
# Fixed Income Investor Presentation

December 31, 2020

Assured Guaranty® Municipal

Municipal Assurance Corp.® An Assured Guaranty Company

Assured Guaranty® Corp.

# Table of Contents



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

# Forward-Looking Statements and Safe Harbor Disclosure

- This presentation contains information that includes or is based upon forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements give the expectations or forecasts of future events of Assured Guaranty Ltd. (AGL) and its subsidiaries (collectively with AGL, Assured Guaranty or the Company). These statements can be identified by the fact that they do not relate strictly to historical or current facts and relate to future operating or financial performance.

- Any or all of Assured Guaranty's forward-looking statements herein are based on current expectations and the current economic environment and may turn out to be incorrect. Assured Guaranty's actual results may vary materially. Among factors that could cause actual results to differ adversely are: (1) the development, course and duration of the COVID-19 pandemic and the governmental and private actions taken in response, and the global consequences of the pandemic and such actions, including their impact on the factors listed below; (2) changes in the world's credit markets, segments thereof, interest rates, credit spreads or general economic conditions; (3) developments in the world's financial and capital markets that adversely affect insured obligors' repayment rates, Assured Guaranty's insurance loss or recovery experience, investments of Assured Guaranty or assets it manages; (4) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (5) the loss of investors in Assured Guaranty's asset management strategies or the failure to attract new investors to Assured Guaranty's asset management business; (6) the possibility that budget or pension shortfalls or other factors will result in credit losses or impairments on obligations of state, territorial and local governments and their related authorities and public corporations that Assured Guaranty insures or reinsures; (7) insured losses in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures; (8) increased competition, including from new entrants into the financial guaranty industry; (9) poor performance of Assured Guaranty's asset management strategies compared to the performance of the asset management strategies of Assured Guaranty's competitors; (10) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments and investments it manages, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity or to unanticipated consequences; (11) the impact of market volatility on the mark-to-market of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, most of its contracts written in credit default swap form, and variable interest entities as well as on the mark-to-market of assets Assured Guaranty manages; (12) rating agency action, including a ratings downgrade, a change in outlook, the placement of ratings on watch for downgrade, or a change in rating criteria, at any time, of AGL or any of its insurance subsidiaries, and/or of any securities AGL or any of its subsidiaries have issued, and/or of transactions that AGL's insurance subsidiaries have insured; (13) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (14) changes in applicable accounting policies or practices; (15) changes in applicable laws or regulations, including insurance, bankruptcy and tax laws, or other governmental actions; (16) the failure of Assured Guaranty to successfully integrate the business of BlueMountain Capital Management, LLC (BlueMountain, 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.

- The foregoing review of important factors should not be construed as exhaustive, and should be read in conjunction with the other risk factors and cautionary statements that are included in Assured Guaranty's most recent Forms 10-K and subsequent Forms 10-Q. The Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, any future developments or otherwise, except as required by law. Investors are advised, however, to consult any further disclosures the Company makes on related subjects in the Company's reports filed with the SEC.

- If one or more of these or other risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, actual results may vary materially from what the Company projected. Any forward-looking statements in this this presentation reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to its operations, results of operations, growth strategy and liquidity. For these statements, the Company claims the protection of the safe harbor for forward looking statements contained in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

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

- Unless otherwise noted, the following conventions are used in this presentation:
  - “AGM Consolidated” means Assured Guaranty Municipal Corp. and its consolidated entities, which consist primarily of Assured Guaranty UK Limited (“AGUK”); Assured Guaranty (Europe) SA (“AGE”); Municipal Assurance Holdings Inc. (MAC Holdings), a company formed to own 100% of the common stock of Municipal Assurance Corp. (“MAC”); AG Asset Strategies LLC (“AGAS”); and variable interest entities that Assured Guaranty Municipal Corp. is required to consolidate under accounting principles generally accepted in the United States.
    - “AGM” means AGM Consolidated excluding MAC Holding, MAC and AGAS. **<u>All financial and exposure data related to AGM presented in this presentation are on this basis unless otherwise stated.</u>**
    - “Assured Guaranty Municipal” means AGM Consolidated excluding MAC Holdings, MAC, AGUK, AGE and AGAS.
  - Ratings on Assured Guaranty’s insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated “BIG”.
  - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their internal rating without such arrangements.
  - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure of par and debt service outstanding (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
  - Ratings on the investment portfolios are the lower of the ratings from Moody’s Investors Service, Inc. (“Moody’s”) or S&P Global Ratings Services (“S&P”).
  - Percentages and totals in tables or graphs may not add due to rounding.
- This presentation references financial measures that are not in accordance with U.S. generally accepted accounting principles (“GAAP”), which management uses in order to assist analysts and investors in evaluating Assured Guaranty’s financial results. These financial measures are determined on the basis of methodologies other than in accordance with GAAP (“non-GAAP financial measures”), and are defined in the Appendix. Wherever possible, the Company has separately disclosed the effect of consolidating FG VIEs on the non-GAAP financial measures. See the Appendix for a more comprehensive description of non-GAAP financial measures.
- This presentation references AUM, or assets under management. For conventions used by the Company in presenting its AUM, see the Appendix.
- All reconciliations in the Appendix of this presentation are on an AGL consolidated basis.

# Corporate Overview

- **Assured Guaranty Ltd. ("AGL" and, together with its subsidiaries, "Assured Guaranty" or the "Company") is the leading financial guaranty franchise**
  - We are the only long-standing financial guaranty company to have written new business throughout the 2008 financial crisis and recession, and continue to do so today, leading the industry in new business production

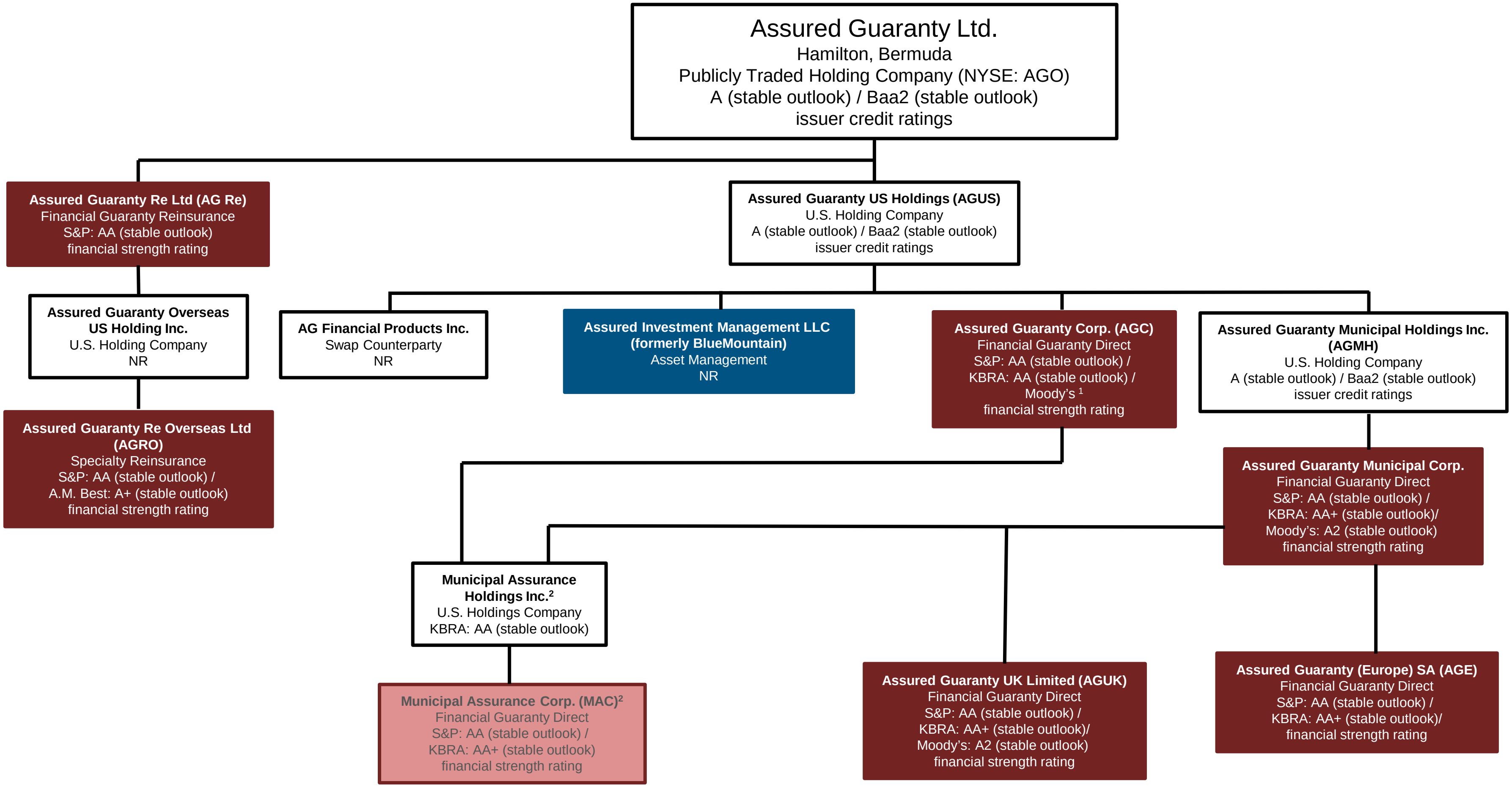
- **Assured Guaranty's primary focus, financial guaranty, has a strong capital base**
  - Over three decades of experience in the financial guaranty market
  - We maintain strong financial strength ratings from S&P, KBRA and A.M. Best
  - Consolidated investment portfolio and cash of $10.0 billion as of December 31, 2020[1,2]
  - Consolidated claims-paying resources of $11.1 billion as of December 31, 2020[3]

- **Assured Guaranty sees asset management as a way to diversify our sources of revenue and investment strategies**
  - Assured Guaranty completed the acquisition of BlueMountain in 2019, and subsequently re-branded BlueMountain to Assured Investment Management (AssuredIM)
  - AssuredIM has assets under management (AUM) of $17.3 billion as of December 31, 2020[4]

| ($ in billions) | AGL Consolidated (12/31/20) |
|---|---|
| Net par outstanding | $234.2 |
| Total investment portfolio and cash[1,2] | $10.0 |
| Claims-paying resources[2] | $11.1 |

1. See page 30 for a breakdown of the available-for-sale portfolio.
2. Excludes amounts invested by the U.S. subsidiaries in AssuredIM funds that have a fair value of $254 million as of December 31, 2020.
3. Aggregate data for the Company's insurance subsidiaries, based primarily on statutory measures. Claims on each insurer's guarantees are paid from that insurer's separate claims-paying resources. See page 11 for components of claims-paying resources.
4. For conventions used by the Company in presenting AUM, see the Appendix.

# Assured Guaranty Ltd.
## Corporate Structure




As of March 25, 2021
S&P / Moody's (unless otherwise specified)
NR = Not rated

1. Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC.
2. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of MAC Holdings, which owns 100% of the outstanding common stock of MAC. Assured Guaranty expects to merge MAC with and into Assured Guaranty Municipal on April 1, 2021, with Assured Guaranty Municipal as the surviving company. Please see page 3 for a definition of this naming convention.

# Investor and Issuer Benefits, and Insurance Operating Principles

- **Our guaranty benefits investors and issuers because we provide credit selection, underwriting, surveillance and remediation, in addition to timely payment of scheduled principal and interest if an underlying transaction defaults**
  - Bond insurance helps homogenize the market's view of insured credits, which typically increases market liquidity; during typical market conditions, the municipal market trades an average $2 billion weekly in bonds insured by Assured Guaranty companies
  - Credit enhancement provides protection in an uncertain credit environment
- **Underwriting principles and a strong risk management culture designed to preserve our franchise value**
- **Experienced and disciplined management**
- **Commitment to disclosure and transparency**
  - Extensive quarterly financial disclosures by holding company and subsidiaries
  - AGL is a publicly traded holding company (NYSE: AGO) subject to NYSE and SEC disclosure requirements
  - Subsidiaries subject to various jurisdictions' insurance regulatory disclosure requirements
  - Additional voluntary disclosures

# AGL Strategic Priorities

- **Insurance**
  - **Growth of insured portfolio**
  - **Loss mitigation**
- **Asset management and alternative investments**
- **Capital management**

# COVID-19 Market Disruption
## Strength of Financial Guaranty Business Model

- **The Company insures scheduled payments of principal and interest *when due***
  - Insurance regulations forbid acceleration of our obligations without consent
- **Municipal issuers typically have the following tools to avoid defaulting on debt payments**
  - Substantial available liquidity pre-pandemic, and debt service is only a small part of their overall expenses
  - Flexibility to manage expenses, including through delaying capital expenditures, hiring freezes and furloughs
  - Debt service reserve funds are available to some obligations to make debt service payments while an issuer recovers
  - Reduce near-term debt service payments by refinancing existing debt
- **Issuers that default on a few debt service payments may have the resources later to repay the Company for any liquidity claims the Company is required to pay during a stressful period**
- **Any additional federal stimulus package that includes aid for state and/or local governments in our portfolio would serve to directly strengthen their financial position**
- **The Company's ultimate loss on an insured obligation is not a function of that underlying obligation's market value**
  - Rather, the Company's ultimate loss is the sum of all principal and interest payments it makes under its policy less the sum of all reimbursements and other recoveries
- **The nature of the financial guaranty business model, which requires the Company to pay only any shortfall in interest and principal on scheduled payment dates, along with the Company's liquidity practices, reduce the need for the Company to sell investment assets in periods of market distress**
  - As of December 31, 2020, the Company had $851 million of short-term investments and $162 million of cash
  - The Company's financial strength is supported by significant excess capital and claims-paying resources exceeding $11 billion

# COVID-19 Market Disruption
## Augmented Periodic Surveillance Process

- **The Company's Surveillance Department (with a staff of over three dozen) is closely monitoring those sectors and credits it believes are most at risk as a result of the direct and indirect consequences of the COVID-19 pandemic, including**
  - State and local governments and entities already experiencing significant budget deficits and pension shortfalls
  - Obligations supported by revenue streams most highly impacted by various closures and capacity and travel restrictions or an economic downturn, including mass transit, stadiums, hotel/motel occupancy tax, international toll roads and transportation, privatized US student housing and UK student housing
  - The Company's Surveillance Department is working to identify any insured obligors that may be at risk for missing payments by direct contact (in some instances) and by monitoring regulatory filings
- **The Company's Surveillance Department has developed a model to assess potential claim payments in a stress case through January 2022**
  - The model focuses on the sectors we consider high and medium risk, and assumes significant reductions in future revenues as well as no additional federal assistance
- **The Company does not expect to pay first-time claims arising from the pandemic that would lead to material ultimate credit losses**
  - On some transactions that were already classified as below investment grade prior to the pandemic, we did increase reserves
- **As of March 25, 2021, the Company has paid approximately $10 million on two credits which we believe are due at least in part to credit stress arising specifically from COVID-19**
  - Since we currently project full reimbursement of these claims, we continue to believe that we will not have ultimate losses from first-time financial guaranty claims we believe are due to credit stress specifically arising from COVID-19

# Four Discrete Insurance Companies with Separate Capital Bases

ASSURED GUARANTY

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

| | As of December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| ($ in millions) | AGM | AGC | MAC | AG Re[7] | Eliminations[2] | Consolidated |
| **Claims-paying resources** | | | | | | |
| Policyholders' surplus | $2,864 | $1,717 | $305 | $701 | $(510) | $5,077 |
| Contingency reserve[1] | 940 | 617 | 184 | - | (184) | 1,557 |
| **Qualified statutory capital** | **3,804** | **2,334** | **489** | **701** | **(694)** | **6,634** |
| UPR and net deferred ceding commission income[1] | 2,112 | 363 | 110 | 589 | (191) | 2,983 |
| Loss and loss adjustment expense reserves[1] | 64 | 13 | (1) | 125 | 1 | 202 |
| **Total policyholders' surplus and reserves** | **5,980** | **2,710** | **598** | **1,415** | **(884)** | **9,819** |
| Present value of installment premium[8] | 445 | 190 | - | 223 | - | 858 |
| Committed Capital Securities | 200 | 200 | - | - | - | 400 |
| **Total claims-paying resources (including MAC adjustment for AGM and AGC)** | **$6,625** | **$3,100** | **$598** | **$1,638** | **$(884)** | **$11,077** |
| Adjustment for MAC[3] | 363 | 235 | - | - | (598) | - |
| **Total claims-paying resources (excluding MAC adjustment for AGM and AGC)** | **$6,262** | **$2,865** | **$598** | **$1,638** | **$(286)** | **$11,077** |
| Statutory net exposure[4] | $136,115 | $19,948 | $13,816 | $60,676 | $(619) | $229,936 |
| Equity method adjustment[3] | 8,386 | 5,430 | - | - | (13,816) | - |
| Adjusted statutory net exposure[1] | $144,501 | $25,378 | $13,816 | $60,676 | $(14,435) | $229,936 |
| Net debt service outstanding[4] | $219,534 | $29,966 | $20,481 | $92,662 | $(1,323) | $361,320 |
| Equity method adjustment[3] | 12,432 | 8,049 | - | - | (20,481) | - |
| Adjusted net debt service outstanding[1] | $231,966 | $38,015 | $20,481 | $92,662 | $(21,804) | $361,320 |
| **Ratios:** | | | | | | |
| Adjusted net exposure to qualified statutory capital | 38:1 | 11:1 | 28:1 | 87:1 | | 35:1 |
| Capital ratio[5] | 61:1 | 16:1 | 42:1 | 132:1 | | 54:1 |
| Financial resources ratio[6] | 35:1 | 12:1 | 34:1 | 57:1 | | 33:1 |
| Adjusted statutory net exposure to claims-paying resources | 22:1 | 8:1 | 23:1 | 37:1 | | 21:1 |
| **Separate Company Statutory Basis:** | | | | | | |
| Admitted Assets | $5,557 | $2,664 | $620 | | | |
| Total Liabilities | 2,693 | 948 | 315 | | | |
| Contingency Reserves | 828 | 545 | 184 | | | |
| Surplus to Policyholders | 2,864 | 1,717 | 305 | | | |

1) The numbers shown for AGM and AGC have been adjusted to include their indirect share of MAC. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of Municipal Assurance Holdings Inc., which owns 100% of the outstanding common stock of MAC. AGM has been adjusted to include 100% share of its United Kingdom and French insurance subsidiaries. Amounts include financial guaranty insurance and credit derivatives.
2) Eliminations are primarily for (i) intercompany surplus notes between AGM and AGC, and (ii) MAC amounts, whose proportionate share are included in AGM and AGC based on ownership percentages, and (iii) eliminations of intercompany deferred ceding commissions. Net exposure and net debt service outstanding eliminations relate to second-to-pay policies under which an Assured Guaranty insurance subsidiary guarantees an obligation already insured by another Assured Guaranty insurance subsidiary, and net exposure related to intercompany cessions from AGM and AGC to MAC.
3) Represents adjustments for AGM's and AGC's interest and indirect ownership of MAC. Assured Guaranty expects to merge MAC with and into Assured Guaranty Municipal on April 1, 2021, with Assured Guaranty Municipal as the surviving company. Please see page 3 for a definition of this naming convention.
4) Net exposure and net debt service outstanding are presented on a statutory basis. Includes $928 million of specialty insurance and reinsurance exposure.
5) The capital ratio is calculated by dividing adjusted net debt service outstanding by qualified statutory capital.
6) The financial resources ratio is calculated by dividing adjusted net debt service outstanding by total claims-paying resources (including MAC adjustment for AGM and AGC).
7) Assured Guaranty Re Ltd. (AG Re) numbers represent the Company's estimate of United States (U.S.) statutory accounting practices prescribed or permitted by insurance regulatory authorities, except for contingency reserves.
8) Discount rate was changed to 3% in first quarter of 2020 from a 6% discount rate.

# Assured Guaranty
## Principal Insurance Platforms

- **Assured Guaranty Municipal[1], AGC, AGUK and AGE operate as four separate direct financial guaranty platforms, with AG Re operating as a reinsurer**
  - Assured Guaranty Municipal[1] focuses exclusively on public finance and global infrastructure finance
  - AGC, as the most diversified platform, insures the same categories as Assured Guaranty Municipal[1], as well as selected sectors within the U.S. and international structured finance market
  - AGUK serves the U.K. market and certain other countries
  - AGE serves markets within the European Union (EU)
  - AG Re, as a reinsurer, provides additional capital and flexibility to Assured Guaranty Municipal[1], AGC, AGUK and AGE; AG Re's subsidiary AGRO is a specialty reinsurance company that primarily provides financial guaranty reinsurance and certain specialty insurance and reinsurance
  - MAC, which insured only U.S. municipal bonds, is expected to be merged with and into Assured Guaranty Municipal[1], with Assured Guaranty Municipal[1] as the surviving company, on April 1, 2021

- **Each of the insurance companies share Assured Guaranty's experience, culture of prudent risk management, and business infrastructure**

- **Assured Guaranty's financial position and market standing, along with the franchise value of each of the insurance companies, are strengthened through this structure**
  - Greater capacity to write business
  - More flexibility in balancing portfolio exposures
  - Enhanced operating efficiencies through common infrastructure

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

# Assured Guaranty
## Principal Insurance Platforms (Cont.)

- **Companies distinct for legal and regulatory purposes**
  - Separate capital bases – claims-paying resources[1] as of December 31, 2020 – AGM[2] $6.3 billion, MAC $0.6 billion, AGC $2.9 billion, AG Re $1.6 billion
  - Separate insurance licenses
  - Separate regulators – Assured Guaranty Municipal[1] and MAC are domiciled in New York; AGC is domiciled in Maryland; AGUK is domiciled in the United Kingdom; AGE is domiciled in France; AG Re is domiciled in Bermuda
  - Dividend restrictions – New York, Maryland, the United Kingdom, France and Bermuda insurance law restrictions apply

1. Please see page 11 for additional details about the components of claims-paying resources as well as other statutory financial information.
2. Please see page 3 for a definition of this convention.

# Assured Guaranty
## Asset Management

- **AssuredIM provides asset management services**
  - As of December 31, 2020, AssuredIM had AUM[1] of $17.3 billion in four fund areas

| Fund Area | AUM ($ billions) |
|---|---:|
| CLOs | $13.9 |
| Opportunity Funds | $1.5 |
| Liquid Strategies | $0.4 |
| Wind-Down Funds | $1.6 |
| **Total** | **$17.3** |

  - The Company is using the investment knowledge and experience in AssuredIM to expand the categories and types of investments in which the Company invests, as well as to maintain and grow its presence in the asset management business

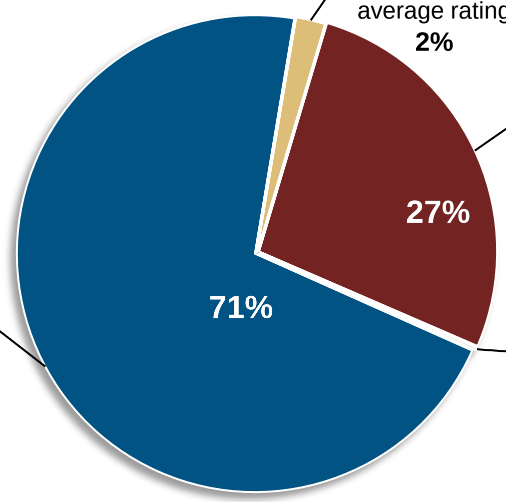
1. Please see page 3 for a definition of this convention. For conventions used by the Company in presenting AUM, see the Appendix.

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

- **AGM[1] is committed to insuring U.S. public finance and global infrastructure transactions. AGM's subsidiaries, AGUK and AGE, may underwrite some structured finance transactions.[2]**
- **AGM[1] legacy global structured finance insured portfolio ($3.0 billion as of December 31, 2020) represents only 2% of its net par outstanding.**
  - The share of AGM[1] net insured portfolio represented by its legacy structured finance portfolio is expected to continue to shrink

**Net Par Outstanding**

As of December 31, 2020
($ in billions)



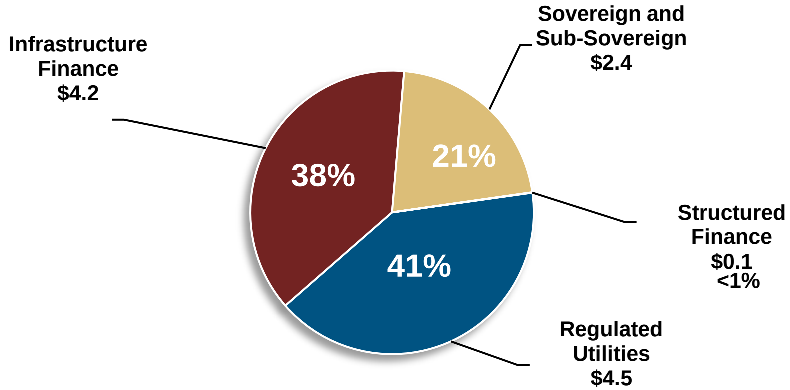

**$139.4 billion, A- average rating**

1. Please see page 3 for a definition of this convention.
2. Assured Guaranty Municipal[1] has not written structured finance transactions since August 2008.

# AGUK and AGE

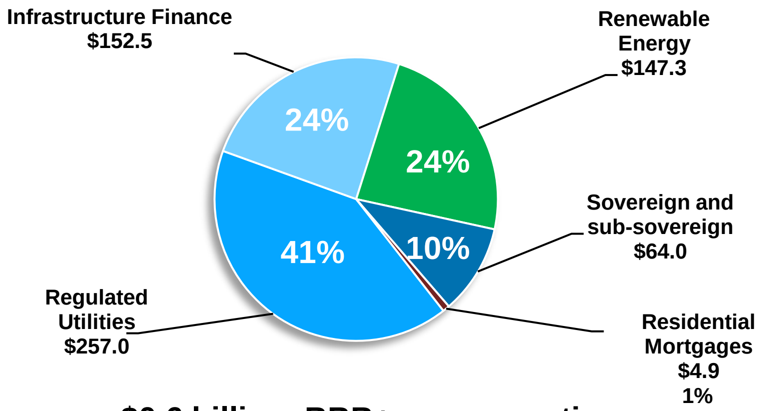
- **AGUK is an insurance company currently engaged in providing financial guarantees in the U.K. and certain other countries**
  - Provides insurance in both public finance and structured finance
  - Through 2019, AGUK wrote business throughout the EU as well as certain other non-EU countries
  - New UK business is guaranteed using a co-insurance structure pursuant to which AGUK co-insures municipal and infrastructure transactions with AGM, and structured finance transactions with AGC

**AGUK Net Par Outstanding**
As of December 31, 2020 ($ in billions)




**$11.0 billion, BBB+ average rating**

**AGE Net Par Outstanding**
As of December 31, 2020 ($ in millions)



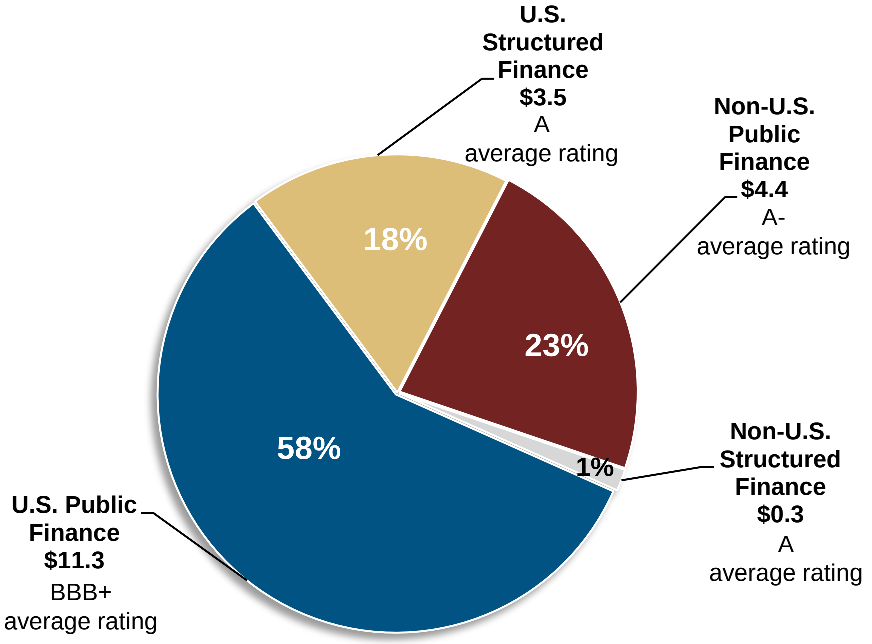

**$0.6 billion, BBB+ average rating**

- **AGE is an insurance company currently engaged in providing financial guarantees throughout the EU**
  - Provides insurance in both public finance and structured finance
  - Established in mid-2019 to address the impact of the U.K.'s withdrawal from the EU

# AGC is a Diversified Platform

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

**Net Par Outstanding**
As of December 31, 2020
($ in billions)

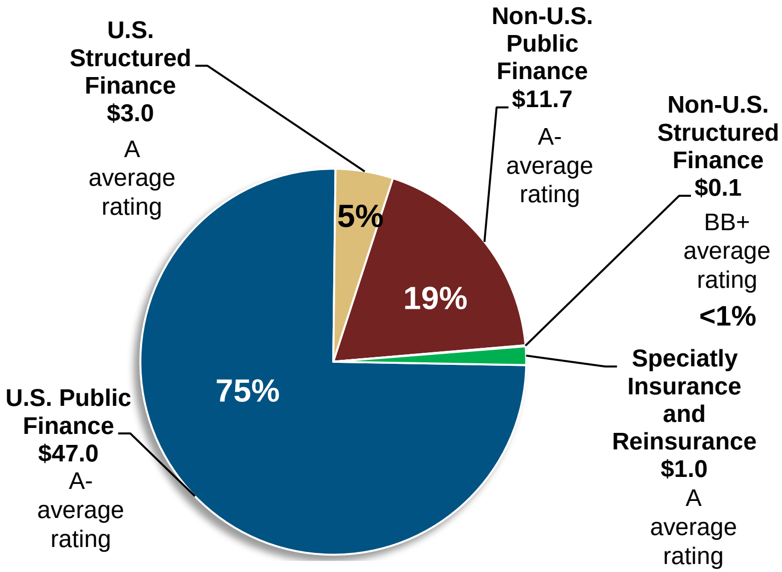



**$19.5 billion, A- average rating**


# AG Re and AGRO

## Consolidated AG Re Outstanding Net Exposure[1]

As of December 31, 2020 ($ in billions)

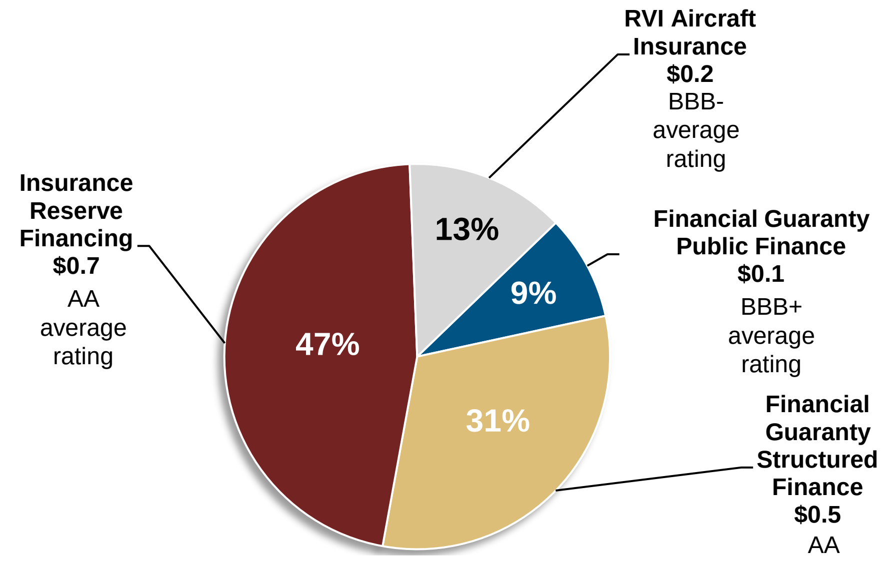



**$62.7 billion, A- average rating**

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

## AGRO Outstanding Net Exposure[1]

As of December 31, 2020 ($ in billions)




**$1.5 billion, AA- average rating**

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

1. Includes specialty reinsurance not included in the net par of the other operating companies

## MAC:

- **Insured only U.S. public finance transactions**
- **Has a $14 billion U.S. municipal-only insurance portfolio that is geographically diversified**
- **On February 24, 2021, Assured Guaranty received the last regulatory approval required to merge MAC with and into Assured Guaranty Municipal[1], with Assured Guaranty Municipal[1] as the surviving company**
  - The merger is expected to be effective on April 1, 2021
  - Upon the merger, all direct insurance policies issued by MAC would become direct insurance obligations of AGM

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

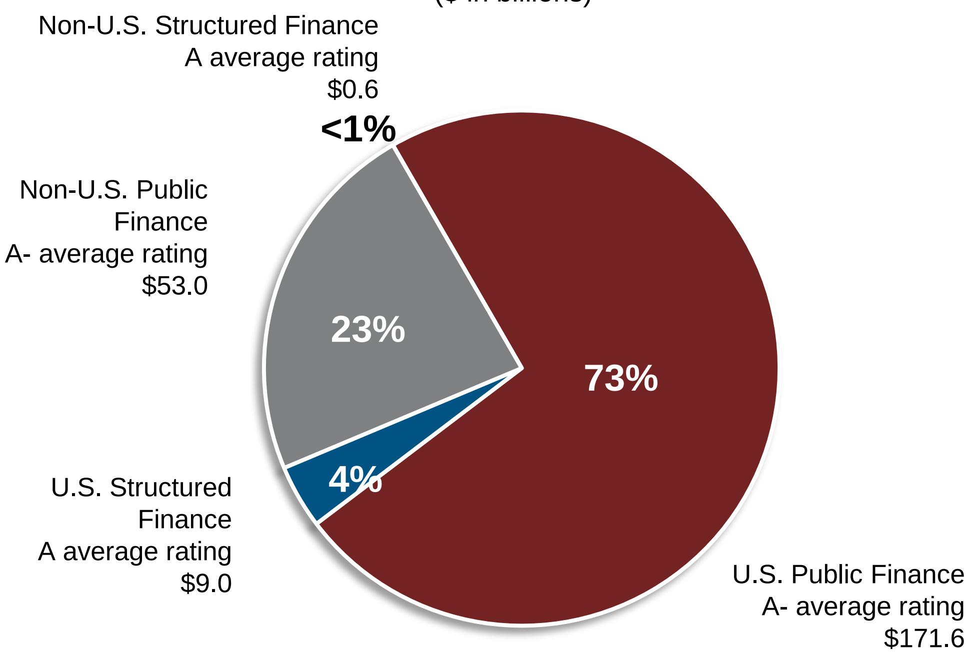
# Underwriting Discipline

- **Our U.S. public finance portfolio, our largest exposure category, generally performed well during the 2008 recession and in subsequent years, including into the COVID-19 pandemic, despite persistent financial pressures on municipal obligors**
  - Our portfolio is well-diversified with approximately 6,200 direct U.S. public finance obligors. We currently expect future losses to be paid, net of recoveries, on less than ten exposures[1].
  - Our Puerto Rico exposure[2] represents our largest below investment grade U.S. public finance exposure.
- **Our surveillance department regularly monitors sectors and credits that we believe could be negatively impacted by the COVID-19 pandemic**
  - We continue to believe that we will not have ultimate losses from first-time financial guaranty claims we believe are due to credit stress specifically arising from COVID-19

## Consolidated Net Par Outstanding[3]

As of December 31, 2020

($ in billions)




**$234.2 billion, A- average rating**

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

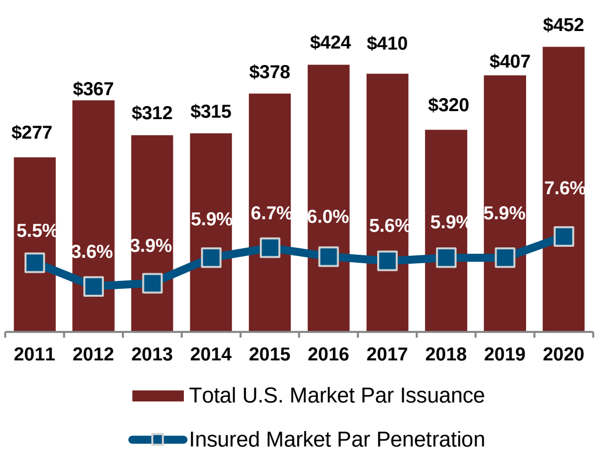
# Creating Value

## Insurance

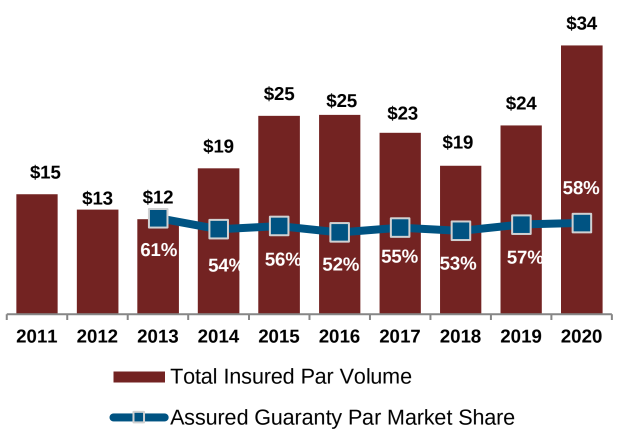
### Penetration in the U.S. Public Finance Market (excluding SGI portfolio)

- **Assured Guaranty saw strong new business production for U.S. public finance**
  - In 2020, we insured 938 primary market transactions totaling over $20 billion, and 207 secondary market policies totaling $1 billion
  - Assured Guaranty increased primary market insured par sold by over 35% compared to the prior year
  - Assured Guaranty underwrote 39 new issues that each utilized $100 million or more of our insurance, more than any full year over the past decade
- **Industry insured par penetration in 2020 was higher than in 2019, with insurance obtained on 7.6% of U.S. public finance par issued in 2020, compared with 5.9% in 2019**
  - Insurance was utilized on over 18% of all transactions, compared with 16% in 2019
  - Assured Guaranty maintained its lead in the public finance bond insurance market, insuring approximately 58% of all insured deals in 2020 up from 57% in 2019

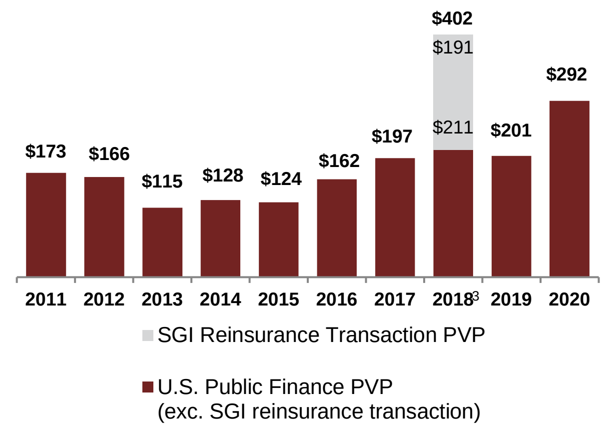
**Insured Market Par Penetration Rate and Total U.S. Public Finance Market Volume[1]**
($ in billions)




**Assured Guaranty's Insured Market Share and Insured Market Primary Par Insured[1]**
($ in billions)




**U.S. Public Finance Total PVP[2]**
($ in millions)




1. Source: Refinitiv as of December 31, 2020.
2. Includes PVP from both primary and secondary transactions.
3. In 2Q 2018, the Syncora Guarantee, Inc. (SGI) reinsurance transaction created $191 million of U.S. public finance PVP on $7.6 billion of gross written par
4. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

# Broadening Market Awareness

## Current Advertising Campaigns

ASSURED GUARANTY

## Extraordinary times call for extraordinary protection.

Safety is on everyone's mind these days. So it's little wonder 2020 saw a surge of interest in municipal bond insurance. Municipal par issued with insurance reached its highest penetration rate since 2009, and did so in a record year for overall municipal bond issuance. Once again, Assured Guaranty led the bond insurance market by guaranteeing 58% of the insured par sold.*

In a year when investors heightened their focus on credit quality, trading value stability and market liquidity, Assured Guaranty was there to mitigate their concerns and to help issuers obtain lower-cost funding when they most needed it:

- We unconditionally and irrevocably guarantee timely payment of scheduled principal and interest when due.
- The extra security we provide to investors helps issuers access the market at lower borrowing costs.
- We have a proven record of keeping investors whole when municipal issuers have defaulted.
- Our guaranty can mitigate headline risk. In many cases when press reports caused an issuer's uninsured bonds to lose value, our guaranty has supported the market value of its insured bonds.
- Investors can rely on Assured Guaranty's $11 billion of claims-paying resources† and our three decades of experience in credit selection, underwriting and surveillance.

This extraordinary protection is why more investors and issuers are turning to the proven leader in municipal bond insurance. Shouldn't you?

**For more information on Assured Guaranty bond insurance, contact:**
Bill Hogan, Senior Managing Director, bhogan@agltd.com, 212 408 6006
Chris Chafizadeh, Senior Managing Director, cchafizadeh@agltd.com, 212 339 0832

* Source: Refinitiv.
† Aggregate data for insurance subsidiaries within the Assured Guaranty Ltd. (NYSE:AGO) group. Claims on each insurer's guarantees are paid from that insurer's separate claims-paying resources. Details in the latest Assured Guaranty Ltd. Financial Supplement at assuredguaranty.com/agldata.

ASSURED GUARANTY
A STRONGER BOND

AGO NYSE

ASSURED GUARANTY MUNICIPAL CORP. – ASSURED GUARANTY CORP. – NEW YORK, NY

## You don't prove your stability by weathering a few storms. But by weathering decades.

Every bond insurer plans to maintain its financial strength. But only Assured Guaranty has consistently proven its strength over more than three decades. We continued to guarantee bonds throughout the Great Recession, and today we have a similar amount of claims-paying resources and far less insured risk. There is no other bond insurance group with:

- $11 billion in group claims-paying resources.*
- More than $3.7 billion of net unearned premium reserves.
- $10 billion of investable assets that provide ample liquidity to support our obligations, in addition to earning hundreds of millions of dollars every year.
- $2 billion of insured municipal bonds traded weekly during typical market conditions.

Learn more at AssuredGuaranty.com.

*Aggregate data for insurance subsidiaries within the Assured Guaranty Ltd. (NYSE:AGO) group. Claims on each insurer's guarantees are paid from that insurer's separate claims-paying resources. Details in the latest Assured Guaranty Ltd. Financial Supplement at assuredguaranty.com/agldata.

ASSURED GUARANTY
A STRONGER BOND

AGO NYSE

ASSURED GUARANTY MUNICIPAL CORP. – ASSURED GUARANTY CORP. – NEW YORK, NY

# Market Update

## Select Assured Guaranty Transactions in 2020

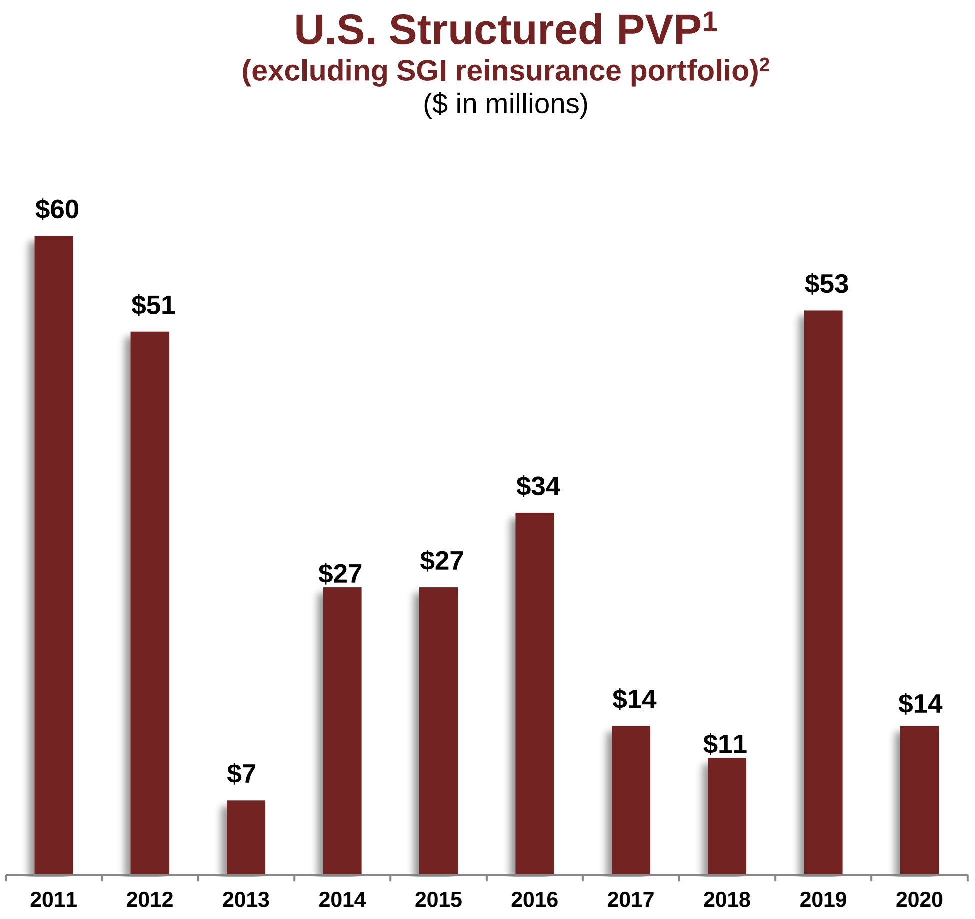
**Assured Guaranty maintained its market leadership in 2020, insuring more than $20 billion of par on nearly 1,000 primary market transactions, ranging in size from $1 million to $700 million in par. Some of our 2020 transactions are highlighted below:**

| | | | |
|---|---|---|---|
| $726,610,000 | NYC Industrial Development Authority Pilot Revenue Refunding Bonds, Series 2020 | Yankee Stadium LLC | September 2020 |
| $444,415,171 | Senior & Junior Dedicated Tax Revenue Bonds, Series 2020C & D | Wisconsin Center District | October 2020 |
| $385,735,000 | School Districts Revenue Bond Financing Program, Series 2020A & D | Dormitory Authority of the State of New York | May 2020 |
| $325,450,000 | General Obligation Bonds, Series 2020 | Hayward Unified School District, CA | August 2020 |
| $320,730,000 | Taxable Bonds, Series 2020 (Municipal and Corporate CUSIPs) | Howard University, DC | January & July 2020 |
| $300,000,000 | Westchester Co. Local Dev. Corp. NY Revenue Bonds, Series 2020 (Taxable) | Westchester Medical Center Obligated Group | August 2020 |
| $257,825,000 | Industrial Development Authority of Kansas City Airport Special Obligation Bonds, Series 2020A (AMT) | Kansas City International Airport | October 2020 |
| $257,495,000 | Broome County Local Development Corp (NY) Revenue Bonds, Series 2020 | United Health Services Hospitals, Inc. | August 2020 |
| $256,615,000 | Pennsylvania Higher Educational Facilities Revenue Bonds, Series 2020 | Drexel University | July 2020 |
| $246,500,000 | Gas Works Revenue Bonds, Sixteenth Series (1998 General Ordinance), Sixteenth Series A & B | City of Philadelphia, PA | October 2020 |
| $234,335,000 | MA Development Finance Agency Revenue Bonds, Series 2020C & 2020D (Taxable) | Wellforce, Inc. | July 2020 |
| $225,365,000 | Revenue Bonds, Series 2020A & Subordinate Rev Bonds, Series 2020B | Wetlands Water District (San Luis Unit), CA | June 2020 |
| $192,925,000 | General Obligation (Limited Tax) Building Bonds, Series 2020A | Clark County School District, NV | June 2020 |
| $127,175,000 | Louisiana LCD Authority Subordinate Lien Revenue Refunding Bonds, Series 2020A (Taxable) | East Baton Rouge Sewerage Commission | July 2020 |
| $126,415,000 | California Statewide Community Dev. Auth. Revenue Bonds 2020 (Taxable) | Buck Institute for Research on Aging | October 2020 |
| $122,680,000 | Hospital Facilities Auth of Medford, OR Revenue & Refunding Bonds | Asante Health System | July 2020 |
| $113,000,000 | Public Finance Authority WI Hospital Revenue Bonds, Tax-Exempt Series 2020 | Renown Regional Medical Center, NV | September 2020 |
| $101,995,000 | Refunding Revenue Bonds, Series 2020 A (Tax-Exempt) & B (Federally Taxable) | Marshall University Board of Governors, WV | April 2020 |

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

# Creating Value
## Insurance
## U.S. Structured Finance Business Activity

- **In 2020, we insured an insurance securitization, a structured settlements transaction and multiple whole business securitizations**
- **Focus has been on bilateral transactions to improve policy beneficiaries' capital management efficiency**
- **New structured finance business production tends to have longer lead times, causing production levels to vary significantly from period to period.**



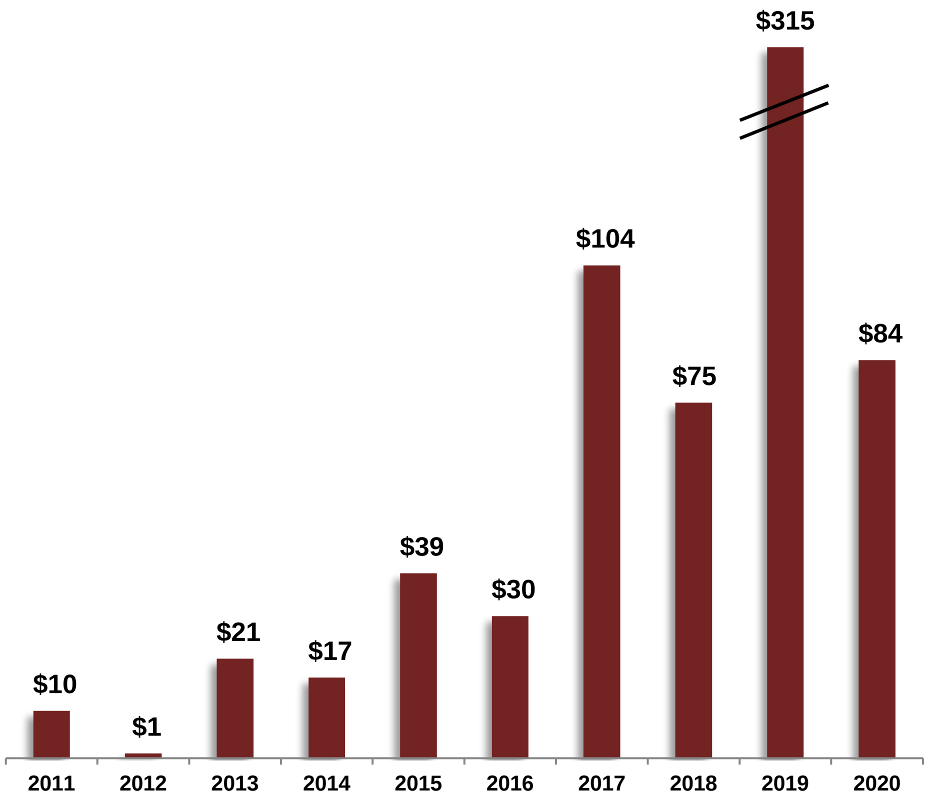

1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.
2. In 2Q 2018, the Syncora Guarantee, Inc. (SGI) reinsurance transaction created $156 million of U.S. structured finance PVP on $349 million of gross written par

# Creating Value
## Insurance
## Non-U.S. Business Activity

- **During 2020, the international transactions have included deals underwritten both through AGUK and AGE:**
  - AGUK transactions included a U.K. university student housing and restructuring certain previously insured transactions
  - AGE transactions included several renewable energy transactions and a secondary market guaranty to a European financial institution for a public sector credit

- **The Company has written new non-U.S. public finance business every quarter since the end of 2015**

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




1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.
2. In 2Q 2018, the SGI reinsurance transaction created $53 million of non-U.S. PVP on $3.3 billion of gross written par

# Creating Value
## AssuredIM

- **On October 1, 2019, Assured Guaranty completed the acquisition of all the outstanding equity interests in BlueMountain and its associated entities for a purchase price of $157 million**
  - Assured Guaranty contributed approximately $100 million of cash to AssuredIM for its working capital needs
  - Assured Guaranty subsequently re-branded BlueMountain to AssuredIM
- **The Company is using the investment knowledge and experience acquired with AssuredIM to expand the categories and types of investments included in its investment portfolio, and to manage a portion of its investment portfolio**
  - In addition to the cash and common stock included in the acquisition, Assured Guaranty allocated $750 million of capital to invest in funds managed by AssuredIM
    - As of December 31, 2020, AGAS had committed $493 million to AssuredIM Funds, including $177 million that has yet to be funded
    - Capital is being invested in different investment vehicles, each dedicated to a single strategy consisting of CLOs, asset-backed finance, healthcare structured capital and liquid municipal investments
    - An additional $250 million has been approved for investment in funds managed by AssuredIM, for a total of $750 million
  - Also, Assured Guaranty's U.S. insurance companies have entered into an investment management agreement with AssuredIM to manage a portfolio of municipal obligations and a portfolio of CLOs
    - As of December 31, 2020, they have together allocated $250 million to municipal obligation strategies and $300 million to CLO strategies
- **The Company plans to continue capital management strategies, which includes share repurchases and continuing to investigate additional opportunities in the asset management business**

# Financial Strength Ratingsu

- **In July 2020, S&P affirmed the AA (stable outlook) financial strength ratings of the operating companies**
  - S&P found Assured Guaranty group's capital adequacy ratio to be "considerably above 1.0x" their AAA requirement
  - Importantly, S&P stated that Assured Guaranty's strong capital adequacy position should allow it to withstand both stress from the COVID-19 pandemic as well as any losses from our exposure to Puerto Rico. S&P believes that we could absorb future losses of between $2.5 billion and $2.7 billion with no effect to our current ratings
    - In sectors that have the greatest potential for rating migration, S&P's COVID-19 sensitivity test includes a three-notch downgrade for U.S. public finance exposures and a 50% capital charge increase for structured finance exposures
    - With regard to Puerto Rico exposure, S&P's analysis includes the effect of loss payments up to 45% of the remaining debt service due each year beginning in 2020
  - Additionally, as they had in their April 2020 report, S&P again emphasized investors' current focus on credit has led to increased opportunities for Assured Guaranty, which they expect to continue

## Financial Strength Ratings

As of March 25, 2021

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

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

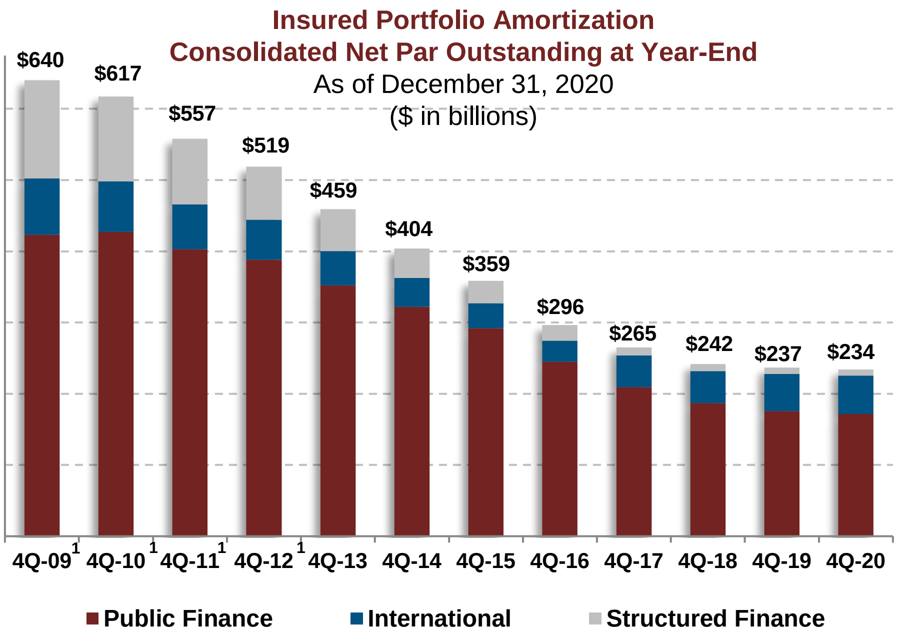
- **KBRA affirmed all of its Assured Guaranty ratings on October 29, 2020: Assured Guaranty Municipal[1] at AA+ (stable outlook); AGC at AA (stable outlook); and MAC at AA+ (stable outlook)**
  - KBRA noted each Company's ability to withstand their conservative stress case loss assumptions, a mature and high-functioning operating platform and a strong management team
  - Importantly, KBRA's view is that the COVID-19 pandemic is primarily a potential liquidity event for Assured Guaranty, which the Company has more than sufficient liquidity to withstand
- **In August 2019, Moody's affirmed the A2 (stable outlook) insurance financial strength rating of AGM[1]**

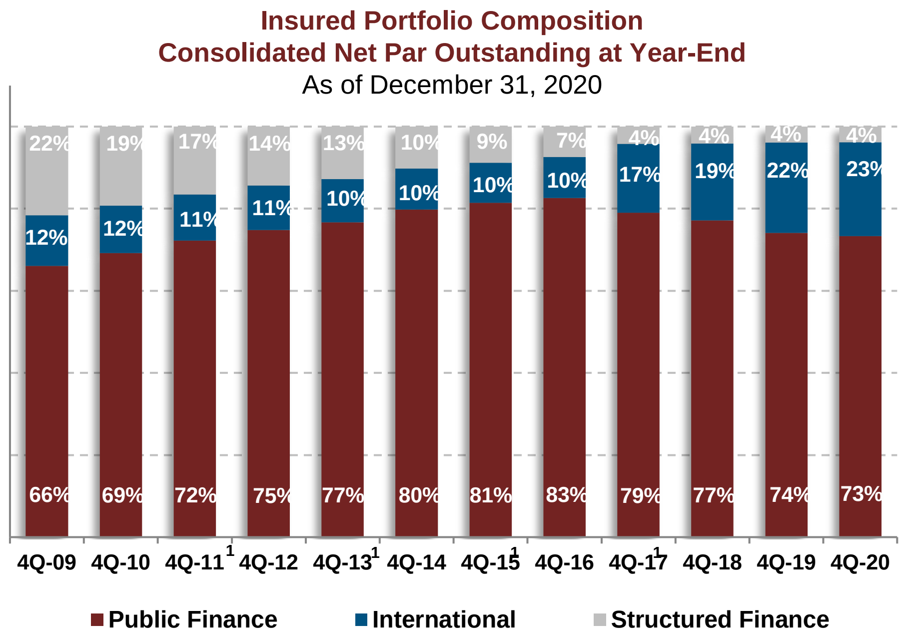
1. Please see page 3 for a definition of this convention.

# Net Par Outstanding Amortization

- **During the first six of the last 12 years, the U.S. structured finance portfolio had a large effect on the amortization of the consolidated portfolio; since then, the effect of the structured finance portfolio has decreased as its size has shrunk significantly while the international portfolio has grown significantly**
  - Between year-end 2009 and year-end 2014, the structured finance portfolio accounted for nearly 53% of the total reduction in net par outstanding
  - Since then, the structured finance portfolio has accounted for only 22% of the total reduction in net par outstanding
  - Since 2015, the international portfolio has ***increased*** by over 53%

- **We expect that our rate of new business written should soon tend to equal or exceed that of exposures amortized in a given year, stabilizing UPR and future earned revenue**

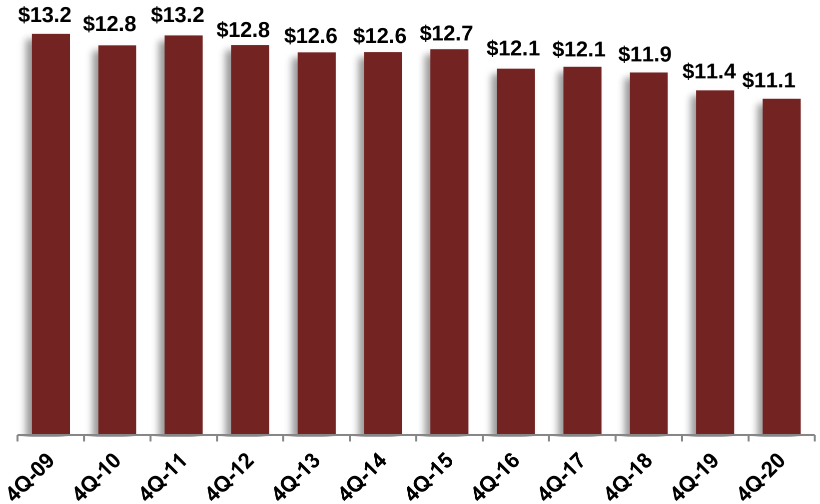



1. Gross of wrapped bond purchases made primarily for loss mitigation.

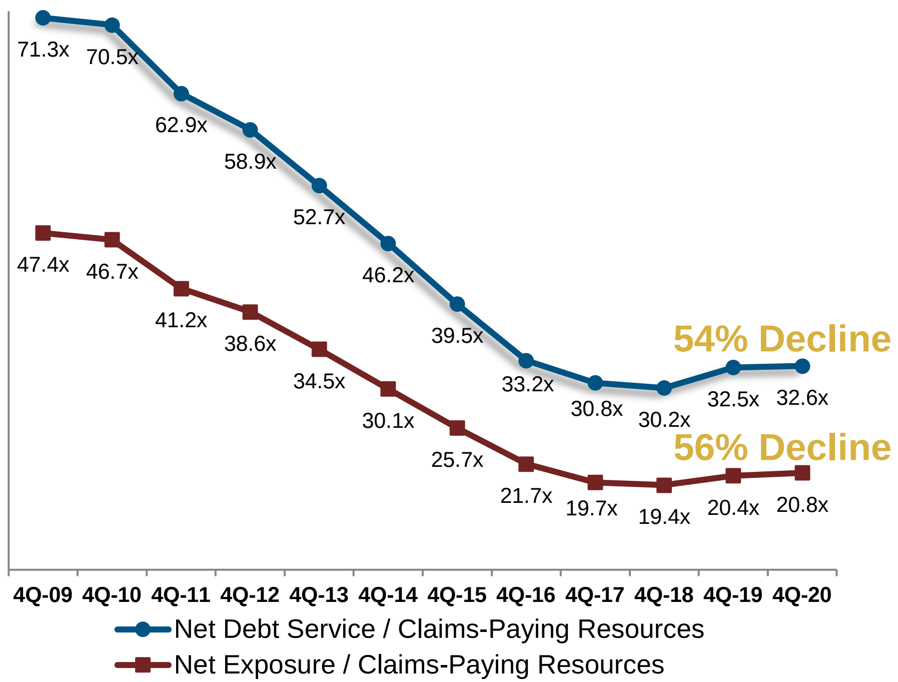
# Assured Guaranty Today
## Insured Portfolio and Capital Changes Since the Global Financial Crisis

### Claims-Paying Resources
$ in billions




- **Assured Guaranty's robust business model and successful surveillance, loss mitigation and acquisition strategies, along with our access to capital in debt and equity markets, enabled us to maintain a strong financial position during and the Great Recession and right into the COVID-19 pandemic**
- **Since our acquisition of AGM in July 2009, group claims-paying resources declined modestly relative to the nearly $12 billion paid out in gross policyholder claims**
- **Of those claims, approximately 67% were RMBS, 29% public finance (including Puerto Rico) and the remainder other asset classes**

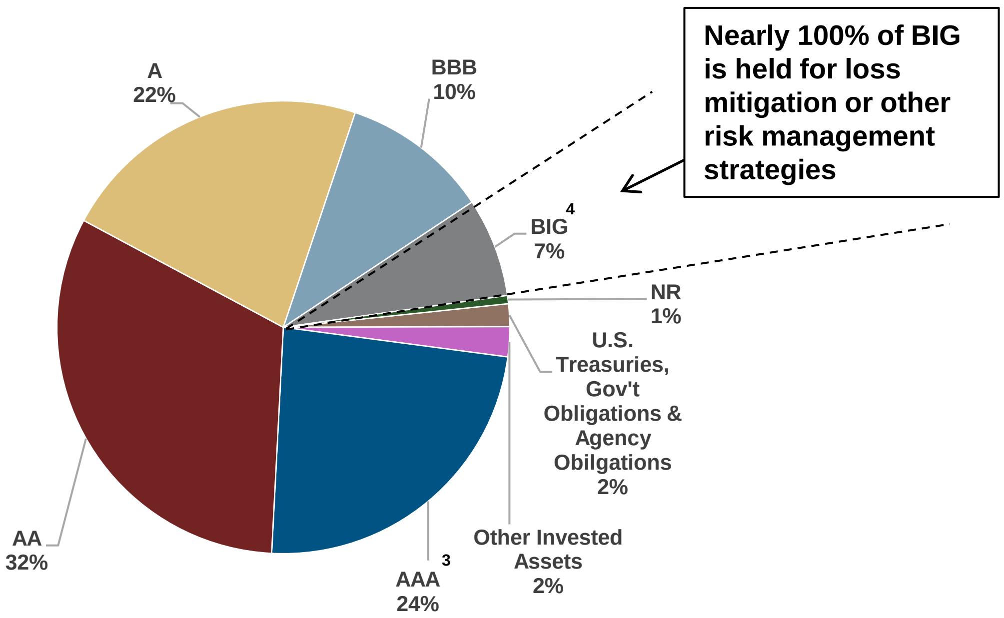
### Insured Leverage




- **Since our acquisition of AGM in July 2009, group insured leverage as a multiple of claims-paying resources has declined by more than 50%**
- **As new business originations increase and portfolio amortization decreases, group insured leverage will begin to increase**

# Underlying Value
## High-Quality Investment Portfolio

### Total Invested Assets and Cash[1,2]
As of December 31, 2020




**$10.0 billion, A+ average rating[2]**

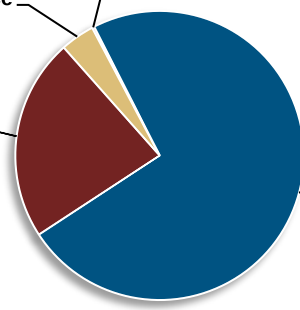
- **Predominately consists of highly rated, fixed maturity and short-term investments, and cash; 57% rated AA or higher**
- **Approximately $1.0 billion invested in liquid, short-term investments and cash**
- **Overall duration of the fixed maturity securities and short-term investments is 4.3 years**
- **The Company's U.S. subsidiaries' investments in AssuredIM funds have a fair value of $345 million as of December 31, 2020**
  - Of this amount, $254 million of these funds are not included in the $10.0 billion of total invested assets and cash because the Company consolidates them for GAAP accounting purposes

1. Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications. Other invested assets are not rated.
3. Included in the AAA category are short-term securities and cash.
4. Includes securities held long-term that were purchased or obtained as part of loss mitigation or other risk management strategies of $1,051 million in par with carrying value of $707 million.

# Assured Guaranty Ltd. Consolidated Insured Portfolio Overview

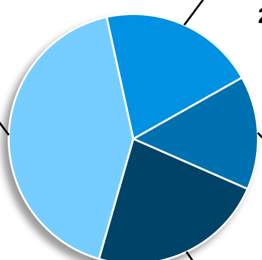
# AGL Consolidated
## Insured Portfolio
## Net Par Outstanding as of December 31, 2020

### Portfolio Diversification by Sector



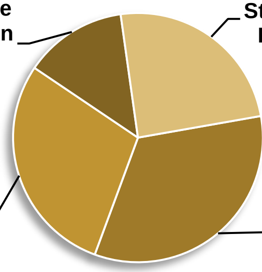

**$234.2 billion[1,2]**

### U.S. Public Finance Portfolio



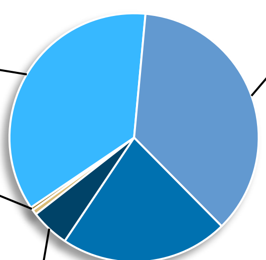

**$171.6 billion[2]**

### U.S. Structured Finance Portfolio




**$9.0 billion[1,2]**

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

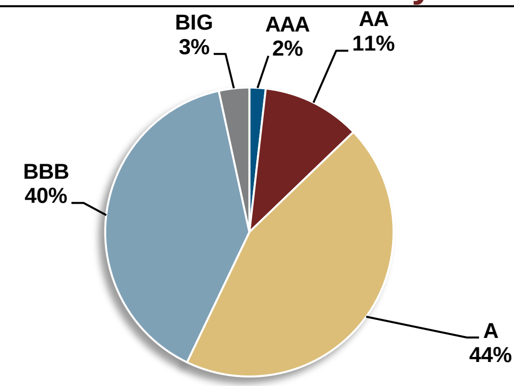



**$53.6 billion[2]**

1. Includes GICs. Please see the footnote on page 38.
2. Consolidated amounts include those of AG Re except AG Re's specialty insurance and reinsurance net exposure of $1 billion.

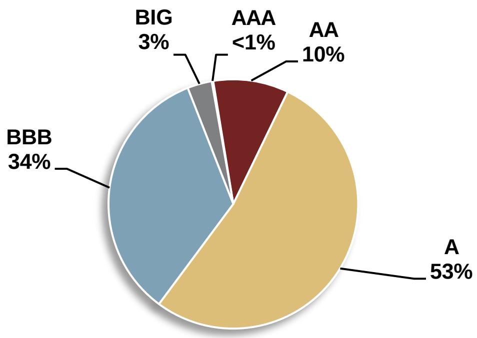
# AGL Consolidated
## Insured Portfolio Ratings
### Net Par Outstanding as of December 31, 2020

**Portfolio Diversification by Rating**



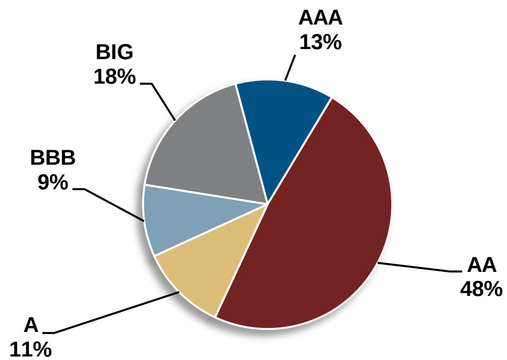

**$234.2 billion[1,2]**

**U.S. Public Finance Portfolio**



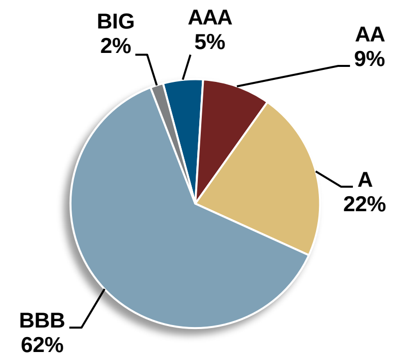

**$171.6 billion[2]**

**U.S. Structured Finance Portfolio**




**$9.0 billion[1,2]**

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




**$53.6 billion[2]**

1. Includes GICs. Please see the footnote on page 38.
2. Consolidated amounts include those of AG Re except AG Re's specialty insurance and reinsurance net exposure of $1 billion.

# Public Finance
## Puerto Rico Exposure

### Par Exposure to the Commonwealth and its Agencies[1,2]
As of December 31, 2020

| | ($ in millions) | Net Par Outstanding | Gross Par Outstanding |
|---|---|---|---|
| Commonwealth Constitutionally Guaranteed | Commonwealth of Puerto Rico - General Obligation Bonds [3] | $1,112 | $1,150 |
| | Puerto Rico Public Buildings Authority (PBA) [3] | 134 | 140 |
| | **Subtotal** | **$1,246** | **$1,290** |
| Public Corporations – Certain Revenues Potentially Subject to Clawback | Puerto Rico Highways and Transportation Authority (PRHTA) (Transportation Revenue Bonds) [3] | $817 | $817 |
| | Puerto Rico Highways and Transportation Authority (PRHTA) (Highways Revenue Bonds) [3] | 493 | 493 |
| | Puerto Rico Convention Center District Authority (PRCCDA) | 152 | 152 |
| | Puerto Rico Infrastructure Financing Agency (PRIFA) | 16 | 16 |
| | **Subtotal** | **$1,478** | **$1,478** |
| Other Public Corporations | Puerto Rico Electric Power Authority (PREPA) [3,4] | 776 | 787 |
| | Puerto Rico Municipal Finance Agency (MFA) [5] | 223 | 232 |
| | Puerto Rico Aqueduct and Sewer Authority (PRASA) and University of Puerto Rico (U of PR) [5,6] | 2 | 2 |
| | **Subtotal** | **$1,001** | **$1,021** |
| | **Total** | **$3,725** | **$3,789** |

1. The general obligation bonds of Puerto Rico and various obligations of its related authorities and public corporations are all rated BIG.
2. During the third quarter 2019, the Company sold all of its COFINA Exchange Senior Bonds.
3. As of the date of the Company's 2020 10-K 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. On May 3, 2019, the Company entered into a restructuring support agreement with PREPA and other stakeholders. See Assured Guaranty's Form 10-K for the period ended December 31, 2020.
5. As of the date of the Company's 2020 10-K filing, the Company has **not** paid claims on these credits.
6. In the fourth quarter of 2020, $372 million of PRASA obligations insured by the Company were refunded, reducing the Company's exposure to such bonds to $1 million of insured net par as of December 31, 2020.

# Public Finance
## Puerto Rico Exposure

### Scheduled Net Par Amortization of Exposure to the Commonwealth and its Agencies
As of December 31, 2020

| ($ in millions) | 1Q 2021 | 2Q 2021 | 3Q 2021 | 4Q 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031-2035 | 2036-2040 | 2041-2042 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| [redacted] | | | | | | | | | | | | | | | | | |
| Commonwealth – GO | $- | $- | $16 | $- | $37 | $14 | $73 | $68 | $34 | $90 | $33 | $63 | $48 | $491 | $145 | $- | **$1,112** |
| PBA | - | - | 12 | - | - | 7 | - | 6 | 11 | 40 | 1 | 1 | 1 | 38 | 17 | - | **134** |
| **Subtotal** | **$-** | **$-** | **$28** | **$-** | **$37** | **$21** | **$73** | **$74** | **$45** | **$130** | **$34** | **$64** | **$49** | **$529** | **$162** | **$-** | **$1,246** |
| [redacted] | | | | | | | | | | | | | | | | | |
| PRHTA (Transportation Revenue) | $- | $- | $18 | $- | $28 | $33 | $4 | $29 | $24 | $29 | $34 | $49 | $31 | $242 | 251 | $45 | **817** |
| PRHTA (Highways Revenue) | - | - | 35 | - | 40 | 32 | 32 | 34 | 1 | - | 10 | 13 | 16 | 227 | 53 | - | **493** |
| PRCCDA | - | - | - | - | - | - | - | - | - | 19 | - | - | - | 104 | 29 | - | **152** |
| PRIFA | - | - | - | - | - | 2 | - | - | - | - | - | - | - | - | 10 | 4 | **16** |
| **Subtotal** | **$-** | **$-** | **$53** | **$-** | **$68** | **$67** | **$36** | **$63** | **$25** | **$48** | **$44** | **$62** | **$47** | **$573** | **$343** | **$49** | **$1,478** |
| [redacted] | | | | | | | | | | | | | | | | | |
| PREPA | $- | $- | $28 | $- | $28 | $95 | $93 | $68 | $106 | $105 | $68 | $39 | $44 | $102 | $- | $- | **$776** |
| MFA | - | - | 43 | - | 43 | 23 | 19 | 18 | 37 | 15 | 12 | 7 | 6 | - | - | - | **223** |
| PRASA and U of PR | - | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | - | - | **2** |
| **Subtotal** | **$-** | **$-** | **$71** | **$-** | **$71** | **$118** | **$113** | **$86** | **$143** | **$120** | **$80** | **$46** | **$50** | **$103** | **$-** | **$-** | **$1,001** |
| **Total** | **$-** | **$-** | **$152** | **$-** | **$176** | **$206** | **$222** | **$223** | **$213** | **$298** | **$158** | **$172** | **$146** | **$1,205** | **$505** | **$49** | **$3,725** |

# Public Finance
## Puerto Rico Exposure

### Scheduled Net Debt Service Amortization of Exposure to the Commonwealth and its Agencies
As of December 31, 2020

| ($ in millions) | 1Q 2021 | 2Q 2021 | 3Q 2021 | 4Q 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031-2035 | 2036-2040 | 2041-2042 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Commonwealth – GO | $29 | $- | $45 | $- | $94 | $70 | $128 | $119 | $82 | $136 | $75 | $103 | $84 | $623 | $159 | $- | **$1,747** |
| PBA | 4 | - | 16 | - | 7 | 13 | 6 | 13 | 17 | 44 | 3 | 3 | 3 | 49 | 18 | - | **196** |
| **Subtotal** | **$33** | **$-** | **$61** | **$-** | **$101** | **$83** | **$134** | **$132** | **$99** | **$180** | **$78** | **$106** | **$87** | **$672** | **$177** | **$-** | **$1,943** |
| PRHTA (Transportation Revenue) | $21 | $- | $40 | $- | $69 | $73 | $42 | $67 | $61 | $64 | $67 | $81 | $61 | $367 | $300 | $47 | **$1,360** |
| PRHTA (Highways Revenue) | 13 | - | 48 | - | 64 | 54 | 53 | 53 | 18 | 17 | 27 | 30 | 31 | 277 | 55 | - | **740** |
| PRCCDA | 3 | - | 3 | - | 7 | 7 | 7 | 7 | 7 | 26 | 6 | 6 | 6 | 127 | 31 | - | **243** |
| PRIFA | - | - | - | - | 1 | 3 | 1 | 1 | 1 | 1 | - | 1 | 1 | 3 | 13 | 4 | **30** |
| **Subtotal** | **$37** | **$-** | **$91** | **$-** | **$141** | **$137** | **$103** | **$128** | **$87** | **$108** | **$100** | **$118** | **$99** | **$774** | **$399** | **$51** | **$2,373** |
| PREPA | $16 | $3 | $43 | $3 | $62 | $128 | $122 | $91 | $126 | $122 | $80 | $47 | $52 | $110 | $- | $- | **$1,005** |
| MFA | 6 | - | 49 | - | 52 | 29 | 24 | 22 | 41 | 17 | 14 | 8 | 6 | - | - | - | **268** |
| PRASA and U of PR | - | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | - | - | **2** |
| **Subtotal** | **$22** | **$3** | **$92** | **$3** | **$114** | **$157** | **$147** | **$113** | **$167** | **$139** | **$94** | **$55** | **$58** | **$111** | **$-** | **$-** | **$1,275** |
| **Total** | **$92** | **$3** | **$244** | **$3** | **$356** | **$377** | **$384** | **$373** | **$353** | **$427** | **$272** | **$279** | **$244** | **$1,557** | **$576** | **$51** | **$5,591** |

### Details of Assured Guaranty's Exposure to Detroit

- **Municipal utilities exposure is $392 million of water revenue bonds and $897 million of sewer revenue bonds. Both the water and sewer systems provide services to areas that extend significantly beyond the City of Detroit.**

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

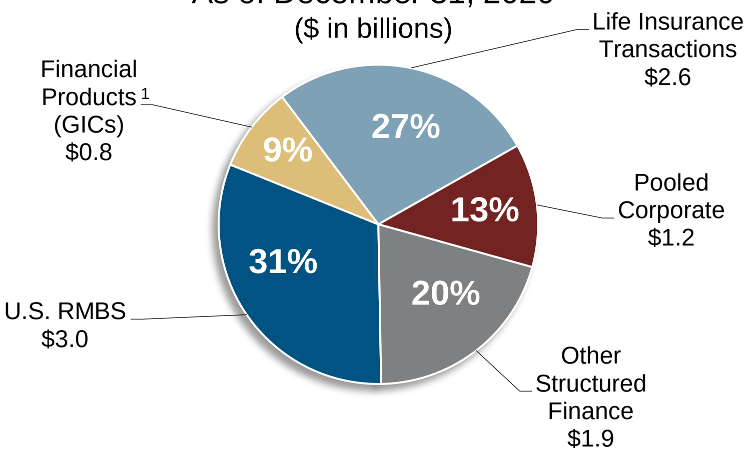
### Details of Assured Guaranty's Exposure to Stockton

- **Net par exposure to Stockton is $104 million of pension obligation bonds.**

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

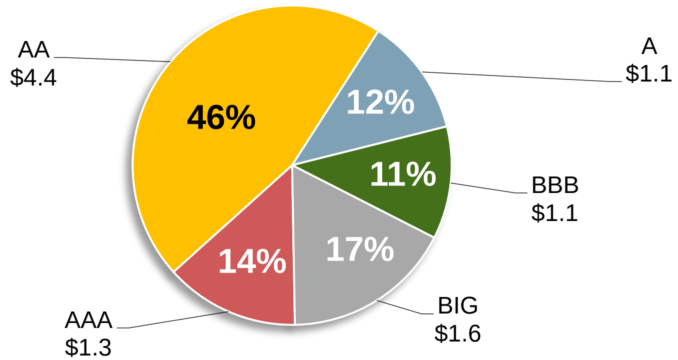
# Structured Finance Exposures
## Net Par Outstanding

### By Type
As of December 31, 2020
($ in billions)




**$9.5 billion, A average rating**

### By Internal Rating



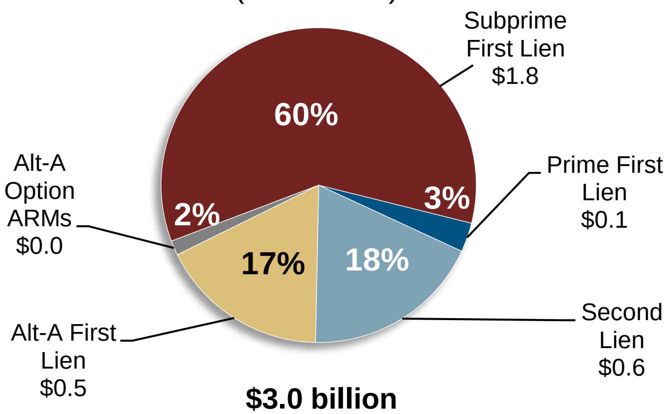

- **Assured Guaranty's total structured finance exposure of $9.5 billion through December 31, 2020 reflects a $165.1 billion reduction from $174.6 billion on December 31, 2009, a 95% reduction**
  - We project that the existing portfolio will amortize by 13% by the end of 2021; 37% by the end of 2025

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

# Consolidated U.S. RMBS

## U.S. RMBS by Exposure Type

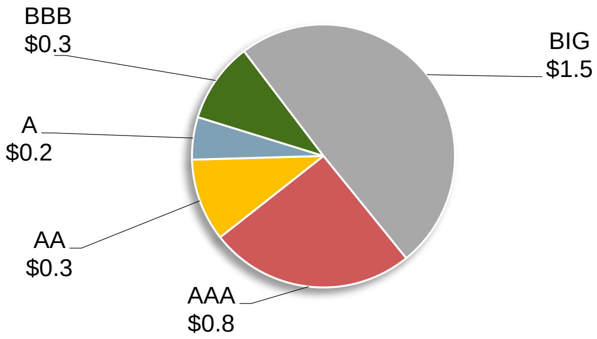
As of December 31, 2020
($ in billions)




**$3.0 billion**
**(1.3% of total net par outstanding)**

## U.S. RMBS by Rating[1]

As of December 31, 2020
($ in billions)



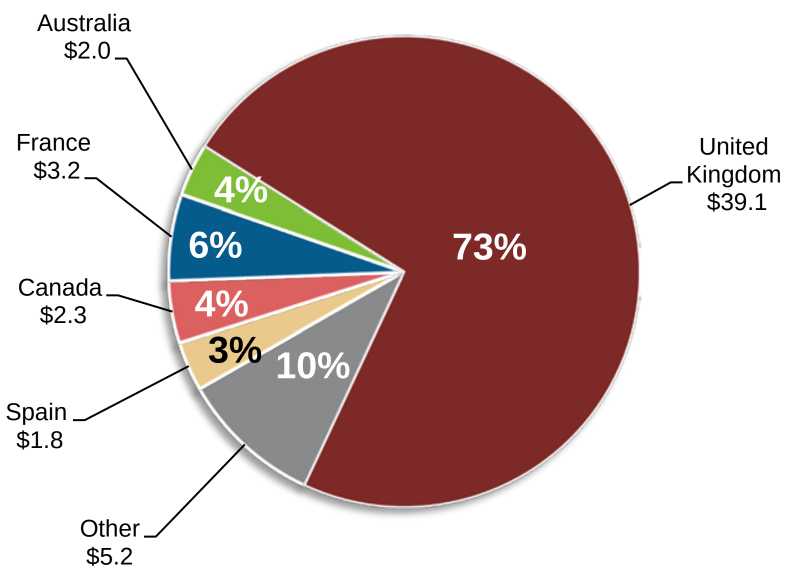

- **Our $3.0 billion U.S. RMBS portfolio is amortizing both on a dollar basis and as a percentage of the portfolio**
  - Assured Guaranty's U.S. RMBS exposure of $3.0 billion on December 31, 2020 reflects a $26.2 billion reduction from $29.2 billion on December 31, 2009, an 90% reduction
  - U.S. RMBS expected to be reduced by 16% by year-end 2021 and by 59% by year-end 2025
  - As of December 31, 2020, U.S. RMBS exposure excludes $911 million of net par related to loss mitigation strategies
- **Our loss reserving methodology is driven by our assumptions on several factors including:**
  - Liquidation rates
  - Conditional default rates
  - Conditional prepayment rates
  - Loss severity
  - Interest Rates
  - COVID-19 forbearances
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Termination of insurance on BIG credits

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

# Consolidated Non-U.S. Exposure

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

**Non-U.S. Exposure**
As of December 31, 2020
($ in billions)




**$53.6 billion, A- average rating**

- **99% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland ($301 million) and Mexico ($50 million)
- **1% of non-U.S. exposure is Structured Finance**

# Consolidated Insurance
# Expected Loss and LAE to Be Paid
## Three Months Ended December 31, 2020

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Sept 30, 2020 | Economic Loss Development (Benefit) During 4Q-20 | (Paid) Recovered Losses During 4Q-20 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $263 | $48 | $(6) | $305 |
| Non-U.S. public finance | 33 | 4 | (1) | 36 |
| Public Finance: | 296 | 52 | (7) | 341 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 137 | (10) | 21 | 148 |
| Other structure finance | 38 | 2 | - | 40 |
| Structured Finance: | 175 | (8) | 21 | 188 |
| **Total** | **$471** | **$44** | **$14** | **$529** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

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

# Consolidated Insurance Expected Loss and LAE to Be Paid
## Year Ended December 31, 2020

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Year Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2019 | Economic Loss Development (Benefit) During 2020 | (Paid) Recovered Losses During 2020 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $531 | $190 | $(416) | $305 |
| Non-U.S. public finance | 23 | 13 | - | 36 |
| Public Finance: | 554 | 203 | (416) | 341 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 146 | (71) | 73 | 148 |
| Other structure finance | 37 | 13 | (10) | 40 |
| Structured Finance: | 183 | (58) | 63 | 188 |
| **Total** | **$737** | **$145** | **$(353)** | **$529** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e., those accounted for as insurance, credit derivatives and FG VIEs).
2. The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $1,154 million as of December 31, 2020 and $819 million as of December 31, 2019.
3. Includes future net R&W recoverable (payable) of $(74) million as of December 31, 2020 and $(53) million as of December 31, 2019.

# AGM Portfolio Review

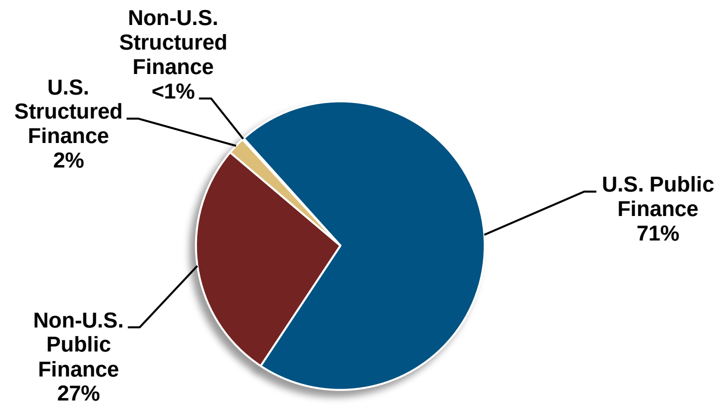
Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

# AGM[1]

## Insured Portfolio

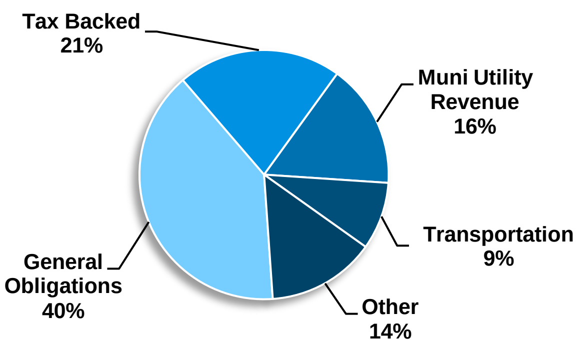
## Net Par Outstanding as of December 31, 2020

### Portfolio Diversification by Sector



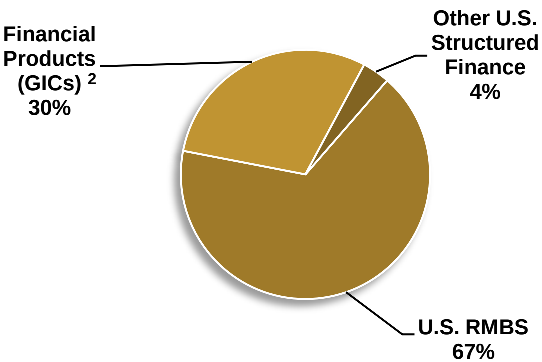

$139.4 billion[2]

### U.S. Public Finance Portfolio



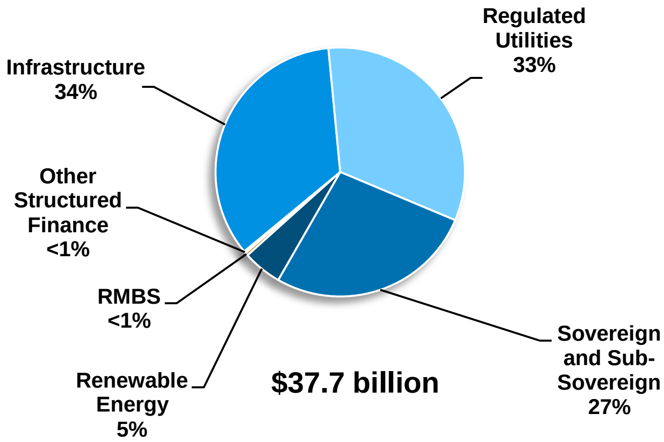

$98.9 billion

### U.S. Structured Finance Portfolio




$2.8 billion

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



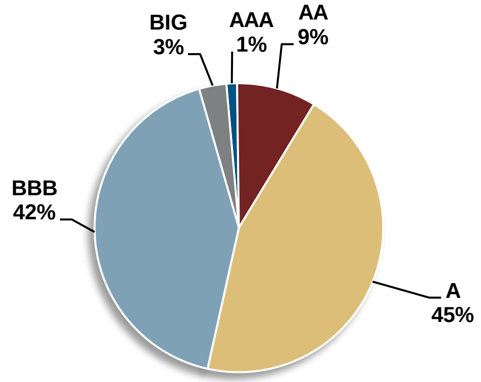

$37.7 billion

1. Please see page 3 for a definition of this convention.
2. Includes GICs. Please see the footnote on page 38.

# AGM[1]

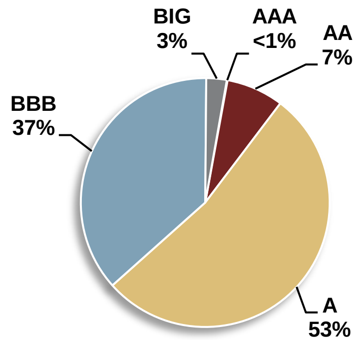
## Insured Portfolio Ratings
## Net Par Outstanding as of December 31, 2020

### Portfolio Diversification by Rating



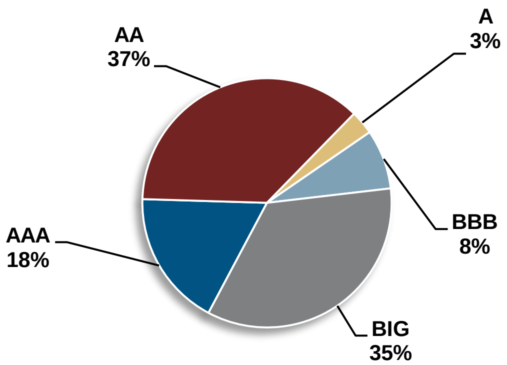

**$139.4 billion[2]**

### U.S. Public Finance Portfolio



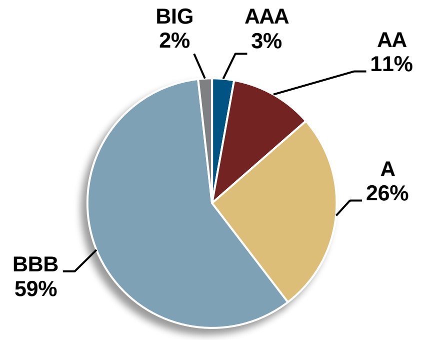

**$98.9 billion**

### U.S. Structured Finance Portfolio




**$2.8 billion[2]**

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




**$37.7 billion**

1. Please see page 3 for a definition of this convention.
2. Includes GICs. Please see the footnote on page 38.

# AGM[1]
## Insured Portfolio
## Net Par Outstanding as of December 31, 2020

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

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| General obligation | $ 39,378 | A- |
| Tax backed | 21,050 | A- |
| Municipal utilities | 15,907 | A- |
| Transportation | 8,685 | BBB+ |
| Healthcare | 6,705 | BBB+ |
| Higher education | 3,777 | A- |
| Infrastructure finance | 2,183 | BBB |
| Housing revenue | 791 | BBB |
| Renewable energy | 17 | A |
| Other public finance | 426 | A- |
| Total U.S. public finance | 98,919 | A- |
| **Non-U.S. public finance:** | | |
| Infrastructure finance | 13,004 | BBB |
| Regulated utilities | 12,383 | BBB+ |
| Sovereign and sub-sovereign | 10,161 | A+ |
| Renewable energy | 1,904 | A- |
| Total non-U.S. public finance | 37,452 | BBB+ |
| **Total public finance** | **$ 136,371** | **A-** |

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. structured finance:** | | |
| RMBS | $ 1,834 | BBB- |
| Financial products[2] | 820 | AA- |
| Other structured finance | 98 | A |
| Total U.S. structured finance | 2,752 | BBB+ |
| **Non-U.S. structured finance:** | | |
| RMBS | 152 | BBB+ |
| Other structured finance | 96 | AAA |
| Total non-U.S. structured finance | 248 | A+ |
| **Total structured finance** | **$ 3,000** | **BBB+** |
| **Total net par outstanding** | **$ 139,371** | **A-** |

1. Please see page 3 for a definition of this convention.
2. Financial Products (GICs). Please see the footnote on page 38.

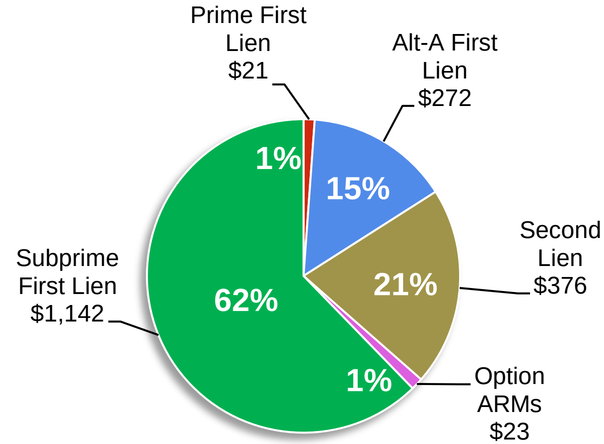
# AGM[1] U.S. RMBS Exposure

- **AGM's[1] U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - $1.8 billion net par outstanding versus $17.1 billion at year-end 2008, a decrease of 89%
  - 1.3% of total net par outstanding versus 4.0% at year-end 2008
  - No U.S. RMBS underwritten since January 2008
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations of below investment grade credits

## By Type

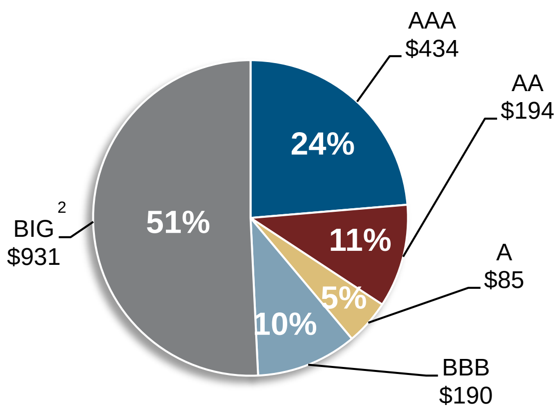
As of December 31, 2020

($ in millions)




**$1.8 billion, 1.3% of net par outstanding**

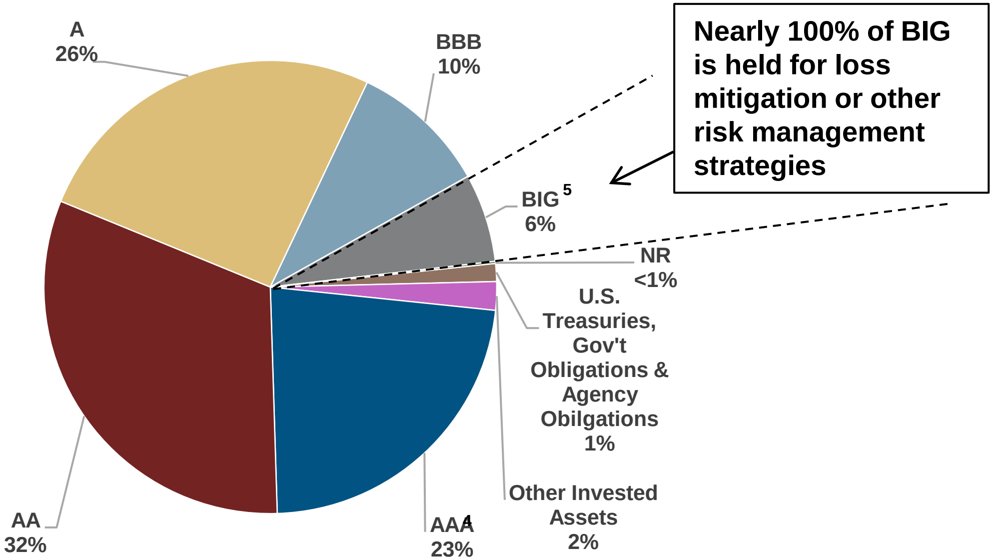
## By Rating




1. Please see page 3 for a definition of this convention.
2. Please see footnote 1 on page 39.

# AGM[1]
## Investment Portfolio
## Fair Value as of December 31, 2020

### Invested Assets and Cash[2,3]
As of December 31, 2020




**$4.8 billion, A+ average rating[3]**

- **Predominately consists of highly rated, fixed maturity and short-term investments, and cash; 56% rated AA or higher**
- **Approximately $244 million invested in liquid, short-term investments and cash**
- **Overall duration of the fixed maturity securities and short-term investments is 4.0 years**
- **AGM has an interest in funds in AGAS with a carrying value of $297 million as of December 31, 2020**
  - These funds are not included in the $4.8 billion of total invested assets and cash

1. Please see page 3 for a definition of this convention.
2. Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
3. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications. Other invested assets are not rated.
4. Included in the AAA category are short-term securities and cash.
5. Includes securities held long-term that were purchased or obtained as part of loss mitigation or other risk management strategies of $528 million in par with carrying value of $300 million.

# AGM Consolidated Expected Loss and LAE to Be Paid
## Three Months Ended December 31, 2020

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Sept 30, 2020 | Economic Loss Development (Benefit) During 4Q-20 | (Paid) Recovered Losses During 4Q-20 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $27 | $(31) | $(4) | $(8) |
| Non-U.S. public finance | 26 | 3 | - | 29 |
| Public Finance: | 53 | (28) | (4) | 21 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 54 | (3) | 15 | 66 |
| Other structure finance | 8 | (1) | - | 7 |
| Structured Finance: | 62 | (4) | 15 | 73 |
| **Total** | **$115** | **$(32)** | **$11** | **$94** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e., those accounted for as insurance, credit derivatives and FG VIEs).
2. The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $492 million as of December 31, 2020.
3. Includes future net R&W recoverable (payable) of $(83) million as of December 31, 2020.

# AGM Consolidated Expected Loss and LAE to Be Paid
## Year Ended December 31, 2020

ASSURED GUARANTY

*($ in millions)*

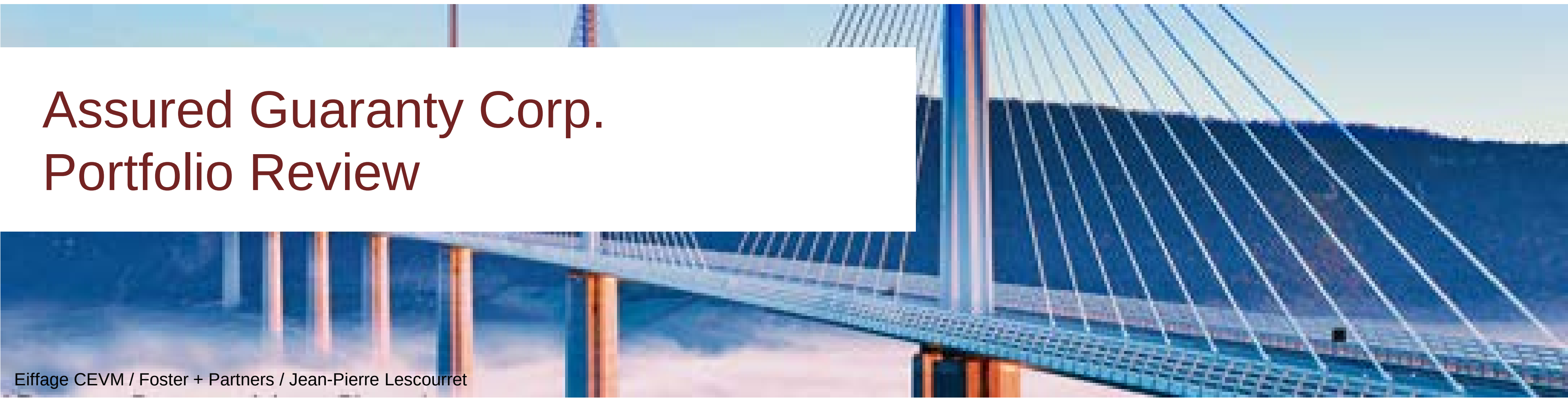
**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Year Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2019 | Economic Loss Development (Benefit) During 2020 | (Paid) Recovered Losses During 2020 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $143 | $6 | $(157) | $(8) |
| Non-U.S. public finance | 19 | 10 | - | 29 |
| Public Finance: | 162 | 16 | (157) | 21 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 45 | (37) | 58 | 66 |
| Other structure finance | 8 | - | (1) | 7 |
| Structured Finance: | 53 | (37) | 57 | 73 |
| **Total** | **$215** | **$(21)** | **$(100)** | **$94** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e., those accounted for as insurance, credit derivatives and FG VIEs).
2. The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $492 million as of December 31, 2020 and $336 million as of December 31, 2019.
3. Includes future net R&W recoverable (payable) of $(83) million as of December 31, 2020 and $(65) million as of December 31, 2019.

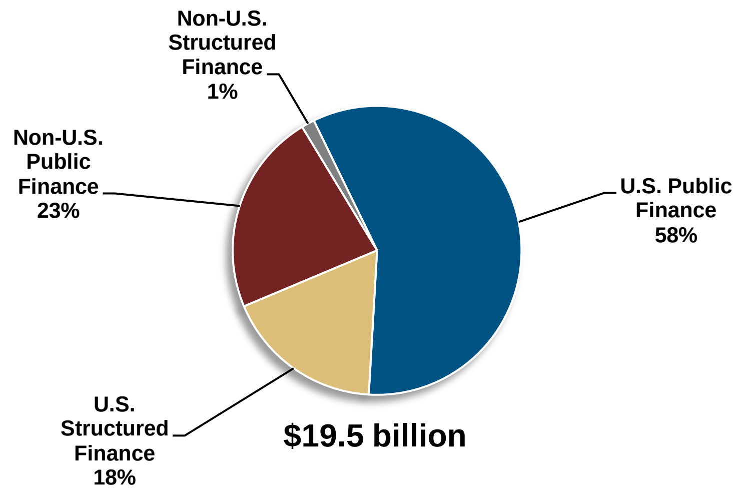
# Assured Guaranty Corp.
# Portfolio Review



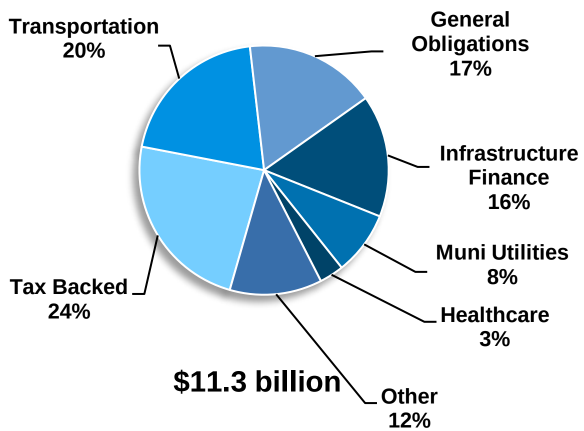
Eiffage CEVM / Foster + Partners / Jean-Pierre Lescourret

# AGC
## Insured Portfolio
## Net Par Outstanding as of December 31, 2020

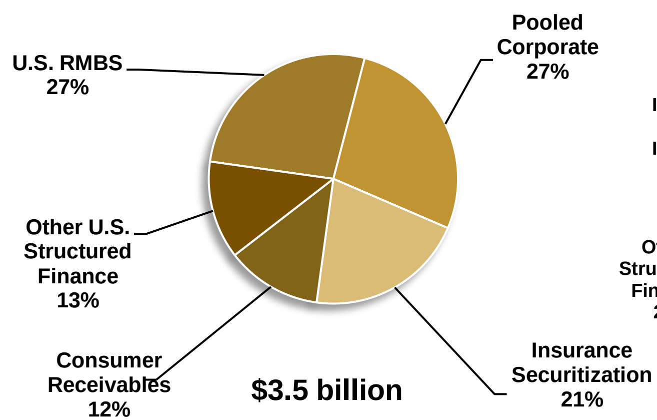
### Portfolio Diversification by Sector



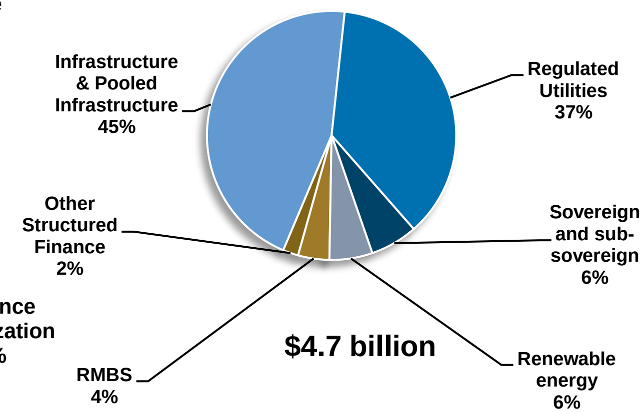

### U.S. Public Finance Portfolio




### U.S. Structured Finance Portfolio

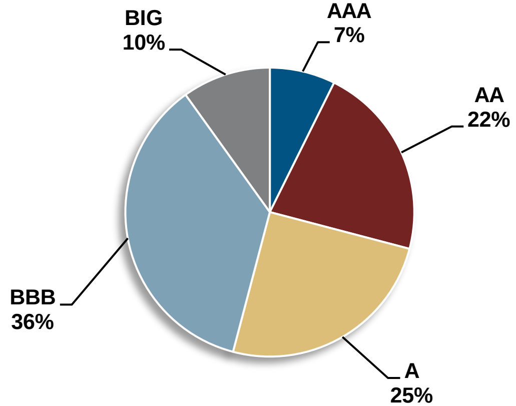



### Non-U.S. Portfolios Public & Structured Finance



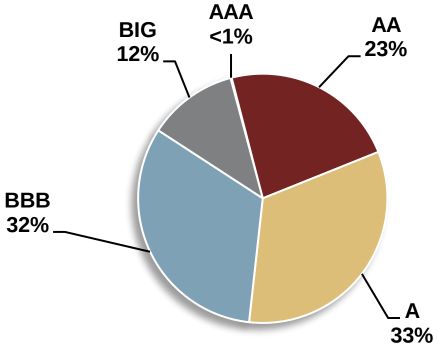
# AGC
## Insured Portfolio Ratings
## Net Par Outstanding as of December 31, 2020

### Portfolio Diversification by Rating



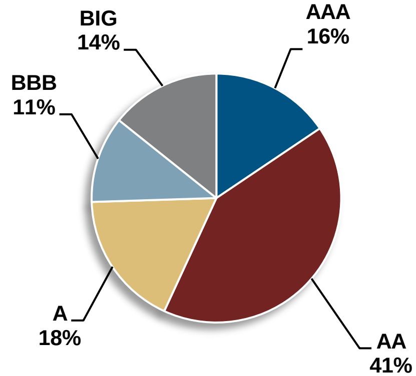

**$19.5 billion**

### U.S. Public Finance Portfolio



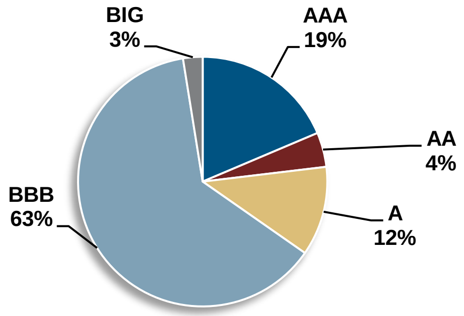

**$11.3 billion**

### U.S. Structured Finance Portfolio




**$3.5 billion**

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




**$4.7 billion**

## Net Par Outstanding By Asset Type

($ in millions)

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| Tax backed | $ 2,671 | BB+ |
| Transportation | 2,283 | A- |
| General obligation | 1,928 | BBB+ |
| Infrastructure finance | 1,796 | A+ |
| Municipal utilities | 935 | A- |
| Healthcare | 358 | BBB |
| Investor-owned utilities | 336 | A- |
| Higher education | 210 | A- |
| Renewable energy | 126 | A- |
| Housing revenue | 104 | BB |
| Other public finance | 581 | A- |
| Total U.S. public finance | 11,328 | BBB+ |
| **Non-U.S. public finance:** | | |
| Regulated utilities | 1,731 | BBB+ |
| Infrastructure finance | 1,405 | BBB |
| Pooled infrastructure | 724 | AAA |
| Sovereign and sub-sovereign | 289 | A- |
| Renewable energy | 262 | BBB+ |
| Total non-U.S. public finance | 4,411 | A- |
| **Total public finance** | **$ 15,739** | **BBB+** |

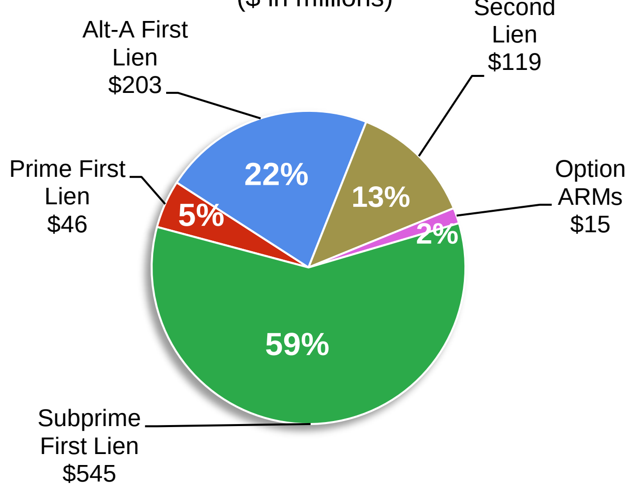
| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. structured finance:** | | |
| Pooled corporate obligations | $ 948 | AA |
| RMBS | 928 | BBB- |
| Life insurance transactions | 716 | AA- |
| Consumer receivables | 428 | A+ |
| Other structured finance | 439 | BBB+ |
| Total U.S. structured finance | 3,459 | A |
| **Non-U.S. structured finance:** | | |
| RMBS | 191 | A+ |
| Other structured finance | 94 | BBB |
| Total non-U.S. structured finance | 285 | A |
| **Total structured finance** | **$ 3,744** | **A** |
| | | |
| **Total net par outstanding** | **$ 19,483** | **A-** |

# AGC U.S. RMBS Exposure

- **AGC's U.S. RMBS portfolio is amortizing on an absolute basis and has declined as a percentage of the portfolio**
  - $0.9 billion versus $13.4 billion at year-end 2007, a decrease of 93%
  - 4.8% of total net par outstanding versus 14.3% at year-end 2007
- **We have significantly mitigated ultimate losses**
  - R&W putbacks, litigation and agreements
  - Wrapped bond purchases
  - Terminations

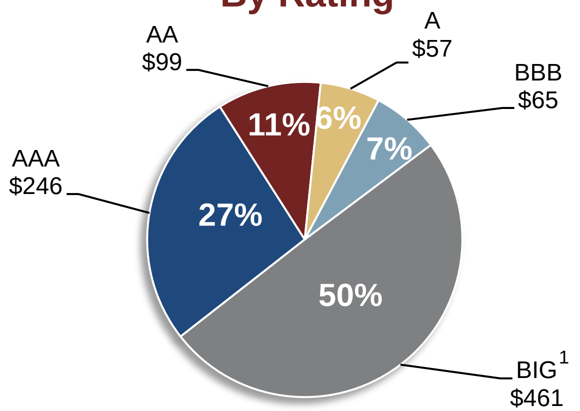
## By Type

As of December 31, 2020
($ in millions)




**$0.9 billion, 4.8% of net par outstanding**

## By Rating

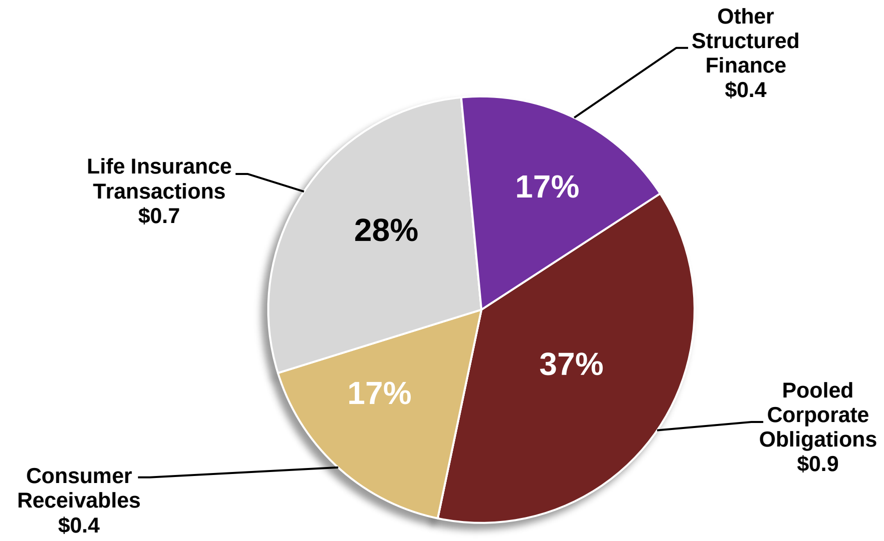



1. Please see footnote 1 on page 39.

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

- **AGC's non-RMBS U.S. structured finance exposures consist principally of:**
  - Pooled corporate obligations
  - Life insurance transactions
  - Consumer receivables
- **Non-RMBS U.S. structured finance credit experience has been generally strong despite the economic stress caused by the financial crisis and the COVID-19 pandemic**
  - 12% rated AAA
  - 1% rated BIG

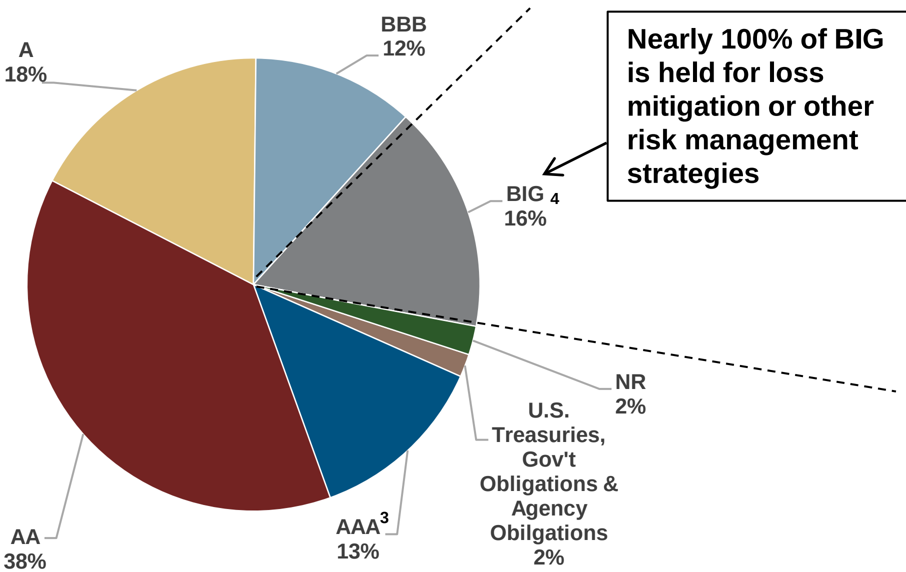
**U.S. Non-RMBS Structured Finance**
As of December 31, 2020
($ in billions)




**$2.5 billion net par outstanding**

# Investment Portfolio
## Fair Value as of December 31, 2020

### Invested Assets and Cash[1,2]
As of December 31, 2020




**$2.5 billion, A- average rating[2]**

- **Predominately consists of highly rated, fixed maturity and short-term investments, and cash; 53% rated AA or higher**
- **Approximately $122 million invested in liquid, short-term investments and cash**
- **Overall duration of the fixed maturity securities and short-term investments is 5.2 years**
- **AGC has an ownership interest in AGAS with a carrying value of $189 million as of December 31, 2020**
  - These funds are not included in the $2.5 billion of total invested assets and cash

1. Includes securities purchased or obtained as part of loss mitigation or other risk management strategies.
2. Ratings are represented by the lower of the Moody's and S&P classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications. Other invested assets are not rated.
3. Included in the AAA category are short-term securities and cash.
4. Includes securities held long-term that were purchased or obtained as part of loss mitigation or other risk management strategies of $520 million in par with carrying value of $404 million.

# AGC Expected Loss and LAE to Be Paid
## Three Months Ended December 31, 2020

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Three Months Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Sept 30, 2020 | Economic Loss Development (Benefit) During 4Q-20 | (Paid) Recovered Losses During 4Q-20 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $144 | $55 | $- | $199 |
| Non-U.S. public finance | 3 | - | - | 3 |
| Public Finance: | 147 | 55 | - | 202 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 73 | (3) | 4 | 74 |
| Other structure finance | (47) | - | 9 | (38) |
| Structured Finance: | 26 | (3) | 13 | 36 |
| **Total** | **$173** | **$52** | **$13** | **$238** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e., those accounted for as insurance, credit derivatives and FG VIEs).
2. The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $432 million as of December 31, 2020.
3. Includes future net R&W recoverable (payable) of $8 million as of December 31, 2020.

# AGC Expected Loss and LAE to Be Paid
## Year Ended December 31, 2020

*($ in millions)*

**Rollforward of Net Expected Loss and LAE to be Paid[1] for the Year Ended December 31, 2020**

| | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2019 | Economic Loss Development (Benefit) During 2020 | (Paid) Recovered Losses During 2020 | Net Expected Loss to be Paid (Recovered) as of Dec 31, 2020 |
|---|---|---|---|---|
| Public Finance: | | | | |
| U.S. public finance[2] | $247 | $121 | $(169) | $199 |
| Non-U.S. public finance | 2 | 1 | - | 3 |
| Public Finance: | 249 | 122 | (169) | 202 |
| Structured Finance | | | | |
| U.S. RMBS[3] | 91 | (30) | 13 | 74 |
| Other structure finance | (28) | (17) | 7 | (38) |
| Structured Finance: | 63 | (47) | 20 | 36 |
| **Total** | **$312** | **$75** | **$(149)** | **$238** |

Expected loss to be paid in the table above represents the PV of expected net claims payments and reimbursements. A reserve and corresponding loss expense is generally recognized in the period and for the amount that expected losses exceed unearned premium reserve. See Notes to the financial statements in the 2020 AGL Form 10-K for a complete discussion of the accounting policy for financial guaranty insurance and credit derivative contracts.

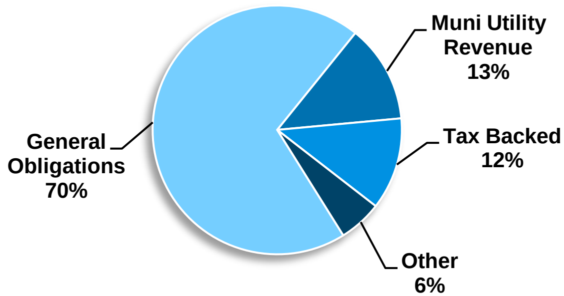
1. Includes expected loss to be paid, economic loss development and paid (recovered) losses for all contracts (i.e., those accounted for as insurance, credit derivatives and FG VIEs).
2. The total net expected loss for troubled U.S. public finance exposures is net of a credit for estimated future recoveries of claims already paid of $432 million as of December 31, 2020 and $313 million as of December 31, 2019.
3. Includes future net R&W recoverable (payable) of $8 million as of December 31, 2020 and $11 million as of December 31, 2019.

# Municipal Assurance Corp.
# Portfolio Review*

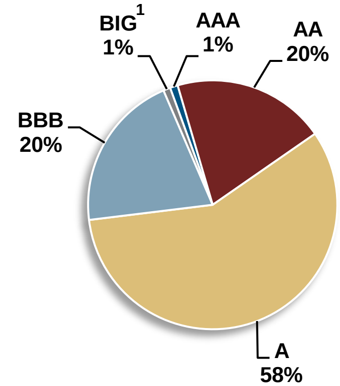
* Assured Guaranty is expected to merge MAC with and into Assured Guaranty Municipal on April 1, 2021, with Assured Guaranty Municipal as the surviving company. See page 3 for a definition of this convention.

# MAC
## Insured Portfolio (100% U.S. Public Finance)
## Net Par Outstanding as of December 31, 2020

### Portfolio Diversification by Sector




### Portfolio Diversification by Rating




**$14.5 billion**

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

| | Net Par Outstanding | Avg. Internal Rating |
|---|---|---|
| **U.S. public finance:** | | |
| General obligation | $ 10,072 | A |
| Municipal utilities | 1,840 | A |
| Tax backed | 1,732 | A+ |
| Transportation | 587 | A- |
| Higher Education | 193 | BBB+ |
| Housing revenue | 24 | A+ |
| Other public finance | 7 | A- |
| **Total U.S. public finance** | **$ 14,455** | **A** |

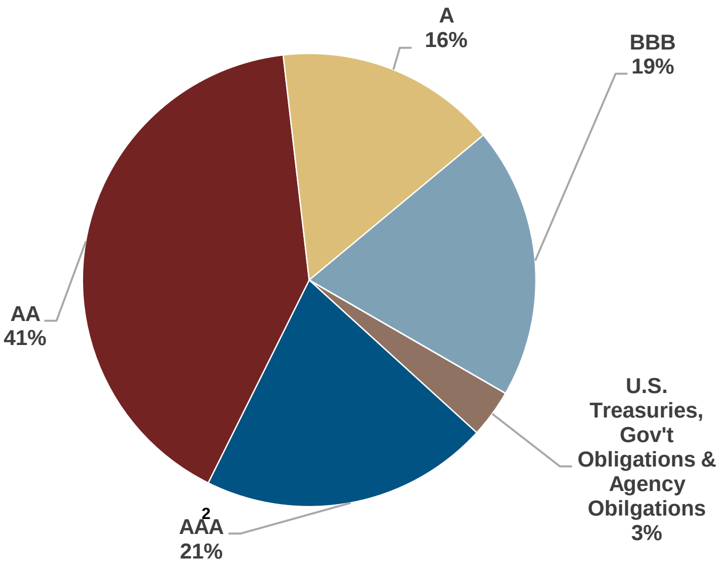
1. A total of $131 million net par outstanding; includes 21 revenue sources rated in the BB and B categories.

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

| | Net Par Outstanding | % of Total |
|---|---|---|
| California | $ 4,134 | 28.6% |
| Pennsylvania | 1,558 | 10.8 |
| Texas | 1,338 | 9.2 |
| New York | 1,213 | 8.4 |
| Illinois | 1,116 | 7.7 |
| New Jersey | 729 | 5.0 |
| Florida | 442 | 3.1 |
| Michigan | 336 | 2.3 |
| Massachusetts | 314 | 2.2 |
| Georgia | 288 | 2.0 |
| Other | 2,987 | 20.7 |
| **Total U.S. public finance** | **$ 14,455** | **100.0%** |

# MAC
## Investment Portfolio
## Fair Value as of December 31, 2020

### Invested Assets and Cash[1,2]
As of December 31, 2020




**$583 million, AA- average rating[1]**

- **Predominately consists of highly rated, fixed maturity and short-term investments, and cash; 65% rated AA or higher**
- **Approximately $47 million invested in liquid, short-term investments and cash**
- **Overall duration of the fixed maturity securities and short-term investments is 5.0 years**
- **MAC has an ownership interest in AGAS with a carrying value of $54 million as of December 31, 2020**
  - These funds are not included in the $0.6 billion of total invested assets and cash

1. Ratings are represented by the lower of the Moody's and S&P classifications
2. Included in the AAA category are short-term securities and cash.

# Appendix

# Appendix
## Explanation of 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.

In 2020, the Company changed the discount rate used in the calculation of PVP and net present value of estimated future net revenues, which is a component of adjusted book value. Beginning in 2020, the Company sets its discount rate for the year as the approximate average pre-tax fixed book yield of fixed-maturity securities purchased in the prior calendar year, excluding loss mitigation bonds. In prior periods the discount rate was a constant 6% discount rate. The Company made these changes and recast prior periods to better reflect the then current interest rate environment. The reconciliation tables of GAAP to non-GAAP financial measures for PVP and adjusted book value indicate the new discount rate for each relevant period. The following paragraphs define each non-GAAP financial measure disclosed by the Company and describe why it is useful. To the extent there is a directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented within this financial supplement.

# Appendix

## Explanation of Non-GAAP Financial Measures

**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.

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.

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

**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.

# Appendix

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

**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.

# Appendix

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

| Reconciliation of GWP to PVP | Three Months Ended December 31, | | Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (dollars in millions) | 2020 | 2019 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total GWP | $120 | $518 | $454 | $677 | $612 | $307 | $154 | $181 | $104 |
| Less: Installment GWP and other GAAP adjustments[1] | 39 | 436 | 191 | 469 | 119 | 99 | (10) | 55 | (22) |
| Upfront GWP | 81 | 82 | 263 | 208 | 493 | 208 | 164 | 126 | 126 |
| Plus: Installment premium PVP | 45 | 300 | 127 | 361 | 204 | 107 | 61 | 65 | 46 |
| Total PVP | $126 | $382 | $390 | $569 | $697 | $315 | $225 | $191 | $172 |

| | Three Months Ended December 31, | | Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| PVP: | 2020 | 2019 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Public Finance - U.S. | $110 | $79 | $292 | $201 | $402 | $197 | $161 | $124 | $128 |
| Public Finance - non-U.S. | 9 | 280 | 82 | 308 | 116 | 89 | 29 | 33 | 8 |
| Structured Finance - U.S. | 5 | 20 | 14 | 53 | 167 | 14 | 34 | 28 | 27 |
| Structured Finance - non-U.S. | 2 | 3 | 2 | 7 | 12 | 15 | 1 | 6 | 9 |
| Total PVP | $126 | $382 | $390 | $569 | $697 | $315 | $225 | $191 | $172 |

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

# Appendix

## Reconciliation of Net Income (Loss) Attributable to AGL to Adjusted Operating Income[1]

ASSURED GUARANTY

| Adjusted Operating Income Reconciliation (dollars in millions, except per share amounts) | Three Months Ended December 31, 2020 Total | 2020 Per Diluted Share | 2019 Total | 2019 Per Diluted Share | Year Ended December 31, 2020 Total | 2020 Per Diluted Share | 2019 Total | 2019 Per Diluted Share |
|---|---|---|---|---|---|---|---|---|
| **Net income (loss) attributable to AGL** | **$148** | **$1.82** | **$137** | **$1.42** | **$362** | **$4.19** | **$402** | **$4.00** |
| Less pre-tax adjustments: | | | | | | | | |
| Realized gains (losses) on investments | 6 | 0.08 | 10 | 0.11 | 18 | 0.21 | 22 | 0.22 |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | 59 | 0.72 | 19 | 0.19 | 65 | 0.75 | (10) | (0.11) |
| Fair value gains (losses) on CCS | (14) | (0.17) | (18) | (0.18) | (1) | (0.01) | (22) | (0.22) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 57 | 0.71 | 45 | 0.46 | 42 | 0.49 | 22 | 0.21 |
| Total pre-tax adjustments | 108 | 1.34 | 56 | 0.58 | 124 | 1.44 | 12 | 0.10 |
| Less tax effect on pre-tax adjustments | (16) | (0.21) | (6) | (0.06) | (18) | (0.22) | (1) | (0.01) |
| Adjusted Operating income | $56 | $0.69 | $87 | $0.90 | $256 | $2.97 | $391 | $3.91 |

1. For an explanation of non-GAAP financial measures, please refer to the preceding pages of the Appendix.

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

| Adjusted book value[1] reconciliation<br>(dollars in millions, except per share amounts) | As of<br>December 31, 2020 | | September 30, 2020 | | December 31, 2019 | | September 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Per Share | Total | Per Share | Total | Per Share | Total | Per Share | Total | Per Share |
| **Reconciliation of shareholders' equity to adjusted book value[1]:** | | | | | | | | | | |
| **Shareholders' equity** | **$6,643** | **$85.66** | **$6,549** | **$79.63** | **$6,639** | **$71.18** | **$6,652** | **$68.94** | **$6,555** | **$63.23** |
| Less pre-tax adjustments: | | | | | | | | | | |
| Non-credit impairment unrealized fair value gains (losses) on credit derivatives | 9 | 0.12 | (50) | (0.60) | (56) | (0.60) | (74) | (0.77) | (45) | (0.44) |
| Fair value gains (losses) on CCS | 52 | 0.66 | 65 | 0.79 | 52 | 0.56 | 70 | 0.72 | 74 | 0.72 |
| Unrealized gain (loss) on investment portfolio excluding foreign exchange effect | 611 | 7.89 | 563 | 6.85 | 486 | 5.21 | 529 | 5.48 | 247 | 2.39 |
| Less Taxes | (116) | (1.50) | (99) | (1.21) | (89) | (0.95) | (95) | (0.97) | (63) | (0.61) |
| Adjusted operating shareholders' equity[1] | 6,087 | 78.49 | 6,070 | 73.80 | 6,246 | 66.96 | 6,222 | 64.48 | 6,342 | 61.17 |
| Pre-tax adjustments: | | | | | | | | | | |
| Less: Deferred acquisition costs | 119 | 1.54 | 118 | 1.44 | 111 | 1.19 | 107 | 1.11 | 105 | 1.01 |
| Plus: Net present value of estimated net future revenue | 182 | 2.35 | 183 | 2.23 | 206 | 2.20 | 209 | 2.17 | 219 | 2.11 |
| Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed | 3,355 | 43.27 | 3,346 | 40.68 | 3,296 | 35.34 | 2,892 | 29.98 | 3,005 | 28.98 |
| Plus Taxes | (597) | (7.70) | (596) | (7.25) | (590) | (6.32) | (502) | (5.21) | (526) | (5.07) |
| Adjusted book value[1] | $8,908 | $114.87 | $8,885 | $108.02 | $9,047 | $96.99 | $8,714 | $90.31 | $8,935 | $86.18 |
| Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity[1] | $2 | $0.03 | $1 | $0.01 | $7 | $0.07 | $12 | $0.12 | $3 | $0.03 |
| Gain (loss) related to FG VIE consolidation included in adjusted book value[1] | $(8) | ($0.10) | $(8) | ($0.11) | ($4) | ($0.05) | $- | $- | ($15) | ($0.15) |

1. For an explanation of non-GAAP financial measures, please refer to the preceding pages of the Appendix.

# Appendix

## Reconciliation of GAAP ROE[1] to Adjusted Operating ROE[1,2]

**ROE Reconciliation**
(dollars in millions)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| **Net income (loss) attributable to AGL** | **$148** | **137** | **$362** | **402** |
| Adjusted operating income[2] | 56 | 87 | 256 | 391 |
| **Average shareholders' equity attributable to AGL** | **$6,596** | **$6,646** | **$6,641** | **$6,597** |
| Average adjusted operating shareholders' equity[2] | 6,079 | 6,234 | 6,167 | 6,294 |
| Gain (loss) related to VIE consolidation included in average adjusted operating shareholders' equity[2] | 2 | 10 | 5 | 5 |
| **GAAP ROE[1]** | **8.9%** | **8.2%** | **5.4%** | **6.1%** |
| Adjusted operating ROE[1,2] | 3.7% | 5.6% | 4.2% | 6.2% |

1. Quarterly ROE calculations represent annualized returns.
2. For an explanation of non-GAAP financial measures, please refer to the preceding pages of the Appendix.

# Appendix
## Assets Under Management

Assets Under Management: 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:

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

2. 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.

CLO AUM includes CLO equity that is held by various AssuredIM funds of $265 million as of December 31, 2020, and $536 million as of December 31, 2019. This CLO equity corresponds to the majority of the non-fee earning CLO AUM, as BlueMountain typically rebates the CLO fees back to AssuredIM funds.

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.

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# Fixed Income Investor Presentation
December 31, 2020

ASSURED GUARANTY®