

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Ltd.
September 30, 2021

ASSURED GUARANTY[®]

Assured Guaranty Ltd. September 30, 2021 Financial Supplement

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This financial supplement should be read in conjunction with documents filed by Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty or the Company) with the United States (U.S.) Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2020 and its Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2021, June 30, 2021 and September 30, 2021.

Cautionary Statement Regarding Forward Looking Statements

Any forward looking statements made in this supplement reflect the current views of Assured Guaranty with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Assured Guaranty's forward looking statements could be affected by many events. These events include (1) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, the effectiveness, acceptance and distribution of COVID-19 vaccines, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) changes in the world's credit markets, segments thereof, interest rates, credit spreads or general economic conditions; (3) developments in the world's financial and capital markets that adversely affect insured obligors' repayment rates, Assured Guaranty's insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (4) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (5) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (6) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (7) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including as a result of the failure to resolve Assured Guaranty's Puerto Rico exposure in a manner substantially consistent with the support agreements signed to date; (8) increased competition, including from new entrants into the financial guaranty industry; (9) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (10) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments and investments it manages, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity or to unanticipated consequences; (11) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form, and variable interest entities as well as on the mark-to-market of assets Assured Guaranty manages; (12) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's insurance subsidiaries have insured; (13) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (14) changes in applicable accounting policies or practices; (15) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (16) the failure of Assured Guaranty to successfully integrate the business of BlueMountain Capital Management, LLC (BlueMountain now known as Assured Investment Management LLC) and its associated entities; (17) the possibility that acquisitions made by Assured Guaranty, including its acquisition of BlueMountain (BlueMountain Acquisition), do not result in the benefits anticipated or subject Assured Guaranty to unanticipated consequences; (18) difficulties with the execution of Assured Guaranty's business strategy; (19) loss of key personnel; (20) the effects of mergers, acquisitions and divestitures; (21) natural or man-made catastrophes or pandemics; (22) other risk factors identified in AGL's filings with the U.S. SEC; (23) other risks and uncertainties that have not been identified at this time; and; (24) management's response to these factors. Assured Guaranty undertakes no obligation to update publicly or review any forward looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Assured Guaranty Ltd.
Selected Financial Highlights (1 of 2)
(dollars in millions, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------|------------------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| GAAP Highlights | | | | |
| Net income (loss) attributable to AGL | \$ 17 | \$ 86 | \$ 126 | \$ 214 |
| Net income (loss) attributable to AGL per diluted share | \$ 0.22 | \$ 1.02 | \$ 1.66 | \$ 2.43 |
| Weighted average shares outstanding | | | | |
| Basic shares outstanding | 72.7 | 83.2 | 74.9 | 87.4 |
| Diluted shares outstanding | 73.6 | 83.8 | 75.7 | 88.0 |
| Effective tax rate on net income | (313.3)% | (12.0)% | 6.0 % | 8.4 % |
| GAAP return on equity (ROE) ⁽³⁾ | 1.0 % | 5.3 % | 2.6 % | 4.3 % |
| Non-GAAP Highlights ⁽¹⁾ | | | | |
| Adjusted operating income (loss) ⁽¹⁾ | | | | |
| Insurance segment | \$ 214 | \$ 81 | \$ 445 | \$ 320 |
| Asset Management segment | (7) | (12) | (16) | (30) |
| Corporate division | (169) | (18) | (232) | (83) |
| Other | (4) | (3) | — | (7) |
| Adjusted operating income (loss) | \$ 34 | \$ 48 | \$ 197 | \$ 200 |
| Adjusted operating income (loss) per diluted share ⁽¹⁾ | \$ 0.45 | \$ 0.58 | \$ 2.60 | \$ 2.28 |
| Weighted average diluted shares outstanding | 73.6 | 83.8 | 75.7 | 88.0 |
| Effective tax rate on adjusted operating income ⁽²⁾ | (56.9)% | (32.7)% | 10.3 % | 8.0 % |
| Adjusted operating ROE ⁽¹⁾⁽³⁾ | 2.2 % | 3.2 % | 4.4 % | 4.3 % |
| Insurance Segment | | | | |
| Gross written premiums (GWP) | \$ 106 | \$ 121 | \$ 277 | \$ 334 |
| Present value of new business production (PVP) ⁽¹⁾ | 96 | 117 | 263 | 264 |
| Gross par written | 8,561 | 7,432 | 20,170 | 16,477 |
| Asset Management Segment | | | | |
| Inflows-third party | \$ 843 | \$ 1 | \$ 2,082 | \$ 466 |
| Inflows-intercompany | 73 | 167 | 182 | 931 |
| Effect of refundings and terminations on GAAP measures: | | | | |
| Net earned premiums, pre-tax | \$ 8 | \$ 17 | \$ 39 | \$ 64 |
| Fair value gains (losses) on credit derivatives, pre-tax | 7 | 1 | 7 | 1 |
| Net income effect | 12 | 14 | 36 | 50 |
| Net income per diluted share | 0.16 | 0.17 | 0.48 | 0.57 |
| Effect of refundings and terminations on non-GAAP measures: | | | | |
| Operating net earned premiums and credit derivative revenues ⁽⁴⁾ , pre-tax | \$ 15 | \$ 18 | \$ 46 | \$ 65 |
| Adjusted operating income ⁽⁴⁾ effect | 12 | 14 | 36 | 50 |
| Adjusted operating income per diluted share ⁽⁴⁾ | 0.16 | 0.17 | 0.48 | 0.57 |

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

2) Represents the ratio of adjusted operating provision for income taxes to adjusted operating income before income taxes.

3) Quarterly ROE calculations represent annualized returns. See page 8 for additional information on calculation.

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

Assured Guaranty Ltd.
Selected Financial Highlights (2 of 2)
(dollars in millions, except per share amounts)

| | As of | | | |
|---|--------------------|-----------------|-------------------|-----------------|
| | September 30, 2021 | | December 31, 2020 | |
| | Amount | Per Share | Amount | Per Share |
| Shareholders' equity attributable to AGL | \$ 6,300 | \$ 88.42 | \$ 6,643 | \$ 85.66 |
| Adjusted operating shareholders' equity ⁽¹⁾ | 5,906 | 82.89 | 6,087 | 78.49 |
| Adjusted book value ⁽¹⁾ | 8,727 | 122.50 | 8,908 | 114.87 |
| Gain (loss) related to the effect of consolidating variable interest entities (VIE consolidation) included in adjusted operating shareholders' equity | — | — | 2 | 0.03 |
| Gain (loss) related to VIE consolidation included in adjusted book value | (9) | (0.12) | (8) | (0.10) |
| Shares outstanding at the end of period | 71.2 | | 77.5 | |
| Exposure | | | | |
| Financial guaranty net debt service outstanding | \$ 366,373 | | \$ 366,233 | |
| Financial guaranty net par outstanding | 235,668 | | 234,153 | |
| Claims-paying resources ⁽²⁾ | \$ 11,117 | | \$ 11,077 | |
| Assets under management (AUM) | | | | |
| Collateralized loan obligations (CLOs) | \$ 14,746 | | \$ 13,856 | |
| Opportunity funds | 1,634 | | 1,486 | |
| Liquid strategies | 388 | | 383 | |
| Wind-down funds | 809 | | 1,623 | |
| Total | <u>\$ 17,577</u> | | <u>\$ 17,348</u> | |

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

2) See page 16 for additional detail on claims-paying resources.

Assured Guaranty Ltd.
Condensed Consolidated Balance Sheets (unaudited)
(dollars in millions)

| | As of | |
|--|-----------------------|----------------------|
| | September 30, 2021 | December 31, 2020 |
| Assets: | | |
| Investments: | | |
| Fixed-maturity securities available-for-sale, at fair value | \$ 8,663 | \$ 8,773 |
| Short-term investments, at fair value | 694 | 851 |
| Other invested assets | 260 | 214 |
| Total investments | 9,617 | 9,838 |
| Cash | 101 | 162 |
| Premiums receivable, net of commissions payable | 1,378 | 1,372 |
| Deferred acquisition costs (DAC) | 129 | 119 |
| Salvage and subrogation recoverable | 1,148 | 991 |
| Financial guaranty variable interest entities' (FG VIEs') assets, at fair value | 271 | 296 |
| Assets of consolidated investment vehicles (CIVs) | 4,371 | 1,913 |
| Goodwill and other intangible assets | 178 | 203 |
| Other assets | 421 | 440 |
| Total assets | \$ 17,614 | \$ 15,334 |
| Liabilities: | | |
| Unearned premium reserve | \$ 3,716 | \$ 3,735 |
| Loss and loss adjustment expense (LAE) reserve | 981 | 1,088 |
| Long-term debt | 1,671 | 1,224 |
| Credit derivative liabilities, at fair value | 137 | 103 |
| FG VIEs' liabilities with recourse, at fair value | 281 | 316 |
| FG VIEs' liabilities without recourse, at fair value | 20 | 17 |
| Liabilities of CIVs | 3,886 | 1,590 |
| Other liabilities | 526 | 556 |
| Total liabilities | 11,218 | 8,629 |
| Redeemable noncontrolling interests | 21 | 21 |
| Shareholders' equity: | | |
| Common shares | 1 | 1 |
| Retained earnings | 5,924 | 6,143 |
| Accumulated other comprehensive income | 374 | 498 |
| Deferred equity compensation | 1 | 1 |
| Total shareholders' equity attributable to AGL | 6,300 | 6,643 |
| Nonredeemable noncontrolling interests | 75 | 41 |
| Total shareholders' equity | 6,375 | 6,684 |
| Total liabilities, redeemable noncontrolling interests and shareholders' equity | \$ 17,614 | \$ 15,334 |

Assured Guaranty Ltd.

Condensed Consolidated Statements of Operations (unaudited)

(dollars in millions, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Net earned premiums | \$ 102 | \$ 107 | \$ 307 | \$ 331 |
| Net investment income | 66 | 71 | 204 | 229 |
| Asset management fees | 20 | 17 | 65 | 60 |
| Net realized investment gains (losses) | 3 | 13 | 4 | 12 |
| Fair value gains (losses) on credit derivatives | 21 | (3) | (31) | 20 |
| Fair value gains (losses) on committed capital securities (CCS) | (3) | (10) | (28) | 13 |
| Fair value gains (losses) on FG VIEs | 5 | — | 18 | (8) |
| Fair value gains (losses) on CIVs | 16 | 18 | 53 | 37 |
| Foreign exchange gains (losses) on remeasurement | (27) | 40 | (22) | (20) |
| Commutation gain (losses) | — | — | — | 38 |
| Other income (loss) | 9 | 15 | 15 | 24 |
| Total revenues | 212 | 268 | 585 | 736 |
| Expenses | | | | |
| Loss and LAE | (68) | 73 | (54) | 130 |
| Interest expense | 23 | 21 | 67 | 64 |
| Loss on extinguishment of debt | 175 | — | 175 | — |
| Amortization of DAC | 3 | 4 | 10 | 11 |
| Employee compensation and benefit expenses | 59 | 57 | 173 | 167 |
| Other operating expenses | 38 | 41 | 135 | 128 |
| Total expenses | 230 | 196 | 506 | 500 |
| Income (loss) before income taxes and equity in earnings of investees | (18) | 72 | 79 | 236 |
| Equity in earnings of investees | 23 | 7 | 66 | 3 |
| Income (loss) before income taxes | 5 | 79 | 145 | 239 |
| Less: Provision (benefit) for income taxes | (15) | (10) | 8 | 20 |
| Net income (loss) | 20 | 89 | 137 | 219 |
| Less: Noncontrolling interests | 3 | 3 | 11 | 5 |
| Net income (loss) attributable to AGL | \$ 17 | \$ 86 | \$ 126 | \$ 214 |
| Earnings per share: | | | | |
| Basic | \$ 0.22 | \$ 1.03 | \$ 1.67 | \$ 2.45 |
| Diluted | \$ 0.22 | \$ 1.02 | \$ 1.66 | \$ 2.43 |

Assured Guaranty Ltd.

Results by Segment (1 of 2)

(in millions)

Results by Segment for the Three Months Ended September 30, 2021 and September 30, 2020

| | Three Months Ended September 30, 2021 | | | | |
|--|---------------------------------------|------------------|-----------------|---------------|--------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Revenues | | | | | |
| Net earned premiums and credit derivative revenues | \$ 114 | \$ — | \$ — | \$ (1) | \$ 113 |
| Net investment income | 69 | — | 1 | (4) | 66 |
| Asset management fees | — | 17 | — | 3 | 20 |
| Fair value gains (losses) on FG VIEs | — | — | — | 5 | 5 |
| Fair value gains (losses) on CIVs | — | — | — | 16 | 16 |
| Other income (loss) | 7 | 2 | — | (1) | 8 |
| Total revenues | 190 | 19 | 1 | 18 | 228 |
| Expenses | | | | | |
| Loss expense (benefit) | (78) | — | — | 8 | (70) |
| Interest expense | — | — | 25 | (2) | 23 |
| Loss on extinguishment of debt | — | — | 175 | — | 175 |
| Amortization of DAC and intangible assets | 3 | 3 | — | — | 6 |
| Employee compensation and benefit expenses | 35 | 19 | 5 | — | 59 |
| Other operating expenses | 18 | 7 | 6 | 4 | 35 |
| Total expenses | (22) | 29 | 211 | 10 | 228 |
| Equity in earnings of investees | 33 | — | 1 | (11) | 23 |
| Income (loss) before income taxes | 245 | (10) | (209) | (3) | 23 |
| Less: Provision (benefit) for income taxes | 31 | (3) | (40) | (2) | (14) |
| Less: Noncontrolling interests | — | — | — | 3 | 3 |
| Adjusted operating income (loss) | \$ 214 | \$ (7) | \$ (169) | \$ (4) | \$ 34 |

| | Three Months Ended September 30, 2020 | | | | |
|--|---------------------------------------|------------------|----------------|---------------|--------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Revenues | | | | | |
| Net earned premiums and credit derivative revenues | \$ 113 | \$ — | \$ — | \$ (2) | \$ 111 |
| Net investment income | 75 | — | — | (4) | 71 |
| Asset management fees | — | 12 | — | 5 | 17 |
| Fair value gains (losses) on CIVs | — | — | — | 18 | 18 |
| Other income (loss) | 1 | 2 | 12 | — | 15 |
| Total revenues | 189 | 14 | 12 | 17 | 232 |
| Expenses | | | | | |
| Loss expense (benefit) | 76 | — | — | 1 | 77 |
| Interest expense | — | — | 24 | (3) | 21 |
| Amortization of DAC and intangible assets | 4 | 3 | — | — | 7 |
| Employee compensation and benefit expenses | 35 | 19 | 3 | — | 57 |
| Other operating expenses | 19 | 7 | 5 | 7 | 38 |
| Total expenses | 134 | 29 | 32 | 5 | 200 |
| Equity in earnings of investees | 20 | — | — | (13) | 7 |
| Income (loss) before income taxes | 75 | (15) | (20) | (1) | 39 |
| Less: Provision (benefit) for income taxes | (6) | (3) | (2) | (1) | (12) |
| Less: Noncontrolling interests | — | — | — | 3 | 3 |
| Adjusted operating income (loss) | \$ 81 | \$ (12) | \$ (18) | \$ (3) | \$ 48 |

Assured Guaranty Ltd.

Results by Segment (2 of 2)

(in millions)

Results by Segment for the Nine Months Ended September 30, 2021 and September 30, 2020

| | Nine Months Ended September 30, 2021 | | | | |
|--|--------------------------------------|------------------|-----------------|-------------|---------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Revenues | | | | | |
| Net earned premiums and credit derivative revenues | \$ 327 | \$ — | \$ — | \$ (3) | \$ 324 |
| Net investment income | 213 | — | 1 | (10) | 204 |
| Asset management fees | — | 56 | — | 9 | 65 |
| Fair value gains (losses) on FG VIEs | — | — | — | 18 | 18 |
| Fair value gains (losses) on CIVs | — | — | — | 53 | 53 |
| Other income (loss) | 11 | 4 | — | (1) | 14 |
| Total revenues | 551 | 60 | 1 | 66 | 678 |
| Expenses | | | | | |
| Loss expense (benefit) | (60) | — | — | 13 | (47) |
| Interest expense | — | — | 74 | (7) | 67 |
| Loss on extinguishment of debt | — | — | 175 | — | 175 |
| Amortization of DAC and intangible assets | 10 | 9 | — | — | 19 |
| Employee compensation and benefit expenses | 105 | 53 | 15 | — | 173 |
| Other operating expenses | 76 | 20 | 15 | 15 | 126 |
| Total expenses | 131 | 82 | 279 | 21 | 513 |
| Equity in earnings of investees | 100 | — | 1 | (35) | 66 |
| Income (loss) before income taxes | 520 | (22) | (277) | 10 | 231 |
| Less: Provision (benefit) for income taxes | 75 | (6) | (45) | (1) | 23 |
| Less: Noncontrolling interests | — | — | — | 11 | 11 |
| Adjusted operating income (loss) | \$ 445 | \$ (16) | \$ (232) | \$ — | \$ 197 |

| | Nine Months Ended September 30, 2020 | | | | |
|--|--------------------------------------|------------------|----------------|---------------|---------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Revenues | | | | | |
| Net earned premiums and credit derivative revenues | \$ 345 | \$ — | \$ — | \$ (4) | \$ 341 |
| Net investment income | 240 | — | 1 | (12) | 229 |
| Asset management fees | — | 40 | — | 20 | 60 |
| Fair value gains (losses) on FG VIEs | — | — | — | (8) | (8) |
| Fair value gains (losses) on CIVs | — | — | — | 37 | 37 |
| Commutation gains (losses) | 38 | — | — | — | 38 |
| Other income (loss) | 8 | 4 | 7 | — | 19 |
| Total revenues | 631 | 44 | 8 | 33 | 716 |
| Expenses | | | | | |
| Loss expense (benefit) | 133 | — | — | (7) | 126 |
| Interest expense | — | — | 72 | (8) | 64 |
| Amortization of DAC and intangible assets | 11 | 9 | — | — | 20 |
| Employee compensation and benefit expenses | 105 | 51 | 11 | — | 167 |
| Other operating expenses | 59 | 21 | 16 | 23 | 119 |
| Total expenses | 308 | 81 | 99 | 8 | 496 |
| Equity in earnings of investees | 37 | — | (5) | (29) | 3 |
| Income (loss) before income taxes | 360 | (37) | (96) | (4) | 223 |
| Less: Provision (benefit) for income taxes | 40 | (7) | (13) | (2) | 18 |
| Less: Noncontrolling interests | — | — | — | 5 | 5 |
| Adjusted operating income (loss) | \$ 320 | \$ (30) | \$ (83) | \$ (7) | \$ 200 |

Assured Guaranty Ltd.
Selected Financial Highlights
GAAP to Non-GAAP Reconciliations (1 of 3)
(dollars in millions, except per share amounts)

Adjusted Operating Income Reconciliation

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------------|------------------------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net income (loss) attributable to AGL | \$ 17 | \$ 86 | \$ 126 | \$ 214 |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | 3 | 13 | 4 | 12 |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | 9 | (3) | (41) | 6 |
| Fair value gains (losses) on CCS | (3) | (10) | (28) | 13 |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | (27) | 40 | (21) | (15) |
| Total pre-tax adjustments | (18) | 40 | (86) | 16 |
| Less tax effect on pre-tax adjustments | 1 | (2) | 15 | (2) |
| Adjusted operating income (loss) | <u>\$ 34</u> | <u>\$ 48</u> | <u>\$ 197</u> | <u>\$ 200</u> |
| Per diluted share: | | | | |
| Net income (loss) attributable to AGL | \$ 0.22 | \$ 1.02 | \$ 1.66 | \$ 2.43 |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | 0.04 | 0.16 | 0.05 | 0.14 |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | 0.12 | (0.03) | (0.54) | 0.07 |
| Fair value gains (losses) on CCS | (0.05) | (0.13) | (0.37) | 0.14 |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | (0.36) | 0.48 | (0.28) | (0.17) |
| Total pre-tax adjustments | (0.25) | 0.48 | (1.14) | 0.18 |
| Less tax effect on pre-tax adjustments | 0.02 | (0.04) | 0.20 | (0.03) |
| Adjusted operating income (loss) | <u>\$ 0.45</u> | <u>\$ 0.58</u> | <u>\$ 2.60</u> | <u>\$ 2.28</u> |

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

Assured Guaranty Ltd.
Selected Financial Highlights
GAAP to Non-GAAP Reconciliations (2 of 3)
(dollars in millions)

ROE Reconciliation and Calculation

| | September 30, | June 30, | December 31, | September 30, | June 30, | December 31, | |
|---|---------------|----------|--------------|---------------------------|--------------------------|--------------|-------------|
| | 2021 | 2021 | 2020 | 2020 | 2020 | 2019 | |
| Shareholders' equity attributable to AGL | \$ 6,300 | \$ 6,503 | \$ 6,643 | \$ 6,549 | \$ 6,444 | \$ 6,639 | |
| Adjusted operating shareholders' equity | 5,906 | 6,063 | 6,087 | 6,070 | 5,997 | 6,246 | |
| Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity | — | 3 | 2 | 1 | 8 | 7 | |
| | | | | | | | |
| | | | | Three Months Ended | Nine Months Ended | | |
| | | | | September 30, | September 30, | | |
| | | | | 2021 | 2020 | 2021 | 2020 |
| Net income (loss) attributable to AGL | | | | \$ 17 | \$ 86 | \$ 126 | \$ 214 |
| Adjusted operating income (loss) | | | | 34 | 48 | 197 | 200 |
| | | | | | | | |
| Average shareholders' equity attributable to AGL | | | | \$ 6,402 | \$ 6,497 | \$ 6,472 | \$ 6,594 |
| Average adjusted operating shareholders' equity | | | | 5,985 | 6,034 | 5,997 | 6,158 |
| Gain (loss) related to VIE consolidation included in average adjusted operating shareholders' equity | | | | 2 | 5 | 1 | 4 |
| | | | | | | | |
| GAAP ROE ⁽¹⁾ | | | | 1.0 % | 5.3 % | 2.6 % | 4.3 % |
| Adjusted operating ROE ⁽¹⁾ | | | | 2.2 % | 3.2 % | 4.4 % | 4.3 % |

1) Quarterly ROE calculations represent annualized returns.

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

Assured Guaranty Ltd.
Selected Financial Highlights
GAAP to Non-GAAP Reconciliations (3 of 3)
(dollars in millions)

| | As of | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | September 30, 2021 | June 30 2021 | December 31, 2020 | September 30, 2020 | June 30 2020 | December 31, 2019 |
| Reconciliation of shareholders' equity attributable to AGL to adjusted book value: | | | | | | |
| Shareholders' equity attributable to AGL | \$ 6,300 | \$ 6,503 | \$ 6,643 | \$ 6,549 | \$ 6,444 | \$ 6,639 |
| Less pre-tax reconciling items: | | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (32) | (41) | 9 | (50) | (47) | (56) |
| Fair value gains (losses) on CCS | 24 | 27 | 52 | 65 | 76 | 52 |
| Unrealized gain (loss) on investment portfolio excluding foreign exchange effect | 492 | 552 | 611 | 563 | 510 | 486 |
| Less taxes | (90) | (98) | (116) | (99) | (92) | (89) |
| Adjusted operating shareholders' equity | <u>5,906</u> | <u>6,063</u> | <u>6,087</u> | <u>6,070</u> | <u>5,997</u> | <u>6,246</u> |
| Pre-tax reconciling items: | | | | | | |
| Less: Deferred acquisition costs | 129 | 126 | 119 | 118 | 116 | 111 |
| Plus: Net present value of estimated net future revenue | 164 | 178 | 182 | 183 | 188 | 206 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 3,383 | 3,354 | 3,355 | 3,346 | 3,317 | 3,296 |
| Plus taxes | (597) | (596) | (597) | (596) | (590) | (590) |
| Adjusted book value | <u><u>\$ 8,727</u></u> | <u><u>\$ 8,873</u></u> | <u><u>\$ 8,908</u></u> | <u><u>\$ 8,885</u></u> | <u><u>\$ 8,796</u></u> | <u><u>\$ 9,047</u></u> |
| Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity (net of tax (provision) benefit of \$1, \$(1), \$-, \$(1), (2) and \$(2)) | \$ — | \$ 3 | \$ 2 | \$ 1 | \$ 8 | \$ 7 |
| Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of \$3, \$2, \$2, \$2, \$1 and \$1) | \$ (9) | \$ (6) | \$ (8) | \$ (8) | \$ (2) | \$ (4) |

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

Assured Guaranty Ltd.
Fixed-Maturity Securities, Short-Term Investments and Cash
As of September 30, 2021
(dollars in millions)

| | Amortized Cost | Allowance for Credit Losses | Pre-Tax Book Yield | After-Tax Book Yield | Fair Value | Annualized Investment Income ⁽¹⁾ |
|--|------------------------|-----------------------------------|-----------------------|-------------------------|------------------------|---|
| Fixed maturity securities, available-for-sale: | | | | | | |
| Obligations of states and political subdivisions ⁽²⁾⁽⁴⁾ | \$ 3,550 | \$ (12) | 3.57 % | 3.28 % | \$ 3,853 | \$ 126 |
| U.S. government and agencies | 125 | — | 2.09 | 1.80 | 131 | 3 |
| Corporate securities | 2,593 | (1) | 2.58 | 2.25 | 2,707 | 67 |
| Mortgage-backed securities: | | | | | | |
| Residential mortgage-backed securities (RMBS) ⁽³⁾⁽⁴⁾ | 486 | (15) | 4.46 | 3.77 | 484 | 22 |
| Commercial mortgage-backed securities | 335 | — | 3.47 | 3.01 | 354 | 12 |
| Asset-backed securities (ABS) | | | | | | |
| CLOs | 541 | — | 2.10 | 1.67 | 543 | 11 |
| Other ABS ⁽⁴⁾ | 423 | (7) | 4.85 | 3.91 | 454 | 21 |
| Non-U.S. government securities | 135 | — | 0.96 | 0.95 | 137 | 1 |
| Total fixed maturity securities | <u>8,188</u> | <u>(35)</u> | <u>3.21</u> | <u>2.84</u> | <u>8,663</u> | <u>263</u> |
| Short-term investments | 694 | — | 0.01 | 0.01 | 694 | — |
| Cash ⁽⁵⁾ | 101 | — | — | — | 101 | — |
| Total | <u>\$ 8,983</u> | <u>\$ (35)</u> | <u>2.96 %</u> | <u>2.62 %</u> | <u>\$ 9,458</u> | <u>\$ 263</u> |

Ratings ⁽⁶⁾:

| | Fair Value | % of Portfolio |
|---|-----------------|-------------------|
| U.S. government and agencies | \$ 131 | 1.5 % |
| AAA/Aaa | 1,298 | 15.0 |
| AA/Aa | 3,171 | 36.6 |
| A/A | 2,114 | 24.4 |
| BBB | 1,199 | 13.8 |
| Below-investment-grade (BIG) ⁽⁷⁾ | 686 | 7.9 |
| Not rated | 64 | 0.8 |
| Total fixed maturity securities, available-for-sale | <u>\$ 8,663</u> | <u>100.0 %</u> |

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

4.5

Average ratings of fixed maturity securities and short-term investments

A+

- 1) Represents annualized investment income based on amortized cost and pre-tax book yields.
- 2) Includes obligations of state and local political subdivisions that have been insured by other financial guarantors. The underlying ratings of these bonds, after giving effect to the lower of the rating assigned by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) or Moody's Investors Service, Inc. (Moody's), average A. Includes fair value of \$7 million insured by Assured Guaranty Municipal Corp. (AGM).
- 3) Includes fair value of \$196 million in subprime RMBS, which has an average rating of BIG.
- 4) Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
- 5) Cash is not included in the yield calculation.
- 6) Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation (loss mitigation securities) or other risk management strategies which use internal ratings classifications.
- 7) Includes BIG securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$861 million in par with carrying value of \$686 million.

Assured Guaranty Ltd.
Investment Portfolio, Cash and CIVs
GAAP
(dollars in millions)

Investment Portfolio, Cash and CIVs as of September 30, 2021

| | Insurance Subsidiaries ⁽¹⁾ | Holding Companies ⁽²⁾ | Other | AGL Consolidated |
|--|--|-------------------------------------|-----------------|---------------------|
| Fixed-maturity securities | \$ 8,610 | \$ 53 | \$ — | \$ 8,663 |
| Short-term investments | 367 | 317 | 10 | 694 |
| Cash | 55 | 9 | 37 | 101 |
| Total short-term investments and cash | 422 | 326 | 47 | 795 |
| Other invested assets | | | | |
| AssuredIM Funds ⁽³⁾ | | | | |
| CLOs | 184 | — | (184) | — |
| Municipal bonds | 107 | — | (107) | — |
| Healthcare funds | 102 | — | — | 102 |
| Asset-based funds | 72 | — | (72) | — |
| Equity method investments-AssuredIM Funds | 465 | — | (363) | 102 |
| Other | 144 | 8 | 6 | 158 |
| Other invested assets | 609 | 8 | (357) | 260 |
| Total investment portfolio and cash | \$ 9,641 | \$ 387 | \$ (310) | \$ 9,718 |
| CIVs | | | | |
| Assets of CIVs | \$ — | \$ — | \$ 4,371 | \$ 4,371 |
| Liabilities of CIVs | — | — | (3,886) | (3,886) |
| Redeemable noncontrolling interests | — | — | (21) | (21) |
| Nonredeemable noncontrolling interests | — | — | (75) | (75) |
| Total CIVs | \$ — | \$ — | \$ 389 | \$ 389 |

Investment Portfolio, Cash and CIVs as of December 31, 2020

| | Insurance Subsidiaries | Holding Companies | Other | AGL Consolidated |
|--|---------------------------|----------------------|-----------------|---------------------|
| Fixed-maturity securities | \$ 8,703 | \$ 70 | \$ — | \$ 8,773 |
| Short-term investments | 607 | 224 | 20 | 851 |
| Cash | 120 | 11 | 31 | 162 |
| Total short-term investments and cash | 727 | 235 | 51 | 1,013 |
| Other invested assets | | | | |
| AssuredIM Funds | | | | |
| CLOs | 100 | — | (100) | — |
| Municipal bonds | 105 | — | (105) | — |
| Healthcare funds | 97 | — | (6) | 91 |
| Asset-based funds | 43 | — | (43) | — |
| Equity method investments-AssuredIM Funds | 345 | — | (254) | 91 |
| Other | 105 | 8 | 10 | 123 |
| Other invested assets | 450 | 8 | (244) | 214 |
| Total investment portfolio and cash | \$ 9,880 | \$ 313 | \$ (193) | \$ 10,000 |
| CIVs | | | | |
| Assets of CIVs | \$ — | \$ — | \$ 1,913 | \$ 1,913 |
| Liabilities of CIVs | — | — | (1,590) | (1,590) |
| Redeemable noncontrolling interests | — | — | (21) | (21) |
| Nonredeemable noncontrolling interests | — | — | (41) | (41) |
| Total CIVs | \$ — | \$ — | \$ 261 | \$ 261 |

1) Includes the Company's U.S., Bermuda and European insurance subsidiaries.

2) Includes the Company's holding companies: AGL, Assured Guaranty US Holdings Inc. and Assured Guaranty Municipal Holdings Inc. (AGMH).

3) Funds managed by Assured Investment Management LLC (AssuredIM LLC) and its investment management affiliates (together with AssuredIM LLC, AssuredIM) (AssuredIM Funds).

Assured Guaranty Ltd.
Income from Investment Portfolio and CIVs
Segment (1 of 2)
(dollars in millions)

Net Investment Income, Equity in Earnings of Investees and Fair Value Gains (Losses) on CIVs on a Segment basis for the Three Months Ended September 30, 2021 and September 30, 2020

| | Three Months Ended September 30, 2021 | | | | |
|--|---------------------------------------|------------------|-------------|----------------|--------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Net investment income | \$ 69 | \$ — | \$ 1 | \$ (4) | \$ 66 |
| Equity in earnings of investees | | | | | |
| AssuredIM Funds | \$ 23 | \$ — | \$ — | \$ (11) | \$ 12 |
| Other | 10 | — | 1 | — | 11 |
| Equity in earnings of investees | <u>\$ 33</u> | <u>\$ —</u> | <u>\$ 1</u> | <u>\$ (11)</u> | <u>\$ 23</u> |
| CIVs | | | | | |
| Fair value gains (losses) on CIVs | \$ — | \$ — | \$ — | \$ 16 | \$ 16 |
| Noncontrolling interests | — | — | — | (3) | (3) |
| Total CIVs | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 13</u> | <u>\$ 13</u> |
| | | | | | |
| | Three Months Ended September 30, 2020 | | | | |
| | Insurance | Asset Management | Corporate | Other | Total |
| Net investment income | \$ 75 | \$ — | \$ — | \$ (4) | \$ 71 |
| Equity in earnings of investees | | | | | |
| AssuredIM Funds | \$ 13 | \$ — | \$ — | \$ (13) | \$ — |
| Other | 7 | — | — | — | 7 |
| Equity in earnings of investees | <u>\$ 20</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (13)</u> | <u>\$ 7</u> |
| CIVs | | | | | |
| Fair value gains (losses) on CIVs | \$ — | \$ — | \$ — | \$ 18 | \$ 18 |
| Noncontrolling interests | — | — | — | (3) | (3) |
| Total CIVs | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 15</u> | <u>\$ 15</u> |

Assured Guaranty Ltd.
Income from Investment Portfolio and CIVs
Segment (2 of 2)
(dollars in millions)

Net Investment Income, Equity in Earning of Investees and Fair Value Gains (Losses) on CIVs on a Segment basis for the Six Months Ended September 30, 2021 and September 30, 2020

| | Nine Months Ended September 30, 2021 | | | | |
|--|--------------------------------------|---------------------|-------------|----------------|--------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Net investment income | \$ 213 | \$ — | \$ 1 | \$ (10) | \$ 204 |
| Equity in earnings of investees | | | | | |
| AssuredIM Funds | \$ 70 | \$ — | \$ — | \$ (35) | \$ 35 |
| Other | 30 | — | 1 | — | 31 |
| Equity in earnings of investees | <u>\$ 100</u> | <u>\$ —</u> | <u>\$ 1</u> | <u>\$ (35)</u> | <u>\$ 66</u> |
| CIVs | | | | | |
| Fair value gains (losses) on CIVs | \$ — | \$ — | \$ — | \$ 53 | \$ 53 |
| Noncontrolling interests | — | — | — | (11) | (11) |
| Total CIVs | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 42</u> | <u>\$ 42</u> |

| | Nine Months Ended September 30, 2020 | | | | |
|--|--------------------------------------|---------------------|---------------|----------------|--------------|
| | Insurance | Asset Management | Corporate | Other | Total |
| Net investment income | \$ 240 | \$ — | \$ 1 | \$ (12) | \$ 229 |
| Equity in earnings of investees | | | | | |
| AssuredIM Funds | \$ 29 | \$ — | \$ — | \$ (29) | \$ — |
| Other | 8 | — | (5) | — | 3 |
| Equity in earnings of investees | <u>\$ 37</u> | <u>\$ —</u> | <u>\$ (5)</u> | <u>\$ (29)</u> | <u>\$ 3</u> |
| CIVs | | | | | |
| Fair value gains (losses) on CIVs | \$ — | \$ — | \$ — | \$ 37 | \$ 37 |
| Noncontrolling interests | — | — | — | (5) | (5) |
| Total CIVs | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 32</u> | <u>\$ 32</u> |

Insurance Segment

Assured Guaranty Ltd.
Insurance Segment Results
(dollars in millions)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------|-------------------|---------------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Net earned premiums and credit derivative revenues | \$ 114 | \$ 113 | \$ 327 | \$ 345 |
| Net investment income | 69 | 75 | 213 | 240 |
| Commutation gains (losses) | — | — | — | 38 |
| Other income (loss) | 7 | 1 | 11 | 8 |
| Total revenues | <u>190</u> | <u>189</u> | <u>551</u> | <u>631</u> |
| Expenses | | | | |
| Loss expense | (78) | 76 | (60) | 133 |
| Amortization of DAC | 3 | 4 | 10 | 11 |
| Employee compensation and benefit expenses | 35 | 35 | 105 | 105 |
| Write-off of Municipal Assurance Corp. (MAC) insurance licenses | — | — | 16 | — |
| Other operating expenses | 18 | 19 | 60 | 59 |
| Total expenses | <u>(22)</u> | <u>134</u> | <u>131</u> | <u>308</u> |
| Equity in earnings of investees | 33 | 20 | 100 | 37 |
| Adjusted operating income (loss) before income taxes | <u>245</u> | <u>75</u> | <u>520</u> | <u>360</u> |
| Less: Provision (benefit) for income taxes | 31 | (6) | 75 | 40 |
| Adjusted operating income (loss) | <u>\$ 214</u> | <u>\$ 81</u> | <u>\$ 445</u> | <u>\$ 320</u> |

Assured Guaranty Ltd.

Claims-Paying Resources

(dollars in millions)

As of September 30, 2021

| | Assured Guaranty Municipal Corp. | Assured Guaranty Corp. | Assured Guaranty Re Ltd. ⁽⁶⁾ | Eliminations ⁽²⁾ | Consolidated |
|---|---|------------------------------|---|-----------------------------|------------------|
| Claims-paying resources | | | | | |
| Policyholders' surplus | \$ 2,910 | \$ 1,758 | \$ 759 | \$ (211) | \$ 5,216 |
| Contingency reserve ⁽¹⁾ | 963 | 594 | — | — | 1,557 |
| Qualified statutory capital | 3,873 | 2,352 | 759 | (211) | 6,773 |
| Unearned premium reserve and net deferred ceding commission income ⁽¹⁾ | 2,124 | 356 | 572 | (76) | 2,976 |
| Loss and LAE reserves ⁽¹⁾⁽⁷⁾ | — | — | 91 | — | 91 |
| Total policyholders' surplus and reserves | 5,997 | 2,708 | 1,422 | (287) | 9,840 |
| Present value of installment premium | 455 | 195 | 227 | — | 877 |
| CCS | 200 | 200 | — | — | 400 |
| Total claims-paying resources | \$ 6,652 | \$ 3,103 | \$ 1,649 | \$ (287) | \$ 11,117 |
| Statutory net exposure ⁽¹⁾⁽³⁾ | \$ 151,042 | \$ 21,980 | \$ 59,394 | \$ (653) | \$ 231,763 |
| Net debt service outstanding ⁽¹⁾⁽³⁾ | \$ 239,609 | \$ 33,465 | \$ 90,039 | \$ (1,361) | \$ 361,752 |
| Ratios: | | | | | |
| Net exposure to qualified statutory capital | 39:1 | 9:1 | 78:1 | | 34:1 |
| Capital ratio ⁽⁴⁾ | 62:1 | 14:1 | 119:1 | | 53:1 |
| Financial resources ratio ⁽⁵⁾ | 36:1 | 11:1 | 55:1 | | 33:1 |
| Statutory net exposure to claims-paying resources | 23:1 | 7:1 | 36:1 | | 21:1 |

- 1) The numbers shown for AGM have been adjusted to include 100% share of its United Kingdom (U.K.) and French insurance subsidiaries. On April 1, 2021, MAC was merged with and into AGM, with AGM as the surviving company.
- 2) Eliminations are primarily for (i) intercompany surplus notes between AGM and Assured Guaranty Corp. (AGC), and (ii) 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.
- 3) Net exposure and net debt service outstanding are presented on a statutory basis. Includes \$1,038 million of specialty insurance and reinsurance exposure.
- 4) The capital ratio is calculated by dividing net debt service outstanding by qualified statutory capital.
- 5) The financial resources ratio is calculated by dividing net debt service outstanding by total claims-paying resources.
- 6) Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of AGRe on a U.S. statutory-basis, except for contingency reserves.
- 7) Loss and LAE reserves exclude adjustments to claims-paying resources for AGM and AGC because they were in a net recoverable position of \$109 million and \$21 million.

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

Assured Guaranty Ltd.

New Business Production

(dollars in millions)

Reconciliation of GWP to PVP for the Three Months Ended September 30, 2021 and September 30, 2020

| | Three Months Ended September 30, 2021 | | | | | Three Months Ended September 30, 2020 | | | | |
|---|--|---------------|--------------------|---------------|-----------------|--|---------------|--------------------|---------------|-----------------|
| | Public Finance | | Structured Finance | | | Public Finance | | Structured Finance | | |
| | U.S. | Non - U.S. | U.S. | Non - U.S. | Total | U.S. | Non - U.S. | U.S. | Non - U.S. | Total |
| Total GWP | \$ 52 | \$ 21 | \$ 29 | \$ 4 | \$ 106 | \$ 93 | \$ 28 | \$ 1 | \$ (1) | \$ 121 |
| Less: Installment GWP and other GAAP adjustments ⁽¹⁾ | (1) | 22 | 27 | 4 | 52 | — | 28 | 1 | (1) | 28 |
| Upfront GWP | 53 | (1) | 2 | — | 54 | 93 | — | — | — | 93 |
| Plus: Installment premium PVP | 2 | 18 | 19 | 3 | 42 | — | 24 | — | — | 24 |
| Total PVP | <u>\$ 55</u> | <u>\$ 17</u> | <u>\$ 21</u> | <u>\$ 3</u> | <u>\$ 96</u> | <u>\$ 93</u> | <u>\$ 24</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 117</u> |
| Gross par written | \$ 7,703 | 156 | 436 | 266 | \$ 8,561 | \$ 6,932 | 500 | — | — | \$ 7,432 |

Reconciliation of GWP to PVP for the Nine Months Ended September 30, 2021 and September 30, 2020

| | Nine Months Ended September 30, 2021 | | | | | Nine Months Ended September 30, 2020 | | | | |
|---|---|-----------------|--------------------|---------------|-----------------|---|-----------------|--------------------|---------------|-----------------|
| | Public Finance | | Structured Finance | | | Public Finance | | Structured Finance | | |
| | U.S. | Non - U.S. | U.S. | Non - U.S. | Total | U.S. | Non - U.S. | U.S. | Non - U.S. | Total |
| Total GWP | \$ 160 | \$ 70 | \$ 43 | \$ 4 | \$ 277 | \$ 182 | \$ 143 | \$ 10 | \$ (1) | \$ 334 |
| Less: Installment GWP and other GAAP adjustments ⁽¹⁾ | 33 | 49 | 39 | 4 | 125 | — | 143 | 10 | (1) | 152 |
| Upfront GWP | 127 | 21 | 4 | — | 152 | 182 | — | — | — | 182 |
| Plus: Installment premium PVP | 38 | 42 | 28 | 3 | 111 | — | 73 | 9 | — | 82 |
| Total PVP | <u>\$ 165</u> | <u>\$ 63</u> | <u>\$ 32</u> | <u>\$ 3</u> | <u>\$ 263</u> | <u>\$ 182</u> | <u>\$ 73</u> | <u>\$ 9</u> | <u>\$ —</u> | <u>\$ 264</u> |
| Gross par written | \$17,846 | \$ 1,117 | \$ 941 | 266 | \$20,170 | \$14,855 | \$ 1,434 | \$ 188 | — | \$16,477 |

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

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

Assured Guaranty Ltd.

Gross Par Written (1 of 2)

(dollars in millions)

Gross Par Written by Asset Type

| | Three Months Ended September 30, | | | |
|-------------------------------------|----------------------------------|----------------------------|------------------------|----------------------------|
| | 2021 | | 2020 | |
| | Gross Par Written | Average Internal Rating | Gross Par Written | Average Internal Rating |
| Sector: | | | | |
| U.S. public finance | | | | |
| General obligation | \$ 2,405 | A- | \$ 2,578 | A- |
| Municipal utilities | 1,527 | A- | 1,125 | A- |
| Transportation | 1,460 | A | 1 | BBB- |
| Taxed backed | 1,337 | BBB+ | 895 | A- |
| Higher Education | 642 | A | 861 | BBB+ |
| Healthcare | 332 | BBB+ | 1,472 | BBB+ |
| Total U.S. public finance | <u>7,703</u> | A- | <u>6,932</u> | BBB+ |
| Non-U.S. public finance: | | | | |
| Infrastructure finance | 156 | BBB+ | 117 | BBB+ |
| Renewable energy | — | — | 383 | BBB |
| Total non-U.S. public finance | <u>156</u> | BBB+ | <u>500</u> | BBB |
| Total public finance | 7,859 | A- | 7,432 | BBB+ |
| U.S. structured finance: | | | | |
| Insurance securitizations | 395 | AA- | — | — |
| Other structured finance | 41 | A- | — | — |
| Total U.S. structured finance | <u>436</u> | AA- | <u>—</u> | — |
| Non-U.S. structured finance: | | | | |
| Pooled corporate obligations | 266 | AA- | — | — |
| Total non-U.S. structured finance | <u>266</u> | AA- | <u>—</u> | — |
| Total structured finance | 702 | AA- | — | — |
| Total gross par written | <u>\$ 8,561</u> | A- | <u>\$ 7,432</u> | BBB+ |

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

Assured Guaranty Ltd.

Gross Par Written (2 of 2)

(dollars in millions)

Gross Par Written by Asset Type

| | Nine Months Ended September 30, | | | |
|---------------------------------------|---------------------------------|-------------------------|-------------------|-------------------------|
| | 2021 | | 2020 | |
| | Gross Par Written | Average Internal Rating | Gross Par Written | Average Internal Rating |
| Sector: | | | | |
| U.S. public finance | | | | |
| General obligation | \$ 6,675 | A- | \$ 6,601 | A- |
| Taxed backed | 3,301 | A- | 1,733 | A- |
| Transportation | 2,451 | A | 429 | BBB+ |
| Municipal utilities | 2,324 | BBB+ | 2,179 | A- |
| Higher Education | 1,203 | A- | 1,426 | BBB+ |
| Healthcare | 1,077 | BBB+ | 2,428 | BBB |
| Infrastructure finance | 752 | BBB+ | — | — |
| Housing revenue | 44 | BBB- | 59 | BBB- |
| Other U.S. public finance | 19 | A | — | — |
| Total U.S. public finance | <u>17,846</u> | A- | <u>14,855</u> | A- |
| Non-U.S. public finance: | | | | |
| Infrastructure finance | 858 | BBB | 117 | BBB+ |
| Renewable energy | 153 | BBB+ | 1,103 | BBB |
| Sovereign and sub-sovereign | 106 | A | 214 | A+ |
| Total non-U.S. public finance | <u>1,117</u> | BBB+ | <u>1,434</u> | BBB+ |
| Total public finance | 18,963 | A- | 16,289 | A- |
| U.S. structured finance: | | | | |
| Insurance securitizations | 848 | A+ | 140 | AA |
| Commercial mortgage-backed securities | 37 | A | — | — |
| Other structured finance | 56 | A- | 48 | BBB |
| Total U.S. structured finance | <u>941</u> | A+ | <u>188</u> | A+ |
| Non-U.S. structured finance: | | | | |
| Pooled corporate obligations | 266 | AA- | — | — |
| Total non-U.S. structured finance | <u>266</u> | AA- | <u>—</u> | — |
| Total structured finance | 1,207 | A+ | 188 | A+ |
| Total gross par written | \$ 20,170 | A- | \$ 16,477 | A- |

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

Assured Guaranty Ltd.
New Business Production by Quarter
(dollars in millions)

| | 1Q-20 | 2Q-20 | 3Q-20 | 4Q-20 | 1Q-21 | 2Q-21 | 3Q-21 | Nine Months | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| | | | | | | | | 2020 | 2021 |
| PVP: | | | | | | | | | |
| Public finance - U.S. | \$ 29 | \$ 60 | \$ 93 | \$ 110 | \$ 81 | \$ 29 | \$ 55 | \$ 182 | \$ 165 |
| Public finance - non-U.S. | 21 | 28 | 24 | 9 | 3 | 43 | 17 | 73 | 63 |
| Structured finance - U.S. | 1 | 8 | — | 5 | 2 | 9 | 21 | 9 | 32 |
| Structured finance - non-U.S. | — | — | — | 2 | — | — | 3 | — | 3 |
| Total PVP | \$ 51 | \$ 96 | \$ 117 | \$ 126 | \$ 86 | \$ 81 | \$ 96 | \$ 264 | \$ 263 |
| Reconciliation of GWP to PVP: | | | | | | | | | |
| Total GWP | \$ 64 | \$ 149 | \$ 121 | \$ 120 | \$ 87 | \$ 84 | \$ 106 | \$ 334 | \$ 277 |
| Less: Installment GWP and other GAAP adjustments | 35 | 89 | 28 | 39 | 38 | 35 | 52 | 152 | 125 |
| Upfront GWP | 29 | 60 | 93 | 81 | 49 | 49 | 54 | 182 | 152 |
| Plus: Installment premium PVP | 22 | 36 | 24 | 45 | 37 | 32 | 42 | 82 | 111 |
| Total PVP | \$ 51 | \$ 96 | \$ 117 | \$ 126 | \$ 86 | \$ 81 | \$ 96 | \$ 264 | \$ 263 |
| Gross par written: | | | | | | | | | |
| Public finance - U.S. | \$ 2,641 | \$ 5,282 | \$ 6,932 | \$ 6,343 | \$ 5,427 | \$ 4,716 | \$ 7,703 | \$ 14,855 | \$ 17,846 |
| Public finance - non-U.S. | 377 | 557 | 500 | — | — | 961 | 156 | 1,434 | 1,117 |
| Structured finance - U.S. | 15 | 173 | — | 192 | 45 | 460 | 436 | 188 | 941 |
| Structured finance - non-U.S. | — | — | — | 253 | — | — | 266 | — | 266 |
| Total | \$ 3,033 | \$ 6,012 | \$ 7,432 | \$ 6,788 | \$ 5,472 | \$ 6,137 | \$ 8,561 | \$ 16,477 | \$ 20,170 |

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

Assured Guaranty Ltd.

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

| | Financial Guaranty Insurance ⁽²⁾ | | | | | |
|---------------------------|---|--|--|--------------------------|--|--|
| | Estimated Net Debt Service Amortization | Estimated Ending Net Debt Service Outstanding | Expected PV Net Earned Premiums (i.e. Net Deferred Premium Revenue) | Accretion of Discount | Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount | Future Credit Derivative Revenues ⁽³⁾ |
| 2021 (as of September 30) | | \$ 366,373 | | | | |
| 2021 Q4 | \$ 6,402 | 359,971 | \$ 80 | \$ 5 | \$ 1 | \$ 2 |
| 2022 | 21,355 | 338,616 | 304 | 21 | 4 | 9 |
| 2023 | 19,099 | 319,517 | 283 | 20 | 3 | 9 |
| 2024 | 19,432 | 300,085 | 261 | 18 | 3 | 8 |
| 2025 | 19,569 | 280,516 | 237 | 17 | 3 | 8 |
| 2021-2025 | 85,857 | 280,516 | 1,165 | 81 | 14 | 36 |
| 2026-2030 | 84,275 | 196,241 | 963 | 68 | 12 | 34 |
| 2031-2035 | 69,767 | 126,474 | 672 | 45 | 11 | 28 |
| 2036-2040 | 51,518 | 74,956 | 394 | 29 | 4 | 20 |
| After 2040 | 74,956 | — | 536 | 47 | — | 16 |
| Total | \$ 366,373 | | \$ 3,730 | \$ 270 | \$ 41 | \$ 134 |

| | GAAP | Effect of FG VIE Consolidation on Net Unearned Premium Reserve |
|-------------------------------------|-----------------|---|
| Net deferred premium revenue: | | |
| Financial guaranty | \$ 3,730 | \$ 40 |
| Specialty | 12 | — |
| Net deferred premium revenue | 3,742 | 40 |
| Contra-paid | (44) | (4) |
| Net unearned premium reserve | \$ 3,698 | \$ 36 |

- 1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of September 30, 2021. Actual amortization differs from expected maturities because borrowers may have the right to call or prepay guaranteed obligations, terminations and because of management's assumptions on structured finance amortization.
- 2) See page 24, "Net Expected Loss to be Expensed." The following is a reconciliation of net deferred premium revenue to net unearned premiums reserve. Unearned premium reserve represents deferred premium revenue less claim payments made (net of recoveries received) that have been recognized in the statement of operations (contra-paid).
- 3) Represents a non-GAAP financial measure. Please refer to the explanation of Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Assured Guaranty Ltd.

Rollforward of Net Expected Loss and LAE to be Paid

(dollars in millions)

Rollforward of Net Expected Loss and LAE to be Paid ⁽¹⁾ for the Three Months Ended September 30, 2021

| | Net Expected Loss to be Paid (Recovered) as of June 30, 2021 | Economic Loss Development (Benefit) During 3Q-21 | (Paid) Recovered Losses During 3Q-21 | Net Expected Loss to be Paid (Recovered) as of September 30, 2021 |
|--------------------------|---|---|--|--|
| Public Finance: | | | | |
| U.S. public finance | \$ 221 | \$ (29) | \$ (201) | \$ (9) |
| Non-U.S public finance | 22 | (2) | (1) | 19 |
| Public Finance | <u>243</u> | <u>(31)</u> | <u>(202)</u> | <u>10</u> |
| Structured Finance: | | | | |
| U.S. RMBS | 178 | (65) | 29 | 142 |
| Other structured finance | 45 | 2 | — | 47 |
| Structured Finance | <u>223</u> | <u>(63)</u> | <u>29</u> | <u>189</u> |
| Total | <u>\$ 466</u> | <u>\$ (94)</u> | <u>\$ (173)</u> | <u>\$ 199</u> |

Rollforward of Net Expected Loss and LAE to be Paid ⁽¹⁾ for the Nine Months Ended September 30, 2021

| | Net Expected Loss to be Paid (Recovered) as of December 31, 2020 | Economic Loss Development (Benefit) During 2021 | (Paid) Recovered Losses During 2021 | Net Expected Loss to be Paid (Recovered) as of September 30, 2021 |
|--------------------------|---|--|---|--|
| Public Finance: | | | | |
| U.S. public finance | \$ 305 | \$ (13) | \$ (301) | \$ (9) |
| Non-U.S public finance | 36 | (15) | (2) | 19 |
| Public Finance | <u>341</u> | <u>(28)</u> | <u>(303)</u> | <u>10</u> |
| Structured Finance: | | | | |
| U.S. RMBS | 148 | (82) | 76 | 142 |
| Other structured finance | 40 | 9 | (2) | 47 |
| Structured Finance | <u>188</u> | <u>(73)</u> | <u>74</u> | <u>189</u> |
| Total | <u>\$ 529</u> | <u>\$ (101)</u> | <u>\$ (229)</u> | <u>\$ 199</u> |

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

Assured Guaranty Ltd.

Loss Measures

As of September 30, 2021

(dollars in millions)

| | Total Net Par Outstanding for BIG Transactions | Three Months Ended September 30, 2021 | | | Nine Months Ended September 30, 2021 | | |
|--------------------------|--|---------------------------------------|--|------------------------------------|--------------------------------------|--|------------------------------------|
| | | GAAP Loss and LAE (1) | Loss and LAE included in Adjusted Operating Income (2) | Insurance Segment Loss and LAE (3) | GAAP Loss and LAE (1) | Loss and LAE included in Adjusted Operating Income (2) | Insurance Segment Loss and LAE (3) |
| Public finance: | | | | | | | |
| U.S. public finance | \$ 5,443 | \$ (23) | \$ (23) | \$ (23) | \$ 7 | \$ 7 | \$ 7 |
| Non-U.S public finance | 477 | — | — | — | (9) | (9) | (9) |
| Public finance | 5,920 | (23) | (23) | (23) | (2) | (2) | (2) |
| Structured finance: | | | | | | | |
| U.S. RMBS | 1,302 | (48) | (50) | (58) | (54) | (55) | (68) |
| Other structured finance | 124 | 3 | 3 | 3 | 2 | 10 | 10 |
| Structured finance | 1,426 | (45) | (47) | (55) | (52) | (45) | (58) |
| Total | \$ 7,346 | \$ (68) | \$ (70) | \$ (78) | \$ (54) | \$ (47) | \$ (60) |

1) Includes loss expense related to contracts that are accounted for as insurance contracts.

2) Includes loss expense related to contracts that are accounted for as insurance contracts and credit derivatives.

3) Includes loss expense related to contracts that are accounted for as insurance contracts, credit derivatives, and consolidated FG VIEs.

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

Assured Guaranty Ltd.
Net Expected Loss to be Expensed ⁽¹⁾
As of September 30, 2021
(dollars in millions)

| | GAAP |
|---|---------------|
| 2021 (October 1 - December 31) | \$ 8 |
| 2022 | 31 |
| 2023 | 31 |
| 2024 | 30 |
| 2025 | 30 |
| 2021-2025 | 130 |
| 2026-2030 | 118 |
| 2031-2035 | 77 |
| 2036-2040 | 18 |
| After 2040 | 4 |
| Total expected present value of net expected loss to be expensed⁽²⁾ | 347 |
| Future accretion | 104 |
| Total expected future loss and LAE | \$ 451 |

1) The present value of net expected loss to be paid is discounted using risk free rates ranging from 0.00% to 2.13% for U.S. dollar denominated obligations.

2) Excludes \$28 million related to FG VIEs, which are eliminated in consolidation.

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

Net Par Outstanding and Average Internal Rating by Asset Type

| | As of September 30, 2021 | | As of December 31, 2020 | |
|-------------------------------------|--------------------------|----------------------|-------------------------|----------------------|
| | Net Par Outstanding | Avg. Internal Rating | Net Par Outstanding | Avg. Internal Rating |
| U.S. public finance: | | | | |
| General obligation | \$ 72,302 | A- | \$ 72,268 | A- |
| Tax backed | 35,687 | A- | 34,800 | A- |
| Municipal utilities | 25,861 | A- | 25,275 | A- |
| Transportation | 16,740 | BBB+ | 15,179 | BBB+ |
| Healthcare | 9,311 | BBB+ | 8,691 | BBB+ |
| Higher education | 6,744 | A- | 6,127 | A- |
| Infrastructure finance | 6,297 | A- | 5,843 | A- |
| Housing revenue | 1,026 | BBB- | 1,149 | BBB |
| Investor-owned utilities | 611 | A- | 644 | A- |
| Renewable energy | 196 | A- | 204 | A- |
| Other public finance | 1,177 | A- | 1,417 | A- |
| Total U.S. public finance | 175,952 | A- | 171,597 | A- |
| Non-U.S. public finance: | | | | |
| Regulated utilities | 18,494 | BBB+ | 19,370 | BBB+ |
| Infrastructure finance | 16,837 | BBB | 17,819 | BBB |
| Sovereign and sub-sovereign | 11,136 | A+ | 11,682 | A+ |
| Renewable energy | 2,466 | A- | 2,708 | A- |
| Pooled infrastructure | 1,372 | AAA | 1,449 | AAA |
| Total non-U.S. public finance | 50,305 | BBB+ | 53,028 | A- |
| Total public finance | \$ 226,257 | A- | \$ 224,625 | A- |
| U.S. structured finance: | | | | |
| Life insurance transactions | \$ 3,423 | AA- | \$ 2,581 | AA- |
| RMBS | 2,510 | BBB- | 2,990 | BBB- |
| Financial products | 785 | AA- | 820 | AA- |
| Pooled corporate obligations | 685 | AA | 1,193 | AA |
| Consumer receivables | 625 | A | 768 | A- |
| Other structured finance | 649 | A- | 600 | A- |
| Total U.S. structured finance | 8,677 | A | 8,952 | A |
| Non-U.S. structured finance: | | | | |
| RMBS | 332 | A | 357 | A |
| Pooled corporate obligations | 226 | AA- | — | — |
| Other structured finance | 176 | AA- | 219 | A+ |
| Total non-U.S. structured finance | 734 | A+ | 576 | A |
| Total structured finance | \$ 9,411 | A | \$ 9,528 | A |
| Total | \$ 235,668 | A- | \$ 234,153 | A- |

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

Assured Guaranty Ltd.
Financial Guaranty Profile (2 of 3)
As of September 30, 2021
(dollars in millions)

Distribution by Ratings of Financial Guaranty Portfolio

| Ratings: | Public Finance - U.S. | | Public Finance - Non-U.S. | | Structured Finance - U.S. | | Structured Finance - Non-U.S. | | Total | |
|---|-----------------------|----------------|---------------------------|----------------|---------------------------|----------------|-------------------------------|----------------|---------------------|----------------|
| | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % |
| AAA | \$ 308 | 0.2 % | \$ 2,342 | 4.7 % | \$ 942 | 10.9 % | \$ 291 | 39.6 % | \$ 3,883 | 1.7 % |
| AA | 16,613 | 9.4 | 4,208 | 8.4 | 4,647 | 53.6 | 10 | 1.4 | 25,478 | 10.8 |
| A | 93,810 | 53.3 | 10,638 | 21.1 | 992 | 11.4 | 135 | 18.4 | 105,575 | 44.8 |
| BBB | 59,778 | 34.0 | 32,640 | 64.9 | 670 | 7.7 | 298 | 40.6 | 93,386 | 39.6 |
| BIG | 5,443 | 3.1 | 477 | 0.9 | 1,426 | 16.4 | — | — | 7,346 | 3.1 |
| Net Par Outstanding ⁽¹⁾ | \$ 175,952 | 100.0 % | \$ 50,305 | 100.0 % | \$ 8,677 | 100.0 % | \$ 734 | 100.0 % | \$ 235,668 | 100.0 % |

1) As of September 30, 2021, the Company excluded \$1.3 billion of net par attributable to loss mitigation securities.

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

Assured Guaranty Ltd.
Financial Guaranty Profile (3 of 3)
As of September 30, 2021
(dollars in millions)

Geographic Distribution of Financial Guaranty Portfolio

| | <u>Net Par Outstanding</u> | <u>% of Total</u> |
|----------------------------------|--------------------------------|-----------------------|
| U.S.: | | |
| U.S. public finance: | | |
| California | \$ 33,964 | 14.4 % |
| Texas | 16,752 | 7.1 |
| Pennsylvania | 15,692 | 6.7 |
| New York | 15,644 | 6.6 |
| Illinois | 12,987 | 5.5 |
| New Jersey | 10,326 | 4.4 |
| Florida | 7,580 | 3.2 |
| Louisiana | 5,299 | 2.2 |
| Michigan | 5,258 | 2.2 |
| Alabama | 3,707 | 1.6 |
| Other | 48,743 | 20.7 |
| Total U.S. public finance | <u>175,952</u> | <u>74.6</u> |
| U.S. structured finance | 8,677 | 3.7 |
| Total U.S. | <u>184,629</u> | <u>78.3</u> |
| Non-U.S.: | | |
| United Kingdom | 37,536 | 15.9 |
| France | 3,011 | 1.3 |
| Canada | 2,119 | 0.9 |
| Spain | 1,832 | 0.8 |
| Australia | 1,816 | 0.8 |
| Other | 4,725 | 2.0 |
| Total non-U.S. | <u>51,039</u> | <u>21.7</u> |
| Total net par outstanding | <u>\$ 235,668</u> | <u>100.0 %</u> |

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

Assured Guaranty Ltd.
Specialty Insurance and Reinsurance Exposure
As of September 30, 2021
(dollars in millions)

| | Gross Exposure | | Net Exposure | |
|---|--------------------|-------------------|--------------------|-------------------|
| | As of | | As of | |
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Life insurance transactions ⁽¹⁾ | \$ 1,222 | \$ 1,121 | \$ 838 | \$ 720 |
| Aircraft residual value insurance policies ⁽²⁾ | 355 | 363 | 200 | 208 |
| Total | \$ 1,577 | \$ 1,484 | \$ 1,038 | \$ 928 |

1) The life insurance transactions net exposure is projected to increase to approximately \$1.1 billion by June 30, 2027.

2) As of September 30, 2021 and December 31, 2020, \$84 million and \$13 million, respectively, of aircraft residual value insurance exposure was rated BIG.

Assured Guaranty Ltd.
Expected Amortization of Net Par Outstanding
(dollars in millions)

Structured Finance

| | Estimated Net Par Amortization | | | | | Estimated Ending Net Par Outstanding |
|---------------------------------|---|-----------------|-----------------------|--------------------------------|-----------------|---|
| | U.S. and Non- U.S. Pooled Corporate | U.S. RMBS | Financial Products | Other Structured Finance | Total | |
| 2021 (as of September 30) | | | | | | \$ 9,411 |
| 2021 Q4 | \$ 16 | \$ 136 | \$ (10) | \$ 207 | \$ 349 | 9,062 |
| 2022 | 83 | 395 | 16 | 156 | 650 | 8,412 |
| 2023 | 144 | 297 | 10 | 207 | 658 | 7,754 |
| 2024 | 24 | 270 | 13 | 223 | 530 | 7,224 |
| 2025 | 33 | 251 | 27 | 316 | 627 | 6,597 |
| 2021-2025 | 300 | 1,349 | 56 | 1,109 | 2,814 | 6,597 |
| 2026-2030 | 343 | 579 | 404 | 1,270 | 2,596 | 4,001 |
| 2031-2035 | 95 | 182 | 284 | 1,163 | 1,724 | 2,277 |
| 2036-2040 | 173 | 394 | 40 | 1,133 | 1,740 | 537 |
| After 2040 | — | 6 | 1 | 530 | 537 | — |
| Total structured finance | \$ 911 | \$ 2,510 | \$ 785 | \$ 5,205 | \$ 9,411 | |

Public Finance

| | Estimated Net Par Amortization | Estimated Ending Net Par Outstanding |
|-----------------------------|--------------------------------------|---|
| 2021 (as of September 30) | | \$ 226,257 |
| 2021 Q4 | \$ 3,429 | 222,828 |
| 2022 | 11,008 | 211,820 |
| 2023 | 9,487 | 202,333 |
| 2024 | 10,369 | 191,964 |
| 2025 | 10,892 | 181,072 |
| 2021-2025 | 45,185 | 181,072 |
| 2026-2030 | 48,011 | 133,061 |
| 2031-2035 | 44,709 | 88,352 |
| 2036-2040 | 34,943 | 53,409 |
| After 2040 | 53,409 | — |
| Total public finance | \$ 226,257 | |

Net par outstanding (end of period)

| | 1Q-20 | 2Q-20 | 3Q-20 | 4Q-20 | 1Q-21 | 2Q-21 | 3Q-21 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Public finance - U.S. | \$ 172,795 | \$ 173,143 | \$ 172,570 | \$ 171,597 | \$ 172,941 | \$ 173,667 | \$ 175,952 |
| Public finance - non-U.S. | 48,575 | 49,293 | 51,242 | 53,028 | 52,099 | 51,966 | 50,305 |
| Structured finance - U.S. | 8,806 | 8,822 | 8,581 | 8,952 | 8,678 | 8,568 | 8,677 |
| Structured finance - non-U.S. | 722 | 701 | 682 | 576 | 552 | 535 | 734 |
| Net par outstanding | \$ 230,898 | \$ 231,959 | \$ 233,075 | \$ 234,153 | \$ 234,270 | \$ 234,736 | \$ 235,668 |

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

Assured Guaranty Ltd.
Exposure to Puerto Rico (1 of 3)
As of September 30, 2021
(dollars in millions)

Exposure to Puerto Rico

| | Par Outstanding | | Debt Service Outstanding | |
|-------|-----------------|----------|--------------------------|----------|
| | Gross | Net | Gross | Net |
| Total | \$ 3,629 | \$ 3,572 | \$ 5,325 | \$ 5,252 |

Exposure to Puerto Rico by Risk

| | Net Par Outstanding | | | | Total Net Par Outstanding | Gross Par Outstanding |
|---|---------------------|-----------------|---------------|------------------|---------------------------|-----------------------|
| | AGM | AGC | AG Re | Eliminations (1) | | |
| Puerto Rico Exposures Subject to a Support Agreement⁽²⁾ | | | | | | |
| Commonwealth of Puerto Rico - General Obligation (GO) ⁽³⁾ | \$ 574 | \$ 170 | \$ 353 | \$ — | \$ 1,097 | \$ 1,135 |
| Puerto Rico Public Buildings Authority (PBA) ⁽³⁾ | 2 | 122 | — | (2) | 122 | 122 |
| Subtotal - GO/PBA PSA | 576 | 292 | 353 | (2) | 1,219 | 1,257 |
| Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) ⁽³⁾ | 233 | 467 | 178 | (79) | 799 | 799 |
| PRHTA (Highway revenue) ⁽³⁾ | 381 | 51 | 25 | — | 457 | 457 |
| Puerto Rico Convention Center District Authority (PRCCDA) | — | 152 | — | — | 152 | 152 |
| Subtotal - HTA/CCDA PSA | 614 | 670 | 203 | (79) | 1,408 | 1,408 |
| Puerto Rico Electric Power Authority (PREPA) ⁽³⁾ | 469 | 69 | 210 | — | 748 | 759 |
| Puerto Rico Infrastructure Financing Authority (PRIFA) | — | 15 | 1 | — | 16 | 16 |
| Subtotal Subject to a Support Agreement | 1,659 | 1,046 | 767 | (81) | 3,391 | 3,440 |
| Other Puerto Rico Exposures | | | | | | |
| Puerto Rico Municipal Finance Agency (MFA) ⁽⁴⁾ | 126 | 16 | 37 | — | 179 | 187 |
| Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR) ⁽⁴⁾ | — | 2 | — | — | 2 | 2 |
| Subtotal Other Puerto Rico Exposures | 126 | 18 | 37 | — | 181 | 189 |
| Total exposure to Puerto Rico | \$ 1,785 | \$ 1,064 | \$ 804 | \$ (81) | \$ 3,572 | \$ 3,629 |

- 1) Net par outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary.
- 2) The Support Agreements, including the GO/PBA plan support agreements (PSA) and the HTA/CCDA PSA, are described in Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021, Part 1, Financial Information, Item 1, Financial Statements, Note 3, Outstanding Exposure.
- 3) As of the date of this filing, the seven-member financial oversight board established by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) has certified a filing under Title III of PROMESA for these exposures.
- 4) As of the date of this filing, the Company has not paid claims on these credits.

Assured Guaranty Ltd.
Exposure to Puerto Rico (2 of 3)
As of September 30, 2021
(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

| | 2021 (4Q) | 2022 (1Q) | 2022 (2Q) | 2022 (3Q) | 2022 (4Q) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 - 2035 | 2036 - 2040 | 2041 - 2042 | Total |
|---|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|----------------|----------------|-----------------|
| Puerto Rico Exposures Subject to a Support Agreement | | | | | | | | | | | | | | | | | |
| Commonwealth of Puerto Rico - GO | \$ — | \$ — | \$ — | \$ 37 | \$ — | \$ 14 | \$ 73 | \$ 68 | \$ 35 | \$ 90 | \$ 33 | \$ 63 | \$ 48 | \$ 491 | \$ 145 | \$ — | \$ 1,097 |
| PBA | — | — | — | — | — | 7 | — | 6 | 11 | 40 | 1 | 1 | 1 | 38 | 17 | — | 122 |
| Subtotal - GO/PBA PSA | — | — | — | 37 | — | 21 | 73 | 74 | 46 | 130 | 34 | 64 | 49 | 529 | 162 | — | 1,219 |
| PRHTA (Transportation revenue) | — | — | — | 28 | — | 33 | 4 | 29 | 24 | 29 | 34 | 49 | 31 | 242 | 251 | 45 | 799 |
| PRHTA (Highway revenue) | — | — | — | 40 | — | 32 | 32 | 34 | 1 | — | 10 | 13 | 16 | 227 | 52 | — | 457 |
| PRCCDA | — | — | — | — | — | — | — | — | — | 19 | — | — | — | 104 | 29 | — | 152 |
| Subtotal - HTA/CCDA PSA | — | — | — | 68 | — | 65 | 36 | 63 | 25 | 48 | 44 | 62 | 47 | 573 | 332 | 45 | 1,408 |
| PREPA | — | — | — | 28 | — | 95 | 93 | 68 | 106 | 105 | 68 | 39 | 44 | 102 | — | — | 748 |
| PRIFA | — | — | — | — | — | 2 | — | — | — | — | — | — | — | — | 10 | 4 | 16 |
| Subtotal Subject to a Support Agreement | — | — | — | 133 | — | 183 | 202 | 205 | 177 | 283 | 146 | 165 | 140 | 1,204 | 504 | 49 | 3,391 |
| Other Puerto Rico Exposures | | | | | | | | | | | | | | | | | |
| MFA | — | — | — | 43 | — | 23 | 19 | 18 | 37 | 15 | 12 | 7 | 5 | — | — | — | 179 |
| PRASA and U of PR | — | — | — | — | — | — | 1 | — | — | — | — | — | — | 1 | — | — | 2 |
| Subtotal Other Puerto Rico Exposures | — | — | — | 43 | — | 23 | 20 | 18 | 37 | 15 | 12 | 7 | 5 | 1 | — | — | 181 |
| Total | \$ — | \$ — | \$ — | \$ 176 | \$ — | \$ 206 | \$ 222 | \$ 223 | \$ 214 | \$ 298 | \$ 158 | \$ 172 | \$ 145 | \$ 1,205 | \$ 504 | \$ 49 | \$ 3,572 |

Assured Guaranty Ltd.
Exposure to Puerto Rico (3 of 3)
As of September 30, 2021
(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

| | 2021 (4Q) | 2022 (1Q) | 2022 (2Q) | 2022 (3Q) | 2022 (4Q) | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 - 2035 | 2036 - 2040 | 2041 - 2042 | Total |
|---|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|----------------|----------------|-----------------|
| Puerto Rico Exposures Subject to a Support Agreement | | | | | | | | | | | | | | | | | |
| Commonwealth of Puerto Rico - GO | \$ — | \$ 29 | \$ — | \$ 65 | \$ — | \$ 70 | \$ 128 | \$ 119 | \$ 82 | \$ 136 | \$ 74 | \$ 103 | \$ 84 | \$ 623 | \$ 160 | \$ — | \$ 1,673 |
| PBA | — | 3 | — | 3 | — | 13 | 6 | 13 | 17 | 44 | 3 | 4 | 3 | 49 | 18 | — | 176 |
| Subtotal - GO/PBA PSA | — | 32 | — | 68 | — | 83 | 134 | 132 | 99 | 180 | 77 | 107 | 87 | 672 | 178 | — | 1,849 |
| PRHTA (Transportation revenue) | — | 21 | — | 48 | — | 73 | 42 | 67 | 61 | 64 | 67 | 81 | 61 | 367 | 300 | 47 | 1,299 |
| PRHTA (Highway revenue) | — | 12 | — | 52 | — | 54 | 53 | 53 | 18 | 17 | 27 | 29 | 32 | 277 | 55 | — | 679 |
| PRCCDA | — | 3 | — | 4 | — | 7 | 7 | 7 | 7 | 26 | 6 | 6 | 6 | 127 | 30 | — | 236 |
| Subtotal - HTA/CCDA PSA | — | 36 | — | 104 | — | 134 | 102 | 127 | 86 | 107 | 100 | 116 | 99 | 771 | 385 | 47 | 2,214 |
| PREPA | 3 | 15 | 2 | 43 | 3 | 129 | 121 | 91 | 126 | 122 | 80 | 47 | 52 | 110 | — | — | 944 |
| PRIFA | — | — | — | — | — | 3 | 1 | 1 | 1 | 1 | — | 1 | 1 | 3 | 13 | 4 | 29 |
| Subtotal Subject to a Support Agreement | 3 | 83 | 2 | 215 | 3 | 349 | 358 | 351 | 312 | 410 | 257 | 271 | 239 | 1,556 | 576 | 51 | 5,036 |
| Other Puerto Rico Exposures | | | | | | | | | | | | | | | | | |
| MFA | — | 5 | — | 48 | — | 29 | 24 | 22 | 41 | 17 | 14 | 8 | 6 | — | — | — | 214 |
| PRASA and U of PR | — | — | — | — | — | — | 1 | — | — | — | — | — | — | 1 | — | — | 2 |
| Subtotal Other Puerto Rico Exposures | — | 5 | — | 48 | — | 29 | 25 | 22 | 41 | 17 | 14 | 8 | 6 | 1 | — | — | 216 |
| Total | \$ 3 | \$ 88 | \$ 2 | \$ 263 | \$ 3 | \$ 378 | \$ 383 | \$ 373 | \$ 353 | \$ 427 | \$ 271 | \$ 279 | \$ 245 | \$ 1,557 | \$ 576 | \$ 51 | \$ 5,252 |

Assured Guaranty Ltd.

U.S. RMBS Profile

As of September 30, 2021

(dollars in millions)

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

| Ratings: | Prime First Lien | Alt-A First Lien | Option ARMs | Subprime First Lien | Second Lien | Total Net Par Outstanding |
|------------------------|------------------|------------------|--------------|---------------------|---------------|---------------------------|
| AAA | \$ 3 | \$ 91 | \$ 12 | \$ 475 | \$ 3 | \$ 584 |
| AA | 11 | 75 | 8 | 177 | 9 | 280 |
| A | 4 | 20 | — | 7 | 68 | 99 |
| BBB | 7 | 3 | 1 | 16 | 218 | 245 |
| BIG | 48 | 250 | 18 | 838 | 148 | 1,302 |
| Total exposures | \$ 73 | \$ 439 | \$ 39 | \$ 1,513 | \$ 446 | \$ 2,510 |

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

| Year insured: | Prime First Lien | Alt-A First Lien | Option ARMs | Subprime First Lien | Second Lien | Total Net Par Outstanding |
|------------------------|------------------|------------------|--------------|---------------------|---------------|---------------------------|
| 2004 and prior | \$ 12 | \$ 12 | \$ — | \$ 414 | \$ 24 | \$ 462 |
| 2005 | 30 | 151 | 19 | 195 | 82 | 477 |
| 2006 | 31 | 31 | 1 | 94 | 145 | 302 |
| 2007 | — | 245 | 19 | 775 | 195 | 1,234 |
| 2008 | — | — | — | 35 | — | 35 |
| Total exposures | \$ 73 | \$ 439 | \$ 39 | \$ 1,513 | \$ 446 | \$ 2,510 |

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

Assured Guaranty Ltd.
Direct Pooled Corporate Obligations Profile
As of September 30, 2021
(dollars in millions)

Distribution of Direct Pooled Corporate Obligations by Ratings

| | Net Par Outstanding | % of Total | Avg. Initial Credit Enhancement | Avg. Current Credit Enhancement |
|------------------------|------------------------|----------------|---------------------------------------|---------------------------------------|
| Ratings: | | | | |
| AAA | \$ 352 | 38.9 % | 43.3 % | 57.4 % |
| AA | 316 | 35.0 | 41.9 | 52.6 |
| A | 98 | 10.8 | 38.6 | 48.7 |
| BBB | 138 | 15.3 | 38.0 | 38.3 |
| Total exposures | \$ 904 | 100.0 % | 41.5 % | 51.9 % |

Distribution of Direct Pooled Corporate Obligations by Asset Class

| | Net Par Outstanding | % of Total | Avg. Initial Credit Enhancement | Avg. Current Credit Enhancement | Number of Transactions | Avg. Rating |
|--|------------------------|----------------|---------------------------------------|---------------------------------------|---------------------------|-------------|
| Asset class: | | | | | | |
| Trust preferred | | | | | | |
| Banks and insurance | \$ 408 | 45.1 % | 43.8 % | 60.3 % | 12 | AA+ |
| U.S. mortgage and real estate investment trusts | 92 | 10.2 | 47.3 | 64.8 | 3 | A+ |
| CLOs | 404 | 44.7 | 37.9 | 40.3 | 5 | AA- |
| Total exposures | \$ 904 | 100.0 % | 41.5 % | 51.9 % | 20 | AA |

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

Assured Guaranty Ltd.
Below Investment Grade Exposures (1 of 3)
(dollars in millions)

BIG Exposures by Asset Exposure Type

| | As of | |
|--------------------------------------|------------------------|------------------------|
| | September 30, 2021 | December 31, 2020 |
| U.S. public finance: | | |
| Tax backed | \$ 2,339 | \$ 2,167 |
| General obligation | 1,552 | 1,657 |
| Municipal utilities | 1,075 | 1,109 |
| Higher education | 117 | 147 |
| Transportation | 99 | 100 |
| Housing revenue | 90 | 94 |
| Infrastructure finance | 47 | 33 |
| Healthcare | 24 | 28 |
| Other public finance | 100 | 104 |
| Total U.S. public finance | <u>5,443</u> | <u>5,439</u> |
| Non-U.S. public finance: | | |
| Infrastructure finance | 340 | 403 |
| Sovereign and sub-sovereign | 105 | 455 |
| Renewable energy | 32 | 37 |
| Total non-U.S. public finance | <u>477</u> | <u>895</u> |
| Total public finance | <u>\$ 5,920</u> | <u>\$ 6,334</u> |
| U.S. structured finance: | | |
| RMBS | \$ 1,302 | \$ 1,480 |
| Consumer receivables | 77 | 90 |
| Life insurance transactions | 40 | 40 |
| Other structured finance | 7 | 31 |
| Total U.S. structured finance | <u>1,426</u> | <u>1,641</u> |
| Non-U.S. structured finance: | | |
| Total non-U.S. structured finance | — | — |
| Total structured finance | <u>\$ 1,426</u> | <u>\$ 1,641</u> |
| Total BIG net par outstanding | <u>\$ 7,346</u> | <u>\$ 7,975</u> |

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

Assured Guaranty Ltd.
Below Investment Grade Exposures (2 of 3)
(dollars in millions)

Net Par Outstanding by BIG Category⁽¹⁾

| | As of | |
|-----------------------------|------------------------|------------------------|
| | September 30, 2021 | December 31, 2020 |
| BIG Category 1 | | |
| U.S. public finance | \$ 1,837 | \$ 1,777 |
| Non-U.S. public finance | 431 | 846 |
| U.S. structured finance | 129 | 228 |
| Non-U.S. structured finance | — | — |
| Total BIG Category 1 | <u>2,397</u> | <u>2,851</u> |
| BIG Category 2 | | |
| U.S. public finance | 115 | 57 |
| Non-U.S. public finance | — | — |
| U.S. structured finance | 69 | 77 |
| Non-U.S. structured finance | — | — |
| Total BIG Category 2 | <u>184</u> | <u>134</u> |
| BIG Category 3 | | |
| U.S. public finance | 3,491 | 3,605 |
| Non-U.S. public finance | 46 | 49 |
| U.S. structured finance | 1,228 | 1,336 |
| Non-U.S. structured finance | — | — |
| Total BIG Category 3 | <u>4,765</u> | <u>4,990</u> |
| BIG Total | <u><u>\$ 7,346</u></u> | <u><u>\$ 7,975</u></u> |

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

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

Assured Guaranty Ltd.
Below Investment Grade Exposures (3 of 3)
As of September 30, 2021
(dollars in millions)

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

| Name or description | Net Par Outstanding | Internal Rating (1) | 60+ Day Delinquencies |
|--|--------------------------------|--------------------------------|----------------------------------|
| U.S. public finance: | | | |
| Puerto Rico Highways & Transportation Authority | \$ 1,256 | CCC | |
| Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth | 1,235 | CCC | |
| Puerto Rico Electric Power Authority | 748 | CCC | |
| Illinois Sports Facilities Authority | 260 | BB+ | |
| Virgin Islands Public Finance Authority (Federal Excise Tax Match) | 259 | BB | |
| Puerto Rico Municipal Finance Agency | 179 | CCC | |
| Jackson Water & Sewer System, Mississippi | 173 | BB | |
| Virgin Islands Public Finance Authority (Gross Receipts) | 164 | BB | |
| Puerto Rico Convention Center District Authority | 152 | CCC | |
| Stockton City, California | 100 | B | |
| Harrisburg Parking System, Pennsylvania | 78 | B | |
| Alabama State University | 69 | BB+ | |
| San Jacinto River Authority (GRP Project), Texas | 67 | BB+ | |
| Indiana University of Pennsylvania, Pennsylvania | 60 | CCC | |
| Atlantic City, New Jersey | 55 | BB | |
| Virgin Islands Water and Power Authority | 51 | CCC | |
| Total U.S. public finance | \$ 4,906 | | |
| Non-U.S. public finance: | | | |
| Road Management Services PLC (A13 Highway) | 157 | B+ | |
| M6 Duna Autopalya Koncesszios Zrt. | 83 | BB+ | |
| Private International Transaction | 66 | BB- | |
| Total non-U.S. public finance | \$ 306 | | |
| Total | \$ 5,212 | | |
| U.S. structured finance: | | | |
| RMBS: | | | |
| Soundview 2007-WMC1 | \$ 149 | CCC | 36.4% |
| Option One 2007-FXD2 | 143 | CCC | 19.4% |
| Option One Mortgage Loan Trust 2007-HL1 | 104 | CCC | 20.1% |
| Argent Securities Inc. 2005-W4 | 93 | CCC | 9.7% |
| Nomura Asset Accept. Corp. 2007-1 | 82 | CCC | 23.8% |
| New Century 2005-A | 68 | CCC | 25.7% |
| MABS 2007-NCW | 52 | BB | 21.0% |
| ACE 2007-SL1 | 50 | CCC | 6.7% |
| Subtotal RMBS | \$ 741 | | |
| Total U.S. structured finance | \$ 741 | | |
| Total non-U.S. structured finance | \$ — | | |
| Total | \$ 741 | | |

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.
Largest Exposures by Sector (1 of 3)
As of September 30, 2021
(dollars in millions)

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

| Credit Name: | Net Par Outstanding | Internal Rating (1) |
|--|--------------------------------|--------------------------------|
| New Jersey (State of) | \$ 3,772 | BBB |
| New York Metropolitan Transportation Authority | 1,938 | A- |
| Pennsylvania (Commonwealth of) | 1,796 | A- |
| Illinois (State of) | 1,456 | BBB- |
| Puerto Rico Highways & Transportation Authority | 1,256 | CCC |
| Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth | 1,235 | CCC |
| Foothill/Eastern Transportation Corridor Agency, California | 1,201 | BBB |
| North Texas Tollway Authority | 1,172 | A |
| Metro Washington Airports Authority (Dulles Toll Road) | 1,099 | BBB |
| California (State of) | 985 | AA- |
| CommonSpirit Health, IL | 940 | A- |
| San Diego Family Housing, LLC | 925 | AA |
| Philadelphia School District, Pennsylvania | 909 | A- |
| Alameda Corridor Transportation Authority, California | 884 | BBB+ |
| Suffolk County, New York | 884 | BBB |
| Great Lakes Water Authority (Sewerage), Michigan | 869 | A- |
| Yankee Stadium LLC New York City Industrial Development Authority | 857 | BBB |
| Chicago Public Schools, Illinois | 852 | BBB- |
| Central Florida Expressway Authority, Florida | 814 | A+ |
| Dade County Seaport, Florida | 810 | A |
| New York (City of), New York | 810 | AA- |
| Wisconsin (State of) | 803 | A |
| Tucson (City of), Arizona | 795 | A+ |
| Metropolitan Pier and Exposition Authority, Illinois | 783 | BBB- |
| Massachusetts (Commonwealth of) Water Resources | 772 | AA |
| Pennsylvania Turnpike Commission | 763 | A- |
| Port Authority of New York and New Jersey | 758 | BBB- |
| ProMedica Healthcare Obligated Group, Ohio | 750 | BBB |
| Montefiore Medical Center, New York | 749 | BBB- |
| Puerto Rico Electric Power Authority | 748 | CCC |
| Jefferson County Alabama Sewer | 735 | BBB |
| Philadelphia (City of), Pennsylvania | 732 | BBB+ |
| Nassau County, New York | 728 | A- |
| Massachusetts (Commonwealth of) | 676 | AA- |
| Clark County School District, Nevada | 676 | BBB+ |
| Long Island Power Authority | 664 | A- |
| Pittsburgh Water & Sewer, Pennsylvania | 663 | A- |
| Mets Queens Ballpark | 609 | BBB |
| North Carolina Turnpike Authority | 592 | BBB- |
| Regional Transportation Authority (Sales Tax), Illinois | 576 | AA- |
| Oglethorpe Power Corporation, Georgia | 575 | BBB |
| Hayward Unified School District, California | 564 | A |
| Chicago (City of), Illinois | 555 | BBB- |
| LCOR Alexandria LLC | 555 | A- |
| Kansas City, Missouri | 534 | A |
| Garden State Preservation Trust, New Jersey Open Space & Farmland | 525 | BBB+ |
| New Jersey Turnpike Authority | 500 | A- |
| Municipal Electric Authority of Georgia | 480 | BBB+ |
| West Contra Costa Unified School District, California | 474 | AA- |
| Anaheim (City of), California | 465 | A- |
| Total top 50 U.S. public finance exposures | \$ 44,263 | |

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.
Largest Exposures by Sector (2 of 3)
As of September 30, 2021
(dollars in millions)

25 Largest U.S. Structured Finance Exposures

| Credit Name: | Net Par Outstanding | Internal Rating (1) |
|---|--------------------------------|--------------------------------|
| Private US Insurance Securitization | \$ 1,000 | AA |
| Private US Insurance Securitization | 648 | AA- |
| Private US Insurance Securitization | 500 | AA- |
| Private US Insurance Securitization | 380 | AA- |
| Private US Insurance Securitization | 374 | AA- |
| Private US Insurance Securitization | 340 | A |
| SLM Student Loan Trust 2007-A | 287 | A+ |
| Soundview 2007-WMC1 | 149 | CCC |
| Fortress Credit Opportunities VII CLO Limited | 143 | AA- |
| Option One 2007-FXD2 | 143 | CCC |
| Private US Insurance Securitization | 134 | AA |
| SLM Student Loan Trust 2006-C | 116 | AA- |
| New Century Home Equity Loan Trust 2006-1 | 111 | AAA |
| CWABS 2007-4 | 109 | A+ |
| Option One Mortgage Loan Trust 2007-HL1 | 104 | CCC |
| Argent Securities Inc. 2005-W4 | 93 | CCC |
| Nomura Asset Accept. Corp. 2007-1 | 82 | CCC |
| OwnIt Mortgage Loan ABS Certificates 2006-3 | 69 | AAA |
| CWALT Alternative Loan Trust 2007-HY9 | 69 | A |
| New Century 2005-A | 68 | CCC |
| Countrywide HELOC 2006-I | 66 | A |
| Soundview Home Equity Loan Trust 2006-OPT1 | 66 | AAA |
| ALESCO Preferred Funding XIII, Ltd. | 65 | AAA |
| Countrywide 2007-13 | 64 | AA |
| CAPCO - Excess SIPC Excess of Loss Reinsurance | 63 | BBB |
| Total top 25 U.S. structured finance exposures | \$ 5,243 | |

1) Transactions below B- are categorized as CCC.

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

Assured Guaranty Ltd.
Largest Exposures by Sector (3 of 3)
As of September 30, 2021
(dollars in millions)

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

| Credit Name: | Country | Net Par Outstanding | Internal Rating |
|--|------------------------|--------------------------------|----------------------------|
| Southern Water Services Limited | United Kingdom | \$ 2,350 | BBB |
| Southern Gas Networks PLC | United Kingdom | 1,833 | BBB |
| Quebec Province | Canada | 1,802 | A+ |
| Thames Water Utilities Finance PLC | United Kingdom | 1,786 | BBB |
| Dwr Cymru Financing Limited | United Kingdom | 1,699 | A- |
| Anglian Water Services Financing PLC | United Kingdom | 1,551 | A- |
| Societe des Autoroutes du Nord et de l'est de la France S.A. | France | 1,514 | BBB+ |
| National Grid Gas PLC | United Kingdom | 1,365 | BBB+ |
| British Broadcasting Corporation (BBC) | United Kingdom | 1,240 | A+ |
| Channel Link Enterprises Finance PLC | France, United Kingdom | 1,240 | BBB |
| Verbund, Lease and Sublease of Hydro-Electric Equipment | Austria | 951 | AAA |
| Capital Hospitals (Issuer) PLC | United Kingdom | 910 | BBB- |
| Aspire Defence Finance plc | United Kingdom | 833 | BBB+ |
| Verdun Participations 2 S.A.S. | France | 718 | BBB- |
| Yorkshire Water Services Finance Plc | United Kingdom | 707 | BBB |
| Sydney Airport Finance Company | Australia | 643 | BBB+ |
| Envestra Limited | Australia | 642 | A- |
| National Grid Company PLC | United Kingdom | 611 | BBB+ |
| South Lanarkshire Schools | United Kingdom | 590 | BBB |
| Campania Region - Healthcare receivable | Italy | 573 | BB+ |
| Severn Trent Water Utilities Finance Plc | United Kingdom | 566 | BBB+ |
| Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc | United Kingdom | 543 | BBB- |
| Derby Healthcare PLC | United Kingdom | 518 | BBB |
| Wessex Water Services Finance plc | United Kingdom | 507 | BBB+ |
| United Utilities Water PLC | United Kingdom | 483 | BBB+ |
| NewHospitals (St Helens & Knowsley) Finance PLC | United Kingdom | 460 | BBB+ |
| North Staffordshire PFI, 32-year EIB Index-Linked Facility | United Kingdom | 458 | BBB- |
| International Infrastructure Pool | United Kingdom | 457 | AAA |
| International Infrastructure Pool | United Kingdom | 457 | AAA |
| International Infrastructure Pool | United Kingdom | 457 | AAA |
| Central Nottinghamshire Hospitals PLC | United Kingdom | 456 | BBB- |
| South East Water | United Kingdom | 448 | BBB |
| Scotland Gas Networks plc | United Kingdom | 443 | BBB |
| The Hospital Company (QAH Portsmouth) Limited | United Kingdom | 442 | BBB |
| Japan Expressway Holding and Debt Repayment Agency | Japan | 396 | A+ |
| Comision Federal De Electricidad (CFE) El Cajon Project | Mexico | 388 | BBB- |
| Private International Sub-Sovereign Transaction | United Kingdom | 380 | AA- |
| University of Essex, United Kingdom | United Kingdom | 370 | BBB+ |
| Q Energy - Phase II - Pride Investments, S.A. | Spain | 365 | BBB+ |
| Hypersol Solar Inversiones, S.A.U. | Spain | 359 | BBB |
| Private International Sub-Sovereign Transaction | United Kingdom | 335 | A |
| Octagon Healthcare Funding PLC | United Kingdom | 330 | BBB |
| Q Energy - Phase III - FSL Issuer, S.A.U. | Spain | 327 | BBB+ |
| Feria Muestrario Internacional de Valencia | Spain | 317 | BBB- |
| Bakethin Finance Plc | United Kingdom | 315 | A- |
| Northumbrian Water PLC | United Kingdom | 307 | BBB+ |
| Western Power Distribution (South Wales) PLC | United Kingdom | 303 | BBB+ |
| Leeds Hospital - St. James's Oncology Financing plc | United Kingdom | 303 | BBB |
| Catalyst Healthcare (Romford) Financing PLC | United Kingdom | 302 | BBB |
| Private International Sub-Sovereign Transaction | United Kingdom | 290 | A |
| Total top 50 non-U.S. exposures | | \$ 35,640 | |

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

Asset Management Segment

Assured Guaranty Ltd.
Asset Management Segment Results (1 of 3)
(dollars in millions)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|----------------|-------------------|----------------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Management fees: | | | | |
| CLOs | \$ 12 | \$ 5 | \$ 36 | \$ 12 |
| Opportunity funds and liquid strategies | 4 | 2 | 13 | 7 |
| Wind-down funds | 1 | 5 | 6 | 21 |
| Total management fees | <u>17</u> | <u>12</u> | <u>55</u> | <u>40</u> |
| Performance fees | — | — | 1 | — |
| Other income | 2 | 2 | 4 | 4 |
| Total revenues | <u>19</u> | <u>14</u> | <u>60</u> | <u>44</u> |
| Expenses | | | | |
| Employee compensation and benefit expenses | 19 | 19 | 53 | 51 |
| Amortization of intangible assets | 3 | 3 | 9 | 9 |
| Other operating expenses | 7 | 7 | 20 | 21 |
| Total expenses | <u>29</u> | <u>29</u> | <u>82</u> | <u>81</u> |
| Adjusted operating income (loss) before income taxes | <u>(10)</u> | <u>(15)</u> | <u>(22)</u> | <u>(37)</u> |
| Less: Provision (benefit) for income taxes | (3) | (3) | (6) | (7) |
| Adjusted operating income (loss) | <u>\$ (7)</u> | <u>\$ (12)</u> | <u>\$ (16)</u> | <u>\$ (30)</u> |

Assured Guaranty Ltd.
Asset Management Segment Results (2 of 3)
(dollars in millions)

Rollforward of Assets Under Management for the Three Months Ended September 30, 2021

| | CLOs | Opportunity Funds | Liquid Strategies | Wind-Down Funds | Total |
|--------------------------------|------------------|----------------------|----------------------|--------------------|------------------|
| AUM, June 30, 2021 | \$ 14,562 | \$ 1,463 | \$ 388 | \$ 1,179 | \$ 17,592 |
| Inflows-third party | 598 | 245 | — | — | 843 |
| Inflows-intercompany | 57 | 16 | — | — | 73 |
| Outflows: | | | | | |
| Redemptions | — | — | — | — | — |
| Distributions | (424) | (170) | — | (364) | (958) |
| Total outflows | (424) | (170) | — | (364) | (958) |
| Net flows | 231 | 91 | — | (364) | (42) |
| Change in value | (47) | 80 | — | (6) | 27 |
| AUM, September 30, 2021 | \$ 14,746 | \$ 1,634 | \$ 388 | \$ 809 | \$ 17,577 |

Rollforward of Assets Under Management for the Nine Months Ended September 30, 2021

| | CLOs | Opportunity Funds | Liquid Strategies | Wind-Down Funds | Total |
|--------------------------------|------------------|----------------------|----------------------|--------------------|------------------|
| AUM, December 31, 2020 | \$ 13,856 | \$ 1,486 | \$ 383 | \$ 1,623 | \$ 17,348 |
| Inflows-third party | 1,811 | 271 | — | — | 2,082 |
| Inflows-intercompany | 166 | 16 | — | — | 182 |
| Outflows: | | | | | |
| Redemptions | — | — | — | — | — |
| Distributions | (1,007) | (448) | — | (791) | (2,246) |
| Total outflows | (1,007) | (448) | — | (791) | (2,246) |
| Net flows | 970 | (161) | — | (791) | 18 |
| Change in value | (80) | 309 | 5 | (23) | 211 |
| AUM, September 30, 2021 | \$ 14,746 | \$ 1,634 | \$ 388 | \$ 809 | \$ 17,577 |

Assured Guaranty Ltd.
Asset Management Segment Results (3 of 3)
(dollars in millions)

Assets Under Management

| | <u>CLOs</u> | <u>Opportunity Funds</u> | <u>Liquid Strategies</u> | <u>Wind-Down Funds</u> | <u>Total</u> |
|------------------------------------|-------------|------------------------------|------------------------------|----------------------------|--------------|
| As of September 30, 2021: | | | | | |
| Funded AUM ⁽¹⁾ | \$ 14,615 | \$ 1,071 | \$ 388 | \$ 787 | \$ 16,861 |
| Unfunded AUM ⁽¹⁾ | 131 | 563 | — | 22 | 716 |
| Fee-earning AUM ⁽²⁾ | \$ 14,083 | \$ 1,289 | \$ 388 | \$ 508 | \$ 16,268 |
| Non-fee earning AUM ⁽²⁾ | 663 | 345 | — | 301 | 1,309 |
| Intercompany AUM | | | | | |
| Funded AUM | \$ 496 | \$ 174 | \$ 367 | \$ — | \$ 1,037 |
| Unfunded AUM | 127 | 151 | — | — | 278 |
| As of June 30, 2021: | | | | | |
| Funded AUM | \$ 14,488 | \$ 951 | \$ 388 | \$ 1,157 | \$ 16,984 |
| Unfunded AUM | 74 | 512 | — | 22 | 608 |
| Fee-earning AUM | \$ 13,990 | \$ 1,174 | \$ 388 | \$ 751 | \$ 16,303 |
| Non-fee earning AUM | 572 | 289 | — | 428 | 1,289 |
| Intercompany AUM | | | | | |
| Funded AUM | \$ 491 | \$ 145 | \$ 367 | \$ — | \$ 1,003 |
| Unfunded AUM | 68 | 153 | — | — | 221 |
| As of December 31, 2020: | | | | | |
| Funded AUM | \$ 13,809 | \$ 992 | \$ 383 | \$ 1,601 | \$ 16,785 |
| Unfunded AUM | 47 | 494 | — | 22 | 563 |
| Fee-earning AUM | \$ 10,248 | \$ 1,176 | \$ 383 | \$ 1,133 | \$ 12,940 |
| Non-fee earning AUM | 3,608 | 310 | — | 490 | 4,408 |
| Intercompany AUM | | | | | |
| Funded AUM | \$ 405 | \$ 126 | \$ 362 | \$ — | \$ 893 |
| Unfunded AUM | 40 | 137 | — | — | 177 |

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

2) Fee-earning AUM refers to assets where AssuredIM collects fees or has elected not to waive or rebate fees to investors. Non-fee earning AUM refers to assets where AssuredIM does not collect fees or has elected to waive or rebate fees to investors.

Corporate Division

Assured Guaranty Ltd.

Corporate Results

(dollars in millions)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|---------|-------------------|---------|
| | September 30, | | September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Total revenues | \$ 1 | \$ 12 | 1 | 8 |
| Expenses | | | | |
| Interest expense | 25 | 24 | 74 | 72 |
| Loss on extinguishment of debt | 175 | — | 175 | — |
| Employee compensation and benefit expenses | 5 | 3 | 15 | 11 |
| Other operating expenses | 6 | 5 | 15 | 16 |
| Total expenses | 211 | 32 | 279 | 99 |
| Equity in earnings of investees | 1 | — | 1 | (5) |
| Adjusted operating income (loss) before income taxes | (209) | (20) | (277) | (96) |
| Less: Provision (benefit) for income taxes | (40) | (2) | (45) | (13) |
| Adjusted operating income (loss) | \$ (169) | \$ (18) | \$ (232) | \$ (83) |

Other

Assured Guaranty Ltd.

Other Results (1 of 2)

(dollars in millions)

| Three Months Ended September 30, 2021 | | | | |
|---|---------------|---|-------------|---------------|
| FG VIEs | CIVs | Intersegment Eliminations and Reclasses | | Total Other |
| (in millions) | | | | |
| Revenues | | | | |
| Net earned premiums | \$ (1) | \$ — | \$ — | \$ (1) |
| Net investment income | (1) | — | (3) | (4) |
| Asset management fees | — | (2) | 5 | 3 |
| Fair value gains (losses) on FG VIEs | 5 | — | — | 5 |
| Fair value gains (losses) on CIVs | — | 16 | — | 16 |
| Other income (loss) | (1) | — | — | (1) |
| Total revenues | 2 | 14 | 2 | 18 |
| Expenses | | | | |
| Loss and LAE | 8 | — | — | 8 |
| Interest expense | — | — | (2) | (2) |
| Other operating expenses | — | — | 4 | 4 |
| Total expenses | 8 | — | 2 | 10 |
| Equity in earnings of investees | — | (11) | — | (11) |
| Adjusted operating income (loss) before income taxes | (6) | 3 | — | (3) |
| Less: Provision (benefit) for income taxes | (2) | — | — | (2) |
| Less: Noncontrolling interests | — | 3 | — | 3 |
| Adjusted operating income (loss) | \$ (4) | \$ — | \$ — | \$ (4) |

| Three Months Ended September 30, 2020 | | | | |
|---|---------------|---|-------------|---------------|
| FG VIEs | CIVs | Intersegment Eliminations and Reclasses | | Total Other |
| (in millions) | | | | |
| Revenues | | | | |
| Net earned premiums | \$ (2) | \$ — | \$ — | \$ (2) |
| Net investment income | (1) | — | (3) | (4) |
| Asset management fees | — | (2) | 7 | 5 |
| Fair value gains (losses) on FG VIEs | — | — | — | — |
| Fair value gains (losses) on CIVs | — | 18 | — | 18 |
| Other income (loss) | — | — | — | — |
| Total revenues | (3) | 16 | 4 | 17 |
| Expenses | | | | |
| Loss and LAE | 1 | — | — | 1 |
| Interest expense | — | — | (3) | (3) |
| Other operating expenses | — | — | 7 | 7 |
| Total expenses | 1 | — | 4 | 5 |
| Equity in earnings of investees | — | (13) | — | (13) |
| Adjusted operating income (loss) before income taxes | (4) | 3 | — | (1) |
| Less: Provision (benefit) for income taxes | (1) | — | — | (1) |
| Less: Noncontrolling interests | — | 3 | — | 3 |
| Adjusted operating income (loss) | \$ (3) | \$ — | \$ — | \$ (3) |

Assured Guaranty Ltd.

Other Results (2 of 2)

(dollars in millions)

| | Nine Months Ended September 30, 2021 | | | |
|---|--------------------------------------|------|---|-------------|
| | FG VIEs | CIVs | Intersegment Eliminations and Reclasses | Total Other |
| | (in millions) | | | |
| Revenues | | | | |
| Net earned premiums | \$ (3) | \$ — | \$ — | \$ (3) |
| Net investment income | (3) | — | (7) | (10) |
| Asset management fees | — | (6) | 15 | 9 |
| Fair value gains (losses) on FG VIEs | 18 | — | — | 18 |
| Fair value gains (losses) on CIVs | — | 53 | — | 53 |
| Other income (loss) | (1) | — | — | (1) |
| Total revenues | 11 | 47 | 8 | 66 |
| Expenses | | | | |
| Loss and LAE | 13 | — | — | 13 |
| Interest expense | — | — | (7) | (7) |
| Other operating expenses | — | — | 15 | 15 |
| Total expenses | 13 | — | 8 | 21 |
| Equity in earnings of investees | — | (35) | — | (35) |
| Adjusted operating income (loss) before income taxes | (2) | 12 | — | 10 |
| Less: Provision (benefit) for income taxes | (1) | — | — | (1) |
| Less: Noncontrolling interests | — | 11 | — | 11 |
| Adjusted operating income (loss) | \$ (1) | \$ 1 | \$ — | \$ — |

| | Nine Months Ended September 30, 2020 | | | |
|---|--------------------------------------|------|---|-------------|
| | FG VIEs | CIVs | Intersegment Eliminations and Reclasses | Total Other |
| | (in millions) | | | |
| Revenues | | | | |
| Net earned premiums | \$ (4) | \$ — | \$ — | \$ (4) |
| Net investment income | (4) | — | (8) | (12) |
| Asset management fees | — | (4) | 24 | 20 |
| Fair value gains (losses) on FG VIEs | (8) | — | — | (8) |
| Fair value gains (losses) on CIVs | — | 37 | — | 37 |
| Other income (loss) | — | — | — | — |
| Total revenues | (16) | 33 | 16 | 33 |
| Expenses | | | | |
| Loss and LAE | (7) | — | — | (7) |
| Interest expense | — | — | (8) | (8) |
| Other operating expenses | — | (1) | 24 | 23 |
| Total expenses | (7) | (1) | 16 | 8 |
| Equity in earnings of investees | — | (29) | — | (29) |
| Adjusted operating income (loss) before income taxes | (9) | 5 | — | (4) |
| Less: Provision (benefit) for income taxes | (2) | — | — | (2) |
| Less: Noncontrolling interests | — | 5 | — | 5 |
| Adjusted operating income (loss) | \$ (7) | \$ — | \$ — | \$ (7) |

Summary

Assured Guaranty Ltd.
Summary of Financial and Statistical Data
(dollars in millions, except per share amounts)

| | As of and for the Nine Months Ended September 30, 2021 | Year Ended December 31, | | | |
|--|--|-------------------------|------------------|------------------|------------------|
| | | 2020 | 2019 | 2018 | 2017 |
| GAAP Summary Statements of Operations Data | | | | | |
| Net earned premiums | \$ 307 | \$ 485 | \$ 476 | \$ 548 | \$ 690 |
| Net investment income | 204 | 297 | 378 | 395 | 417 |
| Total expenses | 506 | 729 | 503 | 422 | 748 |
| Income (loss) before income taxes | 145 | 386 | 460 | 580 | 991 |
| Net income (loss) attributable to AGL | 126 | 362 | 402 | 521 | 730 |
| Net income (loss) attributable to AGL per diluted share | 1.66 | 4.19 | 4.00 | 4.68 | 5.96 |
| GAAP Summary Balance Sheet Data | | | | | |
| Total investments and cash | \$ 9,718 | \$ 10,000 | \$ 10,409 | \$ 10,977 | \$ 11,539 |
| Total assets | 17,614 | 15,334 | 14,326 | 13,603 | 14,433 |
| Unearned premium reserve | 3,716 | 3,735 | 3,736 | 3,512 | 3,475 |
| Loss and LAE reserve | 981 | 1,088 | 1,050 | 1,177 | 1,444 |
| Long-term debt | 1,671 | 1,224 | 1,235 | 1,233 | 1,292 |
| Shareholders' equity attributable to AGL | 6,300 | 6,643 | 6,639 | 6,555 | 6,839 |
| Shareholders' equity attributable to AGL per share | 88.42 | 85.66 | 71.18 | 63.23 | 58.95 |
| Other Financial Information (GAAP Basis) | | | | | |
| Financial guaranty: | | | | | |
| Net debt service outstanding (end of period) | \$ 366,373 | \$ 366,233 | \$ 374,130 | \$ 371,586 | \$ 401,118 |
| Gross debt service outstanding (end of period) | 366,787 | 366,692 | 375,776 | 375,080 | 408,492 |
| Net par outstanding (end of period) | 235,668 | 234,153 | 236,807 | 241,802 | 264,952 |
| Gross par outstanding (end of period) | 236,046 | 234,571 | 238,156 | 244,191 | 269,386 |
| Other Financial Information (Statutory Basis)⁽¹⁾ | | | | | |
| Financial guaranty: | | | | | |
| Net debt service outstanding (end of period) | \$ 360,714 | \$ 360,392 | \$ 367,630 | \$ 359,499 | \$ 373,340 |
| Gross debt service outstanding (end of period) | 361,129 | 360,852 | 369,251 | 362,974 | 380,478 |
| Net par outstanding (end of period) | 230,725 | 229,008 | 230,984 | 230,664 | 239,003 |
| Gross par outstanding (end of period) | 231,102 | 229,426 | 232,333 | 233,036 | 243,217 |
| Claims-paying resources⁽²⁾ | | | | | |
| Policyholders' surplus | \$ 5,216 | \$ 5,077 | \$ 5,056 | \$ 5,148 | \$ 5,305 |
| Contingency reserve | 1,557 | 1,557 | 1,607 | 1,663 | 1,750 |
| Qualified statutory capital | 6,773 | 6,634 | 6,663 | 6,811 | 7,055 |
| Unearned premium reserve and net deferred ceding commission income | 2,976 | 2,983 | 2,961 | 2,950 | 2,849 |
| Loss and LAE reserves | 91 | 202 | 529 | 1,023 | 1,092 |
| Total policyholders' surplus and reserves | 9,840 | 9,819 | 10,153 | 10,784 | 10,996 |
| Present value of installment premium | 877 | 858 | 804 | 577 | 559 |
| CCS and standby line of credit | 400 | 400 | 400 | 400 | 400 |
| Excess of loss reinsurance facility | — | — | — | 180 | 180 |
| Total claims-paying resources | \$ 11,117 | \$ 11,077 | \$ 11,357 | \$ 11,941 | \$ 12,135 |
| Ratios: | | | | | |
| Net exposure to qualified statutory capital | 34 :1 | 35 :1 | 35 :1 | 34 :1 | 34 :1 |
| Capital ratio | 53 :1 | 54 :1 | 55 :1 | 53 :1 | 53 :1 |
| Financial resources ratio | 33 :1 | 33 :1 | 32 :1 | 30 :1 | 31 :1 |
| Adjusted statutory net exposure to claims-paying resources | 21 :1 | 21 :1 | 20 :1 | 19 :1 | 20 :1 |
| Par and Debt Service Written (FG and Specialty) | | | | | |
| Gross debt service written: | | | | | |
| Public finance - U.S. | \$ 26,348 | \$ 33,596 | \$ 28,054 | \$ 31,989 | \$ 26,988 |
| Public finance - non-U.S. | 1,890 | 1,860 | 17,907 | 7,166 | 2,811 |
| Structured finance - U.S. | 945 | 508 | 1,704 | 1,191 | 500 |
| Structured finance - non-U.S. | 266 | 254 | 88 | 369 | 202 |
| Total gross debt service written | \$ 29,449 | \$ 36,218 | \$ 47,753 | \$ 40,715 | \$ 30,501 |
| Net debt service written | \$ 29,449 | \$ 35,965 | \$ 47,731 | \$ 40,630 | \$ 30,476 |
| Net par written | 20,170 | 23,012 | 24,331 | 24,538 | 17,962 |
| Gross par written | 20,170 | 23,265 | 24,353 | 24,624 | 18,024 |

1) Statutory amounts prepared on a consolidated basis. The National Association of Insurance Commissioners Annual Statements for U.S. Domiciled Insurance Subsidiaries are prepared on a stand-alone basis.

2) See page 16 for additional detail on claims-paying resources.

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

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

Assured Guaranty Ltd.

Summary of GAAP to Non-GAAP Reconciliations⁽¹⁾ (1 of 2) (dollars in millions, except per share amounts)

| | Nine Months Ended September 30, 2021 | Year Ended December 31, | | | |
|---|---|-------------------------|----------------|----------------|----------------|
| | | 2020 | 2019 | 2018 | 2017 |
| Total GWP | \$ 277 | \$ 454 | \$ 677 | \$ 612 | \$ 307 |
| Less: Installment GWP and other GAAP adjustments ⁽²⁾ | 125 | 191 | 469 | 119 | 99 |
| Upfront GWP | 152 | 263 | 208 | 493 | 208 |
| Plus: Installment premium PVP | 111 | 127 | 361 | 204 | 107 |
| Total PVP | <u>\$ 263</u> | <u>\$ 390</u> | <u>\$ 569</u> | <u>\$ 697</u> | <u>\$ 315</u> |
| PVP: | | | | | |
| Public finance - U.S. | \$ 165 | \$ 292 | \$ 201 | \$ 402 | \$ 197 |
| Public finance - non-U.S. | 63 | 82 | 308 | 116 | 89 |
| Structured finance - U.S. | 32 | 14 | 53 | 167 | 14 |
| Structured finance - non-U.S. | 3 | 2 | 7 | 12 | 15 |
| Total PVP | <u>\$ 263</u> | <u>\$ 390</u> | <u>\$ 569</u> | <u>\$ 697</u> | <u>\$ 315</u> |
| Adjusted operating income reconciliation: | | | | | |
| Net income (loss) attributable to AGL | \$ 126 | \$ 362 | \$ 402 | \$ 521 | \$ 730 |
| Less pre-tax adjustments: | | | | | |
| Realized gains (losses) on investments | 4 | 18 | 22 | (32) | 40 |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (41) | 65 | (10) | 101 | 43 |
| Fair value gains (losses) on CCS | (28) | (1) | (22) | 14 | (2) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | (21) | 42 | 22 | (32) | 57 |
| Total pre-tax adjustments | (86) | 124 | 12 | 51 | 138 |
| Less tax effect on pre-tax adjustments | 15 | (18) | (1) | (12) | (69) |
| Adjusted operating income (loss) | <u>\$ 197</u> | <u>\$ 256</u> | <u>\$ 391</u> | <u>\$ 482</u> | <u>\$ 661</u> |
| Adjusted operating income per diluted share reconciliation: | | | | | |
| Net income (loss) attributable to AGL per diluted share | \$ 1.66 | \$ 4.19 | \$ 4.00 | \$ 4.68 | \$ 5.96 |
| Less pre-tax adjustments: | | | | | |
| Realized gains (losses) on investments | 0.05 | 0.21 | 0.22 | (0.29) | 0.33 |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (0.54) | 0.75 | (0.11) | 0.90 | 0.35 |
| Fair value gains (losses) on CCS | (0.37) | (0.01) | (0.22) | 0.13 | (0.02) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | (0.28) | 0.49 | 0.21 | (0.29) | 0.46 |
| Total pre-tax adjustments | (1.14) | 1.44 | 0.10 | 0.45 | 1.12 |
| Tax effect on pre-tax adjustments | 0.20 | (0.22) | (0.01) | (0.11) | (0.57) |
| Adjusted operating income (loss) per diluted share | <u>\$ 2.60</u> | <u>\$ 2.97</u> | <u>\$ 3.91</u> | <u>\$ 4.34</u> | <u>\$ 5.41</u> |

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

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

Assured Guaranty Ltd.

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

(dollars in millions, except per share amounts)

| | As of September 30, 2021 | As of December 31, | | | |
|--|--------------------------------|--------------------|-----------------|-----------------|-----------------|
| | | 2020 | 2019 | 2018 | 2017 |
| Adjusted book value reconciliation: | | | | | |
| Shareholders' equity attributable to AGL | \$ 6,300 | \$ 6,643 | \$ 6,639 | \$ 6,555 | \$ 6,839 |
| Less pre-tax adjustments: | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (32) | 9 | (56) | (45) | (146) |
| Fair value gains (losses) on CCS | 24 | 52 | 52 | 74 | 60 |
| Unrealized gain (loss) on investment portfolio excluding foreign exchange effect | 492 | 611 | 486 | 247 | 487 |
| Less taxes | (90) | (116) | (89) | (63) | (83) |
| Adjusted operating shareholders' equity | <u>5,906</u> | <u>6,087</u> | <u>6,246</u> | <u>6,342</u> | <u>6,521</u> |
| Pre-tax adjustments: | | | | | |
| Less: Deferred acquisition costs | 129 | 119 | 111 | 105 | 101 |
| Plus: Net present value of estimated net future revenue | 164 | 182 | 206 | 219 | 162 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 3,383 | 3,355 | 3,296 | 3,005 | 2,966 |
| Plus taxes | (597) | (597) | (590) | (526) | (515) |
| Adjusted book value | <u>\$ 8,727</u> | <u>\$ 8,908</u> | <u>\$ 9,047</u> | <u>\$ 8,935</u> | <u>\$ 9,033</u> |
| Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity (net of tax (provision) benefit of \$1, \$-, \$(2), \$(1), and \$(2)) | \$ — | \$ 2 | \$ 7 | \$ 3 | \$ 5 |
| Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of \$3, \$2, \$1, \$4 and \$3) | \$ (9) | \$ (8) | \$ (4) | \$ (15) | \$ (14) |
| Adjusted book value per share reconciliation: | | | | | |
| Shareholders' equity attributable to AGL per share | \$ 88.42 | \$ 85.66 | \$ 71.18 | \$ 63.23 | \$ 58.95 |
| Less pre-tax adjustments: | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | (0.44) | 0.12 | (0.60) | (0.44) | (1.26) |
| Fair value gains (losses) on CCS | 0.33 | 0.66 | 0.56 | 0.72 | 0.52 |
| Unrealized gain (loss) on investment portfolio excluding foreign exchange effect | 6.90 | 7.89 | 5.21 | 2.39 | 4.20 |
| Less taxes | (1.26) | (1.50) | (0.95) | (0.61) | (0.71) |
| Adjusted operating shareholders' equity per share | <u>82.89</u> | <u>78.49</u> | <u>66.96</u> | <u>61.17</u> | <u>56.20</u> |
| Pre-tax adjustments: | | | | | |
| Less: Deferred acquisition costs | 1.81 | 1.54 | 1.19 | 1.01 | 0.87 |
| Plus: Net present value of estimated net future revenue | 2.30 | 2.35 | 2.20 | 2.11 | 1.40 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 47.49 | 43.27 | 35.34 | 28.98 | 25.56 |
| Plus taxes | (8.37) | (7.70) | (6.32) | (5.07) | (4.43) |
| Adjusted book value per share | <u>\$ 122.50</u> | <u>\$ 114.87</u> | <u>\$ 96.99</u> | <u>\$ 86.18</u> | <u>\$ 77.86</u> |
| Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity per share | \$ — | \$ 0.03 | \$ 0.07 | \$ 0.03 | \$ 0.03 |
| Gain (loss) related to VIE consolidation included in adjusted book value per share | \$ (0.12) | \$ (0.10) | \$ (0.05) | \$ (0.15) | \$ (0.12) |

1) See Non-GAAP Financial Measures set forth at the end of this Financial Supplement.

Glossary

Net Par Outstanding and Internal Ratings

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

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

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

Performance Indicators

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

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

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

Sectors

Below are brief descriptions of selected types of public and structured finance obligations that the Company insures and reinsures. For a more complete description, please refer to Assured Guaranty Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2020.

U.S. Public Finance:

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

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

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

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

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

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

Glossary (continued)

Sectors (continued)

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

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

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

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

Other Public Finance Bonds include other debt issued, guaranteed or otherwise supported by U.S. national or local governmental authorities, as well as student loans, revenue bonds, and obligations of some not-for-profit organizations.

Non-U.S. Public Finance:

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

Infrastructure Finance Obligations are obligations issued by a variety of entities engaged in the financing of international infrastructure projects, such as roads, airports, ports, social infrastructure, student accommodations, and other physical assets delivering essential services supported either by long-term concession arrangements with a public sector entity or a regulatory regime. The majority of the Company's international infrastructure business is conducted in the U.K.

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

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

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

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

Structured Finance:

Residential Mortgage-Backed Securities are obligations backed by first and second lien mortgage loans on residential properties. The credit quality of borrowers covers a broad range, including "prime," "subprime" and "Alt-A." A prime borrower is generally defined as one with strong risk characteristics as measured by factors such as payment history, credit score, and debt-to-income ratio. A subprime borrower is a borrower with higher risk characteristics. An Alt-A borrower is generally defined as a prime quality borrower that lacks certain ancillary characteristics, such as fully documented income.

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

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

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

Glossary (continued)

Sectors (continued)

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

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

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

Definitions for Asset Management Segment

The Company uses AUM as a metric to measure progress in its Asset Management segment. Management fee revenue is based on a variety of factors and is not perfectly correlated with AUM. However, the Company believes that AUM is a useful metric for assessing the relative size and scope of our asset management business. The Company uses measures of its AUM in its decision making process and intends to use a measure of change in AUM in its calculation of certain components of management compensation. Investors also use AUM to evaluate companies that participate in the asset management business. AUM refers to the assets managed, advised or serviced by the Asset Management segment and equals the sum of the following:

- the amount of aggregate collateral balance and principal cash of AssuredIM's CLOs, including CLO equity that may be held by AssuredIM Funds. This also includes CLO assets managed by BlueMountain Fuji Management, LLC (BM Fuji), which was sold to a third party in the second quarter of 2021. AssuredIM is not the investment manager of BM Fuji-advised CLOs, but following the sale, AssuredIM sub-advises and continues to provide personnel and other services to BM Fuji associated with the management of BM Fuji-advised CLOs pursuant to a sub-advisory agreement and a personnel and services agreement, consistent with past practices, and
- the net asset value of all funds and accounts other than CLOs, plus any unfunded commitments. Changes in NAV attributable to movements in fund value of certain private equity funds are reported on a quarter lag.

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

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

"*Third-party AUM*" refers to the assets AssuredIM manages or advises on behalf of third-party investors. This includes current and former employee investments in AssuredIM Funds. For CLOs, this also includes CLO equity that may be held by AssuredIM Funds.

"*Intercompany AUM*" refers to the assets AssuredIM manages or advises on behalf of the Company. This includes investments from affiliates of Assured Guaranty along with general partners' investments of AssuredIM (or its affiliates) into the AssuredIM Funds.

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

"*Unfunded AUM*" refers to unfunded capital commitments from closed-end funds and CLO warehouse funds.

"*Fee-earning AUM*" refers to assets where AssuredIM collects fees and has elected not to waive or rebate fees to investors.

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

Non-GAAP Financial Measures

The Company discloses both (a) financial measures determined in accordance with GAAP and (b) 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.

The Company believes its presentation of non-GAAP financial measures provides information that is necessary for analysts to calculate their estimates of Assured Guaranty's financial results in their research reports on Assured Guaranty and for investors, analysts and the financial news media to evaluate Assured Guaranty's financial results.

GAAP requires the Company to consolidate VIEs where it is deemed to be the primary beneficiary which include:

- FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and
- CIVs in which certain subsidiaries invest and which are managed by AssuredIM.

The Company provides the effect of VIE consolidation that is embedded in each non-GAAP financial measure, as applicable. The Company believes this information may also be useful to analysts and investors evaluating Assured Guaranty's financial results. In the case of both the consolidated FG VIEs and the CIVs, the economic effect of each of the consolidated FG VIEs and CIVs is reflected primarily in the results of the Insurance segment.

Management and the Board of Directors use non-GAAP financial measures further adjusted to remove the effect of VIE consolidation (which the Company refers to as its core financial measures), as well as GAAP financial measures and other factors, to evaluate the Company's results of operations, financial condition and progress towards long-term goals. The Company uses core financial measures in its decision-making process for and in its calculation of certain components of management compensation. The core financial measures that the Company uses to help determine compensation are: (1) adjusted operating income, further adjusted to remove the effect of VIE consolidation, (2) adjusted operating shareholders' equity, further adjusted to remove the effect of VIE consolidation, (3) growth in adjusted book value per share, further adjusted to remove the effect of VIE consolidation, and (4) PVP.

Management believes that many investors, analysts and financial news reporters use adjusted operating shareholders' equity and/or adjusted book value, each further adjusted to remove the effect of VIE consolidation, as the principal financial measures for valuing AGL's current share price or projected share price and also as the basis of their decision to recommend, buy or sell AGL's common shares. Management also believes that many of the Company's fixed income investors also use adjusted operating shareholders' equity, further adjusted to remove the effect of VIE consolidation to evaluate the Company's capital adequacy.

Adjusted operating income, further adjusted for the effect of VIE consolidation enables investors and analysts to evaluate the Company's financial results in comparison with the consensus analyst estimates distributed publicly by financial databases.

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

Adjusted Operating Income: Management believes that adjusted operating income is a useful measure because it clarifies the understanding of the operating results of the Company. Adjusted operating income is defined as net income (loss) attributable to AGL, as reported under GAAP, adjusted for the following:

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

Non-GAAP Financial Measures (continued)

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

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

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

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

Adjusted operating shareholders' equity is defined as shareholders' equity attributable to AGL, as reported under GAAP, adjusted for the following:

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

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

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

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

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

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

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

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

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

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

Non-GAAP Financial Measures (continued)

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

Net Present Value of Estimated Net Future Revenue: Management believes that this amount is a useful measure because it enables an evaluation of the value of the present value of estimated net future revenue for contracts other than financial guaranty insurance contracts (such as specialty insurance and reinsurance contracts and credit derivatives). This amount represents the net present value of estimated future revenue from these contracts (other than credit derivatives with net expected losses), net of reinsurance, ceding commissions and premium taxes.

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

PVP or Present Value of New Business Production: Management believes that PVP is a useful measure because it enables the evaluation of the value of new business production for the Company by taking into account the value of estimated future installment premiums on all new contracts underwritten in a reporting period as well as additional installment premium on existing contracts (which may result from supplements or fees or from the issuer not calling an insured obligation the Company projected would be called), whether in insurance or credit derivative contract form, which management believes GAAP gross written premiums and changes in fair value of credit derivatives do not adequately measure. PVP in respect of contracts written in a specified period is defined as gross upfront and installment premiums received and the present value of gross estimated future installment premiums.

Future installment premiums are discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than loss mitigation securities. The discount rate is recalculated annually and updated as necessary. Under GAAP, financial guaranty installment premiums are discounted at a risk-free rate. Additionally, under GAAP, management records future installment premiums on financial guaranty insurance contracts covering non-homogeneous pools of assets based on the contractual term of the transaction, whereas for PVP purposes, management records an estimate of the future installment premiums the Company expects to receive, which may be based upon a shorter period of time than the contractual term of the transaction.

Actual installment premiums may differ from those estimated in the Company's PVP calculation due to factors including, but not limited to, changes in foreign exchange rates, prepayment speeds, terminations, credit defaults, or other factors that affect par outstanding or the ultimate maturity of an obligation.

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