
# Fixed Income Investor Presentation

March 31, 2019

ASSURED GUARANTY® MUNICIPAL

MUNICIPAL ASSURANCE CORP.® AN ASSURED GUARANTY COMPANY

ASSURED GUARANTY® CORP.

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1. Please see page 3 for a definition of this convention.

# Forward-Looking Statements and Safe Harbor Disclosure

- This presentation contains information that includes or is based upon forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (AGL) and its subsidiaries (collectively with AGL, Assured Guaranty or the Company). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance.
- Any or all of Assured Guaranty's forward looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty's actual results may vary materially. Among factors that could cause actual results to differ adversely are: (1) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (2) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's subsidiaries have insured; (3) developments in the world's financial and capital markets that adversely affect obligors' payment rates or Assured Guaranty's loss experience; (4) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (5) the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates; (6) increased competition, including from new entrants into the financial guaranty industry; (7) rating agency action on obligors, including sovereign debtors, resulting in a reduction in the value of securities in Assured Guaranty's investment portfolio and in collateral posted by and to Assured Guaranty; (8) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (9) changes in the world's credit markets, segments thereof, interest rates or general economic conditions; (10) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap (CDS) form, and variable interest entities; (11) changes in applicable accounting policies or practices; (12) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (13) the impact of changes in the world's economy and credit and currency markets and in applicable laws or regulations relating to the decision of the United Kingdom to exit the European Union; (14) the possibility that acquisitions or alternative investments made by Assured Guaranty do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (15) difficulties with the execution of Assured Guaranty's business strategy; (16) loss of key personnel; (17) the effects of mergers, acquisitions and divestitures; (18) natural or man-made catastrophes; (19) other risk factors identified in AGL's filings with the U.S. Securities and Exchange Commission (the SEC); (20) other risks and uncertainties that have not been identified at this time; (21) management's response to these factors.
- The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in Assured Guaranty's 2019 first quarter Form 10-Q as well as risk factors included in Assured Guaranty's 2018 Annual Report on Form 10-K. The Company 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. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company's reports filed with the SEC.
- If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward looking statements in this presentation reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity.
- For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

# Conventions, Non-GAAP Financial Measures and Certain Statutory Data

- Unless otherwise noted, the following conventions are used in this presentation:
  - "AGM Consolidated" means Assured Guaranty Municipal Corp. and its consolidated entities (consisting primarily of Assured Guaranty (Europe) plc (AGE), Municipal Assurance Holdings Inc. (MAC Holdings), a company formed to own 100% of the common stock of Municipal Assurance Corp. (MAC), and variable interest entities Assured Guaranty Municipal Corp. is required to consolidate under accounting principles generally accepted in the United States).
    - "AGM" means AGM Consolidated excluding MAC Holdings and MAC. **All financial and exposure data related to AGM presented in this presentation are on this basis unless otherwise stated.**
    - "Assured Guaranty Municipal" means AGM Consolidated excluding MAC Holdings, MAC and AGE.
  - Ratings on Assured Guaranty's insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated "BIG".
  - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.
  - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure of par and debt service outstanding (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
  - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. ("Moody's") or S&P Global Ratings Services ("S&P").
  - Percentages and totals in tables or graphs may not add due to rounding.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles ("GAAP"), which management uses in order to assist analysts and investors in evaluating Assured Guaranty's financial results. These financial measures are determined on the basis of methodologies other than in accordance with GAAP ("non-GAAP financial measures"), and are defined in the Appendix. Wherever possible, the Company has separately disclosed the effect of consolidating FG VIEs on the non-GAAP financial measures. See the Appendix for a more comprehensive description of non-GAAP financial measures.
- When a financial measure is described as "operating," it is a non-GAAP measure.
- All reconciliations in the Appendix of this presentation are on an AGL consolidated basis.

# Corporate Overview

# Corporate Overview

- **Assured Guaranty Ltd. ("AGL" and, together with its subsidiaries, "Assured Guaranty" or the "Company") is the leading financial guaranty franchise**
  - We are the only long-standing financial guaranty company to have written new business throughout the financial crisis and recession, and continue to do so today, leading the industry in new business production
  - We maintain strong financial strength ratings from S&P, KBRA and A.M. Best
- **Assured Guaranty's focus is financial guaranty**
  - Over three decades of experience in the financial guaranty market
  - Publicly traded holding company (NYSE: AGO) with extensive quarterly financial disclosures by holding company and subsidiaries, providing transparency to all investors
  - Three principal U.S. financial guaranty direct subsidiaries, two principal Bermuda financial guaranty reinsurance subsidiaries and one principal European financial guaranty subsidiary
- Strong capital base
  - Consolidated investment portfolio and cash of $10.9 billion as of March 31, 2019[1]
  - Consolidated claims-paying resources of $11.5 billion as of March 31, 2019[2]

| ($ in billions) | AGL Consolidated (3/31/19) |
|---|---|
| Net par outstanding | $237.3 |
| Total investment portfolio and cash[1] | $10.9 |
| Claims-paying resources[2] | $11.5 |

1. See page 29 for a breakdown of the available-for-sale portfolio ($10.9 billion), which includes $61 million of other invested assets.
2. Aggregate data for the Company's operating subsidiaries, based primarily on statutory measures. Claims on each insurer's guaranties are paid from that insurer's separate claims-paying resources. See page 9 for components of claims-paying resources.

# Operating Principles and Investor and Issuer Benefits

- **Underwriting principles and a strong risk management culture designed to protect our franchise**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency**
- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation, in addition to timely payment of scheduled principal and interest if an underlying transaction defaults**
  - Bond insurance helps homogenize the market's view of insured credits, which typically increases market liquidity; the municipal market trades an average of more than $2 billion weekly in bonds insured by Assured Guaranty companies
  - Credit enhancement provides protection in an uncertain credit environment

# Strategic Priorities

- **Generate current and future revenue through new business production**
- **Manage capital efficiently**
- **Execute alternative strategies to create value, including through acquisitions, investments and commutations**
- **Mitigate losses**

# Assured Guaranty Ltd.
## Corporate Structure

ASSURED GUARANTY®

**Assured Guaranty Ltd.**
Hamilton, Bermuda
Publicly Traded Holding Company (NYSE: AGO)
A (stable outlook) / Baa2 (stable outlook)
issuer credit ratings

**Assured Guaranty Re Ltd (AG Re)**
Financial Guaranty Reinsurance
S&P: AA (stable outlook)
financial strength rating

**Assured Guaranty Overseas US Holding Inc.**
U.S. Holding Company
NR

**Assured Guaranty Re Overseas Ltd (AGRO)**
Specialty Reinsurance
S&P: AA (stable outlook) /
A.M. Best: A+ (stable outlook)
financial strength rating

**Assured Guaranty US Holdings (AGUS)**
U.S. Holding Company
A (stable outlook) / Baa2 (stable outlook)
issuer credit ratings

**Assured Guaranty Finance Overseas Ltd.**
European Marketing
NR

**AG Financial Products Inc.**
Swap Counterparty
NR

**Assured Guaranty Corp. (AGC)[1]**
Financial Guaranty Direct
S&P: AA (stable outlook) /
KBRA: AA (stable outlook) /
Moody's [2]
financial strength rating

**Assured Guaranty Municipal Holdings Inc. (AGMH; formerly Financial Security Assurance Holdings Ltd.)**
U.S. Holding Company
A (stable outlook) / Baa2 (stable outlook)
issuer credit ratings

**Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.)**
Financial Guaranty Direct
S&P: AA (stable outlook) /
KBRA: AA+ (stable outlook)/
Moody's: A2 (stable outlook)
financial strength rating

**Municipal Assurance Holdings Inc.[3,4]**
U.S. Holdings Company
NR

**Municipal Assurance Corp. (MAC)**
Financial Guaranty Direct
S&P: AA (stable outlook) /
KBRA: AA+ (stable outlook)
financial strength rating

**Assured Guaranty (Europe) plc (AGE) (formerly Financial Security Assurance (U.K.) Limited)**
Financial Guaranty Direct
S&P: AA (stable outlook) /
KBRA: AA+ (stable outlook)/
Moody's: A2 (stable outlook)
financial strength rating

Ratings and company names as of May 30, 2019.
S&P / Moody's (unless otherwise specified)
NR = Not rated

1. On May 10, 2019, AGC received approval to repurchase approximately $100 million of its shares of common stock from its direct parent, AGUS.
2. Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC.
3. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of MAC Holdings, which owns 100% of the outstanding common stock of MAC.
4. In April 2019, MAC received approval from its domiciling regulator to distribute a dividend to MAC Holdings of $100 million in 2019. MAC expects to distribute a $100 million dividend to MAC Holdings during the second quarter of 2019.

# Four Discrete Operating Companies with Separate Capital Bases

## Consolidated Statutory-Basis Claims-Paying Resources and Exposures

| ($ in millions) | As of March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | AGM | AGC | MAC | AG Re[8] | Eliminations[3] | Consolidated |
| **Claims-paying resources** | | | | | | |
| Policyholders' surplus | $2,523 | $1,770 | $322 | $952 | ($497) | $5,070 |
| Contingency reserve[1] | 1,054 | 631 | 204 | - | (204) | 1,685 |
| **Qualified statutory capital** | **3,577** | **2,401** | **526** | **952** | **(701)** | **6,755** |
| UPR and net deferred ceding commission income[1] | 1,848 | 466 | 183 | 708 | (296) | 2,909 |
| Loss and loss adjustment expense reserves[1] | 338 | 237 | (1) | 257 | 1 | 832 |
| **Total policyholders' surplus and reserves** | **5,763** | **3,104** | **708** | **1,917** | **(996)** | **10,496** |
| Present value of installment premium[1] | 189 | 132 | - | 150 | - | 471 |
| Committed Capital Securities | 200 | 200 | - | - | - | 400 |
| Excess of loss reinsurance facility[2] | 180 | 180 | 180 | - | (360) | 180 |
| **Total claims-paying resources (including MAC adjustment for AGM and AGC)** | **$6,332** | **$3,616** | **$888** | **$2,067** | **($1,356)** | **$11,547** |
| Adjustment for MAC[4] | 430 | 278 | - | - | (708) | - |
| **Total claims-paying resources (excluding MAC adjustment for AGM and AGC)** | **$5,902** | **$3,338** | **$888** | **$2,067** | **($648)** | **$11,547** |
| | | | | | | |
| Statutory net exposure[5] | $115,177 | $25,152 | $22,375 | $66,941 | ($349) | $229,296 |
| Equity method adjustment[4] | 13,582 | 8,793 | - | - | (22,375) | - |
| Adjusted statutory net exposure[1] | $128,759 | $33,945 | $22,375 | $66,941 | ($22,724) | $229,296 |
| | | | | | | |
| Net debt service outstanding[5] | $181,780 | $37,940 | $33,007 | $103,557 | ($479) | $355,805 |
| Equity method adjustment[4] | 20,035 | 12,972 | - | - | (33,007) | - |
| Adjusted net debt service outstanding[1] | $201,815 | $50,912 | $33,007 | $103,557 | ($33,486) | $355,805 |
| | | | | | | |
| **Ratios:** | | | | | | |
| Adjusted net exposure to qualified statutory capital | 36:1 | 14:1 | 43:1 | 70:1 | | 34:1 |
| Capital ratio[6] | 56:1 | 21:1 | 63:1 | 109:1 | | 53:1 |
| Financial resources ratio[7] | 32:1 | 14:1 | 37:1 | 50:1 | | 31:1 |
| | | | | | | |
| Admitted Assets (statutory basis) | $5,306 | $3,033 | $729 | | | |
| Total Liabilities (statutory basis) | 2,783 | 1,262 | 408 | | | |
| Contingency Reserves (statutory basis) | 930 | 550 | 204 | | | |
| Surplus to Policyholders (statutory basis) | 2,523 | 1,770 | 322 | | | |

1. The numbers shown for AGM and AGC have been adjusted to include their 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. AGM has been adjusted to include 100% share of its European insurance subsidiary. 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. Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net exposure related to intercompany cessions from AGM and AGC to MAC.
4. Represents adjustments for AGM's and AGC's indirect ownership interest in MAC.
5. Net exposure and net debt service outstanding are presented on a statutory basis.
6. The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
7. The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).
8. Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of United States (U.S.) statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.

# Assured Guaranty
## Principal Operating Platforms

- **Assured Guaranty Municipal[1], MAC, AGC and AGE operate as four separate direct financial guaranty platforms, with AG Re operating as a reinsurer**
  - Assured Guaranty Municipal[1] focuses exclusively on public finance and global infrastructure finance
  - MAC insures only U.S. municipal bonds, primarily small and medium-size issues in select categories, such as G.O. and tax-backed bonds and public electric, water, sewer and transportation revenue bonds – a subset of Assured Guaranty Municipal's[1] focus
  - AGC, as the most diversified platform, insures the same categories as Assured Guaranty Municipal[1], as well as selected sectors within the U.S. and international structured finance market
  - AG Re, as a reinsurer, provides additional capital and flexibility to Assured Guaranty Municipal[1] and AGC; its subsidiary AGRO is a specialty reinsurance company that primarily provides financial guaranty reinsurance and certain non-financial guaranty reinsurance
  - AGE serves the European market
- **Each of the operating companies and the other subsidiaries share Assured Guaranty's experience, culture of prudent risk management and business infrastructure**
- **Assured Guaranty's financial position and market standing, along with the franchise value of each of the operating companies and the other subsidiaries are strengthened through this structure**
  - Greater capacity to write business
  - More flexibility in balancing portfolio exposures
  - Enhanced operating efficiencies through common infrastructure

1. Assured Guaranty Municipal means AGM Consolidated excluding MAC Holdings, MAC and AGE. Please see page 3 for a definition of this convention.

# Assured Guaranty
## Principal Operating Platforms (Continued)

- **Companies distinct for legal and regulatory purposes**
  - Separate capital bases – claims-paying resources[2] as of March 31, 2019 – AGM[1] $5.9 billion, MAC $0.9 billion, AGC $3.3 billion, AG Re $2.1 billion
  - Separate insurance licenses
  - Separate regulators – Assured Guaranty Municipal[1] and MAC are domiciled in New York; AGC is domiciled in Maryland; AGE is domiciled in the United Kingdom; AG Re is domiciled in Bermuda
  - Dividend restrictions – New York, Maryland, the United Kingdom and Bermuda insurance law restrictions apply

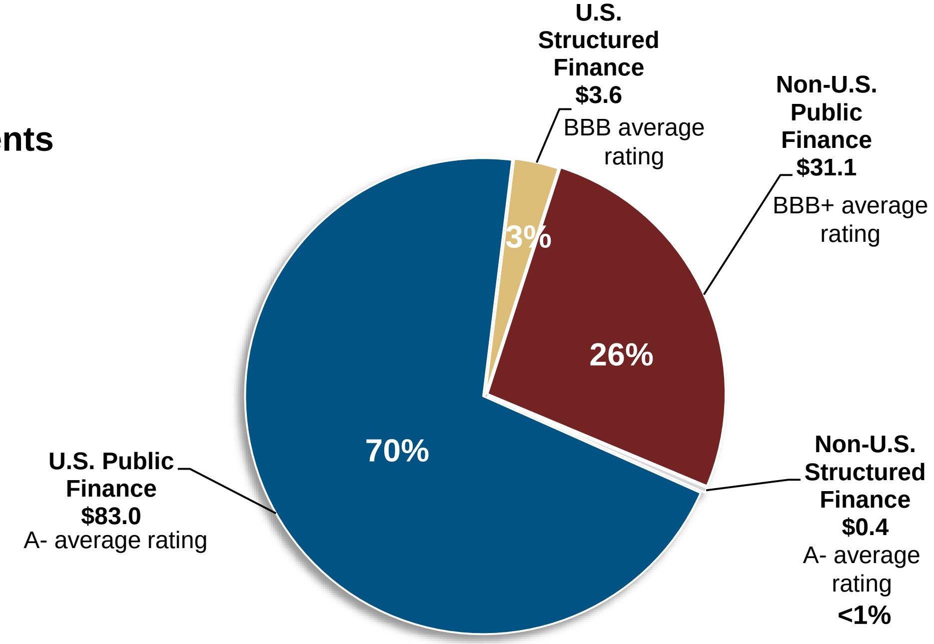
1. Assured Guaranty Municipal means AGM Consolidated excluding MAC Holdings, MAC and AGE. Please see page 3 for a definition of this convention.
2. Please see page 9 for additional details about the components of claims-paying resources as well as other statutory financial information.

# AGM's[1] Commitment to the Public Finance Market

- **AGM[1] is committed to insuring U.S. public finance and global infrastructure transactions[2]. Through its subsidiary, AGE, AGM[1] may underwrite some structured finance transactions**
- **AGM[1] legacy global structured finance insured portfolio ($4 billion as of March 31, 2019) represents only 3% of its net par outstanding.**
  - The share of AGM[1] net insured portfolio represented by its legacy structured finance portfolio is expected to continue to shrink

## Net Par Outstanding

As of March 31, 2019
($ in billions)




**$118.1 billion, A- average rating**

1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. AGM[1] has not written structured finance transactions since August 2008.

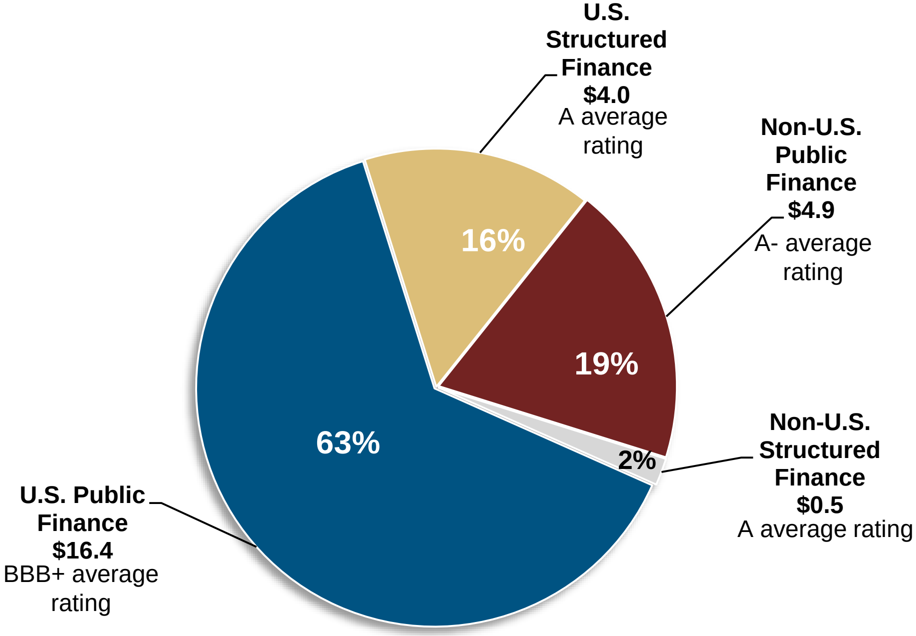
# Municipal Assurance Corp.
## Municipal Only Bond Insurance

- **MAC is committed to insuring only U.S. public finance transactions;**
- **A $26 billion insured U.S. municipal-only portfolio that is geographically diversified;**
- **Conservative and well-defined underwriting standards; and**
- **A high level of transparency, including quarterly financial supplements and the publication of Credit Summaries for primary-market insured transactions.**

# AGC is Our Most Diversified Platform

- **AGC, a diversified insurer, may write all classes of financial guaranty business, including structured finance, U.S. public finance and global infrastructure**
- **Structured finance eligible for new business originations:**
  - Traditional ABS (e.g., auto loans and leases, credit card receivables, consumer loans, equipment loans and leases, trade receivables)
  - Capital management solutions for financial institutions
  - Actively managed risk tolerance
  - Investment grade underlying credit quality

**Net Par Outstanding**
As of March 31, 2019
($ in billions)



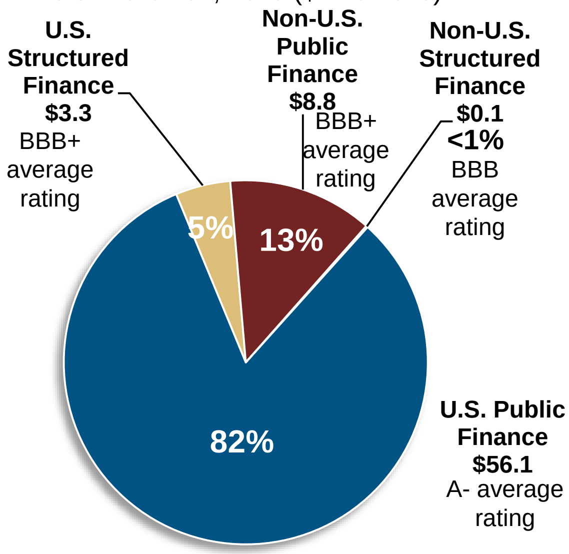

**$25.8 billion, BBB+ average rating**

# AG Re and AGRO

- **AG Re is an insurance company primarily engaged in providing reinsurance to financial guarantors**
  - Rated AA (stable outlook) by S&P
  - Licensed as a Class 3B Insurer in Bermuda
  - Provides financial guaranty reinsurance for its affiliates

## AG Re Financial Guaranty Net Par Outstanding

As of March 31, 2019 ($ in billions)

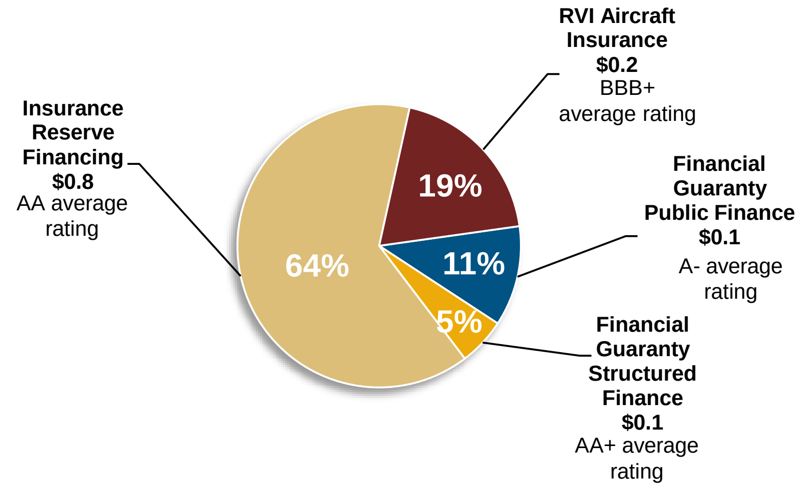



**$68.3 billion, A- average rating**

- **AG Re's subsidiary AGRO is a specialty reinsurance company**
  - Rated AA (stable outlook) by S&P and A+ (stable outlook) by A.M. Best
  - Licensed as a Class 3A Insurer and Class C Long-Term Insurer in Bermuda
  - Provides non-financial guaranty insurance and reinsurance, including aircraft residual value insurance and life financial reinsurance programs
  - Also has a financial guaranty reinsurance portfolio

## AGRO Outstanding Net Exposure[1]

As of March 31, 2019 ($ in billions)




**$1.2 billion, AA- average rating**

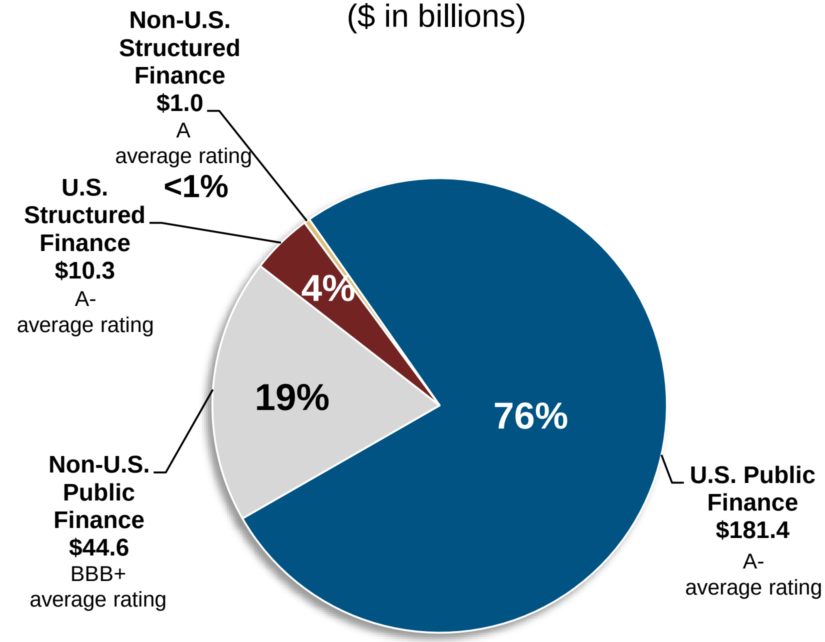
1. Includes non-financial guaranty reinsurance not included in the net par of the other operating companies

# Underwriting Discipline

- **Our U.S. public finance portfolio, our largest exposure category, generally performed well during the recession and in subsequent years, despite persistent financial pressures on municipal obligors**
  - Our portfolio is well-diversified with approximately 6,900 direct U.S. public finance obligors. We currently expect future losses to be paid, net of recoveries, on ten exposures.[1]
  - We have proactively managed those exposures that have experienced credit deterioration and payment default, like Detroit, Harrisburg and Stockton, with relatively small expected losses.
  - Our Puerto Rico exposure[2] represents our largest below investment grade U.S. public finance exposure.
- **Assured Guaranty did not underwrite direct collateralized debt obligations (CDOs) backed by RMBS, which has protected us from losses on the scale experienced by our former competitors**

## Consolidated Financial Guaranty Net Par Outstanding

As of March 31, 2019
($ in billions)




**$237.3 billion, A- average rating[4]**

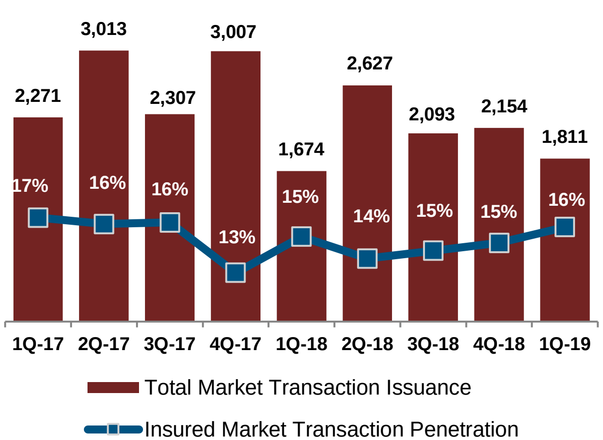
1. Includes exposure to Puerto Rico.
2. See pages 34-36 for a more detailed analysis of the Company's Puerto Rico exposure.
3. Excludes non-financial guaranty net exposure of $1 billion

# New Business Production

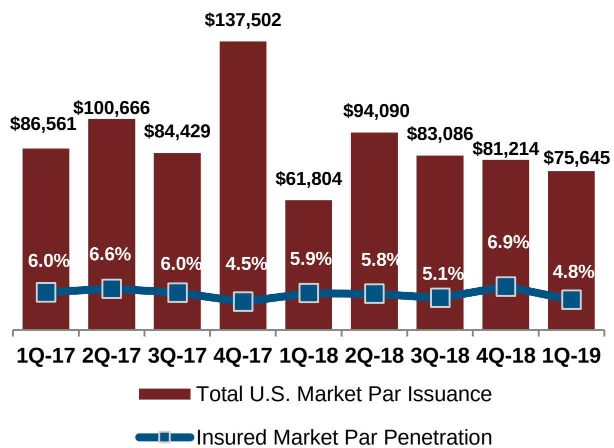
## Penetration in the U.S. Public Finance Market (excluding SGI[1] portfolio)

- **We are focused on building demand for our guarantees, both in the primary and the secondary markets for U.S. public finance**
  - In 1Q 2019, we insured 163 primary market transactions totaling $2.0 billion, and 98 secondary market policies totaling $0.3 billion.
- **Industry insured volume was flat in 1Q 2019 relative to 1Q 2018**
  - Industry insured penetration for all transactions with underlying A ratings remained strong
  - Insurance was utilized on 53% of underlying A-rated transactions and 22% of par issuance
- **Assured Guaranty wrote 56% of both the total insured par and the total number of U.S. public finance insured new issues in 1Q 2019.**

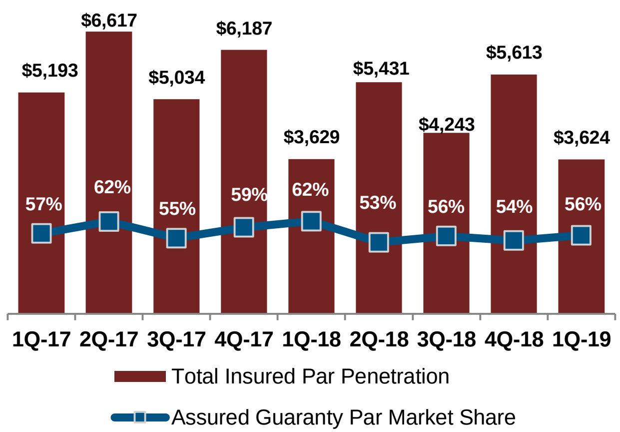
**Insured Market Transaction Penetration Rate and Total U.S. Public Finance Transaction Volume[2]**




**Insured Market Par Penetration Rate and Total U.S. Public Finance Market Volume[2]**
($ in millions)



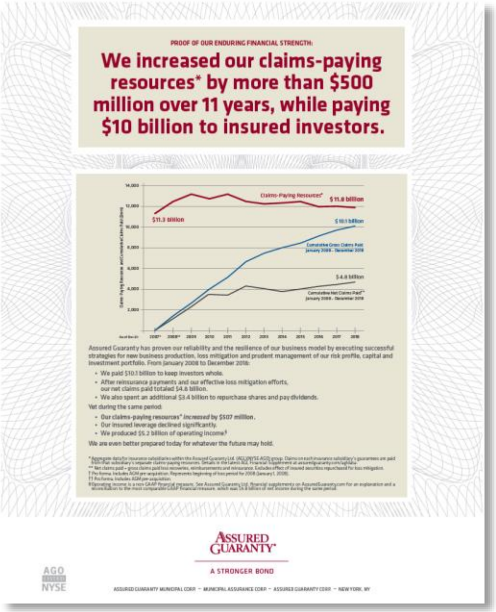

**Assured Guaranty's Insured Market Share and Insured Market Primary Par Insured[2]**
($ in millions)

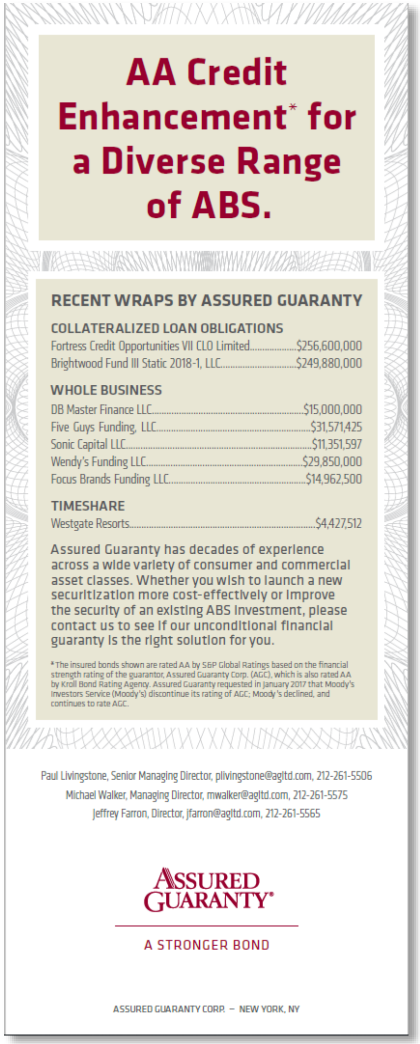



1. Syncora Guarantee Inc.
2. Source: SDC database as of March 31, 2019.

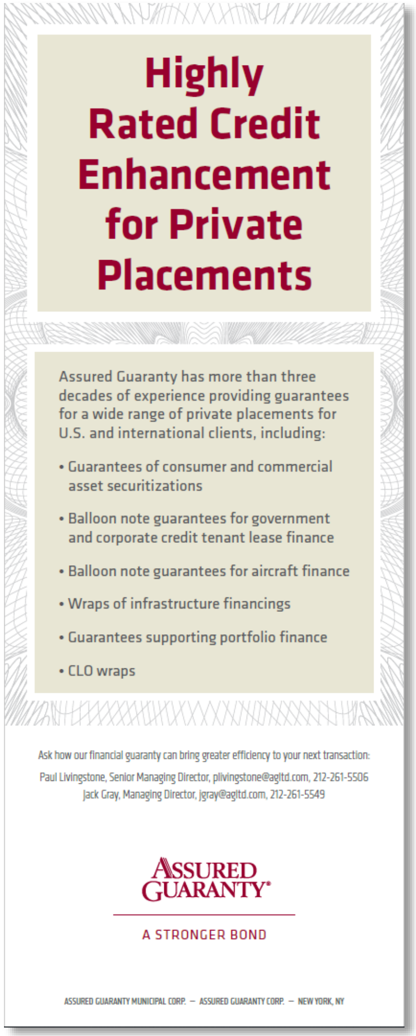
# Broadening Market Awareness

## Advertising Campaigns









# Market Update

## Select Assured Guaranty Transactions in 2019

**Our market leadership has continued into 2019:**

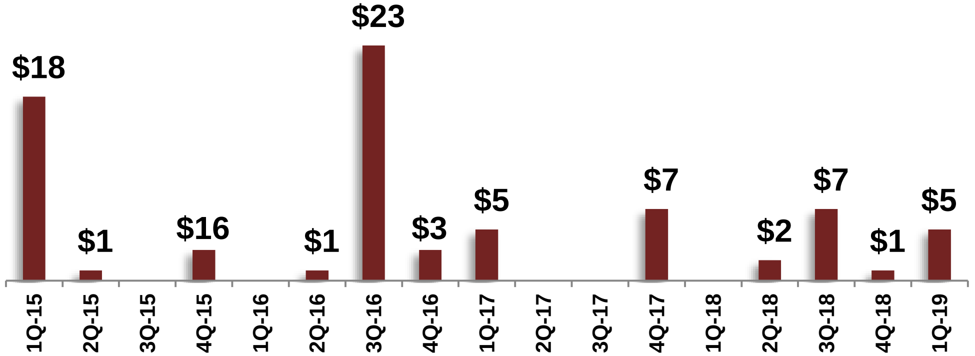
| | | | |
|---|---|---|---|
| **$179,415,000**<br>Transportation Revenue Green Bonds Series, Series 2019A1-3<br>**Metropolitan Transit Auth., NY**<br>January 2019 | **$140,000,000**<br>General Obligation Bonds 2016 Election, Series B<br>**East Side Union High School District, CA**<br>April 2019 | **$100,000,000**<br>Water and Sewer Revenue Bonds, Junior Lien Series 2019B<br>**City of Shreveport, LA**<br>May 2019 | **$85,950,000**<br>General Obligation (Limited Tax) Bonds<br>**The School District of Erie, PA**<br>April 2019 |
| **$85,165,000**<br>Capital Improvement Revenue Refunding Bonds<br>**City of Reno, NV**<br>February 2019 | **$81,030,000**<br>Mass. Development Finance Agency<br>Revenue Bonds<br>**Wellforce**<br>February 2019 | **$75,630,000**<br>2019 School Building and Site Bonds (Unlimited Tax General Obligation)<br>**Grand Rapids Public Schools, MI**<br>April 2019 | **$66,905,000**<br>Revenue Bonds (Federally Taxable), Series A of 2019<br>**Commonwealth Financing Authority, Pennsylvania**<br>May 2019 |
| **$64,375,000**<br>General Improvement Bonds, 2019 Series A<br>**County of Nassau, NY**<br>May 2019 | **$102,060,000**<br>Public Finance Authority, WI Student Housing Rev. Bonds<br>**Beyond Boone, LLC - Appalachian State University, NC**<br>February 2019 | **$59,130,000**<br>Certificates of Participation<br>**Westminster Public Schools, CO**<br>January 2019 | **$85,885,000**<br>Utilities Revenue Bonds<br>**City of Lafayette, LA**<br>April 2019 |

Source: Refinitiv SDC Database. Amounts are on a sale-date basis and reflect only those series insured by AGM or MAC.

# Creating Value
## New Business Production
### U.S. Structured Finance Business Activity

- **During 1Q-19, we insured a collateralized loan obligation**
- **Focus has been on bilateral transactions to improve policy beneficiaries' capital management efficiency**
- **New structured finance business production tends to have longer lead times, causing production levels to vary significantly from period to period.**

**U.S. Structured PVP[1]**
**(excluding SGI reinsurance portfolio)[2]**
($ in millions)



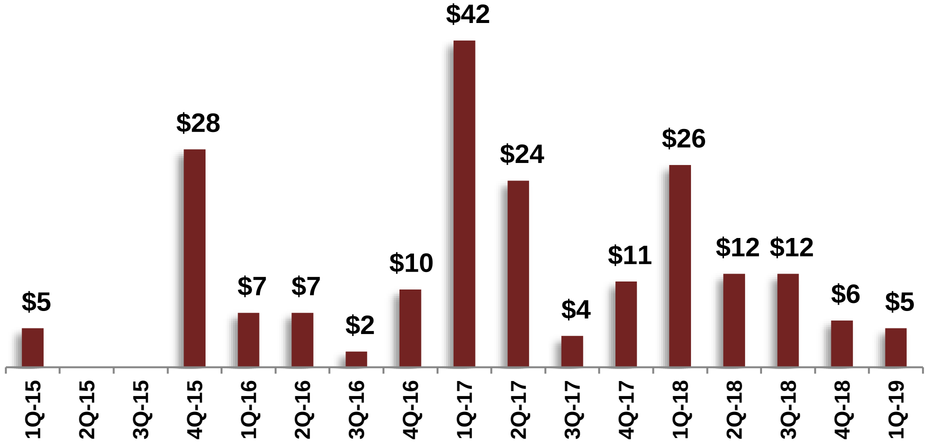

1. For an explanation of new business production, or PVP, which is a non-GAAP financial measure, please refer to the Appendix.
2. In 2Q 2018, the SGI reinsurance transaction created $156 million of U.S. structured finance PVP on $349 million of gross written par

# Creating Value
## New Business Production
### Non-U.S. Business Activity

- **During 1Q-19, we closed a debt service reserve guarantee on a water and sewerage company in the United Kingdom and provided reinsurance on an aircraft residual value insurance policy**

- **We are optimistic about the pipeline of infrastructure transactions. International business typically comprises a small number of high-value transactions that have longer development periods and multiple counterparties, so the timing of closing transactions is often uncertain**

**Non-U.S. PVP[1]**
**(excluding SGI reinsurance portfolio)[2]**
($ in millions)




1. For an explanation of new business production, or PVP, which is a non-GAAP financial measure, please refer to the Appendix.
2. In 2Q 2018, the SGI reinsurance transaction created $50 million of non-U.S. PVP on $3.3 billion of gross written par

# Creating Value
## Loss Mitigation
## Puerto Rico Settlement Agreements

- **In February 2019, consummated a resolution of the Company's Puerto Rico Sales Tax Financing Corporation (COFINA) exposure under a plan of adjustment approved by the Title III Court**
  - Paid off the entire exposure of $273 million, plus accrued and unpaid interest
  - Received $152 million of initial par of COFINA Exchange Senior Bonds, along with cash
  - The total par recovery represents 60% of the Company's Title III claim

- **In May 2019, executed a restructuring support agreement on the Company's Puerto Rico Electric Power Authority (PREPA) exposure**
  - Closing of the restructuring transaction is subject to a number of conditions, including approval by the Title III Court and a minimum of 67% support for the plan of adjustment by voting bondholders
  - Upon consummation of the restructuring transaction, PREPA's revenue bonds will be exchanged into new securitization bonds issued by a special purpose corporation and secured by a segregated charge assessed on electricity bills
  - The basic terms of the restructuring support agreement calls for Assured Guaranty to receive:
    - Tranche A bonds with a par equal to 67.5% of the Company's outstanding par subject to the exchange. These bonds will be paid senior in the waterfall
    - Tranche B bonds with a par equal to 10.0% of the Company's outstanding par subject to the exchange. These bonds will be paid after the Tranche A bonds are paid off.
    - A waiver and support fee in the form of Tranche A bonds equal to 1.885% of the par amount of PREPA bonds held or insured by Assured Guaranty.
    - Insurance premiums if Assured Guaranty chooses to insure any portion of the Tranche A and/or Tranche B bonds

1. For explanations of non-GAAP financial measures, please refer to the Appendix.

# Creating Value
## Alternative Strategies
## Acquisitions and Reinsurance of Legacy Monolines

- **Radian Asset Assurance acquisition closed on April 1, 2015**
  - Resulted in an increase of $654 million to claims-paying resources, an increase of $193 million to non-GAAP operating shareholder's equity and $570 million to non-GAAP adjusted book value

- **CIFG acquisition closed on July 1, 2016**
  - Resulted in a benefit of $293 million in non-GAAP operating income and $512 million to non-GAAP adjusted book value

- **MBIA UK Limited (MBIA UK) acquisition closed on January 10, 2017**
  - Resulted in a benefit to non-GAAP operating income of $57 million or $0.45 per share, at the acquisition date
  - MBIA UK was subsequently renamed AGLN
  - AGLN transferred its insurance portfolio to and merged with and into AGE on November 7, 2018

- **SGI reinsurance transaction closed on June 1, 2018**
  - Resulted in $11.3 billion of gross written par and $391 million of PVP, which helped lead the Company to a 10-year record high for PVP
  - Increased non-GAAP adjusted book value by $2.25 per share

1. For explanations of non-GAAP financial measures, please refer to the Appendix.

# Creating Value
## Alternative Strategies
## Alternative Investments

- **The Company continues to investigate additional opportunities**
- **In July 2016, the Company announced the formation of an Alternative Investments group**
  - The Alternative Investments group focuses on deploying a portion of Assured Guaranty's excess capital to pursue acquisitions and develop new business opportunities that benefit from the Company's core competencies and credit expertise and are consistent with its risk profile, including, among others, both controlling and non-controlling investments in investment managers
- **In February 2017, the Company agreed to its first major asset management investment**
  - The Company agreed to purchase up to $100 million of limited partnership interests in a fund that invests in the equity of private equity managers; as of March 31, 2019, $17 million had been invested
- **In September 2017, the Company acquired a minority interest in Wasmer, Schroeder & Company LLC**
  - Independent investment advisory firm specializing in separately managed accounts (SMAs)
  - Approximately $9 billion of assets under management
- **In February 2018, the Company acquired a minority interest in Rubicon Infrastructure Advisors**
  - Rubicon is a firm based in Dublin, Ireland that provides investment banking services in the global infrastructure sector

- **Reassumption of previously ceded business has increased the unearned premium reserve and non-GAAP adjusted book value[1]**

## Commutations Since 2009

As of March 31, 2019

| Year | Reassumed Par ($ in billions) | Reassumed UPR ($ in millions) | Commutation Gain / (Loss) ($ in millions) |
|---|---|---|---|
| 2009 | $2.9 | $65 | $(11) |
| 2010 | 15.5 | 104 | 50 |
| 2011 | 0.3 | 2 | 24 |
| 2012 | 19.2 | 109 | 82 |
| 2013 | 0.2 | 11 | 2 |
| 2014 | 1.2 | 20 | 23 |
| 2015 | 0.9 | 23 | 28 |
| 2016 | 0.0 | - | 8 |
| 2017 | 5.1 | 82 | 328 |
| 2018 | 1.5 | 64 | (16) |
| 1Q-19 | - | - | - |
| **Total** | **$46.8** | **$480** | **$518** |

## Ceded Par Outstanding by Reinsurer

As of March 31, 2019

| ($ in millions) | Net Par Outstanding |
|---|---|
| **American Overseas Re** | $1,438 |
| **Others** | $541 |
| **Total** | $1,979 |

1. For an explanation of non-GAAP adjusted book value, which is a non-GAAP financial measure, please refer to the Appendix.

# Financial Strength Ratings

- **In June 2018, S&P affirmed the AA (stable outlook) financial strength ratings of Assured Guaranty Municipal[1], MAC and AGC**
  - S&P found the Assured Guaranty group's capital adequacy to be above their AAA requirement; although S&P did not disclose the size of the group's capital adequacy cushion (the amount of capital remaining after S&P's simulated AAA depression test), we estimate it to be more than $2.8 billion at year-end 2017, $1.3 billion higher than S&P reported for year-end 2013
  - Importantly, S&P re-ran an analysis assuming each of Assured Guaranty's insured Puerto Rico obligations would default, and that Assured Guaranty would pay claims totaling 100% of that debt service over the next five years. S&P also looked at scenarios in which Assured Guaranty would pay claims totaling up to 45% of its total insured Puerto Rico debt service over the life of the transactions. S&P found that under any of these scenarios, the losses would not change Assured Guaranty's S&P capital adequacy score

## Financial Strength Ratings

As of March 31, 2019

| | S&P | Moody's | KBRA |
|---|---|---|---|
| **Assured Guaranty Municipal[1]** | AA stable outlook | A2 stable outlook | AA+ stable outlook |
| **MAC** | AA stable outlook | Not Rated | AA+ stable outlook |
| **AGC** | AA stable outlook | (1) | AA stable outlook |

(1) Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC

- **KBRA has affirmed all of its Assured Guaranty ratings in the past year: AGC at AA (stable outlook) in November 2018; MAC at AA+ (stable outlook) in July 2018; and Assured Guaranty Municipal[1] at AA+ (stable outlook) in December 2018**
  - KBRA noted each Company's ability to withstand their conservative stress case loss assumptions, a mature and high-functioning operating platform and a strong management team

- **In May 2018, Moody's affirmed the A2 (stable outlook) insurance financial strength rating on Assured Guaranty Municipal[1]**

1. Assured Guaranty Municipal means AGM Consolidated excluding MAC Holdings, MAC and AGE. Please see page 3 for a definition of this convention.

# Net Par Outstanding Amortization

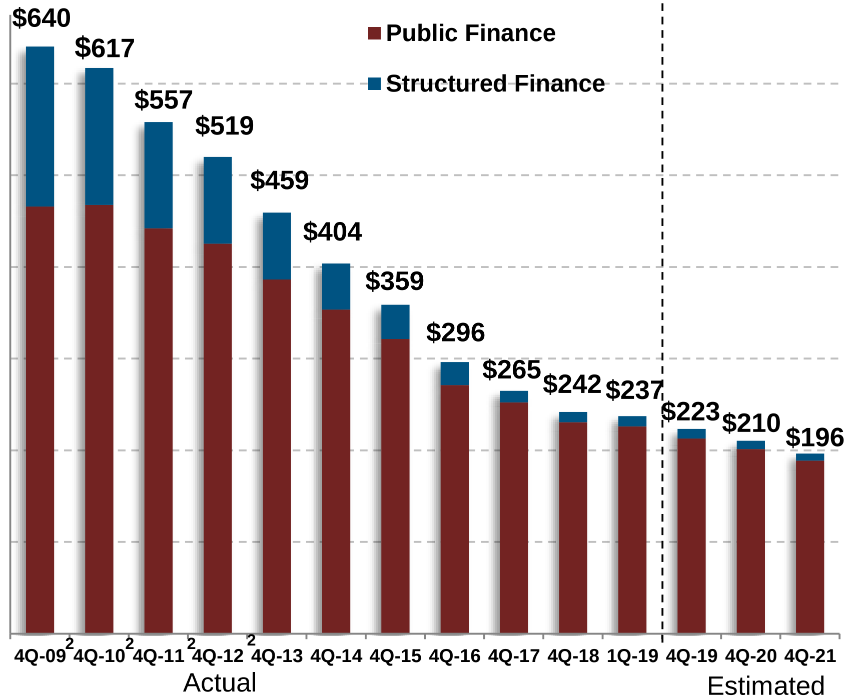
- **Amortization of the existing portfolio reduces rating agency capital charges, but also embedded future earned premiums**
  - Currently, the existing portfolio consists of $226 billion of public finance and $11 billion of structured finance
  - The existing portfolio will amortize by 6% by the end of 2019; 11% by the end of 2020; 22% by the end of 2022

- **New direct or assumed business originations, reassumptions and acquisitions will increase future premiums**

## Consolidated Net Par Outstanding Amortization[1]

As of March 31, 2019

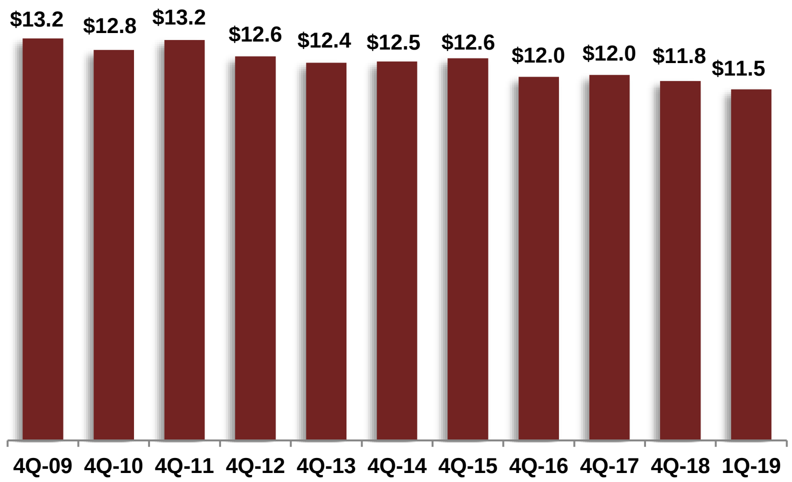
($ in billions)




1. Represents the future expected amortization of existing net par outstanding as of March 31, 2019. Actual amortization of the existing portfolio will differ from the expected shown here because, for example, (1) some obligors may call, prepay or defease guaranteed obligations (e.g., in the context of U.S. public finance refundings), and (2) the expected amortization of structured finance transactions is based in part on management's assumptions regarding the performance of the underlying assets while the actual performance of those assets may differ from management's assumptions. Actual amortization of the U.S. public and global infrastructure finance portfolio and the structured finance portfolio may be faster or slower than expected by management, both portfolios may differ in the same direction, and one portfolio may amortize more quickly while the other may amortize more slowly.
2. Gross of wrapped bond purchases made primarily for loss mitigation.

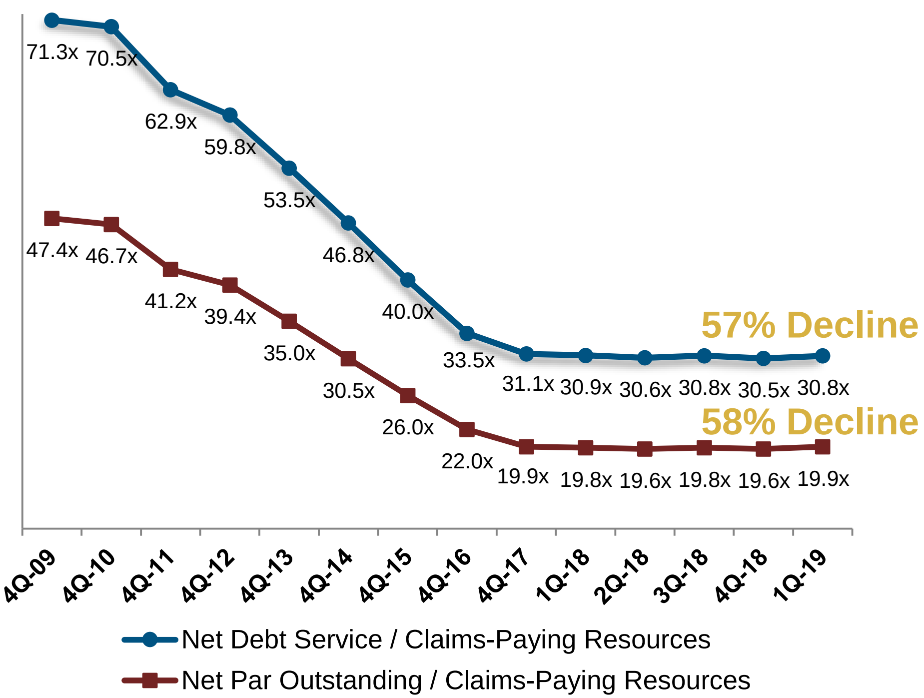
# Assured Guaranty Today
## Insured Portfolio and Capital Changes Since the Global Financial Crisis

### Claims-Paying Resources
$ in billions




- **Assured Guaranty's robust business model and successful surveillance, loss mitigation and acquisition strategies, along with our access to capital in debt and equity markets, enabled us to maintain a strong financial position during and since the Great Recession**
- **Since our acquisition of AGM in July 2009, group claims-paying resources declined modestly relative to the more than $9 billion paid out in gross policyholder claims**
- **Of those claims, approximately 80% were RMBS, 15% public finance and the rest other asset classes**

### Insured Leverage



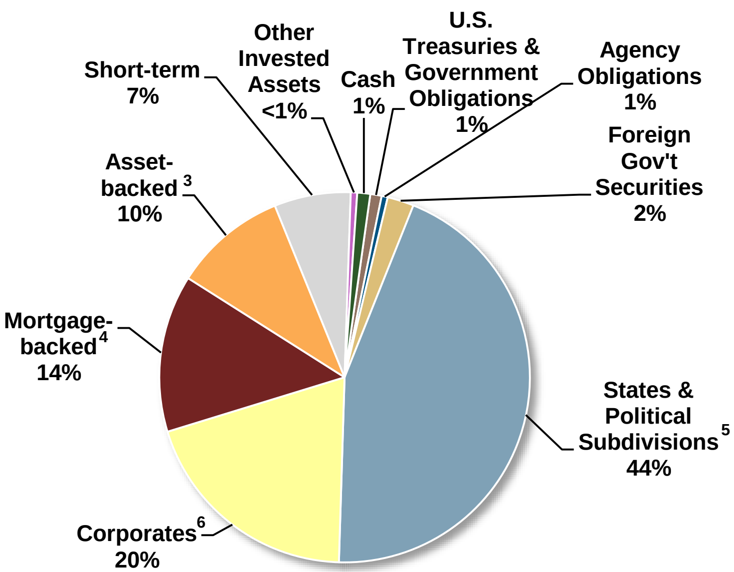

- **Since our acquisition of AGM in July 2009, group insured leverage as a multiple of claims-paying resources has declined by more than 50%**

# AGL Consolidated

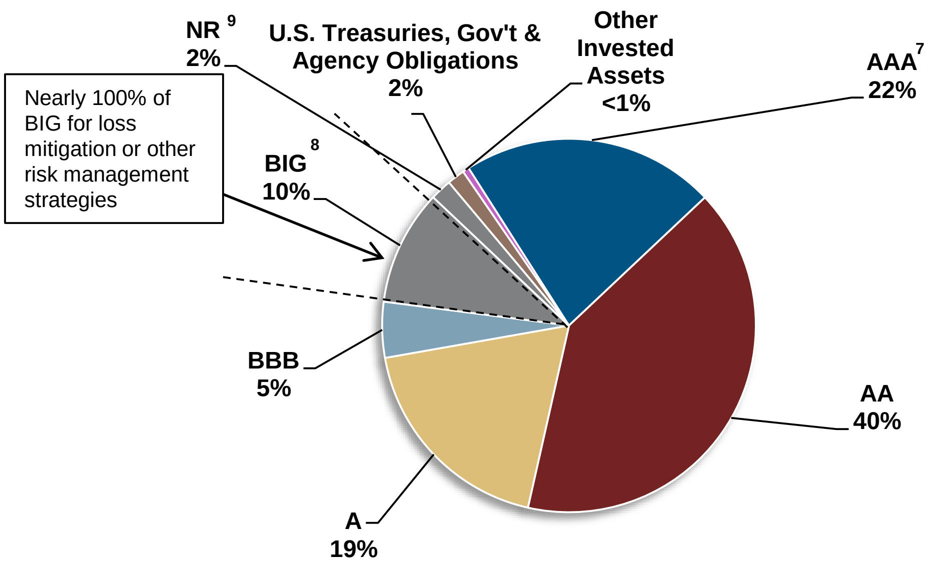
## Investment Portfolio

## Fair Value as of March 31, 2019

### Total Invested Assets and Cash[1] By Category




### Total Invested Assets and Cash[1] By Rating[2]

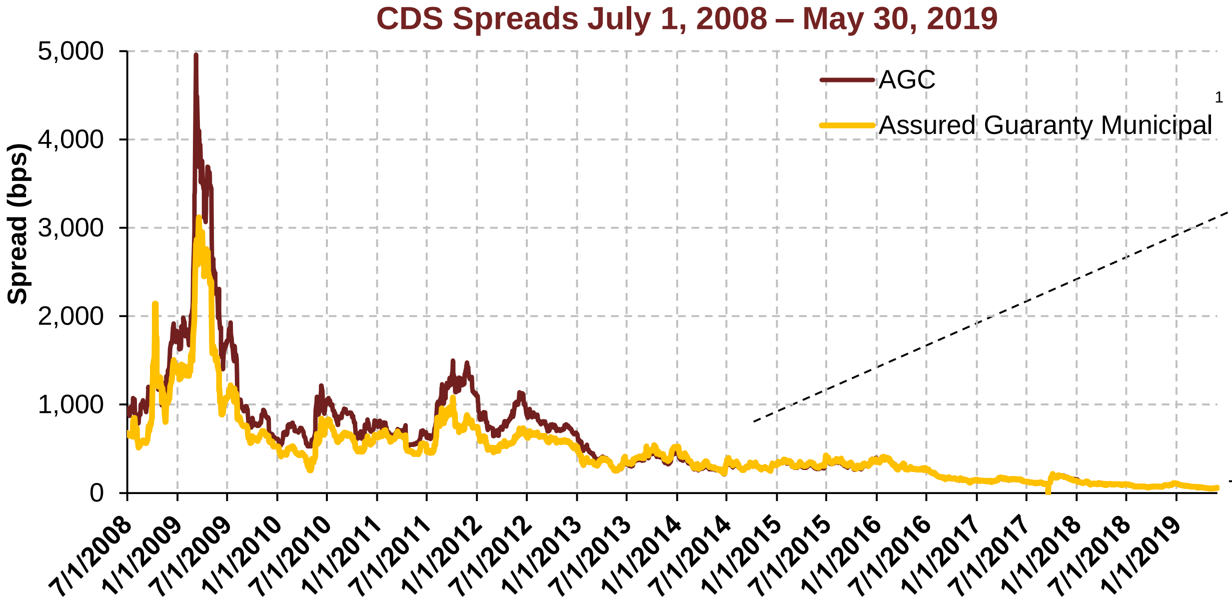


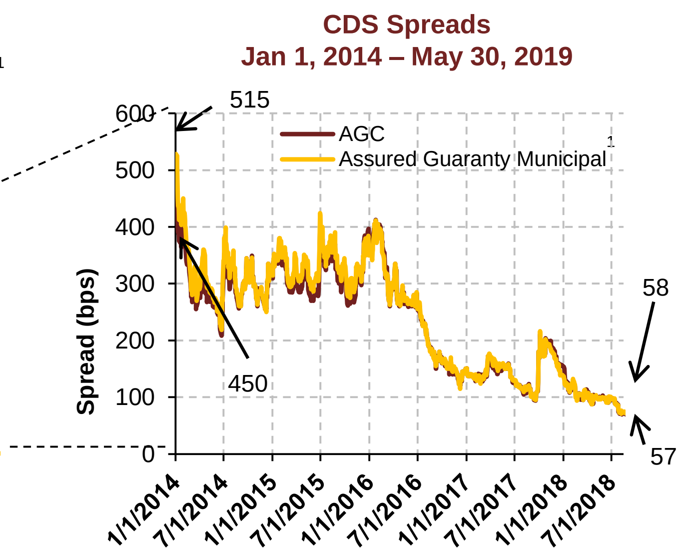

**Total = $10.9 billion**

1. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $694 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of $382 million and an average rating of AAA.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $320 million and agency-backed securities with a fair value of $695 million. The remaining securities have a fair value of $483 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $249 million.
6. Included in the corporates category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $48 million.
7. Included in the AAA category are short-term securities and cash.
8. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $ $1 billion.
9. Included in NR are closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with $152 million in initial par.

# Credit Default Swap Spreads

- Movements in credit default swap (CDS) levels for Assured Guaranty Municipal[1] and AGC continue to be significantly affected by technical factors such as supply/demand imbalance and light trading volume
- The deterioration in the asset-backed securities market's pricing through first quarter 2009 expanded demand for CDS protection on Assured Guaranty Municipal[1] and AGC by fixed income holders of Assured Guaranty Municipal[1] and AGC insured paper as they sought to hedge exposure, thereby exacerbating the supply/demand imbalance
- AGM Consolidated[1] and AGC's 5-year CDS bid prices peaked in mid-March 2009 at 3,120 bps and 4,961 bps, respectively
- 5-year CDS levels for Assured Guaranty Municipal[1] and AGC have rallied considerably since March 2009 as a result of the improvement in general market fundamentals, the market's positive reaction to the July 2009 AGMH acquisition, our successes in loss mitigation, the deleveraging of our insured portfolio, and our record of positive operating results
- On May 30, 2019, the 5-year CDS levels for Assured Guaranty Municipal[1] and AGC came in by 98 and 99 percent, respectively, of their mid-March 2009 levels
- Between January 1, 2014 and May 30, 2019, CDS levels for Assured Guaranty Municipal[1] and AGC came in by 89 and 87 percent, respectively, from their highs during this period. As of March 15, 2019, Assured Guaranty Municipal[1] and AGC's CDS were at approximately 57 and 58, respectively.




Source: CMA – Represents end-of-day bid price for 5-year protection, modified restructuring credit event spreads at New York close.

1. Assured Guaranty Municipal means AGM Consolidated excluding MAC Holdings, MAC and AGE. Please see page 3 for a definition of this convention.

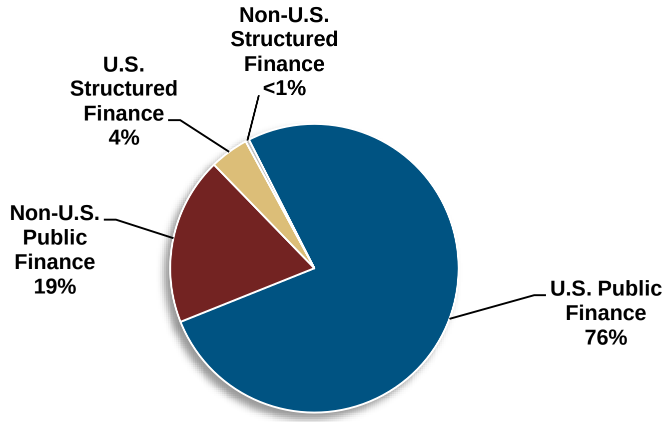
# Assured Guaranty Ltd. Consolidated Insured Portfolio Overview

# AGL Consolidated

## Insured Portfolio

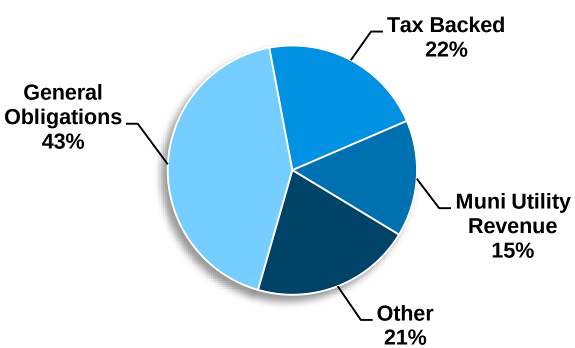
### Net Par Outstanding as of March 31, 2019

## Portfolio Diversification by Sector



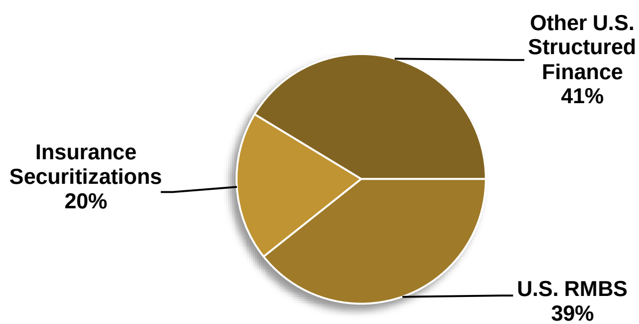

**$237.3 billion[1,2]**

## U.S. Public Finance Portfolio



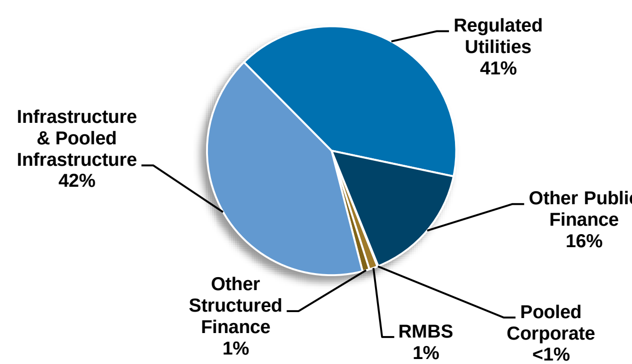

**$181.4 billion[2]**

## U.S. Structured Finance Portfolio




**$10.3 billion[1,2]**

## Non-U.S. Portfolios Public & Structured Finance




**$45.6 billion[2]**

1. Includes GICs. Please see the footnote on page 38.
2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of $1.0 billion.

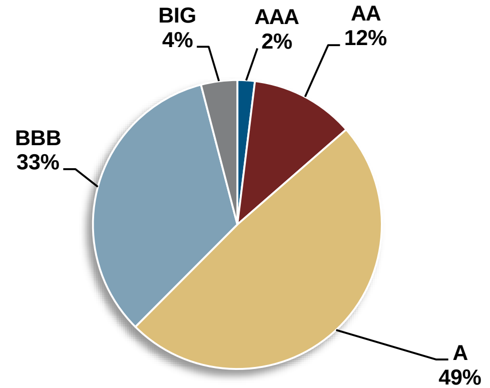
# AGL Consolidated

## Insured Portfolio Ratings

Net Par Outstanding as of March 31, 2019

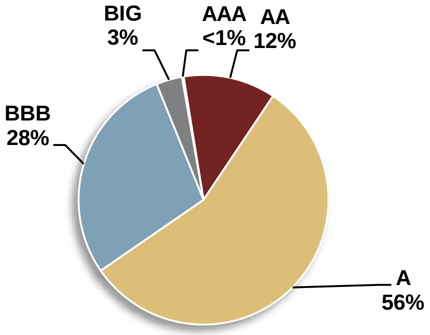
Updated

### Portfolio Diversification by Rating



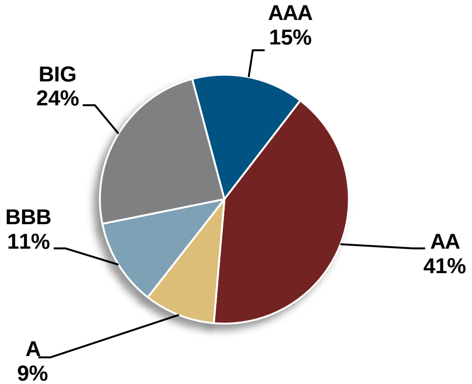

$237.3 billion[1,2]

### U.S. Public Finance Portfolio



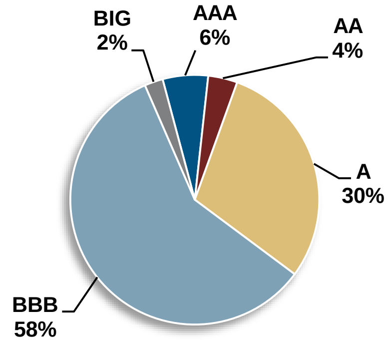

$181.4 billion[2]

### U.S. Structured Finance Portfolio




$10.3 billion[1,2]

### Non-U.S. Portfolios Public & Structured Finance




$45.6 billion[2]

1. Includes GICs. Please see the footnote on page 38.
2. Consolidated amounts include those of AG Re except AG Re's non-financial guaranty net exposure of $1.0 billion.

# Public Finance
## Puerto Rico Exposure

### Par Exposure to the Commonwealth and its Agencies[1,2]
As of March 31, 2019

| | ($ in millions) | AGM | AGC | AG Re | Elimi-nations | Net Par O/S | Gross Par O/S |
|---|---|---|---|---|---|---|---|
| Commonwealth Constitutionally Guaranteed | Commonwealth of Puerto Rico - General Obligation Bonds [3,4] | $647 | $301 | $393 | $(1) | $1,340 | $1,383 |
| | Puerto Rico Public Buildings Authority (PBA) | 9 | 142 | - | (9) | 142 | 148 |
| | **Subtotal** | **$656** | **$443** | **$393** | **$(10)** | **$1,482** | **$1,531** |
| Public Corporations – Certain Revenues Potentially Subject to Clawback | Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) [4] | $233 | $495 | $195 | $(79) | $844 | $874 |
| | Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds) [4] | 351 | 85 | 40 | - | 475 | 536 |
| | Puerto Rico Convention Center District Authority (PRCCDA) | - | 152 | - | - | 152 | 152 |
| | Puerto Rico Infrastructure Financing Agency (PRIFA) | - | 15 | 1 | - | 16 | 16 |
| | **Subtotal** | **$584** | **$747** | **$236** | **$(79)** | **$1,487** | **$1,578** |
| Other Public Corporations | Puerto Rico Electric Power Authority (PREPA) [4,5] | $544 | $72 | $232 | $- | 848 | 866 |
| | Puerto Rico Aqueduct and Sewer Authority (PRASA) [6] | - | 284 | 89 | - | 373 | 373 |
| | Puerto Rico Municipal Finance Agency (MFA) [6] | 189 | 40 | 74 | - | 303 | 349 |
| | University of Puerto Rico (U of PR)[6] | - | 1 | - | - | 1 | 1 |
| | **Subtotal** | **$733** | **$397** | **$1,024** | **$-** | **$1,525** | **$1,589** |
| | **Total** | **$1,973** | **$1,586** | **$1,024** | **$(89)** | **$4,494** | **$4,698** |

1. The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are rated BIG.
2. The Company entered into a plan of adjustment related to COFINA. The Company currently has no insured exposure to COFINA, but carries the $152 million initial par of COFINA Exchange Senior Bonds in its investment portfolio.
3. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.4 million and fully accreted net par at maturity of $2.5 million.
4. As of the date of the Company's 2019 1st quarter 10-Q 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.
5. On May 3, 2019, the Company entered into a restructuring support agreement with PREPA and other stakeholders. See Assured Guaranty's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019.
6. As of the date of the Company's 2019 1st quarter 10-Q filing, the Company has **not** paid claims on these credits.

# Public Finance
## Puerto Rico Exposure

### Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies

As of March 31, 2019

| ($ in millions) | 2Q 2019 | 3Q 2019 | 4Q 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029-2033 | 2034-2038 | 2039-2043 | 2044-2047 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | |
| Commonwealth – GO[1] | $- | $87 | $- | $141 | $15 | $37 | $14 | $73 | $68 | $34 | $90 | $33 | $341 | $407 | $- | $- | **$1,340** |
| PBA | - | 3 | - | 5 | 13 | - | 7 | - | 6 | 11 | 40 | 1 | 36 | 20 | - | - | **142** |
| **Subtotal** | **$-** | **$90** | **$-** | **$146** | **$28** | **$37** | **$21** | **$73** | **$74** | **$45** | **$130** | **$34** | **$377** | **$427** | **$-** | **$-** | **$1,482** |
| | | | | | | | | | | | | | | | | | |
| PRHTA (Transportation Revenue) | $- | $32 | $- | $25 | $18 | $28 | $33 | $4 | $29 | $24 | $29 | $34 | $127 | $296 | $165 | $- | **844** |
| PRHTA (Highways Revenue) | - | 21 | - | 22 | 35 | 6 | 32 | 33 | 34 | 1 | - | 9 | 145 | 137 | - | - | **475** |
| PRCCDA | - | - | - | - | - | - | - | - | - | - | 19 | - | 50 | 83 | - | - | **152** |
| PRIFA | - | - | - | - | - | - | 2 | - | - | - | - | - | - | 3 | 11 | - | **16** |
| **Subtotal** | **$-** | **$53** | **$-** | **$47** | **$53** | **$34** | **$67** | **$37** | **$63** | **$25** | **$48** | **$43** | **$322** | **$519** | **$176** | **$-** | **$1,487** |
| | | | | | | | | | | | | | | | | | |
| PREPA | $- | $26 | $- | $48 | $28 | $28 | $95 | $93 | $68 | $106 | $105 | $68 | $174 | $9 | $- | $- | **$848** |
| PRASA | - | - | - | - | - | - | - | 1 | 25 | 27 | 28 | 29 | - | 2 | - | 261 | **373** |
| MFA | - | 55 | - | 45 | 40 | 40 | 22 | 18 | 17 | 34 | 12 | 10 | 10 | - | - | - | **303** |
| U of PR | - | - | - | - | - | - | - | - | - | - | - | - | 1 | - | - | - | **1** |
| **Subtotal** | **$-** | **$81** | **$-** | **$93** | **$68** | **$68** | **$117** | **$112** | **$110** | **$167** | **$145** | **$107** | **$185** | **$11** | **$-** | **$261** | **$1,525** |
| **Total** | **$-** | **$224** | **$-** | **$286** | **$149** | **$139** | **$205** | **$222** | **$247** | **$237** | **$323** | **$184** | **$884** | **$957** | **$176** | **$261** | **$4,494** |

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.4 million and fully accreted net par at maturity of $2.5 million.

# Public Finance

## Puerto Rico Exposure

ASSURED GUARANTY®

### Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies

As of March 31, 2019

| ($ in millions) | 2Q 2019 | 3Q 2019 | 4Q 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029-2033 | 2034-2038 | 2039-2043 | 2044-2047 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Commonwealth – GO[1] | $- | $122 | $- | $206 | $74 | $94 | $70 | $128 | $119 | $82 | $136 | $74 | $512 | $457 | $- | $- | **$2,074** |
| PBA | - | 7 | - | 12 | 20 | 6 | 13 | 6 | 13 | 17 | 45 | 3 | 50 | 23 | - | - | **215** |
| **Subtotal** | **$-** | **$129** | **$-** | **$218** | **$94** | **$100** | **$83** | **$134** | **$132** | **$99** | **$181** | **$77** | **$562** | **$480** | **$-** | **$-** | **$2,289** |
| PRHTA (Transportation Revenue) | $- | $54 | $- | $67 | $59 | $68 | $72 | $41 | $65 | $59 | $63 | $66 | $262 | $375 | $180 | $- | **$1,431** |
| PRHTA (Highways Revenue) | - | 34 | - | 46 | 58 | 27 | 52 | 51 | 51 | 17 | 15 | 25 | 208 | 152 | - | - | **736** |
| PRCCDA | - | 3 | - | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 26 | 6 | 79 | 91 | - | - | **254** |
| PRIFA | - | - | - | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 1 | - | 3 | 7 | 12 | - | **32** |
| **Subtotal** | **$-** | **$91** | **$-** | **$121** | **$125** | **$103** | **$134** | **$100** | **$124** | **$84** | **$105** | **$97** | **$552** | **$625** | **$192** | **$-** | **$2,453** |
| PREPA | $3 | $43 | $3 | $87 | $63 | $62 | $128 | $121 | $91 | $126 | $122 | $81 | $198 | $9 | $- | $- | **$1,137** |
| PRASA | - | 10 | - | 19 | 19 | 19 | 19 | 21 | 45 | 44 | 44 | 44 | 68 | 70 | 67 | 300 | **789** |
| MFA | - | 62 | - | 58 | 50 | 48 | 28 | 23 | 21 | 37 | 14 | 11 | 11 | - | - | - | **363** |
| U of PR | - | - | - | - | - | - | - | - | - | - | - | - | 1 | - | - | - | **1** |
| **Subtotal** | **$3** | **$115** | **$3** | **$164** | **$132** | **$129** | **$175** | **$165** | **$157** | **$207** | **$180** | **$136** | **$278** | **$79** | **$67** | **$300** | **$2,290** |
| **Total** | **$3** | **$335** | **$3** | **$503** | **$351** | **$332** | **$392** | **$399** | **$413** | **$390** | **$466** | **$310** | **$1,392** | **$1,184** | **$259** | **$300** | **$7,032** |

1. Includes exposure to Capital Appreciation Bonds with a current aggregate net par outstanding of $2.4 million and fully accreted net par at maturity of $2.5 million.

## Details of Assured Guaranty's Exposure to Detroit

- **Municipal utilities exposure is $429 million of water revenue bonds and $974 million of sewer revenue bonds. Both the water and sewer systems provide services to areas that extend significantly beyond the City of Detroit boundaries.**

- **General obligation unlimited tax exposure has been resolved**
  - In 3Q-14, the settlement between the Company and City of Detroit regarding unlimited tax general obligation bonds was finalized. In December 2014, the City's plan of adjustment, which includes the terms of such settlement, became effective. At that time, investors exchanged 84.5% of the original general obligation bonds for newly issued bonds that are basically identical to the original bonds except that they have the benefit of additional pledged security and are issued by the Michigan Finance Authority. The remaining 15.5% of the general obligation bonds will be repaid solely by Assured Guaranty. After giving effect to post-petition payments made by Assured Guaranty on the general obligation bonds, the settlement results in an ultimate recovery to Assured Guaranty of approximately 74%.

## Details of Assured Guaranty's Exposure to Stockton

- **Net par exposure to Stockton is $110 million of pension obligation bonds**

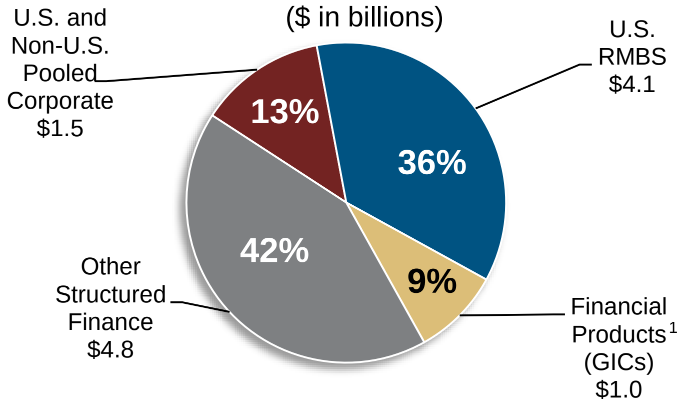
- **The City of Stockton's plan of adjustment, which became effective on February 25, 2015, includes the terms of the Company's settlement with Stockton, under which the Company receives net revenues from an office building and has the irrevocable option to take title to that building, and is entitled to certain fixed payments and certain variable payments contingent on Stockton's revenue growth.**

# Structured Finance Exposures

## Net Par Outstanding

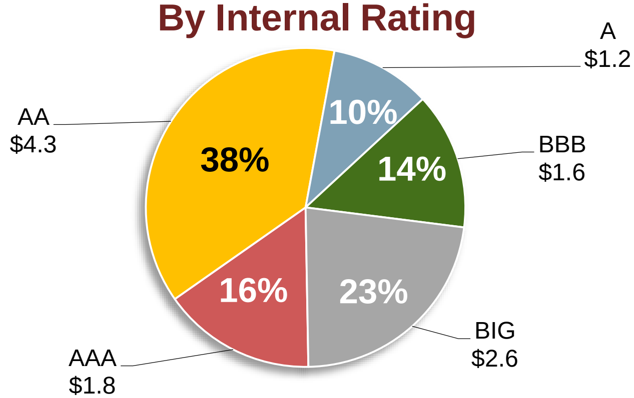
### By Type

As of March 31, 2019
($ in billions)




**$11.3 billion, A- average rating**

### By Internal Rating




- **Assured Guaranty's total structured finance exposure of $240.9 billion at December 31, 2007 has declined by $229.6 billion to $11.3 billion through March 31, 2019, a 95% reduction**
  - The portfolio will amortize by 9% by the end of 2019; 20% by the end of 2020; 41% by the end of 2022

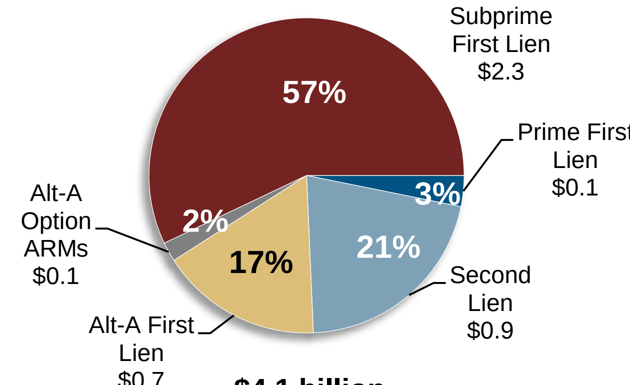
1. Assured Guaranty did not acquire Financial Security Assurance Holdings Ltd.'s financial products segment. Assured Guaranty and its subsidiaries are indemnified against exposure to such segment by Dexia.

# Consolidated U.S. RMBS

- **Our $4.1 billion U.S. RMBS portfolio is amortizing both on a dollar basis and as a percentage of the portfolio**
  - Total U.S. RMBS has declined from $29.2 billion at December 31, 2009 to $4.1 billion at March 31, 2019, a $25.1 billion or 86% reduction
  - U.S. RMBS expected to be reduced by 12% by year-end 2019 and by 50% by year-end 2022
  - As of March 31, 2019, U.S. RMBS exposure excludes $1.0 billion of net par related to loss mitigation strategies, including loss mitigation securities held in the investment portfolio
- **Our loss reserving methodology is driven by our assumptions on several factors:**
  - Liquidation rates
  - Conditional default rates
  - Conditional prepayment rates
  - Loss severity
  - Interest Rates
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Termination of insurance on BIG credits

## U.S. RMBS by Exposure Type[1]

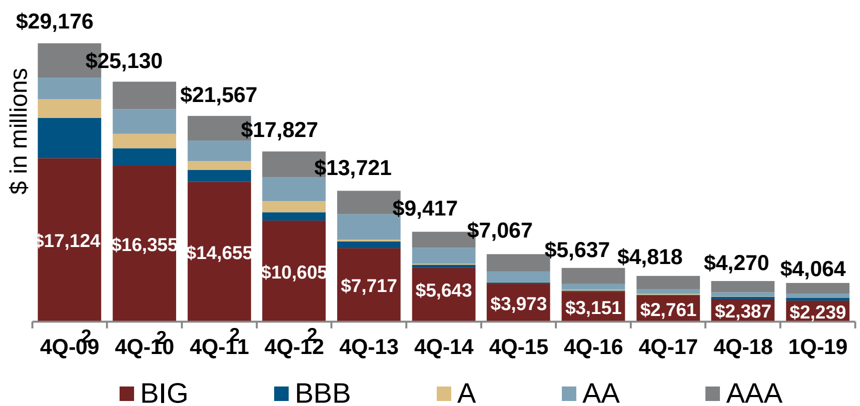
As of March 31, 2019
($ in billions)




**$4.1 billion**
**(1.7% of total net par outstanding)**

## U.S. RMBS by Rating

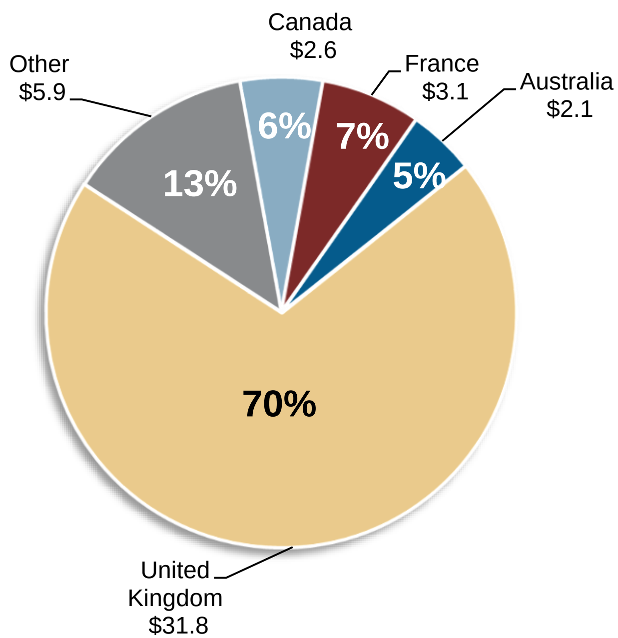
**Net Par Outstanding from December 31, 2009 to March 31, 2019**




1. The Company has reclassified certain net par outstanding from below investment grade to investment grade due to collateralized reinsurance arrangements.
2. Gross of wrapped bond purchases made primarily for loss mitigation

# Consolidated Non-U.S. Exposure
## Non-U.S. Public and Structured Finance

**Non-U.S. Exposure**
As of March 31, 2019
($ in billions)




**$45.6 billion, BBB+ average rating**

- **98% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland ($279 million outstanding)
- **2% of non-U.S. exposure is Structured Finance**

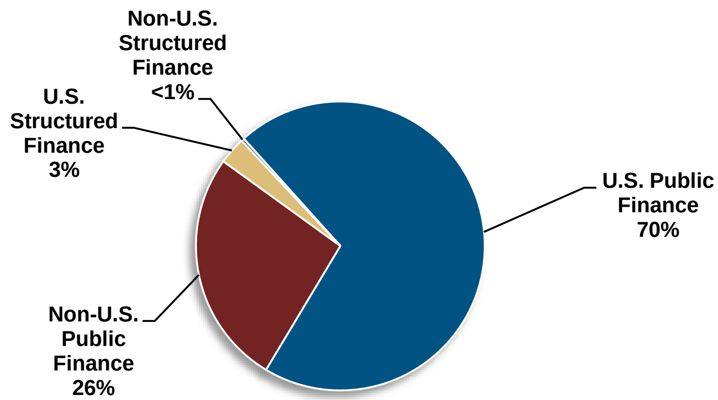
# AGM Portfolio Review

Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

# AGM[1]

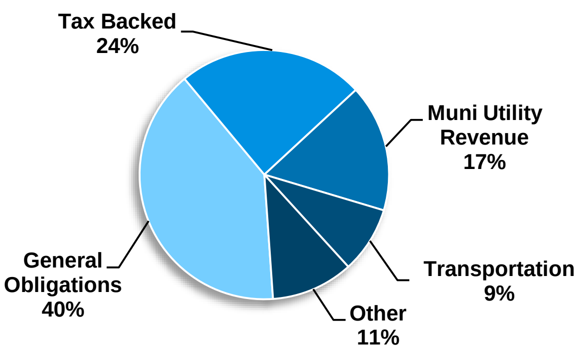
## Insured Portfolio
## Net Par Outstanding as of March 31, 2019

### Portfolio Diversification by Sector



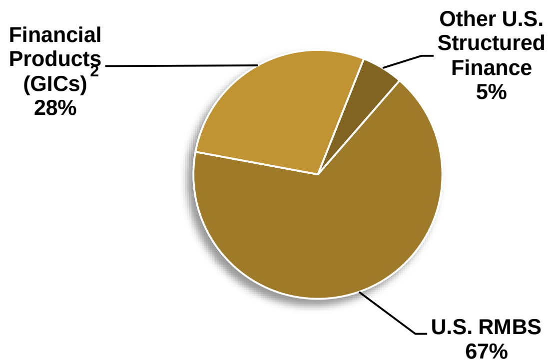

**$118.1 billion[2]**

### U.S. Public Finance Portfolio



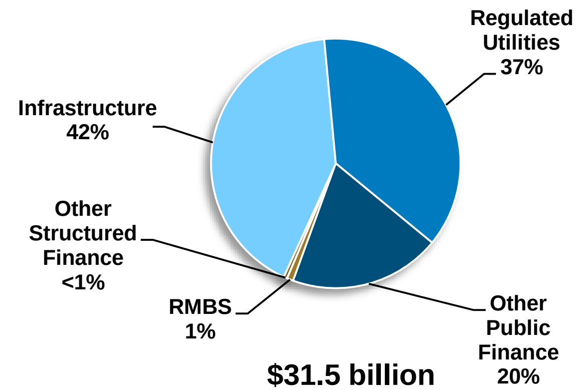

**$83.0 billion**

### U.S. Structured Finance Portfolio




**$3.6 billion**

### Non-U.S. Portfolios Public & Structured Finance



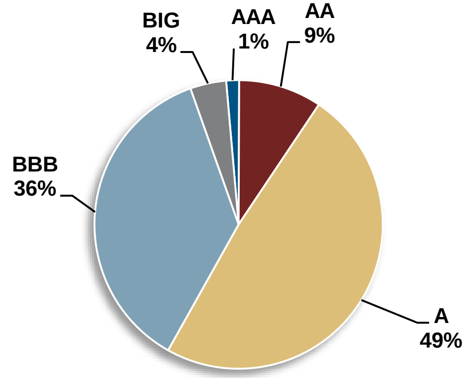

**$31.5 billion**

1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. Please see the footnote on page 38.

# AGM[1]

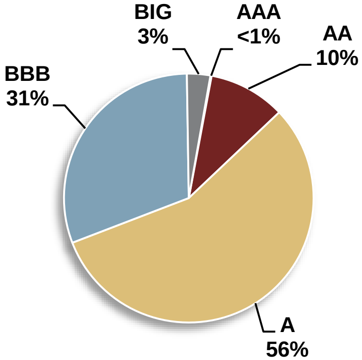
## Insured Portfolio Ratings
## Net Par Outstanding as of March 31, 2019

### Portfolio Diversification by Rating



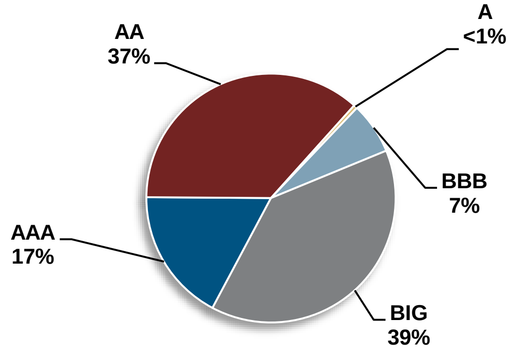

**$118.1 billion[2]**

### U.S. Public Finance Portfolio



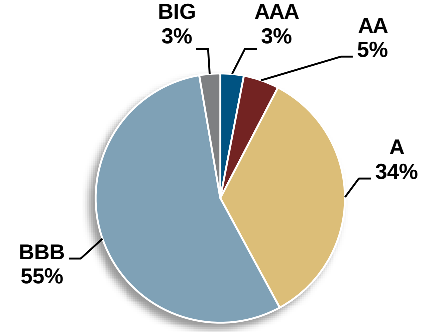

**$83.0 billion**

### U.S. Structured Finance Portfolio




**$3.6 billion[2]**

### Non-U.S. Portfolios
### Public & Structured Finance




**$31.5 billion**

1. “AGM” means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. Includes GICs. Please see the footnote on page 38.

# AGM[1]
## Insured Portfolio
## Net Par Outstanding as of March 31, 2019

### Net Par Outstanding By Asset Type
($ in millions)

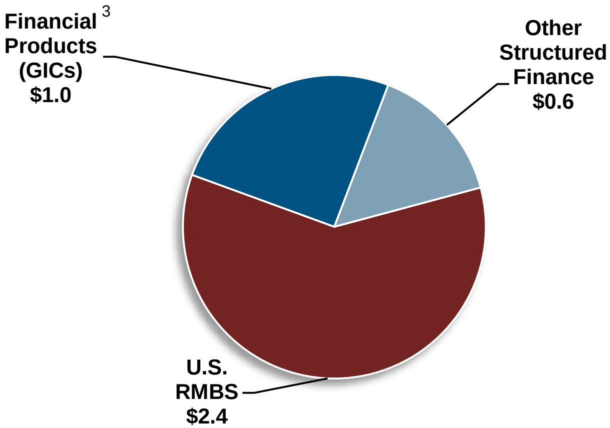
| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| General obligation | $ 33,245 | A- |
| Tax backed | 20,047 | A- |
| Municipal utilities | 13,709 | A- |
| Transportation | 7,147 | A- |
| Healthcare | 3,475 | A- |
| Higher education | 2,923 | A- |
| Infrastructure finance | 1,237 | BBB |
| Housing revenue | 828 | BBB+ |
| Other public finance | 372 | A- |
| Total U.S. public finance | 82,983 | A- |
| **Non-U.S. public finance:** | | |
| Infrastructure finance | 13,137 | BBB |
| Regulated utilities | 11,801 | BBB+ |
| Other public finance | 6,180 | A |
| Total non-U.S. public finance | 31,118 | BBB+ |
| **Total public finance** | **$ 114,101** | **A-** |

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. structured finance:** | | |
| RMBS | $ 2,380 | BB+ |
| Financial products[2] | 1,006 | AA- |
| Other structured finance | 192 | A- |
| Total U.S. structured finance | 3,578 | BBB |
| **Non-U.S. structured finance:** | | |
| RMBS | 263 | BBB |
| Other structured finance | 143 | AA |
| Total non-U.S. structured finance | 406 | A- |
| **Total structured finance** | **$ 3,984** | **BBB** |
| | | |
| **Total net par outstanding** | **$ 118,085** | **A-** |

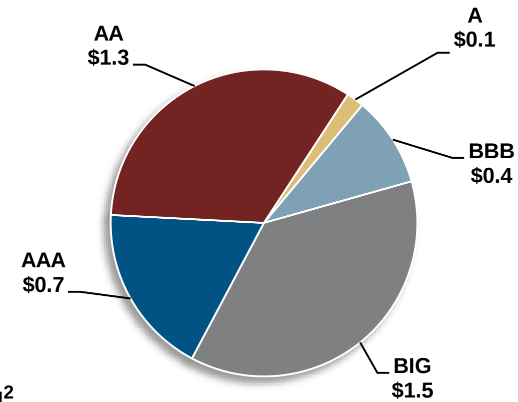
1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. Financial Products (GICs). Please see the footnote on page 38.

# AGM[1] Projected Amortization of Global Insured Structured Finance Portfolio

## Portfolio Diversification by Sector

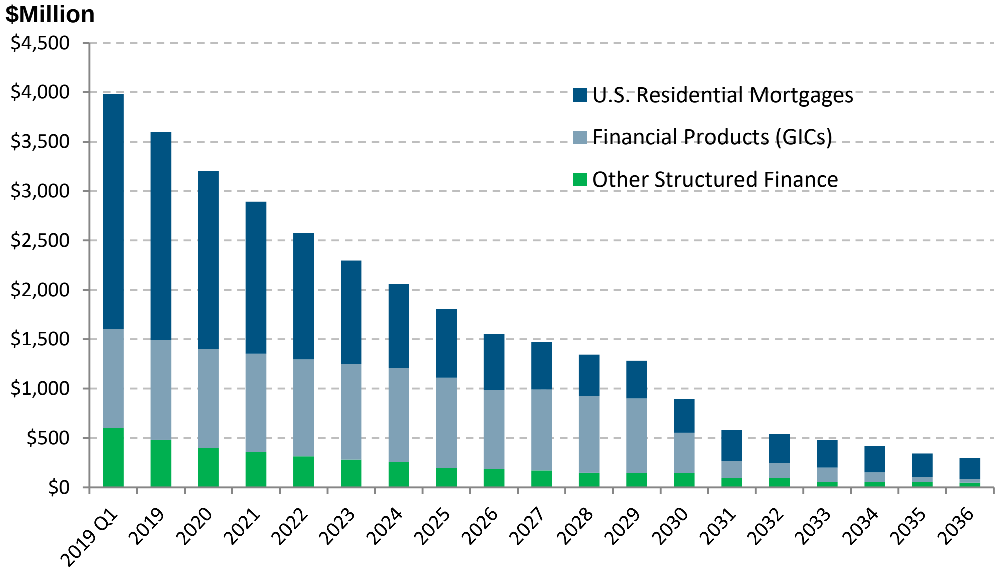



## Portfolio Diversification by Rating




**$4.0 Billion Net Par Outstanding[2]**

As of March 31, 2019




- We expect AGM's already relatively small legacy global structured finance insured portfolio ($4.0 billion as of March 31, 2019 versus $127.3 billion as of September 30, 2008) to continue to run off ─ 10% by year-end 2019 and 27% by year-end 2021.[1]
  - $2.4 billion in U.S. RMBS expected to be reduced by 12% by year-end 2019 and by 35% by year-end 2021
  - $0.6 billion in other structured finance (excluding FP) expected to be reduced by 19% by year-end 2019 and by 41% by year-end 2021
- Former FP business ($1.0 billion of this $4.0 billion) was not part of Assured Guaranty's purchase; Assured Guaranty is indemnified against exposure to the FP business by Dexia.

1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. Please see footnote 2 on page 27.
3. Please see the footnote on page 38.

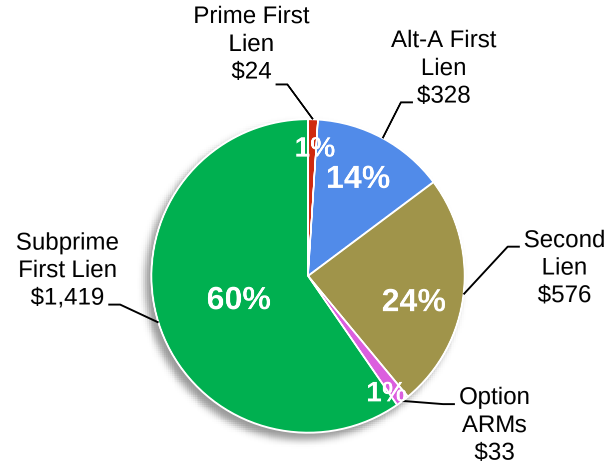
# AGM[1] U.S. RMBS Exposure

- **AGM's[1] U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - $2.4 billion net par outstanding versus $17.1 billion at year-end 2008, a decrease of 86%
  - 2.0% of total net par outstanding versus 4.0% at year-end 2008
  - No U.S. RMBS underwritten since January 2008
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations of below investment grade credits

## By Type

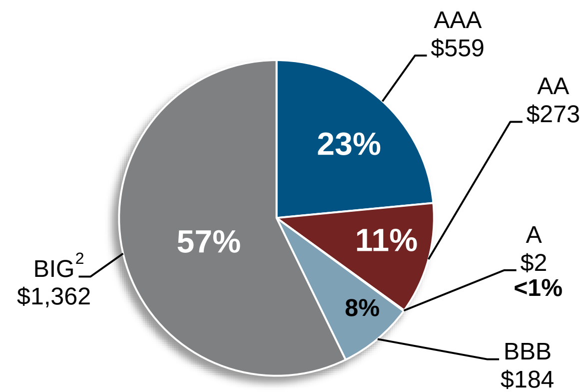
As of March 31, 2019

($ in millions)




**$2.4 billion, 2.0% of net par outstanding**

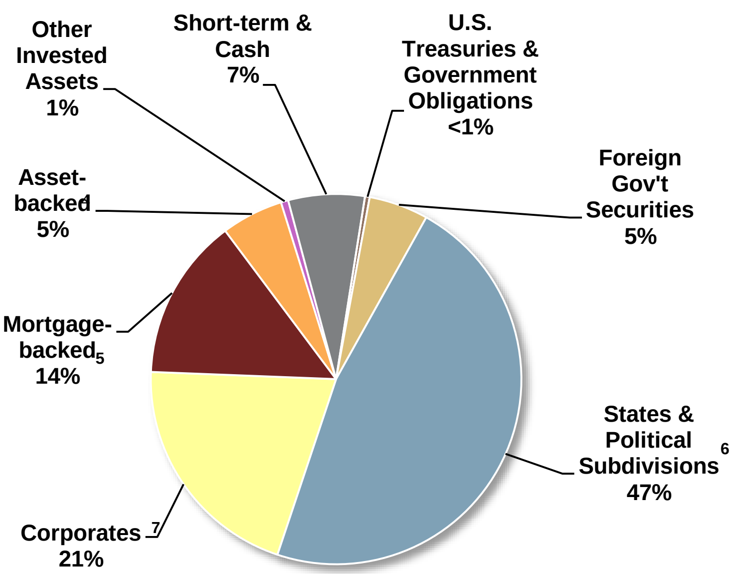
## By Rating



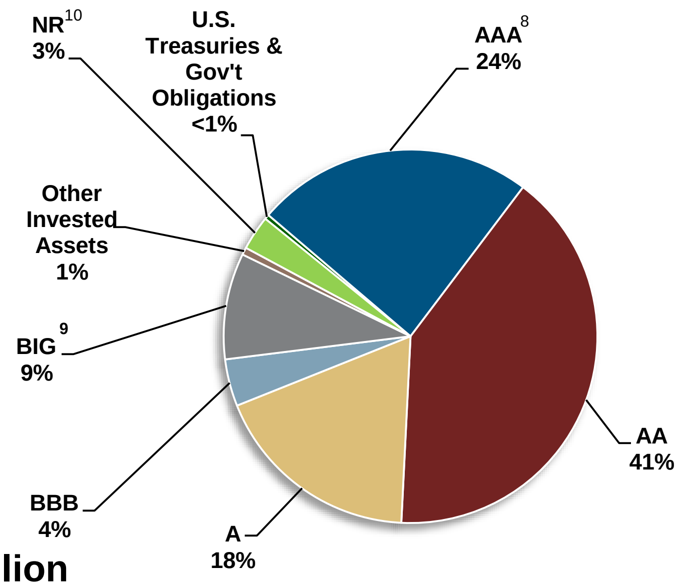

1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention.
2. Please see footnote 1 on page 39.

# AGM[1]
## Investment Portfolio
## Fair Value as of March 31, 2019

**Total Invested Assets and Cash[2]**
**By Category**




**Total Invested Assets and Cash[2]**
**By Rating[3]**




**Total = $4.9 billion**

1. "AGM" means AGM Consolidated excluding MAC Holdings and MAC. Please see page 3 for a definition of this convention and the appendix for a reconciliation to the corresponding GAAP value.
2. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.
3. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
4. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $59 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of $204 million and an average rating of AAA.
5. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $298 million and agency-backed securities with a fair value of $168 million. The remaining securities have a fair value of approximately $223 million and an average rating of AAA.
6. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $186 million.
7. Included in the corporates category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $48 million.
8. Included in the AAA category are short-term securities and cash.
9. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $446 million.
10. Included in NR are closed lien senior bonds of Puerto Rico Sales Tax Financing Corporation (COFINA) validated by the PROMESA Title III Court (COFINA Exchange Senior Bonds) with $152 million in initial par.

# AGM Consolidated Expected Loss and LAE to Be Paid
## Three Months Ended March 31, 2019

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended March 31, 2019**

| | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2018 | Economic Loss Development During 1Q-19 | (Paid) Recovered Losses During 1Q-19 | Net Expected Loss to be Paid (Recovered) as of Mar 31, 2019 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance | $347 | $12 | $(167) | $192 |
| Non-U.S. public finance | 26 | (1) | - | 25 |
| Public Finance: | 373 | 11 | (167) | 217 |
| Structured Finance | | | | |
| U.S. RMBS[2] | 155 | (47) | 7 | 115 |
| Other structure finance | 9 | - | - | 9 |
| Structured Finance: | 164 | (47) | 7 | 124 |
| **Total** | **$537** | **$(36)** | **$(160)** | **$341** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2018 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

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 R&W recoverable (payable) of $(42) million as of March 31, 2019 and $(22) million as of December 31, 2018.

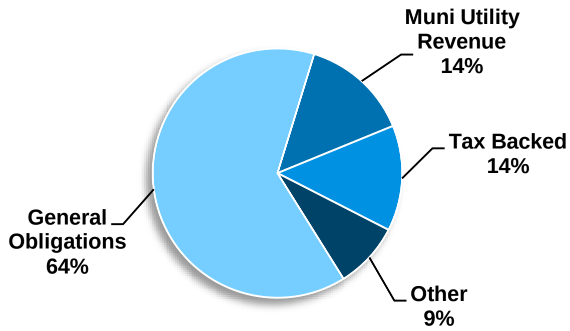
ASSURED GUARANTY®

# Municipal Assurance Corp.
# Portfolio Review

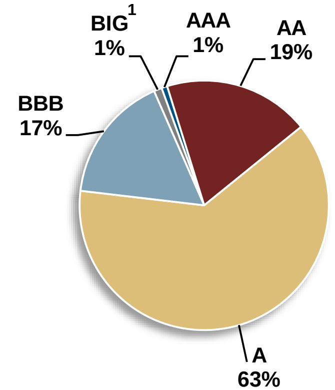
# MAC

## Insured Portfolio (100% U.S. Public Finance)
## Net Par Outstanding as of March 31, 2019

### Portfolio Diversification by Sector




### Portfolio Diversification by Rating




**$26.1 billion**

### Net Par Outstanding By Asset Type
($ in millions)

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| General obligation | $ 16,590 | A |
| Municipal utilities | 3,666 | A |
| Tax backed | 3,571 | A |
| Transportation | 1,231 | A- |
| Higher Education | 818 | A- |
| Housing revenue | 91 | A+ |
| Other public finance | 97 | A+ |
| **Total U.S. public finance** | **$ 26,064** | **A** |

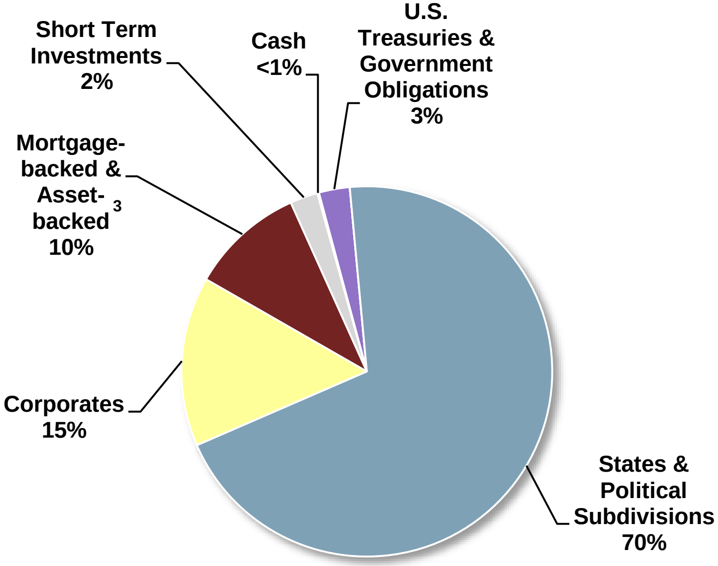
1. A total of $269 million net par outstanding; consists of 21 revenue sources rated in the BB and B categories.

### Net Par Outstanding By State
($ in millions)

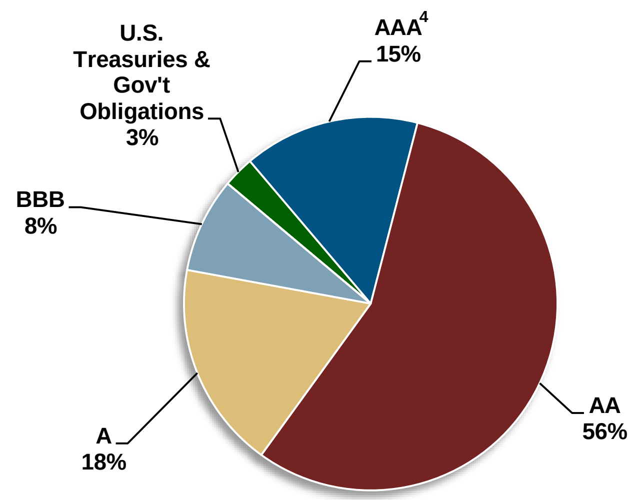
| | Net Par Outstanding | % of Total |
|---|---|---|
| California | $ 5,779 | 22.2% |
| Texas | 2,685 | 10.3 |
| Pennsylvania | 2,558 | 9.8 |
| New York | 2,031 | 7.8 |
| Illinois | 1,971 | 7.6 |
| New Jersey | 1,142 | 4.4 |
| Florida | 1,049 | 4.0 |
| Arizona | 662 | 2.5 |
| Ohio | 642 | 2.4 |
| Michigan | 596 | 2.3 |
| Other | 6,949 | 26.7 |
| **Total U.S. public finance** | **$ 26,064** | **100.0%** |

# MAC
## Investment Portfolio
## Fair Value as of March 31, 2019

### Total Invested Assets and Cash[1] By Category



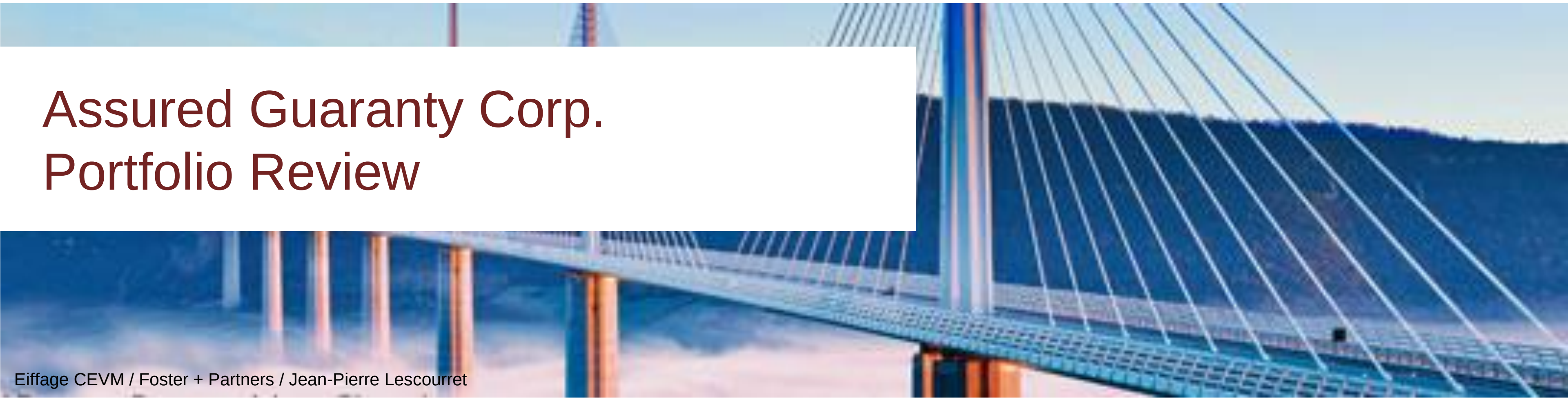

### Total Invested Assets and Cash[1] By Rating[2]




**Total = $0.7 billion**

1. Includes fixed maturity securities, short-term investments and cash.
2. Ratings are represented by the lower of the Moody's and S&P classifications.
3. Included in the mortgage-backed and asset-backed category are agency-backed securities with a fair value of $22 million. Mortgage-backed and asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of $52 million and an average rating of AAA.
4. Included in the AAA category are short-term securities and cash.

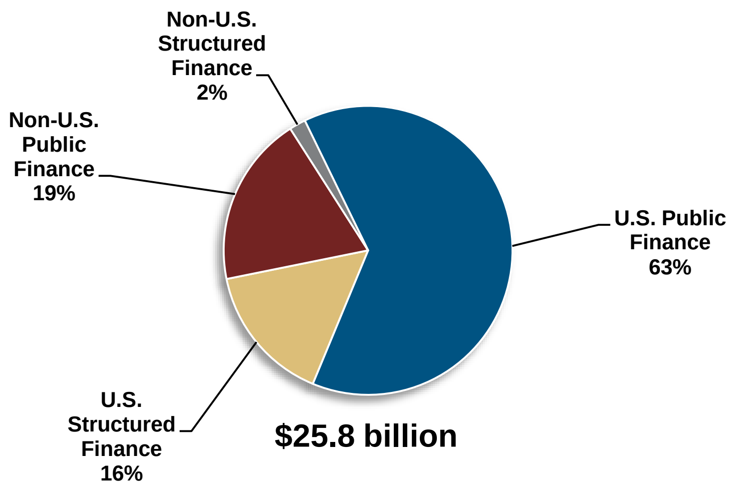
# Assured Guaranty Corp.
# Portfolio Review



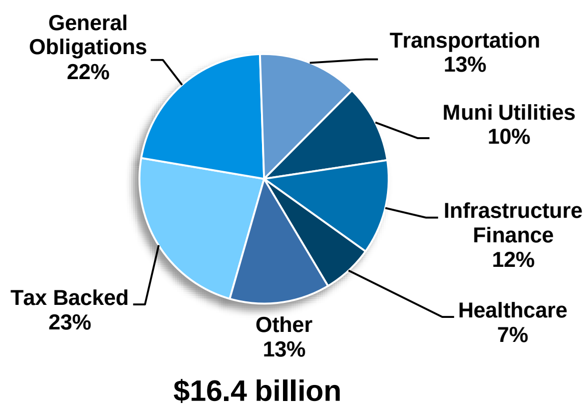
Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

# AGC
## Insured Portfolio
## Net Par Outstanding as of March 31, 2019

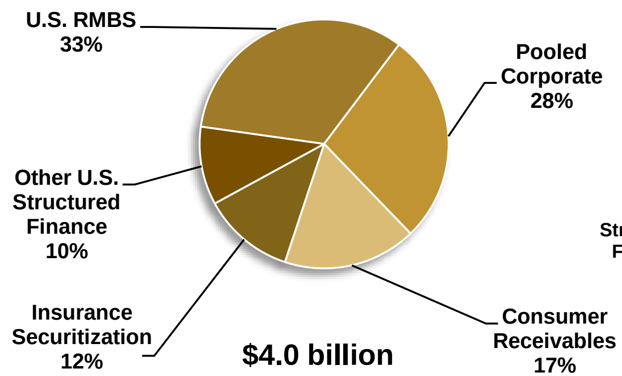
### Portfolio Diversification by Sector



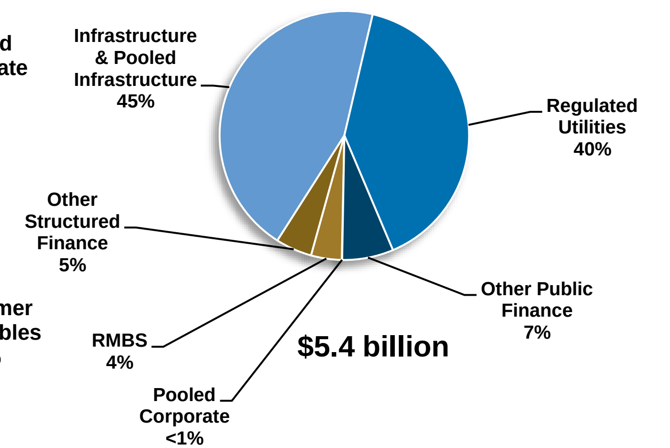

### U.S. Public Finance Portfolio




### U.S. Structured Finance Portfolio

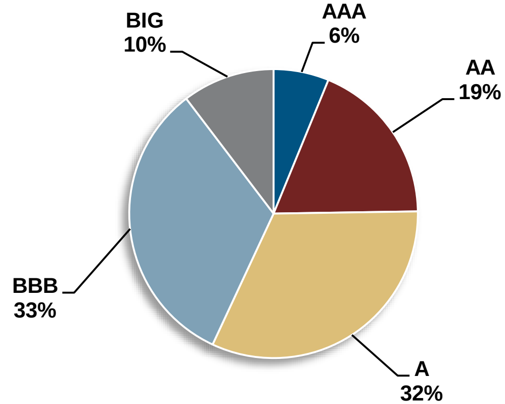



### Non-U.S. Portfolios Public & Structured Finance



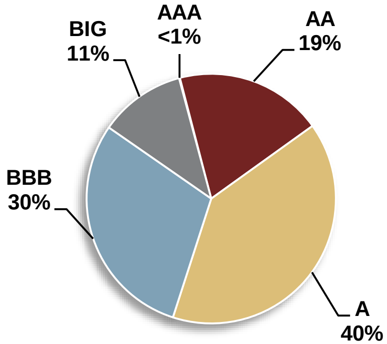
# AGC
## Insured Portfolio Ratings
## Net Par Outstanding as of March 31, 2019

### Portfolio Diversification by Rating



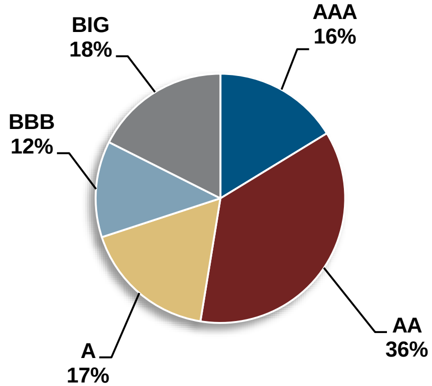

**$25.8 billion**

### U.S. Public Finance Portfolio



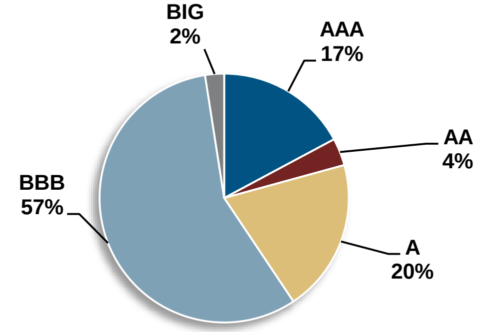

**$16.4 billion**

### U.S. Structured Finance Portfolio




**$4.0 billion**

### Non-U.S. Portfolios Public & Structured Finance




**$5.4 billion**

## Net Par Outstanding By Asset Type

($ in millions)

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| Tax backed | $ 3,802 | BBB- |
| General obligation | 3,568 | BBB+ |
| Transportation | 2,127 | A- |
| Infrastructure finance | 2,008 | A |
| Municipal utilities | 1,660 | BBB |
| Healthcare | 1,074 | A- |
| Higher education | 545 | A- |
| Investor-owned utilities | 457 | A- |
| Housing revenue | 142 | BBB |
| Other public finance | 986 | A- |
| Total U.S. public finance | 16,369 | BBB+ |
| **Non-U.S. public finance:** | | |
| Regulated utilities | 2,160 | BBB+ |
| Infrastructure finance | 1,709 | BBB |
| Pooled infrastructure | 702 | AAA |
| Other public finance | 359 | A- |
| Total non-U.S. public finance | 4,930 | A- |
| **Total public finance** | **$ 21,299** | **BBB+** |

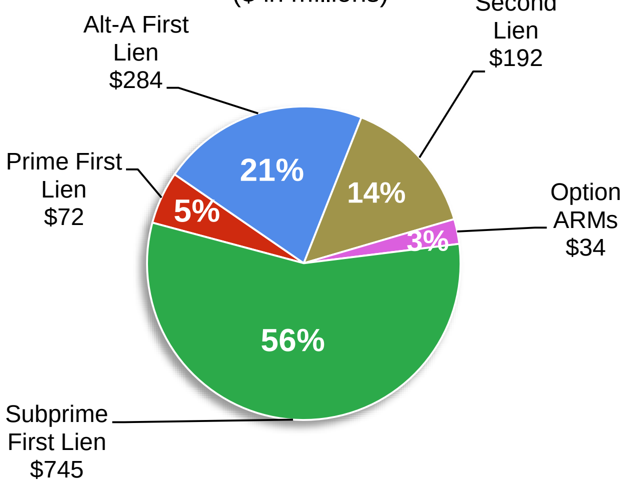
| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. structured finance:** | | |
| RMBS | $ 1,327 | BBB |
| Pooled corporate obligations | 1,104 | AA- |
| Consumer receivables | 695 | A+ |
| Life Insurance transactions | 480 | AA |
| Other structured finance | 408 | BBB+ |
| Total U.S. structured finance | 4,014 | A |
| **Non-U.S. structured finance:** | | |
| RMBS | 215 | A+ |
| Pooled corporate obligations | 3 | BBB |
| Other structured finance | 255 | A- |
| Total non-U.S. structured finance | 473 | A |
| **Total structured finance** | **$ 4,487** | **A** |
| | | |
| **Total net par outstanding** | **$ 25,786** | **BBB+** |

# AGC U.S. RMBS Exposure

- **AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - $1.3 billion versus $13.4 billion at year-end 2007, a decrease of 90%
  - 5.1% of total net par outstanding versus 14.3% at year-end 2007
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations

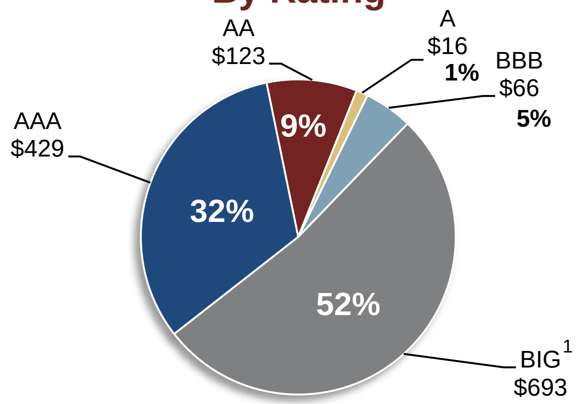
## By Type

As of March 31, 2019
($ in millions)




**$1.3 billion, 5.1% of net par outstanding**

## By Rating

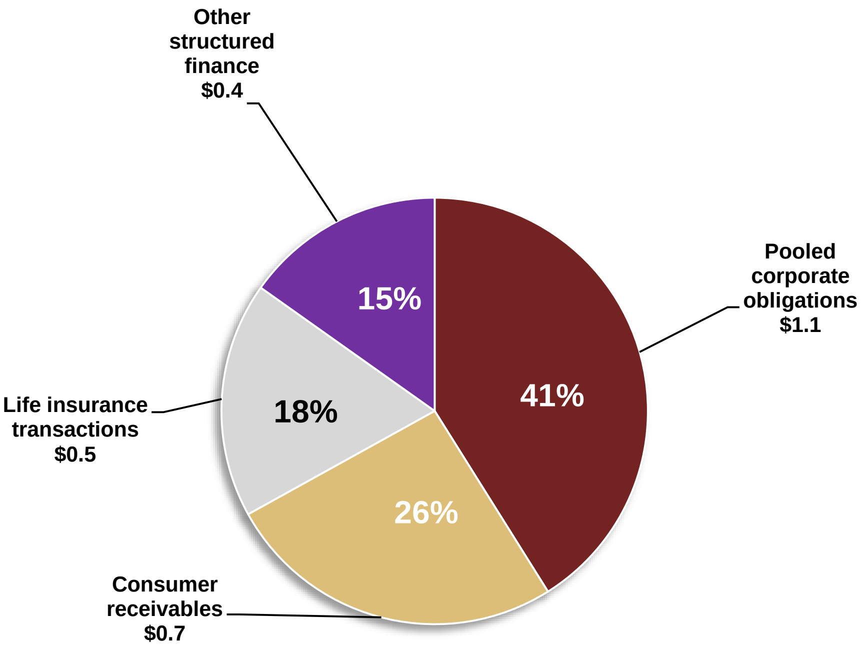



1. Please see footnote 1 on page 39.

# AGC Non-RMBS Exposure
## U.S. Structured Finance

- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
  - Pooled corporate obligations
  - Consumer receivables
  - Life insurance transactions
- **Non-RMBS U.S. structured finance credit experience has been generally strong despite the economic stress caused by the financial crisis**
  - 8% rated AAA
  - <1% rated BIG

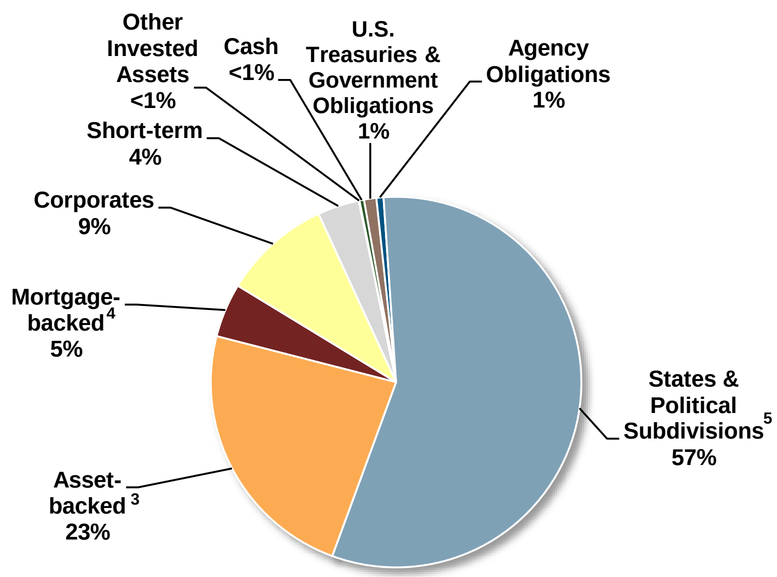
**U.S. Non-RMBS Structured Finance**
As of March 31, 2019
($ in billions)



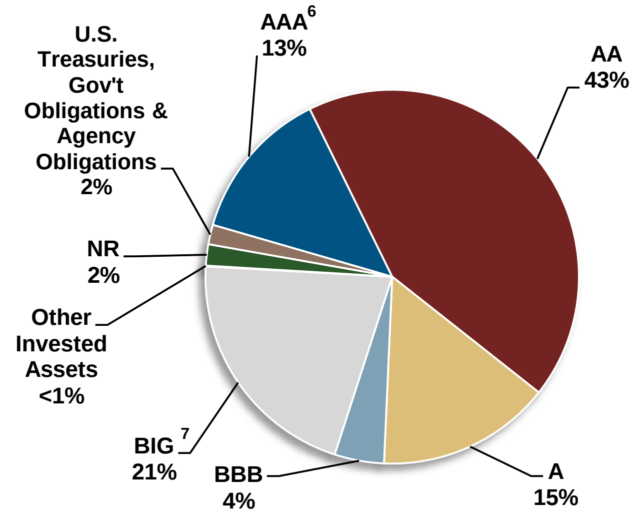

**$2.7 billion net par outstanding**

# AGC
## Investment Portfolio
## Fair Value as of March 31, 2019

### Total Invested Assets and Cash[1] By Category




### Total Invested Assets and Cash[1] By Rating[2]




**Total = $3.1 billion**

1. Includes fixed maturity securities, short-term investments, cash and Other Invested Assets.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for securities purchased or obtained as part of loss mitigation or other risk management strategies, which use internal ratings classifications.
3. Included in the asset-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $635 million. Asset-backed securities not purchased or obtained as part of loss mitigation or other risk management strategies have a fair value of $80 million and an average rating of AAA.
4. Included in the mortgage-backed category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $18 million and agency-backed securities with a fair value of $85 million. The remaining securities have a fair value of $41 million and an average rating of AAA.
5. Included in the states & political subdivisions category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $63 million.
6. Included in the AAA category are short-term securities and cash.
7. Included in the BIG category are securities purchased or obtained as part of loss mitigation or other risk management strategies with a fair value of $639 million.

# AGC Expected Loss and LAE to Be Paid
## Three Months Ended March 31, 2019

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended March 31, 2019**

| | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2018 | Economic Loss Development During 1Q-19 | (Paid) Recovered Losses During 1Q-19 | Net Expected Loss to be Paid (Recovered) as of Mar 31, 2019 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance | $314 | $39 | $(34) | $319 |
| Non-U.S. public finance | 4 | - | - | 4 |
| Public Finance: | 318 | 39 | (34) | 323 |
| Structured Finance | | | | |
| U.S. RMBS[2] | 123 | (15) | 2 | 110 |
| Other structure finance | (87) | 3 | 3 | (81) |
| Structured Finance: | 36 | (12) | 5 | 29 |
| **Total** | **$354** | **$27** | **$(29)** | **$352** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2018 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

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 R&W receivable of $21 million as of March 31, 2019 and $25 million as of December 31, 2018 .

# Appendix

# Appendix
## Explanation of Non-GAAP Financial Measures

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

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

By disclosing non-GAAP financial measures, the Company gives investors, analysts and financial news reporters access to information that management and the Board of Directors review internally. The Company believes its presentation of non-GAAP financial measures, 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.

# Appendix
## Explanation of Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

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

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

# Explanation of Non-GAAP Financial Measures (Cont'd)

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

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

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

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

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

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

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

**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.

# Appendix

## Reconciliation of Gross Written Premiums (GWP) to PVP

| **Reconciliation of GWP to PVP** | **Three Months Ended March 31,** | | **Year Ended December 31,** | | | | |
|---|---|---|---|---|---|---|---|
| (dollars in millions) | **2019** | **2018** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Total GWP | $39 | $73 | $612 | $307 | $154 | $181 | $104 |
| Less: Installment GWP and other GAAP adjustments[1] | 5 | 22 | 119 | 99 | (10) | 55 | (22) |
| Upfront GWP | 34 | 51 | 493 | 208 | 164 | 126 | 126 |
| Plus: Installment premium PVP | 8 | 10 | 170 | 81 | 50 | 53 | 42 |
| Total PVP | $42 | $61 | $663 | $289 | $214 | $179 | $168 |

| **PVP:** | **2019** | **2018** | **2018** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|---|---|---|
| Public Finance - U.S. | $32 | $35 | $391 | $196 | $161 | $124 | $128 |
| Public Finance - non-U.S. | 4 | 26 | 94 | 66 | 25 | 27 | 7 |
| Structured Finance - U.S. | 5 | - | 166 | 12 | 27 | 22 | 24 |
| Structured Finance - non-U.S. | 1 | - | 12 | 15 | 1 | 6 | 9 |
| Total PVP | $42 | $61 | $663 | $289 | $214 | $179 | $168 |

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

# Appendix

## Reconciliation of Net Income (Loss) to Non-GAAP Operating Income[1]

| **Non-GAAP Operating Income Reconciliation**<br>(dollars in millions, except per share amounts) | **Three Months Ended March 31, 2019** | | **2018** | |
|---|---|---|---|---|
| | **Total** | **Per Diluted Share** | **Total** | **Per Diluted Share** |
| **Net income (loss)** | **$54** | **$0.52** | **$197** | **$1.68** |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | (12) | (0.12) | (5) | (0.04) |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (28) | (0.26) | 30 | 0.26 |
| Fair value gains (losses) on CCS | (9) | (0.09) | (1) | (0.01) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 9 | 0.09 | 22 | 0.18 |
| Total pre-tax adjustments | (40) | (0.38) | 46 | 0.39 |
| Less tax effect on pre-tax adjustments | 8 | 0.08 | (4) | (0.04) |
| Non-GAAP Operating income | $86 | $0.82 | $155 | $1.33 |
| | | | | |
| Gain (loss) related to FG VIE consolidation included in non-GAAP operating income | $- | $- | $5 | $0.04 |

1. For an explanation of operating income, a non-GAAP financial measure, please refer to the preceding pages of the Appendix.

# Appendix
## Reconciliation of Shareholders' Equity to Non-GAAP Adjusted Book Value[1]

| Non-GAAP Adjusted book value reconciliation (dollars in millions, except per share amounts) | As of March 31, 2019 Total | March 31, 2019 Per Share | December 31, 2018 Total | December 31, 2018 Per Share | March 31, 2018 Total | March 31, 2018 Per Share | December 31, 2017 Total | December 31, 2017 Per Share |
|---|---|---|---|---|---|---|---|---|
| **Reconciliation of shareholders' equity to non-GAAP adjusted book value:** | | | | | | | | |
| **Shareholders' equity** | **$6,669** | **$65.21** | **$6,555** | **$63.23** | **$6,784** | **$59.67** | **$6,839** | **$58.95** |
| Less pre-tax adjustments: | | | | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (73) | (0.71) | (45) | (0.44) | (116) | (1.02) | (146) | (1.26) |
| Fair value gains (losses) on CCS | 65 | 0.63 | 74 | 0.72 | 58 | 0.52 | 60 | 0.52 |
| Unrealized gain (loss) on investment portfolio excluding foreign exchange effect | 419 | 4.09 | 247 | 2.39 | 307 | 2.71 | 487 | 4.20 |
| Less Taxes | (83) | (0.80) | (63) | (0.61) | (57) | (0.51) | (83) | (0.71) |
| Non-GAAP operating shareholders' equity | 6,341 | 62.00 | 6,342 | 61.17 | 6,592 | 57.97 | 6,521 | 56.20 |
| Pre-tax adjustments: | | | | | | | | |
| Less: Deferred acquisition costs | 104 | 1.01 | 105 | 1.01 | 100 | 0.88 | 101 | 0.87 |
| Plus: Net present value of estimated net future revenue | 199 | 1.95 | 204 | 1.96 | 140 | 1.23 | 146 | 1.26 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 2,972 | 29.05 | 3,005 | 28.98 | 2,899 | 25.50 | 2,966 | 25.56 |
| Plus Taxes | (515) | (5.04) | (524) | (5.04) | (497) | (4.37) | (512) | (4.41) |
| Non-GAAP Adjusted book value | $8,893 | $86.95 | $8,922 | $86.06 | $9,034 | $79.45 | $9,020 | $77.74 |
| Gain (loss) related to FG VIE consolidation included in non-GAAP operating shareholders' equity | $3 | $0.03 | $3 | $0.03 | $8 | $0.06 | $5 | $0.03 |
| Gain (loss) related to FG VIE consolidation included in non-GAAP adjusted book value | $(20) | $(0.20) | $(15) | $(0.15) | ($12) | ($0.10) | $(14) | $(0.12) |

1. For an explanation of adjusted book value, a non-GAAP financial measure, please refer to the preceding pages of the Appendix.

# Reconciliation of GAAP ROE to Non-GAAP Operating ROE

ASSURED GUARANTY

**ROE Reconciliation**
(dollars in millions)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Net income (loss)** | **$54** | **$197** |
| Non-GAAP Operating income | 86 | 155 |
| Gain (loss) related to FG VIE consolidation included in non-GAAP operating income | - | 5 |
| **Average shareholders' equity** | **$6,612** | **$6,812** |
| Average non-GAAP operating shareholders' equity | 6,342 | 6,557 |
| Gain (loss) related to FG VIE consolidation included in average non-GAAP operating shareholders' equity | 3 | 7 |
| **GAAP ROE[1]** | **3.3%** | **11.5%** |
| Non-GAAP Operating ROE[1] | 5.4% | 9.4% |
| Effect of Consolidating FG VIEs included in non-GAAP operating ROE | - | 0.2% |

1. Quarterly ROE calculations represent annualized returns.

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# Fixed Income Investor Presentation

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