U.S. public finance	<u>643</u>	<u>797</u>
<b>Total public finance</b>	<b><u>3,290</u></b>	<b><u>3,887</u></b>
<b>U.S. structured finance:</b>		
RMBS	1,023	1,464
Other structured finance	26	34
Total U.S. structured finance	<u>1,049</u>	<u>1,498</u>
<b>Non-U.S. structured finance:</b>		
RMBS	—	45
Other structured finance	40	41
Total non-U.S. structured finance	<u>40</u>	<u>86</u>
<b>Total structured finance</b>	<b><u>1,089</u></b>	<b><u>1,584</u></b>
<b>Total BIG net par outstanding</b>	<b><u>\$ 4,379</u></b>	<b><u>\$ 5,471</u></b>

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

**Assured Guaranty Municipal Corp.**  
Below Investment Grade Exposures (2 of 3)  
(dollars in millions)

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

	As of	
	September 30, 2019	December 31, 2018
<b>BIG Category 1</b>		
U.S. public finance	\$ 965	\$ 1,071
Non-U.S. public finance	608	600
U.S. structured finance	19	252
Non-U.S. structured finance	40	86
Total BIG Category 1	1,632	2,009
<b>BIG Category 2</b>		
U.S. public finance	—	—
Non-U.S. public finance	—	197
U.S. structured finance	32	24
Non-U.S. structured finance	—	—
Total BIG Category 2	32	221
<b>BIG Category 3</b>		
U.S. public finance	1,682	2,019
Non-U.S. public finance	35	—
U.S. structured finance	998	1,222
Non-U.S. structured finance	—	—
Total BIG Category 3	2,715	3,241
<b>BIG Total</b>	<b>\$ 4,379</b>	<b>\$ 5,471</b>

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

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

**Assured Guaranty Municipal Corp.**  
Below Investment Grade Exposures (3 of 3)  
As of September 30, 2019  
(dollars in millions)

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

Name or description	BIG Net Par Outstanding	Internal Rating(1)
<b>U.S. public finance:</b>		
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	\$ 610	CCC
Puerto Rico Electric Power Authority	525	CCC
Puerto Rico Highways & Transportation Authority	489	CCC
Puerto Rico Municipal Finance Agency	153	CCC
Jackson Water & Sewer System, Mississippi	112	BB
Penn Hills School District, Pennsylvania	106	BB
Virgin Islands Public Finance Authority	100	BB
Pennsylvania Economic Development Financing Authority (Capitol Region Parking System)	59	BB
Stockton Pension Obligation Bonds, California	59	B
Coatesville Area School District, Pennsylvania	53	BB
<b>Total U.S. public finance</b>	<b>2,266</b>	
<b>Non-U.S. public finance:</b>		
Valencia Fair	225	BB+
Road Management Services PLC (A13 Highway)	174	B+
M6 Duna Autopalya Koncesszios Zartkoruen Mukodo Reszvenytarsasag	105	BB+
<b>Total non-U.S. public finance</b>	<b>504</b>	
<b>Total</b>	<b>\$ 2,770</b>	

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

Name or description	Net Par Outstanding	Internal Rating(1)	60+ Day Delinquencies
<b>U.S. structured finance:</b>			
<b>RMBS:</b>			
Option One 2007-FXD2	\$ 180	CCC	14.0%
Soundview 2007-WMC1	154	CCC	27.7
Nomura Asset Accept. Corp. 2007-1	109	CCC	17.4
New Century 2005-A	86	CCC	12.8
MABS 2007-NCW	65	B	18.3
Ace Home Equity Loan Trust 2007-SL1	51	CCC	3.8
<b>Total RMBS</b>	<b>645</b>		
<b>Subtotal U.S. structured finance</b>	<b>645</b>		
<b>Non-U.S. structured finance:</b>			
<b>Subtotal Non-U.S. structured finance</b>	—	--	
<b>Total</b>	<b>\$ 645</b>		

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

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

# Assured Guaranty Municipal Corp.

## Largest Exposures by Sector (1 of 3)

As of September 30, 2019

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating(1)
New Jersey (State of)	\$ 2,145	BBB
Pennsylvania (Commonwealth of)	1,391	A-
Illinois (State of)	1,224	BBB
New York Metropolitan Transportation Authority	870	A-
Massachusetts (Commonwealth of)	782	AA-
Wisconsin (State of)	768	A+
Chicago (City of) Illinois	751	BBB
Massachusetts (Commonwealth of) Water Resources	713	AA
Arizona (State of)	709	A+
CommonSpirit Health, Colorado	696	A-
Great Lakes Water Authority (Sewerage), Michigan	682	A-
California (State of)	679	AA-
Long Island Power Authority	675	A-
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	618	CCC
Pennsylvania Turnpike Commission	610	A-
New York (City of), New York	593	AA-
Puerto Rico Highways & Transportation Authority	568	B-
Puerto Rico Electric Power Authority	525	CCC
Port Authority of New York & New Jersey	511	BBB-
Chicago Public Schools, Illinois	510	BBB-
Oglethorpe Power Corporation, Georgia	500	BBB
Metropolitan Pier & Exposition Authority, Illinois	486	BBB-
Philadelphia School District, Pennsylvania	481	A-
Suffolk County, New York	473	BBB
Regional Transportation Authority, Illinois	469	AA
Garden State Preservation Trust (Open Space & Farmland), New Jersey	463	BBB+
Pittsburgh Water & Sewer, Pennsylvania	461	A-
Philadelphia (City of), Pennsylvania	436	BBB+
Sacramento County, California	427	A-
Jefferson County Alabama Sewer	416	BBB
New Jersey Turnpike Authority, New Jersey	407	A-
Nassau County, New York	404	A-
Connecticut (State of)	396	A-
Atlanta, Georgia Water & Sewer System	376	A+
ProMedica Healthcare Obligated Group	376	BBB+
Kansas (State of)	361	A+
Pennsylvania Turnpike Commission Registration Fee	339	BBB
Oregon School Boards Association	319	AA-
Jets Stadium Development, LLC	319	BBB
Miami-Dade County Aviation, Florida	304	A
Georgia Board of Regents	296	A
Arizona (State of) Lottery Revenue Bonds	291	AA
Anaheim (City of), California	290	BBB+
Hayward Unified School District, California	271	A
Montefiore Medical Center, New York	269	BBB
Jefferson Parish Special Sales Tax, Louisiana	260	A-
Palomar Pomerado Health	257	BBB
Detroit (City of) School District, Michigan	257	AA-
Great Lakes Water Authority (Water), Michigan	256	A-
Oyster Bay, New York	255	BBB-
<b>Total top 50 U.S. public finance exposures</b>	<b>\$ 26,935</b>	

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

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

## Assured Guaranty Municipal Corp.

### Largest Exposures by Sector (2 of 3)

As of September 30, 2019

(dollars in millions)

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

Credit Name	Net Par Outstanding	Internal Rating(1)
Option One 2007-FXD2	\$ 180	CCC
Soundview 2007-WMC1	154	CCC
CWABS 2007-4	116	A+
Nomura Asset Accept. Corp. 2007-1	109	CCC
Countrywide HELOC 2006-I	105	BBB
New Century 2005-A	86	CCC
Countrywide 2007-13	84	AA-
MABS 2007-NCW	64	B
Countrywide HELOC 2006-F	57	BBB-
Countrywide HELOC 2007-A	56	BBB-
Countrywide HELOC 2007-B	55	BBB-
Ace Home Equity Loan Trust 2007-SL1	51	CCC
Ace 2007-D1	50	CCC
Augusta Funding Limited	47	AAA
Countrywide HELOC 2005-D	47	BBB-
Wells Fargo Home Equity 2004-2	44	AAA
Long Beach 2004-1	44	AAA
Mid-State Trust X	44	AAA
Countrywide Home Loans (CWABS) 2004-1	41	AAA
Asset Backed Funding Corp. 2005-AQ1	40	AAA
Soundview (Delta) 2008-1	37	CCC
Renaissance (Delta) 2005-4	32	B
Terwin Mortgage Trust 2005-16HE	31	CCC
Renaissance (Delta) 2004-2	30	AAA
Long Beach 2004-3N	29	AAA
<b>Total top 25 U.S. structured finance exposures</b>	<b>\$ 1,633</b>	

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

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

## Assured Guaranty Municipal Corp.

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

As of September 30, 2019

(dollars in millions)

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

Credit Name	Country	Net Par Outstanding	Internal Rating
Southern Water Services Limited	United Kingdom	\$ 2,353	A-
Hydro-Quebec, Province of Quebec	Canada	1,749	A+
Welsh Water PLC	United Kingdom	1,402	A-
Anglian Water Services Financing	United Kingdom	1,271	A-
Societe des Autoroutes du Nord et de l'Est de France S.A.	France	1,207	BBB+
British Broadcasting Corporation (BBC)	United Kingdom	1,204	A+
Channel Link Enterprises Finance PLC	United Kingdom, France	996	BBB
Thames Water Utility Finance PLC	United Kingdom	939	A-
Verbund - Lease and Sublease of Hydro-Electric Equipment	Austria	903	AAA
Aspire Defence Finance plc	United Kingdom	803	BBB+
National Grid Gas PLC	United Kingdom	699	BBB+
Southern Gas Networks PLC	United Kingdom	692	BBB
Verdun Participations 2 S.A.S.	France	590	BBB-
Capital Hospitals (Barts)	United Kingdom	582	BBB-
Coventry & Rugby Hospital Company	United Kingdom	507	BBB-
Derby Healthcare PLC	United Kingdom	461	BBB
Sydney Airport Finance Company	Australia	442	BBB+
Campania Region - Healthcare receivable	Italy	438	BB+
North Staffordshire PFI	United Kingdom	434	BBB-
Central Nottinghamshire Hospitals PLC	United Kingdom	394	BBB
National Grid Company PLC	United Kingdom	390	BBB+
NATS (En Route) PLC	United Kingdom	387	A
Envestra Limited	Australia	376	A-
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	330	BBB
Yorkshire Water Services Finance PLC	United Kingdom	299	A-
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	296	BBB
Wessex Water Services Finance plc	United Kingdom	287	BBB+
Sarawak Capital Incorporated	Malaysia	280	BBB+
South East Water	United Kingdom	277	BBB+
Severn Trent Water Utilities Finance PLC	United Kingdom	247	BBB+
Japan Expressway Holding and Debt Repayment Agency	Japan	241	A+
Octagon Healthcare Funding PLC	United Kingdom	238	BBB
Plenary Health North Bay Finco Inc.	Canada	232	BBB
The Republic of Poland	Poland	228	A-
Valencia Fair	Spain	225	BB+
Integrated Accommodation Services PLC	United Kingdom	225	BBB+
MPC Funding Limited	Australia	222	BBB+
Scotland Gas Networks plc	United Kingdom	215	BBB
Western Power Distribution (South Wales) PLC	United Kingdom	206	BBB+
Bakethin Finance Plc	United Kingdom	202	A-
Western Power Distribution (SW) PLC	United Kingdom	200	BBB+
St. James's Oncology Financing plc	United Kingdom	188	BBB
DirectRoute (Limerick) Holdings Ltd	Ireland	180	BBB-
Road Management Services PLC (A13 Highway)	United Kingdom	174	B+
Province of Nova Scotia	Canada	172	A+
Catalyst Higher Education (Sheffield) PLC	United Kingdom	167	BBB
Keele Residential Funding PLC	United Kingdom	167	BBB+
United Utilities Water PLC	United Kingdom	157	BBB+
University of Sussex - East Slope Residencies PLC	United Kingdom	156	BBB
InspirED Education (South Lanarkshire) PLC	United Kingdom	156	BBB
<b>Total top 50 non-U.S. exposures</b>		<b>\$ 25,186</b>	

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

**Assured Guaranty Municipal Corp.**  
Rollforward of Net Expected Loss and LAE to be Paid  
(dollars in millions)

**Rollforward of Net Expected Loss and LAE to be Paid<sup>(1)</sup> for the Three Months Ended September 30, 2019**

	Net Expected Loss to be Paid (Recovered) as of June 30, 2019	Economic Loss Development (Benefit) During 3Q-19	(Paid) Recovered Losses During 3Q-19	Net Expected Loss to be Paid (Recovered) as of September 30, 2019
Public Finance:				
U.S. public finance	\$ 231	\$ 20	\$ (115)	\$ 136
Non-U.S. public finance	18	5	—	23
Public Finance	<u>249</u>	<u>25</u>	<u>(115)</u>	<u>159</u>
Structured Finance:				
U.S. RMBS <sup>(2)</sup>	64	(34)	11	41
Other structured finance	8	—	—	8
Structured Finance	<u>72</u>	<u>(34)</u>	<u>11</u>	<u>49</u>
<b>Total</b>	<u><u>\$ 321</u></u>	<u><u>\$ (9)</u></u>	<u><u>\$ (104)</u></u>	<u><u>\$ 208</u></u>

**Rollforward of Net Expected Loss and LAE to be Paid<sup>(1)</sup> for the Nine Months Ended September 30, 2019**

	Net Expected Loss to be Paid (Recovered) as of December 31, 2018	Economic Loss Development (Benefit) During 2019	(Paid) Recovered Losses During 2019	Net Expected Loss to be Paid (Recovered) as of September 30, 2019
Public Finance:				
U.S. public finance	\$ 347	\$ 75	\$ (286)	\$ 136
Non-U.S. public finance	26	(3)	—	23
Public Finance	<u>373</u>	<u>72</u>	<u>(286)</u>	<u>159</u>
Structured Finance:				
U.S. RMBS <sup>(2)</sup>	155	(153)	39	41
Other structured finance	9	—	(1)	8
Structured Finance	<u>164</u>	<u>(153)</u>	<u>38</u>	<u>49</u>
<b>Total</b>	<u><u>\$ 537</u></u>	<u><u>\$ (81)</u></u>	<u><u>\$ (248)</u></u>	<u><u>\$ 208</u></u>

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

2) Includes future net representations and warranties (R&W) payable of \$75 million as of September 30, 2019, \$53 million as of June 30, 2019 and \$22 million as of December 31, 2018.

## Assured Guaranty Municipal Corp.

### Loss Measures

As of September 30, 2019

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended September 30, 2019			Nine Months Ended September 30, 2019		
		Loss and LAE	Loss and LAE Included in Non-GAAP Operating Income (1)	Effect of FG VIE Consolidation (2)	Loss and LAE	Loss and LAE Included in Non-GAAP Operating Income (1)	Effect of FG VIE Consolidation (2)
Public finance:							
U.S. public finance	\$ 2,647	\$ 20	\$ 20	\$ —	\$ 82	\$ 82	\$ —
Non-U.S public finance	643	1	1	—	(5)	(5)	—
Public finance	3,290	21	21	—	77	77	—
Structured finance:							
U.S. RMBS	1,023	(30)	(30)	3	(104)	(104)	12
Other structured finance	66	—	—	—	1	1	—
Structured finance	1,089	(30)	(30)	3	(103)	(103)	12
<b>Total</b>	<b>\$ 4,379</b>	<b>\$ (9)</b>	<b>\$ (9)</b>	<b>\$ 3</b>	<b>\$ (26)</b>	<b>\$ (26)</b>	<b>\$ 12</b>

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

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

**Assured Guaranty Municipal Corp.**  
**Summary of Statutory Financial and Statistical Data**  
(dollars in millions)

	As of and for Nine Months Ended September 30,				
	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Claims-Paying Resources<sup>(1)</sup></b>					
Policyholders' surplus	\$ 2,473	\$ 2,533	\$ 2,254	\$ 2,321	\$ 2,441
Contingency reserve	1,100	1,034	1,108	1,236	1,357
<b>Qualified statutory capital</b>	<b>3,573</b>	<b>3,567</b>	<b>3,362</b>	<b>3,557</b>	<b>3,798</b>
Unearned premium reserve and net deferred ceding commission income	1,829	1,873	1,926	1,573	1,849
Loss and LAE reserves	204	518	634	410	438
<b>Total policyholders' surplus and reserves</b>	<b>5,606</b>	<b>5,958</b>	<b>5,922</b>	<b>5,540</b>	<b>6,085</b>
Present value of installment premium	185	178	183	200	275
CCS	200	200	200	200	200
Excess of loss reinsurance facility	180	180	180	360	360
<b>Total claims-paying resources (including proportionate MAC ownership for AGM)</b>	<b>6,171</b>	<b>6,516</b>	<b>6,485</b>	<b>6,300</b>	<b>6,920</b>
Adjustment for MAC	375	434	451	657	940
<b>Total claims-paying resources (excluding proportionate MAC ownership for AGM)</b>	<b>\$ 5,796</b>	<b>\$ 6,082</b>	<b>\$ 6,034</b>	<b>\$ 5,643</b>	<b>\$ 5,980</b>
Ratios:					
Net par outstanding to qualified statutory capital	36:1	36:1	41:1	39:1	45:1
Capital ratio	56:1	57:1	65:1	60:1	69:1
Financial resources ratio	32:1	31:1	34:1	34:1	38:1
<b>Other Financial Information (Statutory Basis)<sup>(2)</sup></b>					
Net debt service outstanding (end of period)	\$ 200,236	\$ 204,297	\$ 218,788	\$ 213,198	\$ 262,652
Gross debt service outstanding (end of period)	287,530	291,926	311,805	310,057	371,282
Net par outstanding (end of period)	127,874	129,893	138,775	139,420	170,925
Gross par outstanding (end of period)	183,460	185,515	197,164	200,061	238,062
Ceded to Assured Guaranty affiliates	54,820	53,733	54,628	60,641	54,855
Ceded par to other companies	766	1,889	3,762	9,170	12,282
Gross debt service written:					
Public finance	\$ 17,940	\$ 21,854	\$ 29,785	\$ 26,269	\$ 27,849
Structured finance	—	—	—	—	—
<b>Total gross debt service written</b>	<b>\$ 17,940</b>	<b>\$ 21,854</b>	<b>\$ 29,785</b>	<b>\$ 26,269</b>	<b>\$ 27,849</b>

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

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

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

## Glossary

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

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

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

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

### ***Performance Indicators***

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

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

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

### ***Sectors***

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

#### *Public Finance:*

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

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

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

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

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

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

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

## Glossary (continued)

### Sectors (continued)

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

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

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

Sovereign and Sub-Sovereign primarily includes 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.

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

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

## Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

- 1) Elimination of realized gains (losses) on the Company's investments, except for gains and losses on securities classified as trading. The timing of realized gains and losses, which depends largely on market credit cycles, can vary considerably across periods. The timing of sales is largely subject to the Company's discretion and influenced by market opportunities, as well as the Company's tax and capital profile.
- 2) Elimination of non-credit-impairment unrealized fair value gains (losses) on credit derivatives that are recognized in net income, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses, and non-economic payments. Such fair value adjustments are heavily affected by, and in part fluctuate with, changes in market interest rates, the Company's credit spreads, and other market factors and are not expected to result in an economic gain or loss.
- 3) Elimination of fair value gains (losses) on the Company's CCS that are recognized in net income. Such amounts are affected by changes in market interest rates, the Company's credit spreads, price indications on the Company's publicly traded debt, and other market factors and are not expected to result in an economic gain or loss.

## Non-GAAP Financial Measures (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Non-GAAP Financial Measures (continued)

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

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

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



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