

ASSURED
GUARANTY®



Financial Supplement

Assured Guaranty Ltd.

March 31, 2021

ASSURED GUARANTY[®]

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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 period ended March 31, 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	
	March 31,	
	2021	2020
GAAP Highlights		
Net income (loss) attributable to AGL	\$ 11	\$ (55)
Net income (loss) attributable to AGL per diluted share	\$ 0.14	\$ (0.59)
Weighted average shares outstanding		
Basic shares outstanding	76.7	92.6
Diluted shares outstanding	77.5	92.6
Effective tax rate on net income	(0.9)%	7.1 %
GAAP return on equity (ROE) ⁽³⁾	0.7 %	(3.4)%
Non-GAAP Highlights ⁽¹⁾		
Adjusted operating income (loss) ⁽¹⁾		
Insurance	\$ 79	\$ 85
Asset Management	(7)	(9)
Corporate	(29)	(39)
Other	—	(4)
Adjusted operating income (loss)	\$ 43	\$ 33
Adjusted operating income (loss) per diluted share ⁽¹⁾	\$ 0.55	\$ 0.36
Weighted average shares outstanding	77.5	93.4
Effective tax rate on adjusted operating income ⁽²⁾	15.0 %	24.7 %
Adjusted operating ROE ⁽¹⁾⁽³⁾	2.8 %	2.2 %
Insurance Segment		
Gross written premiums (GWP)	\$ 87	\$ 64
Present value of new business production (PVP) ⁽¹⁾	86	51
Gross par written	5,472	3,033
Asset Management Segment		
Inflows-third party	\$ 873	\$ 11
Inflows-intercompany	145	77
Effect of refundings and terminations on GAAP measures:		
Net earned premiums, pre-tax	\$ 16	\$ 15
Net income effect	13	11
Net income per diluted share	0.16	0.12
Effect of refundings and terminations on non-GAAP measures:		
Operating net earned premiums and credit derivative revenues ⁽⁴⁾ , pre-tax	\$ 16	\$ 15
Adjusted operating income ⁽⁴⁾ effect	13	11
Adjusted operating income per diluted share ⁽⁴⁾	0.16	0.12

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 7 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			
	March 31, 2021		December 31, 2020	
	Amount	Per Share	Amount	Per Share
Shareholders' equity attributable to AGL	\$ 6,430	\$ 84.67	\$ 6,643	\$ 85.66
Adjusted operating shareholders' equity ⁽¹⁾	6,032	79.44	6,087	78.49
Adjusted book value ⁽¹⁾	8,851	116.56	8,908	114.87
Gain (loss) related to the effect of consolidating variable interest entities (VIE consolidation) included in adjusted operating shareholders' equity	1	0.02	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	75.9		77.5	
Exposure				
Financial guaranty net debt service outstanding	\$ 365,443		\$ 366,233	
Financial guaranty net par outstanding	234,270		234,153	
Claims-paying resources ⁽²⁾	11,014		11,077	
Assets under management (AUM)				
Collateralized loan obligations (CLOs)	\$ 14,331		\$ 13,856	
Opportunity funds	1,513		1,486	
Liquid strategies	384		383	
Wind-down funds	1,297		1,623	
Total	<u>\$ 17,525</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 14 for additional detail on claims-paying resources.

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

	As of	
	March 31, 2021	December 31, 2020
Assets:		
Investment portfolio:		
Fixed-maturity securities available-for-sale, at fair value	\$ 8,687	\$ 8,773
Short-term investments, at fair value	701	851
Other invested assets	211	214
Total investment portfolio	9,599	9,838
Cash	95	162
Premiums receivable, net of commissions payable	1,359	1,372
Deferred acquisition costs (DAC)	124	119
Salvage and subrogation recoverable	977	991
Financial guaranty variable interest entities' (FG VIEs') assets, at fair value	281	296
Assets of consolidated investment vehicles (CIVs)	2,956	1,913
Goodwill and other intangible assets	184	203
Other assets	443	440
Total assets	\$ 16,018	\$ 15,334
Liabilities and shareholders' equity		
Liabilities:		
Unearned premium reserve	\$ 3,718	\$ 3,735
Loss and loss adjustment expense (LAE) reserve	1,058	1,088
Long-term debt	1,225	1,224
Credit derivative liabilities, at fair value	124	103
FG VIEs' liabilities with recourse, at fair value	301	316
FG VIEs' liabilities without recourse, at fair value	17	17
Liabilities of CIVs	2,573	1,590
Other liabilities	509	556
Total liabilities	9,525	8,629
Redeemable noncontrolling interests	21	21
Shareholders' equity:		
Common shares	1	1
Retained earnings	6,055	6,143
Accumulated other comprehensive income	373	498
Deferred equity compensation	1	1
Total shareholders' equity attributable to AGL	6,430	6,643
Nonredeemable noncontrolling interests	42	41
Total shareholders' equity	6,472	6,684
Total liabilities, redeemable noncontrolling interests and shareholders' equity	\$ 16,018	\$ 15,334

Assured Guaranty Ltd.
Condensed Consolidated Statements of Operations (unaudited)
(dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	2021	2020
Revenues		
Net earned premiums	\$ 103	\$ 103
Net investment income	70	80
Asset management fees	24	23
Net realized investment gains (losses)	(3)	(5)
Net change in fair value of credit derivatives	(19)	(77)
Fair value gains (losses) on committed capital securities (CCS)	(19)	48
Fair value gains (losses) on FG VIEs	5	(9)
Fair value gains (losses) on CIVs	16	(12)
Foreign exchange gains (losses) on remeasurement	—	(62)
Other income (loss)	—	7
Total revenues	177	96
Expenses		
Loss and LAE	30	20
Interest expense	21	22
Amortization of DAC	3	3
Employee compensation and benefit expenses	60	64
Other operating expenses	57	45
Total expenses	171	154
Income (loss) before provision for income taxes and equity in earnings of investees	6	(58)
Equity in earnings of investees	9	(4)
Income (loss) before income taxes	15	(62)
Provision (benefit) for income taxes	—	(4)
Net income (loss)	15	(58)
Less: Noncontrolling interests	4	(3)
Net income (loss) attributable to AGL	\$ 11	\$ (55)
Earnings per share:		
Basic	\$ 0.14	\$ (0.59)
Diluted	\$ 0.14	\$ (0.59)

Assured Guaranty Ltd.

Results by Segment

(in millions)

Results by Segment for the Three Months Ended March 31, 2021 and March 31, 2020

	Three Months Ended March 31, 2021				
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	\$ 107	\$ —	\$ —	\$ (1)	\$ 106
Net investment income	73	—	—	(3)	70
Asset management fees	—	20	—	4	24
Fair value gains (losses) on FG VIEs	—	—	—	5	5
Fair value gains (losses) on CIVs	—	—	—	16	16
Other income (loss)	(1)	—	—	—	(1)
Total revenues	179	20	—	21	220
Expenses					
Loss expense	30	—	—	3	33
Interest expense	—	—	23	(2)	21
Amortization of DAC and intangible assets	3	3	—	—	6
Employee compensation and benefit expenses	36	19	5	—	60
Other operating expenses	37	7	4	6	54
Total expenses	106	29	32	7	174
Equity in earnings of investees	19	—	—	(10)	9
Income (loss) before income taxes	92	(9)	(32)	4	55
Provision (benefit) for income taxes	13	(2)	(3)	—	8
Noncontrolling interests	—	—	—	4	4
Adjusted operating income (loss)	\$ 79	\$ (7)	\$ (29)	\$ —	\$ 43
Three Months Ended March 31, 2020					
	Insurance	Asset Management	Corporate	Other	Total
Revenues					
Net earned premiums and credit derivative revenues	\$ 107	\$ —	\$ —	\$ (1)	\$ 106
Net investment income	83	—	1	(4)	80
Asset management fees	—	16	—	7	23
Fair value gains (losses) on FG VIEs	—	—	—	(9)	(9)
Fair value gains (losses) on CIVs	—	—	—	(12)	(12)
Other income (loss)	6	1	(5)	—	2
Total revenues	196	17	(4)	(19)	190
Expenses					
Loss expense	18	—	—	(6)	12
Interest expense	—	—	25	(3)	22
Amortization of DAC and intangible assets	3	3	—	—	6
Employee compensation and benefit expenses	41	18	5	—	64
Other operating expenses	22	7	5	8	42
Total expenses	84	28	35	(1)	146
Equity in earnings of investees	(9)	—	(5)	10	(4)
Income (loss) before income taxes	103	(11)	(44)	(8)	40
Provision (benefit) for income taxes	18	(2)	(5)	(1)	10
Noncontrolling interests	—	—	—	(3)	(3)
Adjusted operating income (loss)	\$ 85	\$ (9)	\$ (39)	\$ (4)	\$ 33

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 March 31,	
	2021	2020
Net income (loss) attributable to AGL	\$ 11	\$ (55)
Less pre-tax adjustments:		
Realized gains (losses) on investments	(3)	(5)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(19)	(88)
Fair value gains (losses) on CCS	(19)	48
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	1	(57)
Total pre-tax adjustments	(40)	(102)
Less tax effect on pre-tax adjustments	8	14
Adjusted operating income (loss)	\$ 43	\$ 33
 Per diluted share:		
Net income (loss) attributable to AGL	\$ 0.14	\$ (0.59)
Less pre-tax adjustments:		
Realized gains (losses) on investments	(0.04)	(0.06)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.25)	(0.95)
Fair value gains (losses) on CCS	(0.24)	0.52
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	0.01	(0.62)
Total pre-tax adjustments	(0.52)	(1.11)
Less tax effect on pre-tax adjustments	0.11	0.16
Adjusted operating income (loss)	\$ 0.55	\$ 0.36

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

	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Shareholders' equity attributable to AGL	\$ 6,430	\$ 6,643	\$ 6,240	\$ 6,639
Adjusted operating shareholders' equity	6,032	6,087	6,051	6,246
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity	1	2	12	7
			Three Months Ended	
			March 31,	
			2021	2020
Net income (loss) attributable to AGL			\$ 11	\$ (55)
Adjusted operating income (loss)			43	33
Average shareholders' equity attributable to AGL			\$ 6,537	\$ 6,440
Average adjusted operating shareholders' equity			6,060	6,149
Gain (loss) related to VIE consolidation included in average adjusted operating shareholders' equity			2	10
GAAP ROE ⁽¹⁾			0.7 %	(3.4)%
Adjusted operating ROE ⁽¹⁾			2.8 %	2.2 %

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			
	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Reconciliation of shareholders' equity attributable to AGL to adjusted book value:				
Shareholders' equity attributable to AGL	\$ 6,430	\$ 6,643	\$ 6,240	\$ 6,639
Less pre-tax reconciling items:				
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(10)	9	(144)	(56)
Fair value gains (losses) on CCS	33	52	101	52
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	463	611	275	486
Less taxes	(88)	(116)	(43)	(89)
Adjusted operating shareholders' equity	<u>6,032</u>	<u>6,087</u>	<u>6,051</u>	<u>6,246</u>
Pre-tax reconciling items:				
Less: Deferred acquisition costs	124	119	113	111
Plus: Net present value of estimated net future revenue	181	182	193	206
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,359	3,355	3,273	3,296
Plus taxes	(597)	(597)	(584)	(590)
Adjusted book value	<u><u>\$ 8,851</u></u>	<u><u>\$ 8,908</u></u>	<u><u>\$ 8,820</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 \$-, \$-, (4) and \$(2))	\$ 1	\$ 2	\$ 12	\$ 7
Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of \$4, \$2, \$(2) and \$1)	\$ (9)	\$ (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 March 31, 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⁾	\$ 3,613	\$ (11)	3.56 %	3.26 %	\$ 3,916	\$ 129
U.S. government and agencies	138	—	2.50	2.14	144	4
Corporate securities ⁽⁴⁾	2,504	(43)	2.81	2.45	2,572	70
Mortgage-backed securities:						
Residential mortgage-backed securities (RMBS) ⁽³⁾⁽⁴⁾	541	(20)	4.53	3.82	530	25
Commercial mortgage-backed securities	351	—	3.49	3.02	374	12
Asset-backed securities (ABS)						
CLOs	523	—	2.35	1.87	525	12
Other ABS ⁽⁴⁾	430	(7)	5.88	4.75	456	25
Non-U.S. government securities	167	—	1.11	1.11	170	2
Total fixed maturity securities	<u>8,267</u>	<u>(81)</u>	<u>3.37</u>	<u>2.97</u>	<u>8,687</u>	<u>279</u>
Short-term investments	701	—	0.01	0.01	701	—
Cash ⁽⁵⁾	95	—	—	—	95	—
Total	<u>\$ 9,063</u>	<u>\$ (81)</u>	<u>3.11 %</u>	<u>2.74 %</u>	<u>\$ 9,483</u>	<u>\$ 279</u>

Ratings ⁽⁶⁾:

	Fair Value	% of Portfolio
U.S. government and agencies	\$ 144	1.7 %
AAA/Aaa	1,325	15.2
AA/Aa	3,164	36.4
A/A	2,168	25.0
BBB	1,117	12.8
Below-investment-grade (BIG) ⁽⁷⁾	708	8.2
Not rated	61	0.7
Total fixed maturity securities, available-for-sale	<u>\$ 8,687</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 below investment grade securities that were purchased or obtained as part of loss mitigation or other risk management strategies of \$1,040 million in par with carrying value of \$708 million.

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

Investment Portfolio, Cash and CIVs as of March 31, 2021

	Insurance Subsidiaries	Holding Companies	Other	AGL Consolidated
Fixed-maturity securities	\$ 8,625	\$ 62	\$ —	\$ 8,687
Short-term investments	475	213	13	701
Cash	57	—	38	95
Total short-term investments and cash	532	213	51	796
Other invested assets				
AssuredIM Funds				
CLOs	143	—	(143)	—
Municipal bonds	106	—	(106)	—
Healthcare funds	71	—	—	71
Asset-based funds	48	—	(48)	—
Equity method investments-AssuredIM Funds	368	—	(297)	71
Equity method investments-other	118	9	—	127
Other	7	—	6	13
Other invested assets	493	9	(291)	211
Total investment portfolio and cash	\$ 9,650	\$ 284	\$ (240)	\$ 9,694
CIVs				
Assets of CIVs	\$ —	\$ —	\$ 2,956	\$ 2,956
Liabilities of CIVs	—	—	(2,573)	(2,573)
Redeemable noncontrolling interests	—	—	(21)	(21)
Nonredeemable noncontrolling interests	—	—	(42)	(42)
Total CIVs	\$ —	\$ —	\$ 320	\$ 320

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
Equity method investments-other	99	8	—	107
Other	6	—	10	16
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

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

Net Investment Income, Equity in Earning of Investees and Fair Value Gains (Losses) on CIVs on a Segment basis for the Three Months Ended March 31, 2021 and March 31, 2020

	Three Months Ended March 31, 2021				
	Insurance	Asset Management	Corporate	Other	Total
Net investment income	\$ 73	\$ —	\$ —	\$ (3)	\$ 70
Equity in earnings of investees					
AssuredIM Funds	\$ 10	\$ —	\$ —	\$ (10)	\$ —
Other	9	—	—	—	9
Equity in earnings of investees	<u>\$ 19</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (10)</u>	<u>\$ 9</u>
CIVs					
Fair value gains (losses) on CIVs	\$ —	\$ —	\$ —	\$ 16	\$ 16
Noncontrolling interests	—	—	—	(4)	(4)
Total CIVs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ 12</u>
	Three Months Ended March 31, 2020				
	Insurance	Asset Management	Corporate	Other	Total
Net investment income	\$ 83	\$ —	\$ 1	\$ (4)	\$ 80
Equity in earnings of investees					
AssuredIM Funds	\$ (10)	\$ —	\$ —	\$ 10	\$ —
Other	1	—	(5)	—	(4)
Equity in earnings of investees	<u>\$ (9)</u>	<u>\$ —</u>	<u>\$ (5)</u>	<u>\$ 10</u>	<u>\$ (4)</u>
CIVs					
Fair value gains (losses) on CIVs	\$ —	\$ —	\$ —	\$ (12)	\$ (12)
Noncontrolling interests	—	—	—	3	3
Total CIVs	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (9)</u>	<u>\$ (9)</u>

Insurance Segment

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

	Three Months Ended	
	March 31,	
	2021	2020
Revenues		
Net earned premiums and credit derivative revenues	\$ 107	\$ 107
Net investment income	73	83
Other income (loss)	(1)	6
Total revenues	<u>179</u>	<u>196</u>
Expenses		
Loss expense	30	18
Amortization of DAC	3	3
Employee compensation and benefit expenses	36	41
Write-off of MAC insurance licenses	16	—
Other operating expenses	21	22
Total expenses	<u>106</u>	<u>84</u>
Equity in earnings of investees	19	(9)
Adjusted operating income (loss) before income taxes	<u>92</u>	<u>103</u>
Provision (benefit) for income taxes	13	18
Adjusted operating income (loss)	<u>\$ 79</u>	<u>\$ 85</u>

Assured Guaranty Ltd.

Claims-Paying Resources

(dollars in millions)

As of March 31, 2021

	Assured Guaranty Municipal Corp.	Assured Guaranty Corp.	Municipal Assurance Corp.	Assured Guaranty Re Ltd. ⁽¹⁾	Eliminations ⁽²⁾	Consolidated
Claims-paying resources						
Policyholders' surplus	\$ 2,805	\$ 1,672	\$ 305	\$ 699	\$ (515)	\$ 4,966
Contingency reserve ⁽¹⁾	959	619	187	—	(187)	1,578
Qualified statutory capital	3,764	2,291	492	699	(702)	6,544
Unearned premium reserve and net deferred ceding commission income ⁽¹⁾	2,121	365	106	585	(186)	2,991
Loss and LAE reserves ⁽¹⁾	33	60	(1)	133	1	226
Total policyholders' surplus and reserves	5,918	2,716	597	1,417	(887)	9,761
Present value of installment premium	449	184	—	220	—	853
CCS	200	200	—	—	—	400
Total claims-paying resources (including proportionate MAC ownership for AGM and AGC)	6,567	3,100	597	1,637	(887)	11,014
Adjustment for MAC ⁽³⁾	362	235	—	—	(597)	—
Total claims-paying resources (excluding proportionate MAC ownership for AGM and AGC)	\$ 6,205	\$ 2,865	\$ 597	\$ 1,637	\$ (290)	\$ 11,014
Statutory net exposure ⁽⁴⁾	\$ 137,837	\$ 19,599	\$ 13,312	\$ 60,196	\$ (623)	\$ 230,321
Equity method adjustment ⁽³⁾	8,081	5,232	—	—	(13,313)	—
Adjusted statutory net exposure ⁽¹⁾	<u>\$ 145,918</u>	<u>\$ 24,831</u>	<u>\$ 13,312</u>	<u>\$ 60,196</u>	<u>\$ (13,936)</u>	<u>\$ 230,321</u>
Net debt service outstanding ⁽⁴⁾	\$ 221,321	\$ 29,480	\$ 19,709	\$ 91,644	\$ (1,328)	\$ 360,826
Equity method adjustment ⁽³⁾	11,964	7,746	—	—	(19,710)	—
Adjusted net debt service outstanding ⁽¹⁾	<u>\$ 233,285</u>	<u>\$ 37,226</u>	<u>\$ 19,709</u>	<u>\$ 91,644</u>	<u>\$ (21,038)</u>	<u>\$ 360,826</u>
Ratios:						
Adjusted net exposure to qualified statutory capital	39:1	11:1	27:1	86:1		35:1
Capital ratio ⁽⁵⁾	62:1	16:1	40:1	131:1		55:1
Financial resources ratio ⁽⁶⁾	36:1	12:1	33:1	56:1		33:1
Adjusted statutory net exposure to claims-paying resources (incl. MAC adj. for AGM and AGC)	22:1	8:1	22:1	37:1		21:1

- The numbers shown for AGM and Assured Guaranty Corp. (AGC) have been adjusted to include their indirect share of Municipal Assurance Corp. (MAC). AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. AGM has been adjusted to include 100% share of its United Kingdom (U.K.) and French insurance subsidiaries. Amounts include financial guaranty insurance and credit derivatives. On April 1, 2021, MAC was merged with and into AGM, with AGM as the surviving company. The steps leading up to the merger included (i) reassumption by AGM and AGC of their respective remaining cessions to MAC, (ii) distribution of MAC's earned surplus to AGM and AGC in accordance with their respective 60.7% and 39.3% direct ownership interests in MAC Holdings, and (iii) AGM's purchase of AGC's 39.3% interest in MAC Holdings. (i) reassumption by AGM and AGC of their respective remaining cessions to MAC, (ii) distribution of MAC's earned surplus to AGM and AGC in accordance with their respective 60.7% and 39.3% direct ownership interests in MAC Holdings, and (iii) AGM's purchase of AGC's 39.3% interest in MAC Holdings.
- Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net exposure related to intercompany cessions from AGM and AGC to MAC.
- Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC.
- Net exposure and net debt service outstanding are presented on a statutory basis. Includes \$981 million of specialty insurance and reinsurance exposure.
- The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
- The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).
- Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of U.S. statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.

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 March 31, 2021 and March 31, 2020

	Three Months Ended March 31, 2021					Three Months Ended March 31, 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	\$ 79	\$ 5	\$ 3	\$ —	\$ 87	\$ 29	\$ 34	\$ 1	\$ —	\$ 64
Less: Installment GWP and other GAAP adjustments ⁽¹⁾	34	3	1	—	38	—	34	1	—	35
Upfront GWP	45	2	2	—	49	29	—	—	—	29
Plus: Installment premium PVP	36	1	—	—	37	—	21	1	—	22
Total PVP	<u>\$ 81</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 86</u>	<u>\$ 29</u>	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 51</u>
Gross par written	\$ 5,427	\$ —	\$ 45	\$ —	\$ 5,472	\$ 2,641	\$ 377	\$ 15	\$ —	\$ 3,033

- 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
(dollars in millions)

Gross Par Written by Asset Type

	Three Months Ended March 31, 2021	
	Gross Par Written	Avg. Internal Rating
Sector:		
U.S. public finance		
General obligation	\$ 1,757	A
Taxed backed	1,259	A
Infrastructure finance	752	BBB+
Municipal utilities	610	BBB
Healthcare	432	A-
Transportation	340	BBB
Higher Education	233	A
Housing revenue	44	BBB-
Total U.S. public finance	5,427	A-
Non-U.S. public finance:		
Total non-U.S. public finance	—	—
Total public finance	5,427	A-
U.S. structured finance:		
CMBS	37	A
Other structured finance	8	A-
Total U.S. structured finance	45	A
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	45	A
Total gross par written	\$ 5,472	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)

	<u>1Q-20</u>	<u>2Q-20</u>	<u>3Q-20</u>	<u>4Q-20</u>	<u>1Q-21</u>
PVP:					
Public finance - U.S.	\$ 29	\$ 60	\$ 93	\$ 110	\$ 81
Public finance - non-U.S.	21	28	24	9	3
Structured finance - U.S.	1	8	—	5	2
Structured finance - non-U.S.	—	—	—	2	—
Total PVP	<u>\$ 51</u>	<u>\$ 96</u>	<u>\$ 117</u>	<u>\$ 126</u>	<u>\$ 86</u>
Reconciliation of GWP to PVP:					
Total GWP	\$ 64	\$ 149	\$ 121	\$ 120	\$ 87
Less: Installment GWP and other GAAP adjustments	35	89	28	39	38
Upfront GWP	29	60	93	81	49
Plus: Installment premium PVP	22	36	24	45	37
Total PVP	<u>\$ 51</u>	<u>\$ 96</u>	<u>\$ 117</u>	<u>\$ 126</u>	<u>\$ 86</u>
Gross par written:					
Public finance - U.S.	\$ 2,641	\$ 5,282	\$ 6,932	\$ 6,343	\$ 5,427
Public finance - non-U.S.	377	557	500	—	—
Structured finance - U.S.	15	173	—	192	45
Structured finance - non-U.S.	—	—	—	253	—
Total	<u>\$ 3,033</u>	<u>\$ 6,012</u>	<u>\$ 7,432</u>	<u>\$ 6,788</u>	<u>\$ 5,472</u>

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)

	Estimated Net Debt Service Amortization	Estimated Ending Net Debt Service Outstanding	Financial Guaranty Insurance ⁽²⁾			
			Expected PV Net Earned Premiums	Accretion of Discount	Effect of FG VIE Consolidation on Expected PV Net Earned Premiums and Accretion of Discount	Future Credit Derivative Revenues ⁽³⁾
2021 (as of March 31)		\$ 365,443				
2021 Q2	\$ 4,951	360,492	\$ 81	\$ 5	\$ 1	\$ 3
2021 Q3	6,950	353,542	80	5	1	3
2021 Q4	6,106	347,436	78	5	1	3
2022	21,112	326,324	294	20	3	10
2023	18,456	307,868	272	19	3	9
2024	19,165	288,703	251	17	3	9
2025	18,695	270,008	228	16	3	9
2021-2025	95,435	270,008	1,284	87	15	46
2026-2030	82,485	187,523	925	65	12	38
2031-2035	67,543	119,980	639	42	11	31
2036-2040	49,208	70,772	372	27	5	21
After 2040	70,772	—	506	46	—	16
Total	\$ 365,443		\$ 3,726	\$ 267	\$ 43	\$ 152

1) Represents the future expected amortization of current debt service outstanding (principal and interest), assuming no advance refundings, as of March 31, 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 21, "Net Expected Loss to be Expensed."

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

Assured Guaranty Ltd.

Rollforward of Net Expected Loss and LAE to be Paid

(dollars in millions)

Rollforward of Net Expected Loss and LAE to be Paid⁽¹⁾ for the Three Months Ended March 31, 2021

	Net Expected Loss to be Paid (Recovered) as of December 31, 2020	Economic Loss Development (Benefit) During 1Q-21	(Paid) Recovered Losses During 1Q-21	Net Expected Loss to be Paid (Recovered) as of March 31, 2021
Public Finance:				
U.S. public finance ⁽²⁾	\$ 305	\$ 15	\$ (92)	\$ 228
Non-U.S public finance	36	(12)	—	24
Public Finance	<u>341</u>	<u>3</u>	<u>(92)</u>	<u>252</u>
Structured Finance:				
U.S. RMBS ⁽³⁾	148	11	22	181
Other structured finance	40	(1)	—	39
Structured Finance	<u>188</u>	<u>10</u>	<u>22</u>	<u>220</u>
Total	<u>\$ 529</u>	<u>\$ 13</u>	<u>\$ (70)</u>	<u>\$ 472</u>

- 1) Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e. those accounted for as insurance, credit derivatives and FG VIEs).
- 2) The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of \$994 million as of March 31, 2021 and \$1,154 million as of December 31, 2020, for claims already paid .
- 3) Includes future net representations and warranties payable of \$59 million as of March 31, 2021 and \$74 million as of December 31, 2020.

Assured Guaranty Ltd.

Loss Measures

As of March 31, 2021

(dollars in millions)

	Total Net Par Outstanding for BIG Transactions	Three Months Ended March 31, 2021		
		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	\$ 5,398	\$ 26	\$ 26	\$ 26
Non-U.S public finance	515	(8)	(8)	(8)
Public finance	5,913	18	18	18
Structured finance:				
U.S. RMBS	1,442	12	15	12
Other structured finance	154	—	—	—
Structured finance	1,596	12	15	12
Total	\$ 7,509	\$ 30	\$ 33	\$ 30

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 March 31, 2021
(dollars in millions)

	GAAP
2021 (April 1 - June 30)	\$ 7
2021 (July 1 - September 30)	8
2021 (October 1 - December 31)	8
2022	32
2023	31
2024	31
2025	32
2021-2025	149
2026-2030	122
2031-2035	74
2036-2040	18
After 2040	4
Total expected present value of net expected loss to be expensed ⁽²⁾	367
Future accretion	131
Total expected future loss and LAE	\$ 498

1) The present value of net expected loss to be paid is discounted using risk free rates ranging from 0.00% to 2.49% 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 March 31, 2021		As of December 31, 2020	
	Net Par Outstanding	Avg. Internal Rating	Net Par Outstanding	Avg. Internal Rating
U.S. public finance:				
General obligation	\$ 72,411	A-	\$ 72,268	A-
Tax backed	35,259	A-	34,800	A-
Municipal utilities	25,268	A-	25,275	A-
Transportation	15,083	BBB+	15,179	BBB+
Healthcare	8,901	BBB+	8,691	BBB+
Infrastructure finance	6,342	A-	5,843	A-
Higher education	6,293	A-	6,127	A-
Housing revenue	1,142	BBB	1,149	BBB
Investor-owned utilities	642	A-	644	A-
Renewable energy	196	A-	204	A-
Other public finance	1,404	A-	1,417	A-
Total U.S. public finance	172,941	A-	171,597	A-
Non-U.S. public finance:				
Regulated utilities	19,074	BBB+	19,370	BBB+
Infrastructure finance	17,422	BBB	17,819	BBB
Sovereign and sub-sovereign	11,561	A+	11,682	A+
Renewable energy	2,581	A-	2,708	A-
Pooled infrastructure	1,461	AAA	1,449	AAA
Total non-U.S. public finance	52,099	A-	53,028	A-
Total public finance	\$ 225,040	A-	\$ 224,625	A-
U.S. structured finance:				
RMBS	\$ 2,850	BBB-	\$ 2,990	BBB-
Life insurance transactions	2,561	AA-	2,581	AA-
Pooled corporate obligations	1,126	AA	1,193	AA
Financial products	781	AA-	820	AA-
Consumer receivables	722	A	768	A-
Other structured finance	638	A-	600	A-
Total U.S. structured finance	8,678	A	8,952	A
Non-U.S. structured finance:				
RMBS	348	A	357	A
Other structured finance	204	A+	219	A+
Total non-U.S. structured finance	552	A	576	A
Total structured finance	\$ 9,230	A	\$ 9,528	A
Total	\$ 234,270	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 March 31, 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	\$ 338	0.2 %	\$ 2,626	5.0 %	\$ 1,142	13.2 %	\$ 152	27.5 %	\$ 4,258	1.8 %
AA	16,451	9.6	4,629	8.9	4,203	48.4	34	6.2	25,317	10.8
A	92,060	53.2	11,439	22.0	931	10.7	138	25.0	104,568	44.6
BBB	58,694	33.9	32,890	63.1	806	9.3	228	41.3	92,618	39.6
BIG	5,398	3.1	515	1.0	1,596	18.4	—	—	7,509	3.2
Net Par Outstanding ⁽¹⁾	\$ 172,941	100.0 %	\$ 52,099	100.0 %	\$ 8,678	100.0 %	\$ 552	100.0 %	\$ 234,270	100.0 %

1) As of March 31, 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 March 31, 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	\$ 34,424	14.7 %
New York	15,675	6.7
Texas	15,506	6.6
Pennsylvania	15,338	6.5
Illinois	13,134	5.6
New Jersey	9,850	4.2
Florida	6,611	2.8
Michigan	5,416	2.3
Louisiana	5,072	2.2
Puerto Rico	3,725	1.6
Other	48,190	20.6
Total U.S. public finance	<u>172,941</u>	<u>73.8</u>
U.S. structured finance	8,678	3.7
Total U.S.	<u>181,619</u>	<u>77.5</u>
Non-U.S.:		
United Kingdom	38,665	16.5
France	3,062	1.3
Canada	2,210	0.9
Australia	1,926	0.8
Spain	1,738	0.8
Other	5,050	2.2
Total non-U.S.	<u>52,651</u>	<u>22.5</u>
Total net par outstanding	<u>\$ 234,270</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 March 31, 2021
(dollars in millions)

	Gross Exposure		Net Exposure	
	As of		As of	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Life insurance transactions ⁽¹⁾	\$ 1,189	\$ 1,121	\$ 781	\$ 720
Aircraft residual value insurance policies ⁽²⁾	355	363	200	208
Total	\$ 1,544	\$ 1,484	\$ 981	\$ 928

1) The life insurance transactions net exposure is projected to increase to approximately \$1.0 billion by June 30, 2027.

2) As of March 31, 2021 and December 31, 2020, \$5 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 March 31)						\$ 9,230
2021 Q2	\$ 88	\$ 129	\$ 4	\$ 78	\$ 299	8,931
2021 Q3	79	118	(16)	55	236	8,695
2021 Q4	59	116	(10)	197	362	8,333
2022	232	389	16	97	734	7,599
2023	205	294	10	139	648	6,951
2024	30	304	13	115	462	6,489
2025	24	271	27	171	493	5,996
2021-2025	717	1,621	44	852	3,234	5,996
2026-2030	113	625	409	1,246	2,393	3,603
2031-2035	120	189	287	1,100	1,696	1,907
2036-2040	176	409	40	964	1,589	318
After 2040	—	6	1	311	318	—
Total structured finance	\$ 1,126	\$ 2,850	\$ 781	\$ 4,473	\$ 9,230	

Public Finance

	Estimated Net Par Amortization	Estimated Ending Net Par Outstanding
2021 (as of March 31)		\$ 225,040
2021 Q2	\$ 2,412	222,628
2021 Q3	4,241	218,387
2021 Q4	3,433	214,954
2022	11,145	203,809
2023	9,065	194,744
2024	10,368	184,376
2025	10,344	174,032
2021-2025	51,008	174,032
2026-2030	47,273	126,759
2031-2035	43,263	83,496
2036-2040	33,371	50,125
After 2040	50,125	—
Total public finance	\$ 225,040	

Net par outstanding (end of period)

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

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 March 31, 2021
(dollars in millions)

Exposure to Puerto Rico

	Par Outstanding		Debt Service Outstanding	
	Gross	Net	Gross	Net
Total	\$ 3,789	\$ 3,725	\$ 5,581	\$ 5,499

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 - GO ⁽³⁾	\$ 574	\$ 185	\$ 353	\$ —	\$ 1,112	\$ 1,150
Puerto Rico Public Buildings Authority (PBA) ⁽³⁾	2	134	—	(2)	134	140
Subtotal - GO/PBA PSA	576	319	353	(2)	1,246	1,290
Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation revenue) ⁽³⁾	244	472	180	(79)	817	817
PRHTA (Highway revenue) ⁽³⁾	399	63	31	—	493	493
Puerto Rico Convention Center District Authority (PRCCDA)	—	152	—	—	152	152
Subtotal - HTA/CCDA PSA	643	687	211	(79)	1,462	1,462
Puerto Rico Electric Power Authority (PREPA) ⁽³⁾	489	71	216	—	776	787
Subtotal Subject to a Support Agreement	1,708	1,077	780	(81)	3,484	3,539
Other Puerto Rico Exposures						
Puerto Rico Municipal Finance Agency (MFA) ⁽⁴⁾	151	23	49	—	223	232
Puerto Rico Infrastructure Financing Authority (PRIFA)	—	15	1	—	16	16
Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR) ⁽⁴⁾	—	2	—	—	2	2
Subtotal Other Puerto Rico Exposures	151	40	50	—	241	250
Total exposure to Puerto Rico	\$ 1,859	\$ 1,117	\$ 830	\$ (81)	\$ 3,725	\$ 3,789

- 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 March 31, 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 March 31, 2021
(dollars in millions)

Amortization Schedule of Net Par Outstanding of Puerto Rico

	2021 (2Q)	2021 (3Q)	2021 (4Q)	2022	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	\$ —	\$ 16	\$ —	\$ 37	\$ 14	\$ 73	\$ 68	\$ 34	\$ 90	\$ 33	\$ 63	\$ 48	\$ 491	\$ 145	\$ —	\$1,112
PBA	—	12	—	—	7	—	6	11	40	1	1	1	38	17	—	134
Subtotal - GO/PBA PSA	—	28	—	37	21	73	74	45	130	34	64	49	529	162	—	1,246
PRHTA (Transportation revenue)	—	18	—	28	33	4	29	24	29	34	49	31	242	251	45	817
PRHTA (Highway revenue)	—	35	—	40	32	32	34	1	—	10	13	16	227	53	—	493
PRCCDA	—	—	—	—	—	—	—	—	19	—	—	—	104	29	—	152
Subtotal - HTA/CCDA PSA	—	53	—	68	65	36	63	25	48	44	62	47	573	333	45	1,462
PREPA	—	28	—	28	95	93	68	106	105	68	39	44	102	—	—	776
Subtotal Subject to a Support Agreement	—	109	—	133	181	202	205	176	283	146	165	140	1,204	495	45	3,484
Other Puerto Rico Exposures																
MFA	—	43	—	43	23	19	18	37	15	12	7	6	—	—	—	223
PRIFA	—	—	—	—	2	—	—	—	—	—	—	—	—	10	4	16
PRASA and U of PR	—	—	—	—	—	1	—	—	—	—	—	—	1	—	—	2
Subtotal Other Puerto Rico Exposures	—	43	—	43	25	20	18	37	15	12	7	6	1	10	4	241
Total	\$ —	\$ 152	\$ —	\$ 176	\$ 206	\$ 222	\$ 223	\$ 213	\$ 298	\$ 158	\$ 172	\$ 146	\$1,205	\$ 505	\$ 49	\$3,725

Assured Guaranty Ltd.
Exposure to Puerto Rico (3 of 3)
As of March 31, 2021
(dollars in millions)

Amortization Schedule of Net Debt Service Outstanding of Puerto Rico

	2021 (2Q)	2021 (3Q)	2021 (4Q)	2022	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	\$ —	\$ 45	\$ —	\$ 94	\$ 70	\$ 128	\$ 119	\$ 82	\$ 136	\$ 75	\$ 103	\$ 84	\$ 623	\$ 159	\$ —	\$1,718
PBA	—	16	—	7	13	6	13	17	44	3	4	3	49	18	—	193
Subtotal - GO/PBA PSA	—	61	—	101	83	134	132	99	180	78	107	87	672	177	—	1,911
PRHTA (Transportation revenue)	—	40	—	69	73	42	67	61	64	67	81	61	367	300	47	1,339
PRHTA (Highway revenue)	—	48	—	64	54	53	53	18	17	27	29	31	277	55	—	726
PRCCDA	—	3	—	7	7	7	7	7	26	6	6	6	127	31	—	240
Subtotal - HTA/CCDA PSA	—	91	—	140	134	102	127	86	107	100	116	98	771	386	47	2,305
PREPA	3	43	3	62	128	122	91	126	122	80	47	52	110	—	—	989
Subtotal Subject to a Support Agreement	3	195	3	303	345	358	350	311	409	258	270	237	1,553	563	47	5,205
Other Puerto Rico Exposures																
MFA	—	49	—	52	29	24	22	41	17	14	8	6	—	—	—	262
PRIFA	—	—	—	1	3	1	1	1	1	—	1	1	3	13	4	30
PRASA and U of PR	—	—	—	—	—	1	—	—	—	—	—	—	1	—	—	2
Subtotal Other Puerto Rico Exposures	—	49	—	53	32	26	23	42	18	14	9	7	4	13	4	294
Total	\$ 3	\$ 244	\$ 3	\$ 356	\$ 377	\$ 384	\$ 373	\$ 353	\$ 427	\$ 272	\$ 279	\$ 244	\$1,557	\$ 576	\$ 51	\$5,499

Assured Guaranty Ltd.

U.S. RMBS Profile

As of March 31, 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	\$ 4	\$ 102	\$ 13	\$ 578	\$ —	\$ 697
AA	16	81	9	172	19	297
A	8	24	—	25	79	136
BBB	5	5	1	8	259	278
BIG	51	273	20	936	162	1,442
Total exposures	\$ 84	\$ 485	\$ 43	\$ 1,719	\$ 519	\$ 2,850

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	\$ 15	\$ 14	\$ —	\$ 473	\$ 31	\$ 533
2005	35	168	20	203	94	520
2006	34	33	2	142	168	379
2007	—	270	21	863	226	1,380
2008	—	—	—	38	—	38
Total exposures	\$ 84	\$ 485	\$ 43	\$ 1,719	\$ 519	\$ 2,850

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 March 31, 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	\$ 329	29.5 %	44.4 %	68.8 %
AA	453	40.6	41.5	47.5
A	311	27.9	40.6	43.5
BBB	22	2.0	49.3	51.0
Total exposures	\$ 1,115	100.0 %	42.3 %	52.8 %

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	\$ 518	46.5 %	44.3 %	60.9 %	14	AA+
U.S. mortgage and real estate investment trusts	96	8.6	47.3	64.1	3	A
CLOs	501	44.9	39.2	42.2	3	A+
Total exposures	\$ 1,115	100.0 %	42.3 %	52.8 %	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	
	March 31, 2021	December 31, 2020
U.S. public finance:		
Tax backed	\$ 2,179	\$ 2,167
General obligation	1,607	1,657
Municipal utilities	1,109	1,109
Higher education	142	147
Transportation	99	100
Housing revenue	94	94
Infrastructure finance	33	33
Healthcare	31	28
Other public finance	104	104
Total U.S. public finance	5,398	5,439
Non-U.S. public finance:		
Infrastructure finance	370	403
Sovereign and sub-sovereign	110	455
Renewable energy	35	37
Total non-U.S. public finance	515	895
Total public finance	\$ 5,913	\$ 6,334
U.S. structured finance:		
RMBS	\$ 1,442	\$ 1,480
Consumer receivables	86	90
Life insurance transactions	40	40
Other structured finance	28	31
Total U.S. structured finance	1,596	1,641
Non-U.S. structured finance:		
Total non-U.S. structured finance	—	—
Total structured finance	\$ 1,596	\$ 1,641
Total BIG net par outstanding	\$ 7,509	\$ 7,975

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	
	March 31, 2021	December 31, 2020
BIG Category 1		
U.S. public finance	\$ 1,735	\$ 1,777
Non-U.S. public finance	468	846
U.S. structured finance	158	228
Non-U.S. structured finance	—	—
Total BIG Category 1	<u>2,361</u>	<u>2,851</u>
BIG Category 2		
U.S. public finance	58	57
Non-U.S. public finance	—	—
U.S. structured finance	74	77
Non-U.S. structured finance	—	—
Total BIG Category 2	<u>132</u>	<u>134</u>
BIG Category 3		
U.S. public finance	3,605	3,605
Non-U.S. public finance	47	49
U.S. structured finance	1,364	1,336
Non-U.S. structured finance	—	—
Total BIG Category 3	<u>5,016</u>	<u>4,990</u>
BIG Total	<u><u>\$ 7,509</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 March 31, 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	\$ 1,310	CCC	
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	1,262	CCC	
Puerto Rico Electric Power Authority	776	CCC	
Illinois Sports Facilities Authority	261	BB+	
Puerto Rico Municipal Finance Agency	223	CCC	
Jackson Water & Sewer System, Mississippi	178	BB	
Virgin Islands Public Finance Authority (Gross Receipts)	164	BB	
Puerto Rico Convention Center District Authority	152	CCC	
Stockton City, California	104	B	
Harrisburg Parking System, Pennsylvania	77	B	
Alabama State University	71	BB+	
San Jacinto River Authority (GRP Project), Texas	67	BB+	
Indiana University of Pennsylvania, Pennsylvania	62	BB	
Atlantic City, New Jersey	55	BB	
Virgin Islands Water and Power Authority	52	CCC	
Total U.S. public finance	\$ 4,814		
Non-U.S. public finance:			
Road Management Services PLC (A13 Highway)	171	B+	
M6 Duna Autopalya Koncesszios Zrt.	90	BB+	
Private International Transaction	74	BB-	
Total non-U.S. public finance	\$ 335		
Total	\$ 5,149		
U.S. structured finance:			
RMBS:			
Option One 2007-FXD2	\$ 155	CCC	23.4%
Soundview 2007-WMC1	152	CCC	39.6%
Option One Mortgage Loan Trust 2007-HL1	106	CCC	21.4%
Argent Securities Inc. 2005-W4	93	CCC	9.2%
Nomura Asset Accept. Corp. 2007-1	89	CCC	25.6%
New Century 2005-A	74	CCC	26.1%
MABS 2007-NCW	56	B	26.0%
ACE 2007-SL1	51	CCC	2.8%
Subtotal RMBS	\$ 776		
Total U.S. structured finance	\$ 776		
Total non-U.S. structured finance	\$ —		
Total	\$ 776		

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 March 31, 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)	\$ 3,498	BBB
New York Metropolitan Transportation Authority	1,855	A-
Pennsylvania (Commonwealth of)	1,852	A-
Illinois (State of)	1,609	BBB-
Puerto Rico Highways & Transportation Authority	1,310	CCC
Puerto Rico, General Obligation, Appropriations and Guarantees of the Commonwealth	1,262	CCC
Foothill/Eastern Transportation Corridor Agency, California	1,191	BBB
North Texas Tollway Authority	1,147	A
Metro Washington Airports Authority (Dulles Toll Road)	1,088	BBB
California (State of)	983	AA-
Suffolk County, New York	971	BBB
CommonSpirit Health, IL	940	A-
San Diego Family Housing, LLC	931	AA
Philadelphia School District, Pennsylvania	917	A-
Great Lakes Water Authority (Sewerage), Michigan	897	A-
New York (City of), New York	876	AA-
Chicago Public Schools, Illinois	876	BBB-
Alameda Corridor Transportation Authority, California	866	BBB+
Yankee Stadium LLC New York City Industrial Development Authority	853	BBB
Massachusetts (Commonwealth of)	823	AA-
Massachusetts (Commonwealth of) Water Resources	823	AA
Wisconsin (State of)	822	A
Tucson (City of), Arizona	813	A+
Puerto Rico Electric Power Authority	776	CCC
Long Island Power Authority	766	A-
Metropolitan Pier and Exposition Authority, Illinois	764	BBB-
Pennsylvania Turnpike Commission	762	A-
ProMedica Healthcare Obligated Group, Ohio	750	BBB
Montefiore Medical Center, New York	749	BBB-
Port Authority of New York and New Jersey	744	BBB-
Jefferson County Alabama Sewer	725	BBB
Clark County School District, Nevada	689	BBB+
Pittsburgh Water & Sewer, Pennsylvania	687	A-
Nassau County, New York	662	A-
Regional Transportation Authority (Sales Tax), Illinois	625	AA-
Connecticut (State of)	620	A-
Philadelphia (City of), Pennsylvania	617	BBB+
Mets Queens Ballpark	609	BBB
North Carolina Turnpike Authority	589	BBB-
Hayward Unified School District, California	585	A
Oglethorpe Power Corporation, Georgia	575	BBB
LCOR Alexandria LLC	569	A-
Chicago (City of), Illinois	553	BBB-
Kansas City, Missouri	532	A
Garden State Preservation Trust, New Jersey Open Space & Farmland	519	BBB+
New Jersey Turnpike Authority	514	A-
Sacramento County, California	501	A-
Georgia Board of Regents	488	A
San Bernardino City Unified School District, California	462	A+
New York State Thruway Authority	461	A-
Total top 50 U.S. public finance exposures	\$ 44,096	

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 March 31, 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	500	AA-
Private US Insurance Securitization	405	AA-
Private US Insurance Securitization	362	AA-
SLM Student Loan Trust 2007-A	324	A+
Fortress Credit Opportunities VII CLO Limited	242	AA-
ABPCI Direct Lending Fund CLO I Ltd	208	A
Option One 2007-FXD2	155	CCC
Soundview 2007-WMC1	152	CCC
SLM Student Loan Trust 2006-C	137	AA-
Private US Insurance Securitization	136	AA
CWABS 2007-4	111	A+
New Century Home Equity Loan Trust 2006-1	111	AAA
Timberlake Financial, LLC Floating Insured Notes	111	BBB+
Option One Mortgage Loan Trust 2007-HL1	106	CCC
Argent Securities Inc. 2005-W4	93	CCC
Nomura Asset Accept. Corp. 2007-1	88	CCC
Soundview Home Equity Loan Trust 2006-OPT1	86	AAA
Countrywide HELOC 2006-I	79	A
OwnIt Mortgage Loan ABS Certificates 2006-3	77	AAA
CWALT Alternative Loan Trust 2007-HY9	75	A+
New Century 2005-A	74	CCC
Countrywide 2007-13	71	AA
Structured Asset Investment Loan Trust 2006-1	71	AAA
Preferred Term Securities XXIV, Ltd.	69	AA-
Total top 25 U.S. structured finance exposures	\$ 4,843	

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 March 31, 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	\$ 2,403	BBB
Thames Water Utilities Finance PLC	United Kingdom	2,011	BBB
Southern Gas Networks PLC	United Kingdom	1,874	BBB
Quebec Province	Canada	1,846	A+
Dwr Cymru Financing Limited	United Kingdom	1,737	A-
Anglian Water Services Financing PLC	United Kingdom	1,584	A-
Societe des Autoroutes du Nord et de l'est de la France S.A.	France	1,575	BBB+
National Grid Gas PLC	United Kingdom	1,395	BBB+
British Broadcasting Corporation (BBC)	United Kingdom	1,295	A+
Channel Link Enterprises Finance PLC	France, United Kingdom	1,276	BBB
Verbund, Lease and Sublease of Hydro-Electric Equipment	Austria	1,145	AAA
Capital Hospitals (Issuer) PLC	United Kingdom	945	BBB-
Aspire Defence Finance plc	United Kingdom	864	BBB+
Verdun Participations 2 S.A.S.	France	737	BBB-
Yorkshire Water Services Finance Plc	United Kingdom	709	A-
Sydney Airport Finance Company	Australia	675	BBB+
Envestra Limited	Australia	670	A-
National Grid Company PLC	United Kingdom	621	BBB+
South Lanarkshire Schools	United Kingdom	616	BBB
Campania Region - Healthcare receivable	Italy	594	BB+
Coventry & Rugby Hospital Company (Walsgrave Hospital) Plc	United Kingdom	566	BBB-
Severn Trent Water Utilities Finance Plc	United Kingdom	564	BBB+
Derby Healthcare PLC	United Kingdom	534	BBB
Wessex Water Services Finance plc	United Kingdom	518	BBB+
International Infrastructure Pool	United Kingdom	487	AAA
International Infrastructure Pool	United Kingdom	487	AAA
International Infrastructure Pool	United Kingdom	487	AAA
United Utilities Water PLC	United Kingdom	485	BBB+
NewHospitals (St Helens & Knowsley) Finance PLC	United Kingdom	478	BBB+
North Staffordshire PFI, 32-year EIB Index-Linked Facility	United Kingdom	477	BBB-
Central Nottinghamshire Hospitals PLC	United Kingdom	476	BBB
South East Water	United Kingdom	455	BBB
Scotland Gas Networks plc	United Kingdom	450	BBB
Comision Federal De Electricidad (CFE) El Cajon Project	Mexico	400	BBB-
Japan Expressway Holding and Debt Repayment Agency	Japan	398	A+
Private International Sub-Sovereign Transaction	United Kingdom	388	AA-
The Hospital Company (QAH Portsmouth) Limited	United Kingdom	388	BBB
Q Energy - Phase II - Pride Investments, S.A.	Spain	380	BBB+
Hypersol Solar Inversions, S.A.U.	Spain	370	BBB
NATS (En Route) PLC	United Kingdom	347	A-
Octagon Healthcare Funding PLC	United Kingdom	345	BBB
Private International Sub-Sovereign Transaction	United Kingdom	343	A
Q Energy - Phase III - FSL Issuer, S.A.U.	Spain	339	BBB+
Bakethin Finance Plc	United Kingdom	325	A-
Feria Muestrario Internacional de Valencia	Spain	325	BBB-
Catalyst Healthcare (Romford) Financing PLC	United Kingdom	316	BBB
Leeds Hospital - St. James's Oncology Financing plc	United Kingdom	316	BBB
Northumbrian Water PLC	United Kingdom	314	BBB+
Western Power Distribution (South Wales) PLC	United Kingdom	310	BBB+
Private International Sub-Sovereign Transaction	United Kingdom	296	AA-
Total top 50 non-U.S. exposures		\$ 36,936	

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	
	March 31,	
	2021	2020
Revenues		
Management fees:		
CLOs	\$ 12	\$ 5
Opportunity funds and liquid strategies	4	2
Wind-down funds	3	9
Total management fees	<u>19</u>	<u>16</u>
Performance fees	1	—
Other income	—	1
Total revenues	<u><u>20</u></u>	<u><u>17</u></u>
Expenses		
Employee compensation and benefit expenses	19	18
Amortization of intangible assets	3	3
Other operating expenses	7	7
Total expenses	<u>29</u>	<u>28</u>
Adjusted operating income (loss) before income taxes	<u>(9)</u>	<u>(11)</u>
Provision (benefit) for income taxes	(2)	(2)
Adjusted operating income (loss)	<u><u>\$ (7)</u></u>	<u><u>\$ (9)</u></u>

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

Rollforward of Assets Under Management for the Three Months Ended March 31, 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	813	60	—	—	873
Inflows-intercompany	109	36	—	—	145
Outflows:					
Redemptions	—	—	—	—	—
Distributions	(356)	(217)	—	(329)	(902)
Total outflows	(356)	(217)	—	(329)	(902)
Net flows	566	(121)	—	(329)	116
Change in value	(91)	148	1	3	61
AUM, March 31, 2021	\$ 14,331	\$ 1,513	\$ 384	\$ 1,297	\$ 17,525

Rollforward of Assets Under Management for the Three Months Ended March 31, 2020

	CLOs	Opportunity Funds	Wind-Down Funds	Total
AUM, December 31, 2019	\$ 12,758	\$ 1,023	\$ 4,046	\$ 17,827
Inflows-third party	—	11	—	11
Inflows-intercompany	—	77	—	77
Outflows:				
Redemptions	—	—	—	—
Distributions	(67)	(85)	(875)	(1,027)
Total outflows	(67)	(85)	(875)	(1,027)
Net flows	(67)	3	(875)	(939)
Change in value	(46)	(57)	(306)	(409)
AUM, March 31, 2020	\$ 12,645	\$ 969	\$ 2,865	\$ 16,479

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

Rollforward of Assets Under Management as of March 31, 2021 and December 31, 2020

	CLOs	Opportunity Funds	Liquid Strategies	Wind-Down Funds	Total
As of March 31, 2021:					
Funded AUM ⁽¹⁾	\$ 14,222	\$ 982	\$ 384	\$ 1,275	\$ 16,863
Unfunded AUM ⁽¹⁾	109	531	—	22	662
Fee Earning AUM ⁽²⁾	\$ 11,960	\$ 1,210	\$ 384	\$ 858	\$ 14,412
Non-Fee Earning AUM ⁽²⁾	2,371	303	—	439	3,113
Intercompany AUM					
Funded AUM ⁽¹⁾	\$ 451	\$ 119	\$ 363	\$ —	\$ 933
Unfunded AUM ⁽¹⁾	99	154	—	—	253
As of December 31, 2020:					
Funded AUM ⁽¹⁾	\$ 13,809	\$ 992	\$ 383	\$ 1,601	\$ 16,785
Unfunded AUM ⁽¹⁾	47	494	—	22	563
Fee earning AUM ⁽²⁾	\$ 10,248	\$ 1,176	\$ 383	\$ 1,133	\$ 12,940
Non-fee earning AUM ⁽²⁾	3,608	310	—	490	4,408
Intercompany AUM					
Funded AUM ⁽¹⁾	\$ 405	\$ 126	\$ 362	\$ —	\$ 893
Unfunded AUM ⁽¹⁾	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	
	March 31,	
	2021	2020
Total revenues	\$ —	\$ (4)
Expenses		
Interest expense	23	25
Employee compensation and benefit expenses	5	5
Other operating expenses	4	5
Total expenses	<u>32</u>	<u>35</u>
Equity in earnings of investees	—	(5)
Adjusted operating income (loss) before income taxes	<u>(32)</u>	<u>(44)</u>
Provision (benefit) for income taxes	(3)	(5)
Adjusted operating income (loss)	<u>\$ (29)</u>	<u>\$ (39)</u>

Other

Assured Guaranty Ltd.

Other Results

(dollars in millions)

Three Months Ended March 31, 2021				
FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other	
(in millions)				
Revenues				
Net earned premiums	\$ (1)	\$ —	\$ —	\$ (1)
Net investment income	(1)	—	(2)	(3)
Asset management fees	—	(2)	6	4
Fair value gains (losses) on FG VIEs	5	—	—	5
Fair value gains (losses) on consolidated investment vehicles	—	16	—	16
Total revenues	3	14	4	21
Expenses				
Loss and LAE	3	—	—	3
Interest expense	—	—	(2)	(2)
Other operating expenses	—	—	6	6
Total expenses	3	—	4	7
Equity in earnings of investees	—	(10)	—	(10)
Adjusted operating income (loss) before income taxes	—	4	—	4
Provision (benefit) for income taxes	—	—	—	—
Noncontrolling interests	—	4	—	4
Adjusted operating income (loss)	\$ —	\$ —	\$ —	\$ —

Three Months Ended March 31, 2020				
FG VIEs	Consolidated Investment Vehicles	Intersegment Eliminations and Reclasses	Total Other	
(in millions)				
Revenues				
Net earned premiums	\$ (1)	\$ —	\$ —	\$ (1)
Net investment income	(1)	—	(3)	(4)
Asset management fees	—	(1)	8	7
Fair value gains (losses) on FG VIEs	(9)	—	—	(9)
Fair value gains (losses) on consolidated investment vehicles	—	(12)	—	(12)
Total revenues	(11)	(13)	5	(19)
Expenses				
Loss and LAE	(6)	—	—	(6)
Interest expense	—	—	(3)	(3)
Other operating expenses	—	—	8	8
Total expenses	(6)	—	5	(1)
Equity in earnings of investees	—	10	—	10
Adjusted operating income (loss) before income taxes	(5)	(3)	—	(8)
Provision (benefit) for income taxes	(1)	—	—	(1)
Noncontrolling interests	—	(3)	—	(3)
Adjusted operating income (loss)	\$ (4)	\$ —	\$ —	\$ (4)

Summary

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

	As of and for the Three Months Ended March 31, 2021	Year Ended December 31,			
		2020	2019	2018	2017
GAAP Summary Statements of Operations Data					
Net earned premiums	\$ 103	\$ 485	\$ 476	\$ 548	\$ 690
Net investment income	70	297	378	395	417
Total expenses	171	729	503	422	748
Income (loss) before income taxes	15	386	460	580	991
Net income (loss) attributable to AGL	11	362	402	521	730
Net income (loss) attributable to AGL per diluted share	0.14	4.19	4.00	4.68	5.96
GAAP Summary Balance Sheet Data					
Total investments and cash	\$ 9,694	\$ 10,000	\$ 10,409	\$ 10,977	\$ 11,539
Total assets	16,018	15,334	14,326	13,603	14,433
Unearned premium reserve	3,718	3,735	3,736	3,512	3,475
Loss and LAE reserve	1,058	1,088	1,050	1,177	1,444
Long-term debt	1,225	1,224	1,235	1,233	1,292
Shareholders' equity attributable to AGL	6,430	6,643	6,639	6,555	6,839
Shareholders' equity attributable to AGL per share	84.67	85.66	71.18	63.23	58.95
Other Financial Information (GAAP Basis)					
Financial guaranty:					
Net debt service outstanding (end of period)	\$ 365,443	\$ 366,233	\$ 374,130	\$ 371,586	\$ 401,118
Gross debt service outstanding (end of period)	365,896	366,692	375,776	375,080	408,492
Net par outstanding (end of period)	234,270	234,153	236,807	241,802	264,952
Gross par outstanding (end of period)	234,683	234,571	238,156	244,191	269,386
Other Financial Information (Statutory Basis)⁽¹⁾					
Financial guaranty:					
Net debt service outstanding (end of period)	\$ 359,845	\$ 360,392	\$ 367,630	\$ 359,499	\$ 373,340
Gross debt service outstanding (end of period)	360,298	360,852	369,251	362,974	380,478
Net par outstanding (end of period)	229,340	229,008	230,984	230,664	239,003
Gross par outstanding (end of period)	229,753	229,426	232,333	233,036	243,217
Claims-paying resources⁽²⁾					
Policyholders' surplus	\$ 4,966	\$ 5,077	\$ 5,056	\$ 5,148	\$ 5,305
Contingency reserve	1,578	1,557	1,607	1,663	1,750
Qualified statutory capital	6,544	6,634	6,663	6,811	7,055
Unearned premium reserve and net deferred ceding commission income	2,991	2,983	2,961	2,950	2,849
Loss and LAE reserves	226	202	529	1,023	1,092
Total policyholders' surplus and reserves	9,761	9,819	10,153	10,784	10,996
Present value of installment premium	853	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	\$ 11,014	\$ 11,077	\$ 11,357	\$ 11,941	\$ 12,135
Ratios:					
Net exposure to qualified statutory capital	35 :1	35 :1	35 :1	34 :1	34 :1
Capital ratio	55 :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.	\$ 7,885	\$ 33,596	\$ 28,054	\$ 31,989	\$ 26,988
Public finance - non-U.S.	—	1,860	17,907	7,166	2,811
Structured finance - U.S.	48	508	1,704	1,191	500
Structured finance - non-U.S.	—	254	88	369	202
Total gross debt service written	\$ 7,933	\$ 36,218	\$ 47,753	\$ 40,715	\$ 30,501
Net debt service written	\$ 7,933	\$ 35,965	\$ 47,731	\$ 40,630	\$ 30,476
Net par written	5,472	23,012	24,331	24,538	17,962
Gross par written	5,472	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 14 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)

	Three Months Ended March 31, 2021	Year Ended December 31,			
		2020	2019	2018	2017
Total GWP	\$ 87	\$ 454	\$ 677	\$ 612	\$ 307
Less: Installment GWP and other GAAP adjustments ⁽²⁾	38	191	469	119	99
Upfront GWP	49	263	208	493	208
Plus: Installment premium PVP	37	127	361	204	107
Total PVP	<u>\$ 86</u>	<u>\$ 390</u>	<u>\$ 569</u>	<u>\$ 697</u>	<u>\$ 315</u>
PVP:					
Public finance - U.S.	\$ 81	\$ 292	\$ 201	\$ 402	\$ 197
Public finance - non-U.S.	3	82	308	116	89
Structured finance - U.S.	2	14	53	167	14
Structured finance - non-U.S.	—	2	7	12	15
Total PVP	<u>\$ 86</u>	<u>\$ 390</u>	<u>\$ 569</u>	<u>\$ 697</u>	<u>\$ 315</u>
Adjusted operating income reconciliation:					
Net income (loss) attributable to AGL	\$ 11	\$ 362	\$ 402	\$ 521	\$ 730
Less pre-tax adjustments:					
Realized gains (losses) on investments	(3)	18	22	(32)	40
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(19)	65	(10)	101	43
Fair value gains (losses) on CCS	(19)	(1)	(22)	14	(2)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	1	42	22	(32)	57
Total pre-tax adjustments	(40)	124	12	51	138
Less tax effect on pre-tax adjustments	8	(18)	(1)	(12)	(69)
Adjusted operating income (loss)	<u>\$ 43</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	\$ 0.14	\$ 4.19	\$ 4.00	\$ 4.68	\$ 5.96
Less pre-tax adjustments:					
Realized gains (losses) on investments	(0.04)	0.21	0.22	(0.29)	0.33
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.25)	0.75	(0.11)	0.90	0.35
Fair value gains (losses) on CCS	(0.24)	(0.01)	(0.22)	0.13	(0.02)
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves	0.01	0.49	0.21	(0.29)	0.46
Total pre-tax adjustments	(0.52)	1.44	0.10	0.45	1.12
Tax effect on pre-tax adjustments	0.11	(0.22)	(0.01)	(0.11)	(0.57)
Adjusted operating income (loss) per diluted share	<u>\$ 0.55</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	As of December 31,			
	March 31, 2021	2020	2019	2018	2017
Adjusted book value reconciliation:					
Shareholders' equity attributable to AGL	\$ 6,430	\$ 6,643	\$ 6,639	\$ 6,555	\$ 6,839
Less pre-tax adjustments:					
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(10)	9	(56)	(45)	(146)
Fair value gains (losses) on CCS	33	52	52	74	60
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	463	611	486	247	487
Less taxes	(88)	(116)	(89)	(63)	(83)
Adjusted operating shareholders' equity	<u>6,032</u>	<u>6,087</u>	<u>6,246</u>	<u>6,342</u>	<u>6,521</u>
Pre-tax adjustments:					
Less: Deferred acquisition costs	124	119	111	105	101
Plus: Net present value of estimated net future revenue	181	182	206	219	162
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,359	3,355	3,296	3,005	2,966
Plus taxes	(597)	(597)	(590)	(526)	(515)
Adjusted book value	<u>\$ 8,851</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 \$-, \$-, \$(2), \$(1), and \$(2))	\$ 1	\$ 2	\$ 7	\$ 3	\$ 5
Gain (loss) related to VIE consolidation included in adjusted book value (net of tax (provision) benefit of \$4, \$2, \$1, \$4 and \$3)	\$ (9)	\$ (8)	\$ (4)	\$ (15)	\$ (14)
Adjusted book value per share reconciliation:					
Shareholders' equity attributable to AGL per share	\$ 84.67	\$ 85.66	\$ 71.18	\$ 63.23	\$ 58.95
Less pre-tax adjustments:					
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(0.14)	0.12	(0.60)	(0.44)	(1.26)
Fair value gains (losses) on CCS	0.43	0.66	0.56	0.72	0.52
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	6.10	7.89	5.21	2.39	4.20
Less taxes	(1.16)	(1.50)	(0.95)	(0.61)	(0.71)
Adjusted operating shareholders' equity per share	<u>79.44</u>	<u>78.49</u>	<u>66.96</u>	<u>61.17</u>	<u>56.20</u>
Pre-tax adjustments:					
Less: Deferred acquisition costs	1.63	1.54	1.19	1.01	0.87
Plus: Net present value of estimated net future revenue	2.38	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	44.24	43.27	35.34	28.98	25.56
Plus taxes	(7.87)	(7.70)	(6.32)	(5.07)	(4.43)
Adjusted book value per share	<u>\$ 116.56</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	\$ 0.02	\$ 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 Assured Guaranty Municipal Holdings Inc. (AGMH) that the Company did not acquire when it purchased AGMH in 2009 from Dexia SA and that is being run off. That line of business consisted of AGMH's 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, we believe 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). AssuredIM is not the investment manager of BM Fuji-advised CLOs, but rather has entered into a services agreement and a secondment agreement with BM Fuji pursuant to which AssuredIM provides certain services associated with the management of BM Fuji-advised CLOs and acts in the capacity of service provider, and
- the net asset value of all funds and accounts other than CLOs, plus any unfunded commitments. 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:

- certain FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and
- certain investment vehicles for which the Company is deemed the primary beneficiary.

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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