



EMBRACE POSSIBILITIES, INVEST IN CERTAINTIES

**Equity Investor Presentation**

**December 31, 2020**

**ASSURED  
GUARANTY®**

# 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 and Non-GAAP Financial Measures



- Unless otherwise noted, the following conventions are used in this presentation:
  - Ratings on Assured Guaranty's insured portfolio and on bonds purchased pursuant to our loss mitigation or risk management strategies are our internal credit ratings. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and are generally reflective of an approach similar to that employed by the rating agencies, except that the Company's credit ratings focus on future performance, rather than lifetime performance. Exposures rated below investment grade are designated "BIG".
  - The Company reclassifies those portions of risks benefitting from collateralized reimbursement arrangements as the higher of AA or their current internal rating.
  - The Company excludes Company-insured securities that it has purchased for loss mitigation purposes from its disclosure of par and debt service outstanding (unless otherwise indicated) because it manages such securities as investments and not insurance exposure.
  - Ratings on the investment portfolios are the lower of the ratings from Moody's Investors Service, Inc. (Moody's) or S&P Global Ratings Services (S&P) classifications except for bonds purchased for loss mitigation or other risk management strategies, which use internal ratings classifications. Other invested assets are not rated.
  - Percentages and totals in tables or graphs may not add due to rounding.
  - Also, unless otherwise noted, the Company includes as part of its asset management business the management of collateralized loan obligations (CLOs) managed by BlueMountain Fuji Management, LLC (BM Fuji). The Company is not the investment manager of BM Fuji-advised CLOs, but rather has entered into a services agreement and a secondment agreement with BM Fuji pursuant to which the Company provides certain services associated with the management of BM Fuji-advised CLOs and acts in the capacity of service provider.
- 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 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.
- When a financial measure is described as "adjusted operating," it is a non-GAAP measure. Prior to the fourth quarter of 2019, these financial measures were identified as "non-GAAP operating" measures.

- **Fourth Quarter and Year End 2020**
- **Assured Guaranty overview**
  - Track record of creating shareholder value
  - Dividend limitation calculations
  - Simplified corporate structure
- **Underlying value**
  - High-quality investment portfolio
  - Deleveraging while maintaining total invested assets
  - Investment income
  - Historical growth
- **Creating value**
  - Insurance
  - Assured Investment Management
- **Financial results**
- **Insurance portfolio overview**
  - Puerto Rico exposure
- **Asset management overview**

# Fourth Quarter 2020 Accomplishments



- **Earned \$56 million of adjusted operating income<sup>1</sup>, or \$0.69 per share**
- **Increased shareholders' equity per share, adjusted operating shareholders' equity<sup>1</sup> per share and adjusted book value<sup>1</sup> per share, reaching new record highs of \$85.66, \$78.49 and \$114.87, respectively**
- **Generated \$126 million of new insurance business production PVP<sup>1</sup>**
- **Repurchased an additional 4.3 million common shares (\$126 million)<sup>2</sup>**
- **Launched a new healthcare strategy, with significant third-party investment**

1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

2. Additionally, 1.4 million common shares were repurchased for approximately \$50 million between January 1, 2021 and February 25, 2021.

# Year-End 2020 Accomplishments



- **Earned \$256 million of adjusted operating income<sup>1</sup>, or \$2.97 per share**
- **Generated \$390 million of new insurance business production PVP<sup>1</sup>, the second largest annual amount of insurance premium underwritten in over a decade, excluding portfolio reinsurance transactions**
- **Repurchased an additional 15.8 million common shares<sup>2</sup> (\$446 million) at an average price of \$28.23 per share, the largest number of shares repurchased by the Company since 2015**
- **Assured Investment Management (AssuredIM) had nearly \$2.9 billion of asset inflows including \$1.6 billion from third-party investors**

1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

2. Additionally, 1.4 million common shares were repurchased for approximately \$50 million between January 1, 2021 and February 25, 2021

# 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 February 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

# Assured Guaranty Overview



# Assured Guaranty Overview



## Assured Guaranty Ltd.

(\$ in billions)	Dec 31, 2020	Sept 30, 2009
Insured net par outstanding	<b>\$234.2</b>	\$646.6
U.S. public finance	<b>\$171.6</b>	\$424.9
U.S. structured finance	<b>\$9.0</b>	\$142.2
Non-U.S.	<b>\$53.6</b>	\$79.5
Total investment portfolio + cash	<b>\$10.0</b>	\$10.2
Net unearned premium reserve <sup>1</sup>	<b>\$3.7</b>	\$7.5
Claims-paying resources <sup>2</sup>	<b>\$11.1</b>	\$12.8
<b>Ratio of net par outstanding / claims-paying resources<sup>2</sup></b>	<b>21:1</b>	<b>51:1</b>
AssuredIM assets under management (AUM)	<b>\$17.3</b>	N/A

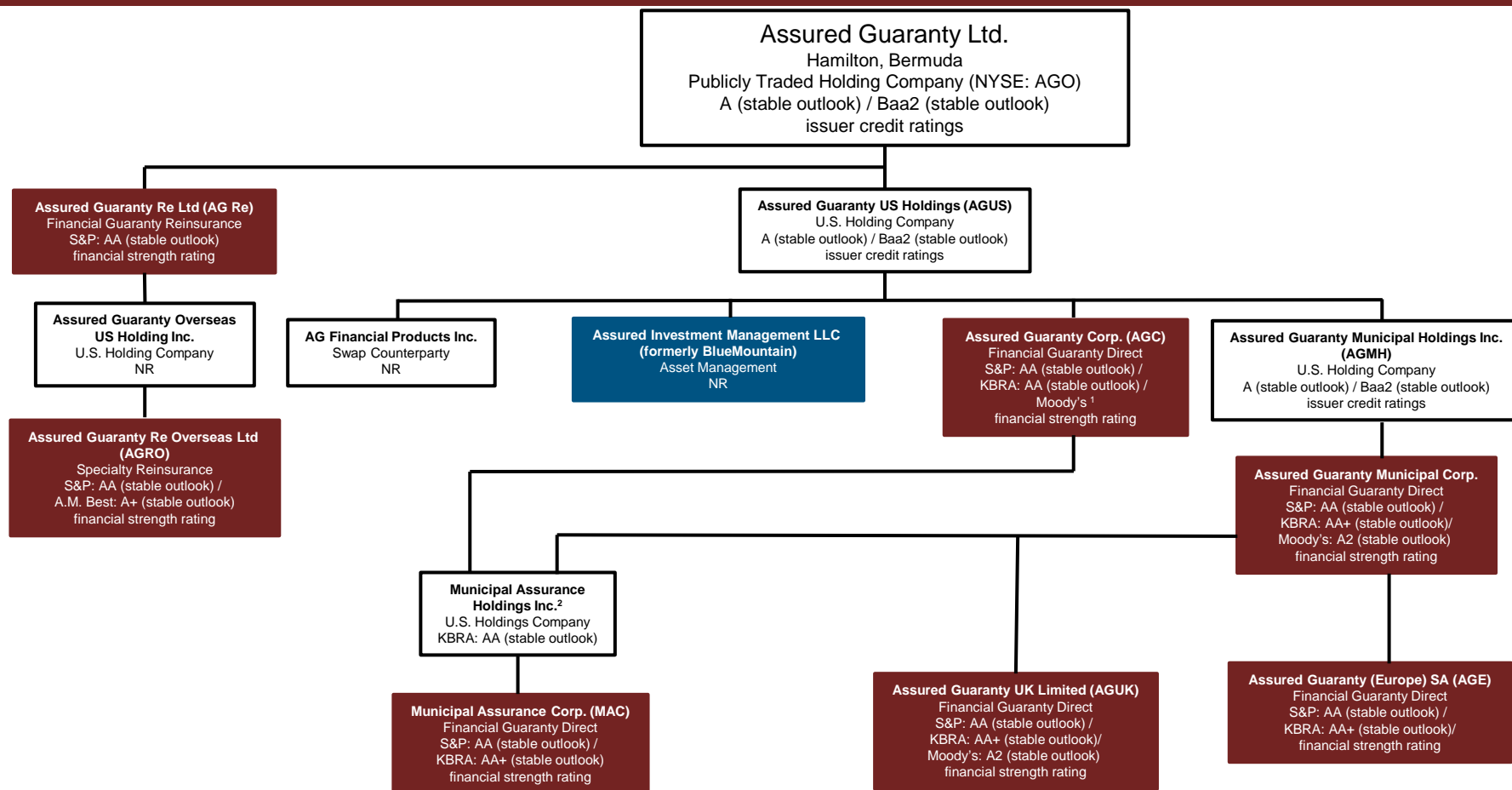
- **We are the leading financial guaranty franchise, with over three decades of experience in the municipal and structured finance markets**
- **We serve the bond insurance market through five platforms:**
  - Assured Guaranty Municipal Corp. (AGM), along with its subsidiaries Assured Guaranty UK Limited (AGUK) and Assured Guaranty (Europe) SA (AGE), focuses primarily on global public finance and infrastructure transactions
    - Rated AA+ (stable) by KBRA, AA (stable) by S&P and A2 (stable) by Moody's
  - Municipal Assurance Corp. (MAC) focuses on smaller U.S. public finance transactions
    - Rated AA+ (stable) by KBRA and AA (stable) by S&P
  - Assured Guaranty Corp. (AGC) guarantees structured finance transactions, global infrastructure and U.S. public finance
    - Rated AA (stable) by KBRA and AA (stable) by S&P<sup>3</sup>
- **We provide asset management services through AssuredIM**

1. Unearned premium reserve net of ceded unearned premium reserve.

2. Based upon statutory accounting. Aggregate data for insurance subsidiaries within the Assured Guaranty group. Claims on each insurance subsidiary's insurance policies/financial guarantees are paid from the insurance subsidiary's separate claims-paying resources. See page 35.

3. In January 2017, AGC requested that Moody's withdraw AGC's financial strength rating, but Moody's denied that request and continues to rate AGC.

# Assured Guaranty Ltd. Corporate Structure



As of February 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.

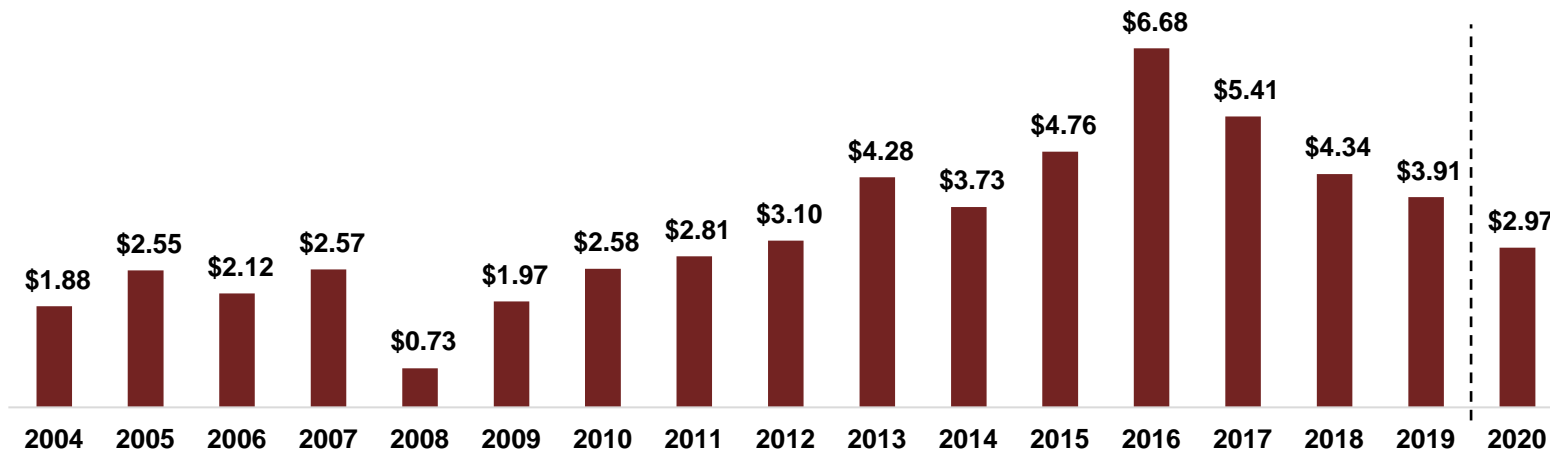
2. AGM and AGC own 60.7% and 39.3%, respectively, of the outstanding stock of MAC Holdings, which owns 100% of the outstanding common stock of MAC.

# Assured Guaranty Overview



- Since our initial public offering in 2004, we have grown our annual adjusted operating income<sup>1</sup> from \$1.88 per share to \$2.97 per share in 2020
- Repurchases of our shares improve adjusted operating income<sup>1</sup> per share, adjusted operating shareholders' equity<sup>1</sup> per share and adjusted book value<sup>1</sup> per share
- Adjusted operating income<sup>1</sup> is generated from premium earned from our insured portfolio, investment earnings from our investment portfolio and other strategic activities

## Adjusted Operating Income<sup>1</sup> per Share by Year



Gain (loss) related to VIE consolidation included in adjusted operating income <sup>1</sup> :	N/A	N/A	N/A	N/A	N/A	N/A	\$(0.88)	\$(0.43)	\$0.29	\$1.03	\$0.90	\$0.07	\$0.10	\$0.10	\$(0.03)	\$0.00	\$(0.14)
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1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

# Assured Guaranty Overview

## Track Record of Creating Shareholder Value



- **We have returned excess capital to shareholders by repurchasing our common shares and distributing dividends**

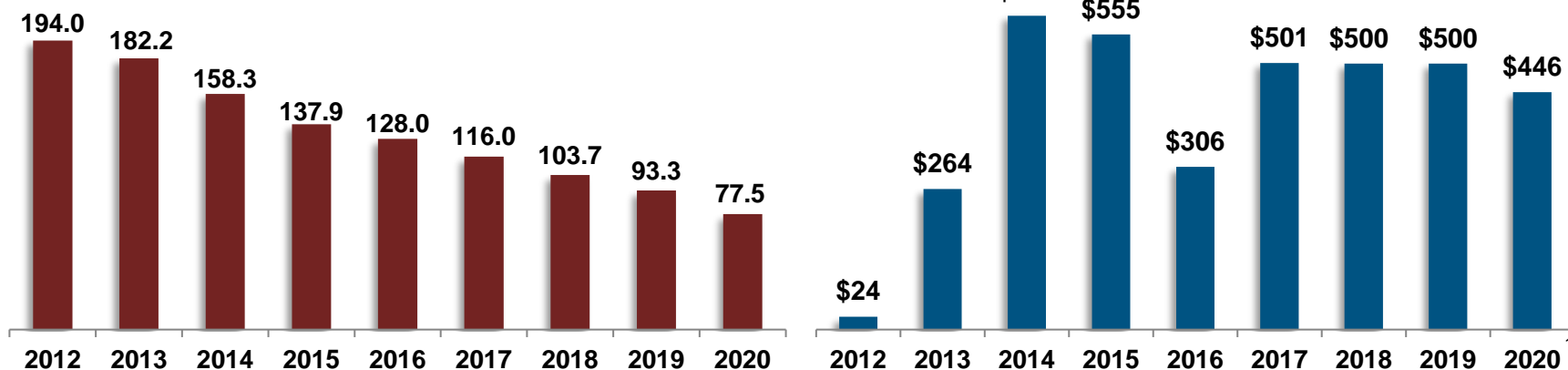
- Since 2013, when we started our capital management strategy of repurchasing our common shares, through February 25, 2021, we have repurchased nearly 123 million shares, or approximately 63% of our shares outstanding at the beginning of the repurchase program in 2013, for approximately \$3.7 billion.
- In 2020, the Company repurchased 15.8 million shares<sup>1</sup> for \$446 million, the largest number of shares repurchased since 2015, including 4.3 million shares for \$126 million in the fourth quarter.
  - We repurchased 46% more shares in 2020 that we did in 2019 for 11% less capital.
  - Between January 1, 2021 and February 25, 2021, the Company repurchased an additional 1.4 million common shares for approximately \$50 million.
  - As of February 25, 2021, the Company's remaining share repurchase authorization is \$202 million.
- Since our 2004 IPO, we have more than tripled our quarterly dividend per share. In February 2021, our Board of Directors authorized an increase in the quarterly dividend to \$0.22 per share. We have raised our quarterly dividends for ten consecutive years.

### End of Period Share Count

(in millions)

### Share Repurchase Amounts

(\$ in millions)



1. Excludes 385,777 cancelled received from the Company's former Chief Investment Officer and Head of Asset Management, pursuant to the terms of a separation agreement dated August 6, 2020

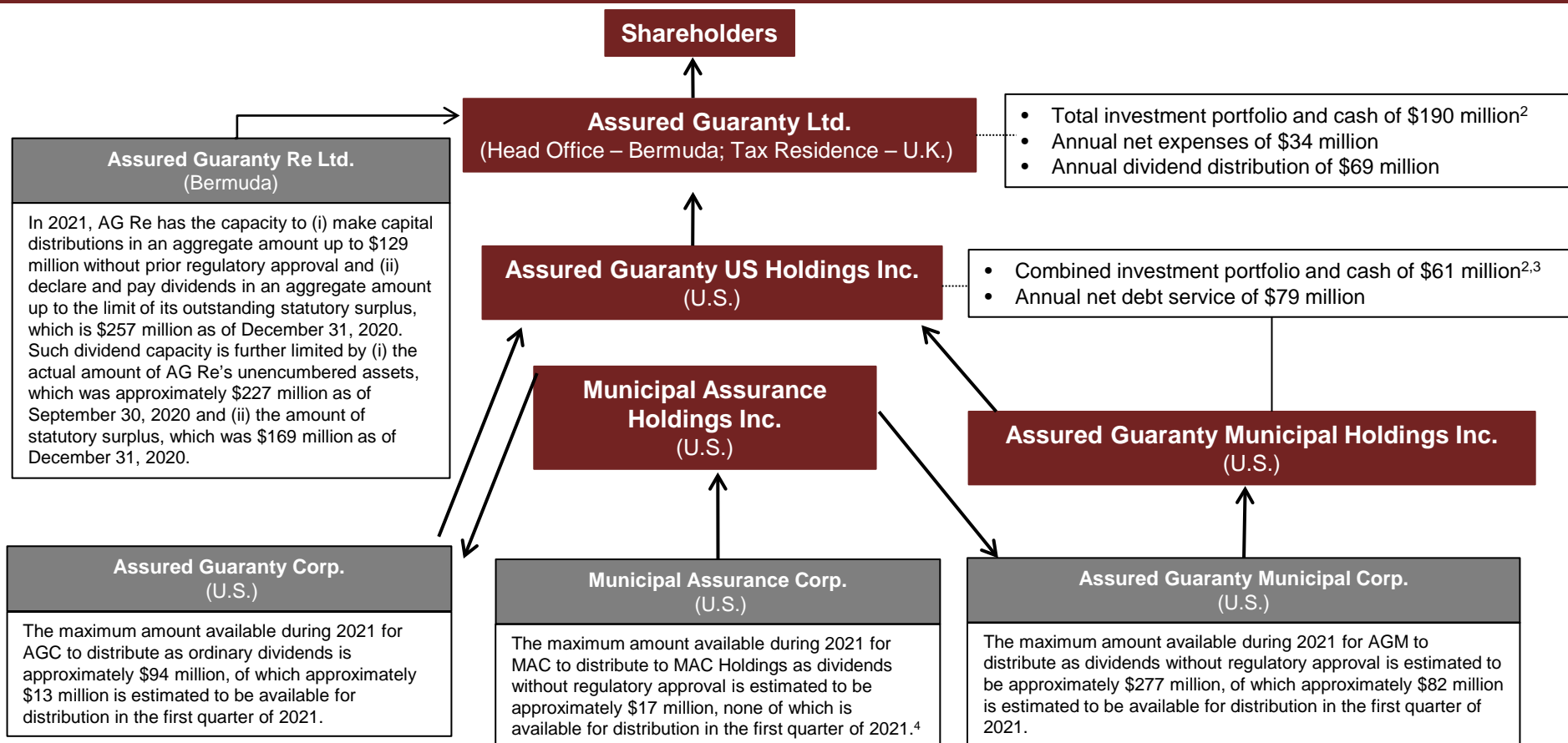
# Dividend Limitation Calculations

Assured Guaranty Municipal Corp. (Domiciled in New York)	Assured Guaranty Corp. (Domiciled in Maryland)	Assured Guaranty Re Ltd. (AG Re) (Domiciled in Bermuda)
<ul style="list-style-type: none"> <li>Based on most recently filed quarterly or annual statement</li> <li>Only out of "earned surplus"<sup>1</sup></li> <li>Cannot exceed the lesser of:                             <ul style="list-style-type: none"> <li>(i) 10% of policyholders' surplus, and</li> <li>(ii) 100% of adjusted net investment income                                     <ul style="list-style-type: none"> <li>Prior 12 months' net investment income (excluding realized gains) increased by the excess, if any, of net investment income over dividends paid for the 24 months preceding the prior 12 months.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Based on most recently filed annual statement</li> <li>Cannot exceed the lesser of:                             <ul style="list-style-type: none"> <li>(i) 10% of policyholders' surplus, and</li> <li>(ii) 100% of adjusted net investment income                                     <ul style="list-style-type: none"> <li>Prior year net investment income (excluding realized gains) increased by the excess, if any, of net investment income for the three years preceding the prior year over dividends paid for the three prior years.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Cannot exceed 25% of prior year total statutory capital and surplus without certification to the regulator</li> <li>Cannot exceed current outstanding statutory surplus</li> <li>Must be paid from current unencumbered assets</li> <li>Additionally, AG Re can make capital distributions which cannot exceed 15% of its total prior year statutory capital (total stat capital of \$858 million, 15% of which is \$129 million)</li> </ul>
(\$ in millions)		
Policyholders' surplus	Policyholders' surplus	Total stat capital and surplus
\$2,864	\$1,717	\$1,026
10% of policyholders' surplus	10% of policyholders' surplus	25% of stat capital and surplus
\$286	\$172	\$257
1Q-20 through 4Q-20 investment income	2020 investment income	Outstanding statutory surplus
\$277	\$94	\$169
Net investment income	Net investment income	Unencumbered assets
1Q-18 through 4Q-18	2017	\$227
1Q-19 through 4Q-19	2018	
218	122	
Total	2019	
\$390	166	
Dividends paid	Total	
1Q-18 through 4Q-18	\$421	
1Q-19 through 4Q-19	Dividends paid	
(171)	2018	
(220)	(133)	
Total	2019	
(\$391)	(122)	
Excess of investment income over dividends	2020	
\$0	(166)	
Adjusted net investment income	Total	
(\$277 + \$0 = \$277)	(\$421)	
\$277	Excess of investment income over dividends	
	\$0	
	Adjusted net investment income	
	(\$94 + 0 = \$94)	
	\$94	
2021 Dividend Limitation	2021 Dividend Limitation	2021 Dividend Limitation
\$277	\$94	\$169

1. Earned surplus is currently approximately \$2.1 billion. Earned surplus is the portion of the company's surplus that represents the net earnings, gains or profits (after deduction of all losses) that have not been distributed to shareholders as dividends or transferred to stated capital or capital surplus, or applied to other purposes permitted by law, but does not include unrealized appreciation of assets.

# Assured Guaranty Overview

## Simplified Corporate Structure With Dividend Capacity<sup>1</sup>



1. Represents dividend capacity of U.S. insurance subsidiaries as of December 31, 2020. AssuredIM is not expected to pay dividends in 2020. Please see our Form 10-K dated December 31, 2020 for a discussion of the dividend limitations to which we are subject under applicable U.S. and Bermuda law, including the New York Insurance Law and the Maryland Insurance Code.

2. As of December 31, 2020. The investment portfolio includes fixed-maturity securities and short-term investments.

3. Excludes AGUS's investment in AGMH's debt, investments in affiliates and tax escrow balances.

4. Dividends from MAC are distributed to AGM and AGC, which may affect AGM's and AGC's dividend capacity in future periods.

A photograph of three construction workers wearing white hard hats and safety gear, working on a large-scale construction project. They are standing on a dense grid of steel reinforcement bars (rebar) that has been laid out on a wooden formwork structure. The workers are focused on their task, with one worker in the foreground pointing towards the rebar. The background shows more of the construction site, including additional rebar and wooden forms, suggesting a large concrete foundation or floor slab is being prepared.

Underlying Value

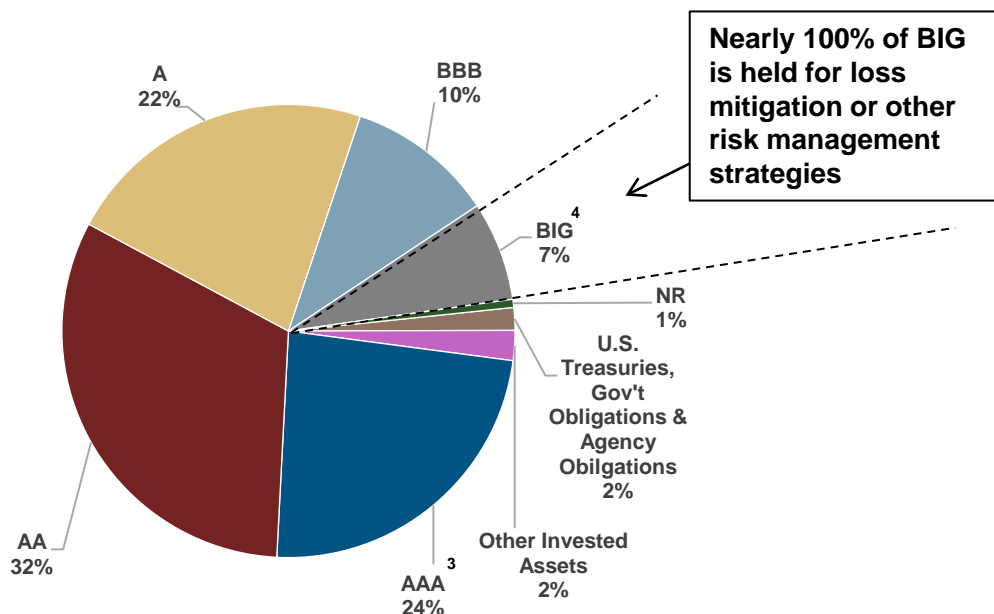
# Underlying Value

## High-Quality Investment Portfolio



### Total Invested Assets and Cash<sup>1,2</sup>

As of December 31, 2020



**\$10.0 billion, A+ average rating<sup>2</sup>**

- 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
- Almost all unrealized losses experienced during the market disruption in Q1 2020 were recovered by year-end 2020

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.

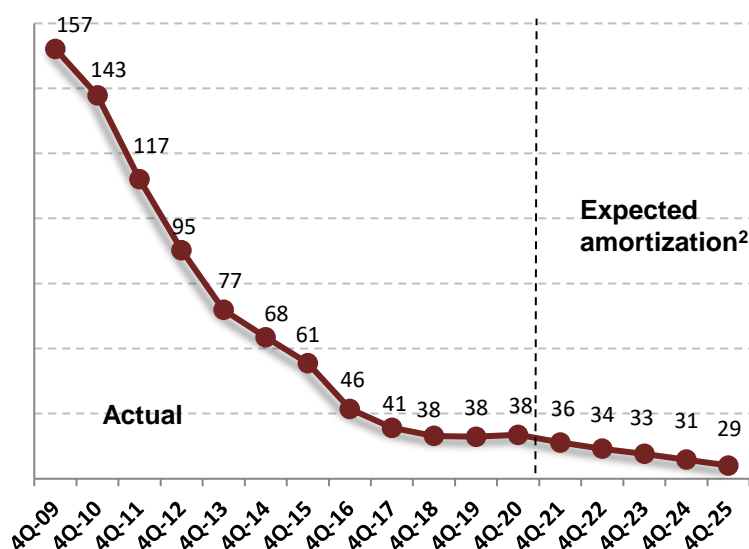
3. Included in the AAA category are short-term securities and cash.

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.

- **Our insured net par outstanding to adjusted operating shareholders' equity<sup>1</sup> has improved from 157:1 as of 4Q-09 to 38:1 as of 4Q-20**
  - We expect that our rate of new business written should tend to equal or exceed that of exposures amortized in a given year, stabilizing UPR and future earned revenue
- **Meanwhile, total invested assets and cash remains comparable to prior amounts**
  - Total invested assets and cash does not include assets with a fair value of approximately \$254 million as of December 31, 2020

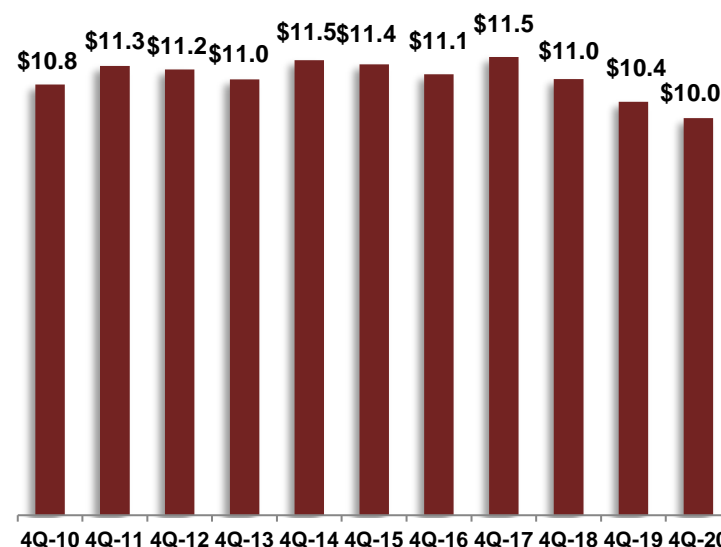
## Adjusted Operating Portfolio Leverage

Insured Net Par Outstanding / Adjusted Operating Shareholders' Equity<sup>1</sup>



## Total Invested Assets and Cash<sup>3</sup>

(\$ in billions)



1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.
2. Assumes no new business production and calculates estimated amortization divided by current adjusted operating shareholders' equity.
3. Excludes \$245 million invested by the U.S. subsidiaries in AssuredIM funds (fair value as of December 31, 2020).

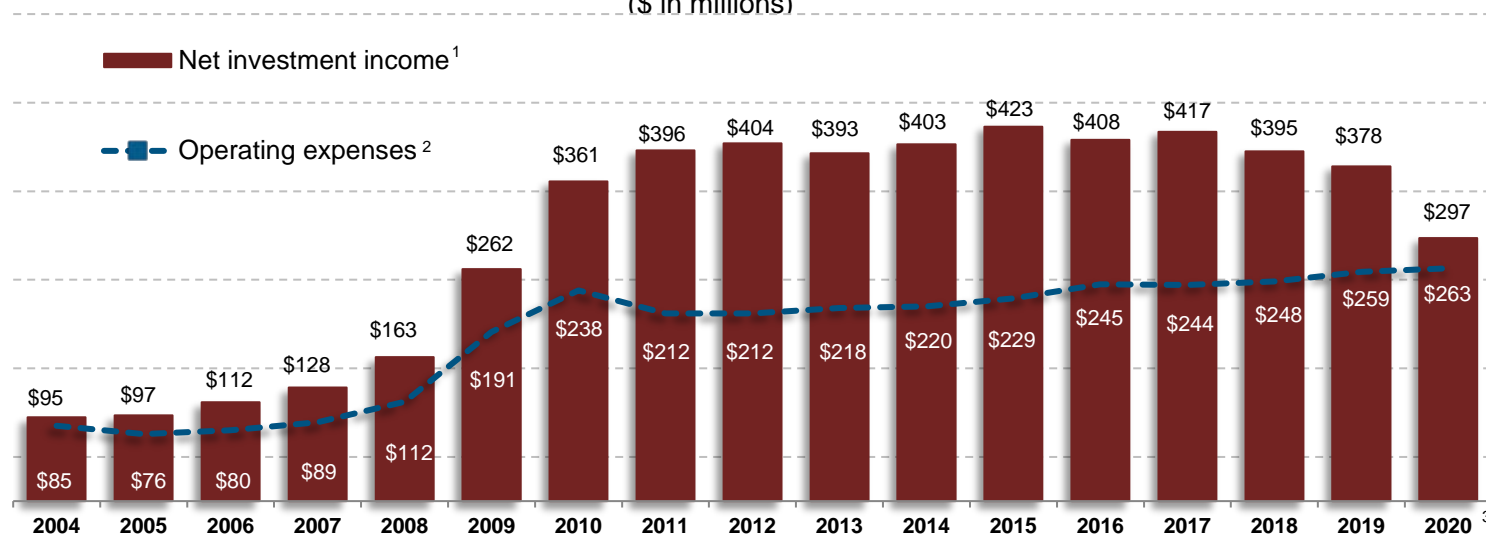
# Underlying Value

## Net Investment Income<sup>1</sup> and Operating Expenses

- Net investment income<sup>1</sup> excludes the returns generated from alternative investments with a fair value of approximately \$450 million as of December 31, 2020, composed primarily of AssuredIM funds

### Net Investment Income<sup>1</sup>

(\$ in millions)



#### Insurance Segment:

Segment Net Investment Income	\$95	\$97	\$112	\$128	\$163	\$262	\$361	\$396	\$404	\$393	\$403	\$423	\$408	\$423	\$396	\$383	\$310
Insurance segment equity in earnings of:																	
AssuredIM Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2)	42
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	4	19
Total <sup>4</sup>	\$95	\$97	\$112	\$128	\$163	\$262	\$361	\$396	\$404	\$393	\$403	\$423	\$408	\$423	\$397	\$385	\$371

1. Net investment income is presented on a consolidated basis

2. Operating expenses represent the expenses (compensation, benefits and other operating expenses) of only the insurance segment and the corporate division

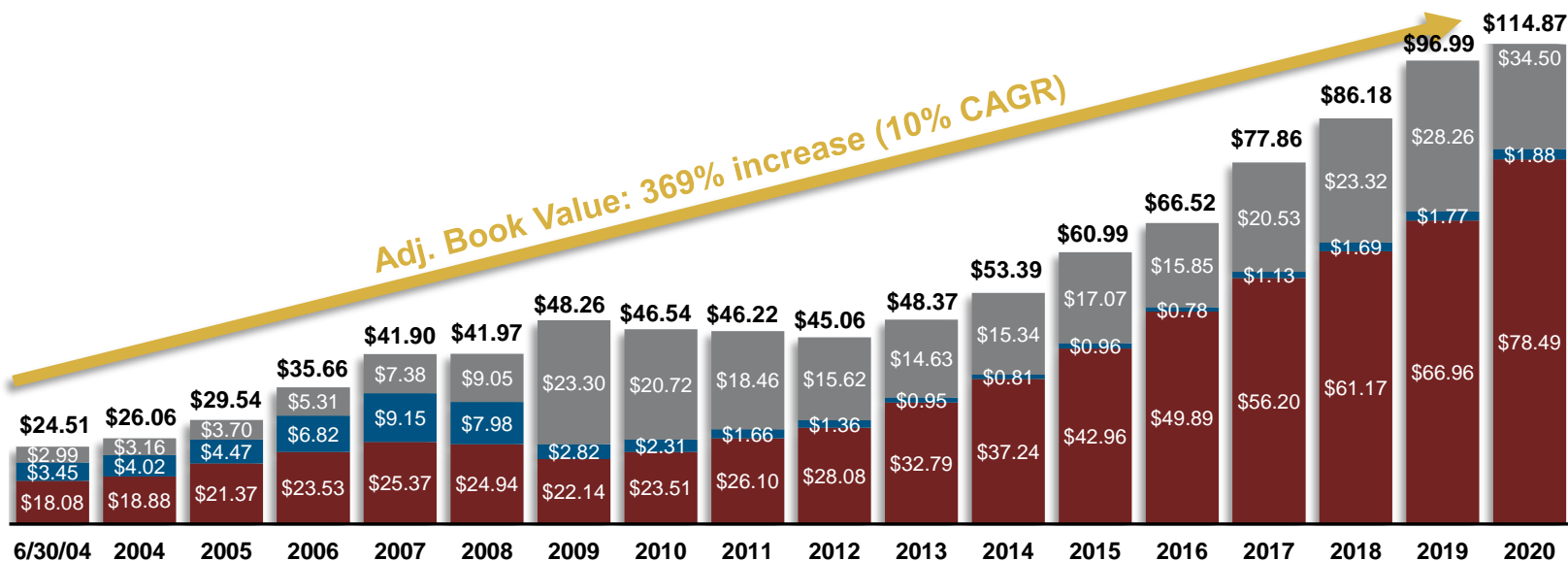
3. Net investment income and operating expenses for 2020 are year-end results

4. For a reconciliation of income from insurance segment investment portfolio to net investment income, please see page 30.

# Underlying Value Historical Growth



## Adjusted Book Value<sup>1</sup> per Share



Shareholders' equity attributable to AGL per share (GAAP):	\$18.73	\$20.19	\$22.22	\$24.44	\$20.33	\$20.62	\$18.76	\$19.97	\$25.52	\$25.74	\$28.07	\$36.37	\$43.96	\$50.82	\$58.95	\$63.23	\$71.18	\$85.66
Gain (loss) related to VIE consolidation included in adjusted operating shareholders' equity per share <sup>1</sup> :								\$(2.02)	\$(2.44)	\$(1.97)	\$(1.04)	\$(0.24)	\$(0.15)	\$(0.06)	\$0.03	\$0.03	\$0.07	\$0.03
Gain (loss) related to VIE consolidation included in adjusted book value per share <sup>1</sup> :							\$(2.38)	\$(3.10)	\$(2.33)	\$(1.36)	\$(0.39)	\$(0.31)	\$(0.18)	\$(0.12)	\$(0.15)	\$(0.05)	\$(0.10)	

- Net deferred premium reserve on financial guaranty contracts in excess of net expected loss to be expensed less deferred acquisition costs, after tax
- Net present value of estimated net future revenue in force, after tax
- Adjusted operating shareholders' equity

1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

# Creating Value



# Creating Value

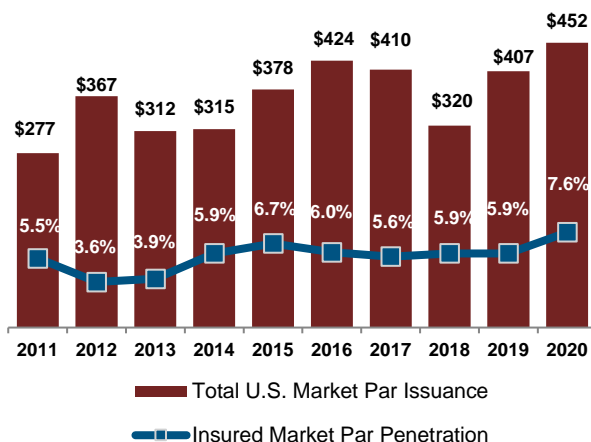
## Insurance

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

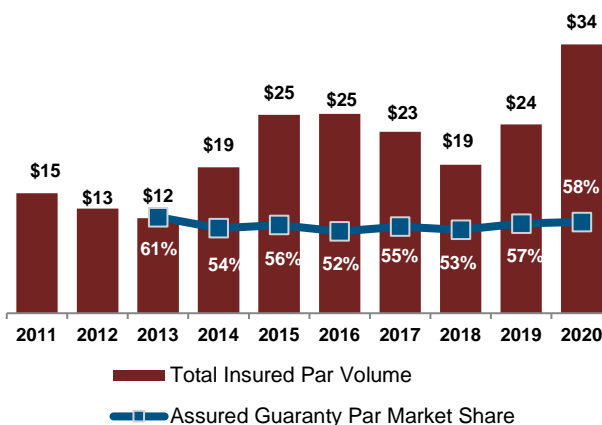


- Assured Guaranty saw strong new business production for U.S. public finance**
  - In 2020, we insured 938 primary market transactions totaling over \$20 billion, and 207 secondary market policies totaling \$1 billion
  - Assured Guaranty increased primary market insured par sold by over 35% compared 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 share of the insurance market, insuring approximately 58% of all insured deals in 2020 up from 57% in 2019

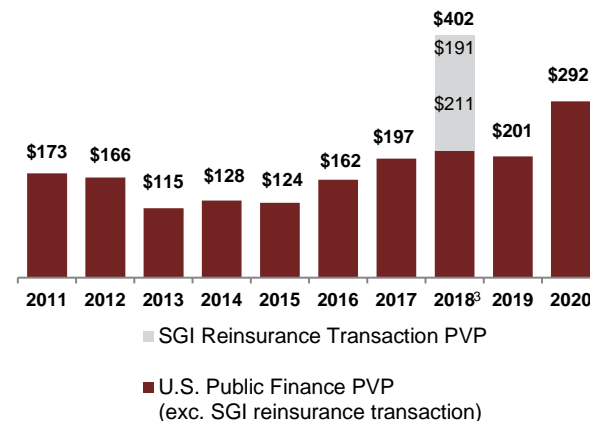
**Insured Market Par Penetration Rate and Total U.S. Public Finance Market Volume<sup>1</sup>**  
(\$ in billions)



**Assured Guaranty's Insured Market Share and Insured Market Primary Par Insured<sup>1</sup>**  
(\$ in billions)



**U.S. Public Finance Total PVP<sup>2</sup>**  
(\$ 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.

# Creating Value

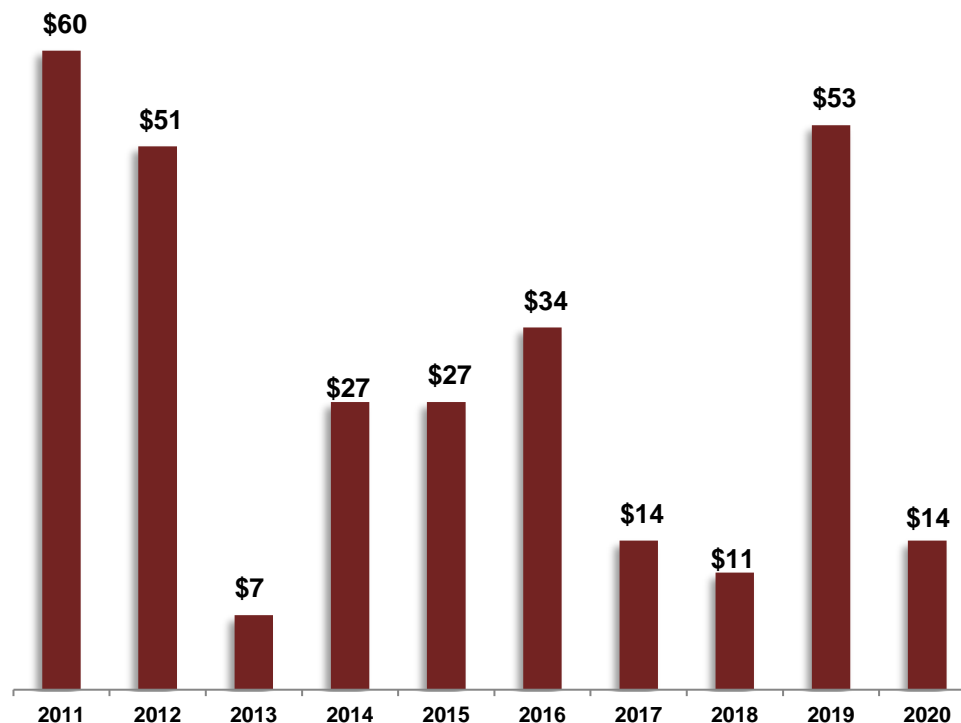
## Insurance

### 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.

### U.S. Structured PVP<sup>1</sup> (excluding SGI reinsurance portfolio)<sup>2</sup> (\$ in millions)

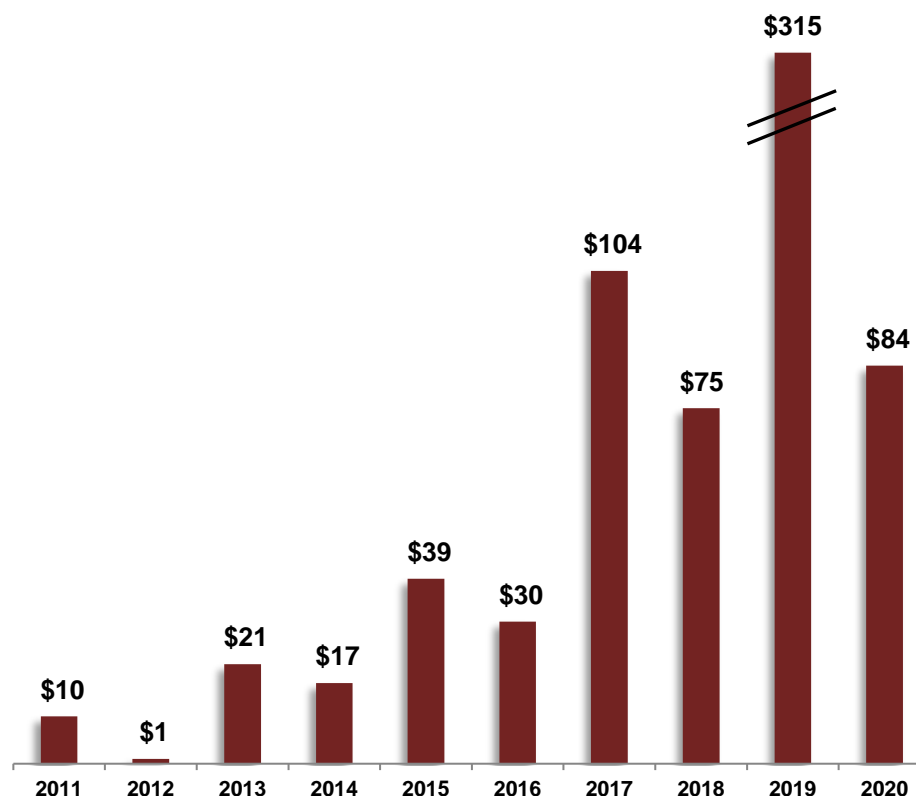


1. This is a non-GAAP financial measure. For an explanation and reconciliation of non-GAAP financial measures, please refer to the Appendix.

2. In 2Q 2018, the Syncora Guarantee, Inc. (SGI) reinsurance transaction created \$156 million of U.S. structured finance PVP on \$349 million of gross written par

- 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<sup>1</sup> (excluding SGI reinsurance portfolio)<sup>2</sup> (\$ 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

## Insurance

### Underwriting Principles and Pricing Discipline



#### Gross Par Written

Sector:	Quarter Ended December 31				Year Ended December 31,			
	2020		2019		2020		2019	
	Gross Par Written	Avg. Rating <sup>1</sup>	Gross Par Written	Avg. Rating <sup>1</sup>	Gross Par Written	Avg. Rating <sup>1</sup>	Gross Par Written	Avg. Rating <sup>1</sup>
U.S. public finance	\$6,343	A-	\$6,452	BBB+	\$21,198	A-	\$16,337	A-
Non-U.S. public finance	-	-	5,635	AA-	1,434	BBB+	6,347	A+
<b>Total public finance</b>	<b>\$6,343</b>	<b>A-</b>	<b>\$12,087</b>	<b>A</b>	<b>\$22,632</b>	<b>A-</b>	<b>\$22,684</b>	<b>A</b>
U.S. structured finance	\$192	AA-	\$422	A+	\$380	AA-	\$1,581	A+
Non-U.S. structured finance	253	AA-	45	BBB+	253	AA-	88	BBB+
<b>Total structured finance</b>	<b>\$445</b>	<b>AA-</b>	<b>\$467</b>	<b>A+</b>	<b>\$633</b>	<b>AA-</b>	<b>\$1,669</b>	<b>A+</b>
<b>Total gross par written</b>	<b>\$6,788</b>	<b>A-</b>	<b>\$12,554</b>	<b>A</b>	<b>\$23,265</b>	<b>A-</b>	<b>\$24,353</b>	<b>A</b>
<b>Total PVP</b>	<b>\$126</b>		<b>\$382</b>		<b>\$390</b>		<b>\$569</b>	
<b>PVP to gross par written</b>	<b>1.86%</b>		<b>3.04%</b>		<b>1.68%</b>		<b>2.34%</b>	

1. Average internal rating.

- **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 four new investment vehicles, with each vehicle dedicated to a single strategy consisting of CLOs, asset-backed finance, healthcare structured capital and liquid municipal investments
  - 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 Results

December 31, 2020



# Fourth Quarter 2020 Results

## Select Financial Items



Select GAAP Results		Quarter Ended December 31,		% Change vs. 4Q-19
(\$ in millions, except per share data and percentages)				
	2020	2019		
Net income (loss) attributable to AGL	\$148	\$137		8%
Net income (loss) attributable to AGL per diluted share	\$1.82	\$1.42		28%
Net earned premiums	\$154	\$123		25%
Net investment income	\$68	\$82		(17)%
Loss and LAE	\$73	\$18		306%
GAAP ROE <sup>2</sup>	8.9%	8.2%		0.7pp

Select Non-GAAP Results <sup>3</sup>		Quarter Ended December 31,		% Change vs. 4Q-19
(\$ in millions, except per share data and percentages)				
	2020	2019		
	Amount	Effect of VIE Consolidation <sup>4</sup>	Amount	Effect of VIE Consolidation <sup>4</sup>
Adjusted operating income	\$56	\$(5)	\$87	\$(4)
Adjusted operating income per diluted share	\$0.69	\$(0.06)	\$0.90	\$(0.05)
Adjusted operating loss and LAE <sup>1</sup>	\$75	\$4	\$22	\$2
Adjusted operating ROE <sup>2</sup>	3.7%		5.6%	

NM = Not meaningful pp = percentage points

1. Please see page 33 for a description of adjusted operating loss and LAE

2. ROE calculations represent annualized returns.

3. Please refer to the explanation of Non-GAAP Financial Measures set forth in the Appendix.

4. The "Effect of VIE Consolidation" column represents amounts included in the consolidated statements of operations and adjusted operating income that the Company removes to arrive at the core financial measures that management uses in certain of its compensation calculations and its decision-making process.

# YTD 2020 Results

## Select Financial Items



Select GAAP Results		YTD December 31,		% Change vs. YTD-19
(\$ in millions, except per share data and percentages)				
	2020	2019		
Net income (loss) attributable to AGL	\$362	\$402		(10)%
Net income (loss) attributable to AGL per diluted share	\$4.19	\$4.00		5%
Net earned premiums	\$485	\$476		2%
Net investment income	\$297	\$378		(21)%
Loss and LAE	\$203	\$93		118%
GAAP ROE <sup>2</sup>	5.4%	6.1%		(0.7)pp

Select Non-GAAP Results <sup>3</sup>		YTD December 31,		% Change vs. YTD-19
(\$ in millions, except per share data and percentages)				
	2020	2019		
	Amount	Effect of VIE Consolidation <sup>4</sup>	Amount	Effect of VIE Consolidation <sup>4</sup>
Adjusted operating income	\$256	\$(12)	\$391	\$-
Adjusted operating income per diluted share	\$2.97	\$(0.14)	\$3.91	\$-
Adjusted operating loss and LAE <sup>1</sup>	\$201	\$(3)	\$106	\$20
Adjusted operating ROE <sup>2</sup>	4.2%		6.2%	

NM = Not meaningful pp = percentage points

1. Please see page 33 for a description of adjusted operating loss and LAE

2. ROE calculations represent annualized returns.

3. Please refer to the explanation of Non-GAAP Financial Measures set forth in the Appendix.

4. The "Effect of VIE Consolidation" column represents amounts included in the consolidated statements of operations and adjusted operating income that the Company removes to arrive at the core financial measures that management uses in certain of its compensation calculations and its decision-making process.

# Fourth Quarter 2020 Results

## Select Segment Results



Select Segment Results					
(\$ in millions)					
	Quarter Ended December 31, 2020				
	Insurance	Asset Management	Corporate	Other	Total
Adjusted operating income (loss)	\$109	\$(20)	\$(28)	\$(5)	\$56
Net earned premiums and credit derivative revenues	\$159	\$-	\$-	\$(1)	\$158
Net investment income	\$70	\$-	\$1	\$(3)	\$68
Asset management fees	\$-	\$20	\$-	\$9	29
Loss expense	\$71	\$-	\$-	\$4	\$75
Employee compensation, benefit expenses and other operating expenses	\$62	\$43	\$10	\$11	\$126

Select Segment Results					
(\$ in millions)					
	Quarter Ended December 31, 2019				
	Insurance	Asset Management	Corporate	Other	Total
Adjusted operating income (loss)	\$133	\$(10)	\$(32)	\$(4)	\$87
Net earned premiums and credit derivative revenues	\$129	\$-	\$-	\$(2)	\$127
Net investment income	\$85	\$-	\$1	\$(4)	\$82
Asset management fees	\$-	\$22	\$-	\$-	\$22
Loss expense	\$20	\$-	\$-	\$2	\$22
Employee compensation, benefit expenses and other operating expenses	\$55	\$31	\$15	\$10	\$111

# Year-End 2020 Results

## Select Segment Results



Select Segment Results					
(\$ in millions)					
	Year ended December 31, 2020				
	Insurance	Asset Management	Corporate	Other	Total
Adjusted operating income (loss)	\$429	\$(50)	\$(111)	\$(12)	\$256
Net earned premiums and credit derivative revenues	\$504	\$-	\$-	\$(5)	\$499
Net investment income	\$310	\$-	\$2	\$(15)	\$297
Asset management fees	\$-	\$60	\$-	\$29	\$89
Loss expense	\$204	\$-	\$-	\$(3)	\$201
Employee compensation, benefit expenses and other operating expenses	\$226	\$115	\$37	\$34	\$412

Select Segment Results					
(\$ in millions)					
	Year ended December 31, 2019				
	Insurance	Asset Management	Corporate	Other	Total
Adjusted operating income (loss)	\$512	\$(10)	\$(111)	\$-	\$391
Net earned premiums and credit derivative revenues	\$511	\$-	\$-	\$(18)	\$493
Net investment income	\$383	\$-	\$4	\$(9)	\$378
Asset management fees	\$-	\$22	\$-	\$-	\$22
Loss expense	\$86	\$-	\$-	\$20	\$106
Employee compensation, benefit expenses and other operating expenses	\$220	\$31	\$39	\$10	\$300

# 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<sup>1</sup> for the Three Months Ended December 31, 2020

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

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<sup>1</sup> 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 <sup>2</sup>	\$531	\$190	\$(416)	\$305
Non-U.S. public finance	23	13	-	36
Public Finance:	<u>554</u>	<u>203</u>	<u>(416)</u>	<u>341</u>
Structured Finance				
U.S. RMBS <sup>3</sup>	146	(71)	73	148
Other structure finance	37	13	(10)	40
Structured Finance:	<u>183</u>	<u>(58)</u>	<u>63</u>	<u>188</u>
<b>Total</b>	<b><u>\$737</u></b>	<b><u>\$145</u></b>	<b><u>\$(353)</u></b>	<b><u>\$529</u></b>

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.

## Loss and LAE reported on the GAAP Consolidated Statement of Operations:

- Represents loss and loss adjustment expenses (LAE) for contracts accounted for as insurance and not those accounted for as credit derivatives or those accounted for as FG VIEs
  - GAAP financial guaranty accounting model generally recognizes loss and LAE in the income statement only to the extent and for the amount that such losses exceed deferred premium revenue on a transaction-by-transaction basis.

## Adjusted operating loss and LAE<sup>1</sup>:

- Consists of:
  - Loss and LAE described above, and
  - Losses attributable to credit derivatives

## Insurance segment loss and LAE<sup>1</sup>:

- Consists of:
  - Adjusted operating loss and LAE described above, and
  - Losses attributable to consolidated FG VIEs

## Economic loss development (all contracts):

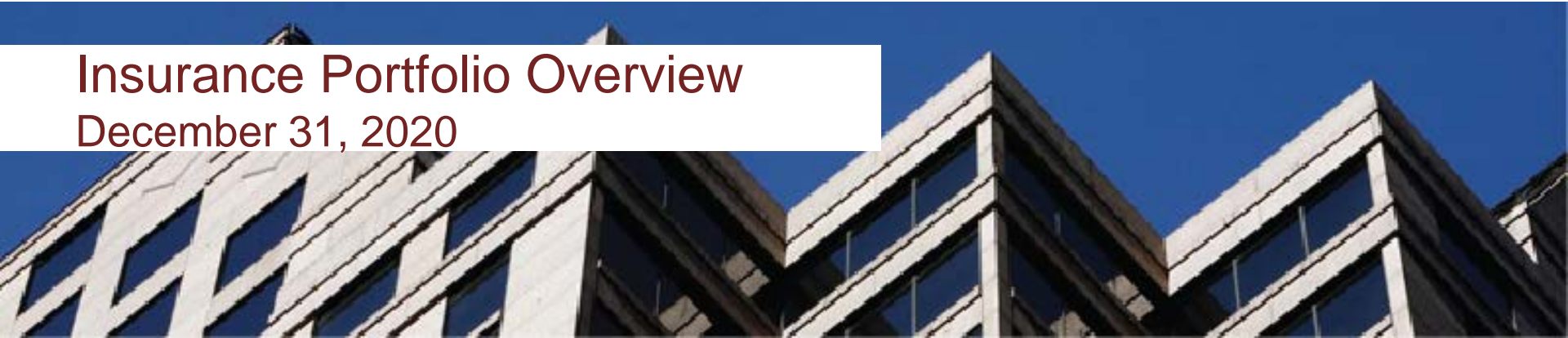
- Represents the estimated change in expected losses due to changes in transaction performance, discount rates, loss mitigation and other factors. Economic loss development excludes the effects of deferred premium revenue. The effect of changes in discount rates that is included in total economic loss development is not indicative of credit impairment or improvement.

(\$ in millions) Loss/(Benefit)	4Q-20	4Q-19	YE 2020	YE 2020
<b>Loss and LAE</b>	<b>\$73</b>	<b>\$18</b>	<b>\$203</b>	<b>\$93</b>
Adjusted Operating Loss and LAE	\$75	\$22	\$201	\$106
Insurance Segment Loss and LAE	\$71	\$20	\$204	\$86
<b>Economic Loss Development</b>	<b>\$44</b>	<b>\$13</b>	<b>\$145</b>	<b>\$(1)</b>

1. Please refer to the explanation of Non-GAAP Financial Measures set forth in the Appendix.

# Insurance Portfolio Overview

December 31, 2020



# Four Discrete Insurance Companies with Separate Capital Bases

ASSURED  
GUARANTY<sup>®</sup>

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

As of December 31, 2020

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

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.

# Net Par Outstanding By Sector

- **Assured Guaranty's insured portfolio is largely concentrated in U.S. public finance**

- 73% U.S. public finance
- 23% Non-U.S. public finance
- 4% U.S. structured finance
- <1% Non-U.S. structured finance

- **Our insured portfolio has an A- average internal credit rating**

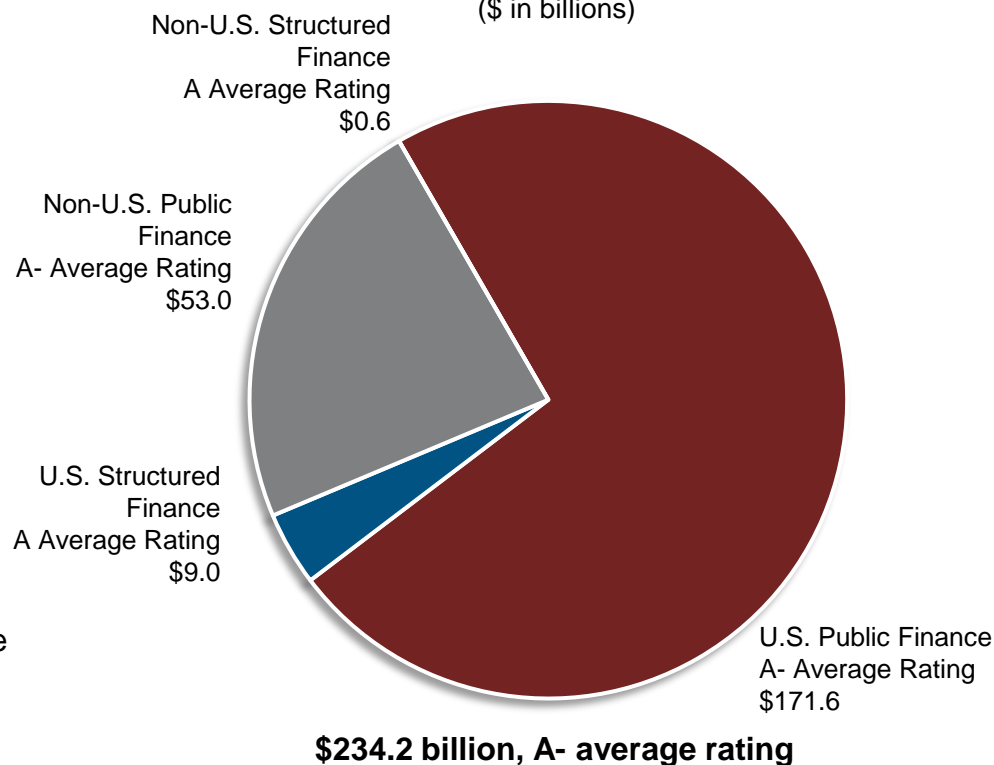
- 3.4% below investment grade

- **U.S. public finance is the sector with the largest BIG exposure**

- \$5.4 billion of U.S. public finance par exposure is BIG (68% of our total BIG)
- Out of this \$5.4 billion, \$3.7 billion of net par exposure relates to Puerto Rico

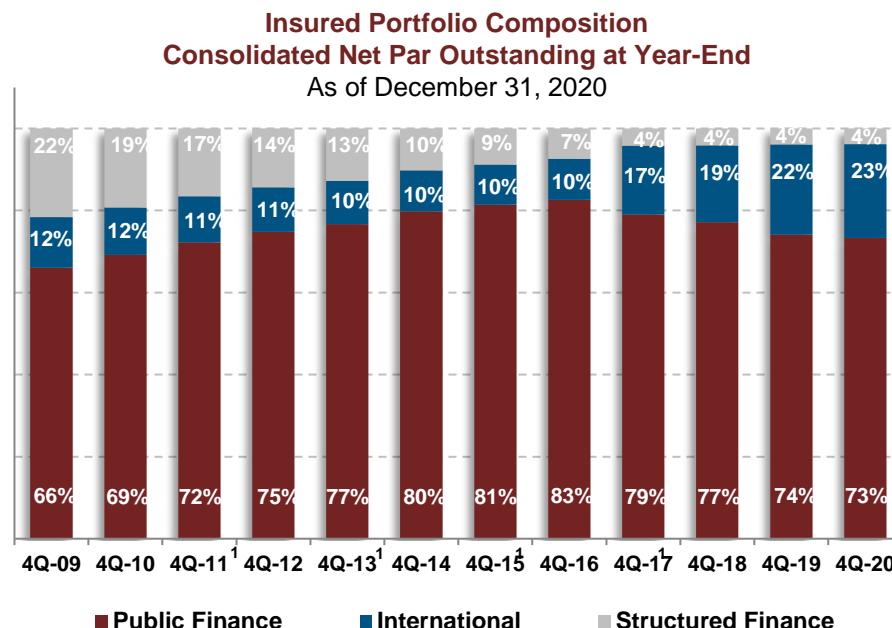
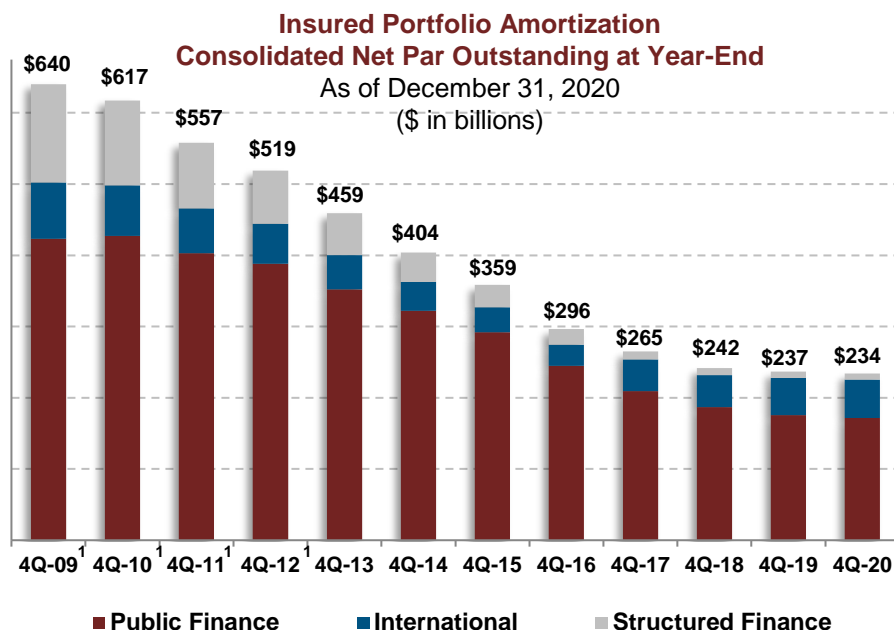
## Consolidated Net Par Outstanding

As of December 31, 2020  
(\$ in billions)



# 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



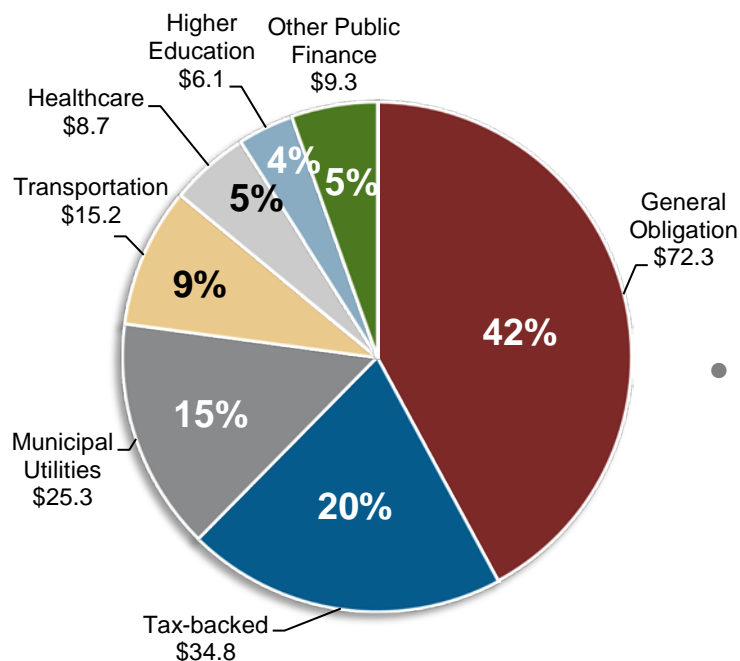
1. Gross of wrapped bond purchases made primarily for loss mitigation.

# U.S. Public Finance

## Net Par Outstanding

### U.S. Public Finance

As of December 31, 2020  
(\$ in billions)



**\$171.6 billion, A- average rating**

- **U.S. public finance net par outstanding is \$171.6 billion and makes up 73% of our total insured portfolio as of December 31, 2020**
- **U.S. public finance portfolio generally performed well during the Great Recession and in subsequent years, 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<sup>1</sup>.
  - Our Puerto Rico exposure 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**
- **General obligation, tax-backed and municipal utilities represent 77% of U.S. public finance net par outstanding**
  - 57% of total net par outstanding

1. Includes Puerto Rico exposures discussed on the following pages.

# Public Finance

## Puerto Rico Exposure



### Par Exposure to the Commonwealth and its Agencies<sup>1,2</sup> As of December 31, 2020

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

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.

### 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
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
<b>Subtotal</b>	<b>\$-</b>	<b>\$-</b>	<b>\$28</b>	<b>\$-</b>	<b>\$37</b>	<b>\$21</b>	<b>\$73</b>	<b>\$74</b>	<b>\$45</b>	<b>\$130</b>	<b>\$34</b>	<b>\$64</b>	<b>\$49</b>	<b>\$529</b>	<b>\$162</b>	<b>\$-</b>	<b>\$1,246</b>
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
<b>Subtotal</b>	<b>\$-</b>	<b>\$-</b>	<b>\$53</b>	<b>\$-</b>	<b>\$68</b>	<b>\$67</b>	<b>\$36</b>	<b>\$63</b>	<b>\$25</b>	<b>\$48</b>	<b>\$44</b>	<b>\$62</b>	<b>\$47</b>	<b>\$573</b>	<b>\$343</b>	<b>\$49</b>	<b>\$1,478</b>
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
<b>Subtotal</b>	<b>\$-</b>	<b>\$-</b>	<b>\$71</b>	<b>\$-</b>	<b>\$71</b>	<b>\$118</b>	<b>\$113</b>	<b>\$86</b>	<b>\$143</b>	<b>\$120</b>	<b>\$80</b>	<b>\$46</b>	<b>\$50</b>	<b>\$103</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,001</b>
<b>Total</b>	<b>\$-</b>	<b>\$-</b>	<b>\$152</b>	<b>\$-</b>	<b>\$176</b>	<b>\$206</b>	<b>\$222</b>	<b>\$223</b>	<b>\$213</b>	<b>\$298</b>	<b>\$158</b>	<b>\$172</b>	<b>\$146</b>	<b>\$1,205</b>	<b>\$505</b>	<b>\$49</b>	<b>\$3,725</b>

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

As of December 31, 2020

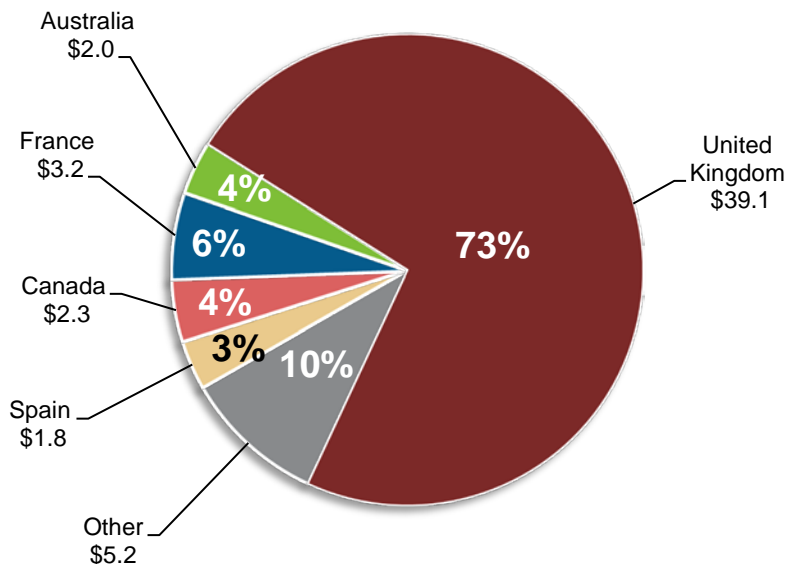
(\$ in millions)	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031- 2035	2036- 2040	2041- 2042	Total
Commonwealth – GO	\$29	\$-	\$45	\$-	\$94	\$70	\$128	\$119	\$82	\$136	\$75	\$103	\$84	\$623	\$159	\$-	\$1,747
PBA	4	-	16	-	7	13	6	13	17	44	3	3	3	49	18	-	196
<b>Subtotal</b>	<b>\$33</b>	<b>\$-</b>	<b>\$61</b>	<b>\$-</b>	<b>\$101</b>	<b>\$83</b>	<b>\$134</b>	<b>\$132</b>	<b>\$99</b>	<b>\$180</b>	<b>\$78</b>	<b>\$106</b>	<b>\$87</b>	<b>\$672</b>	<b>\$177</b>	<b>\$-</b>	<b>\$1,943</b>
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
<b>Subtotal</b>	<b>\$37</b>	<b>\$-</b>	<b>\$91</b>	<b>\$-</b>	<b>\$141</b>	<b>\$137</b>	<b>\$103</b>	<b>\$128</b>	<b>\$87</b>	<b>\$108</b>	<b>\$100</b>	<b>\$118</b>	<b>\$99</b>	<b>\$774</b>	<b>\$399</b>	<b>\$51</b>	<b>\$2,373</b>
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
<b>Subtotal</b>	<b>\$22</b>	<b>\$3</b>	<b>\$92</b>	<b>\$3</b>	<b>\$114</b>	<b>\$157</b>	<b>\$147</b>	<b>\$113</b>	<b>\$167</b>	<b>\$139</b>	<b>\$94</b>	<b>\$55</b>	<b>\$58</b>	<b>\$111</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,275</b>
<b>Total</b>	<b>\$92</b>	<b>\$3</b>	<b>\$244</b>	<b>\$3</b>	<b>\$356</b>	<b>\$377</b>	<b>\$384</b>	<b>\$373</b>	<b>\$353</b>	<b>\$427</b>	<b>\$272</b>	<b>\$279</b>	<b>\$244</b>	<b>\$1,557</b>	<b>\$576</b>	<b>\$51</b>	<b>\$5,591</b>

# 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**

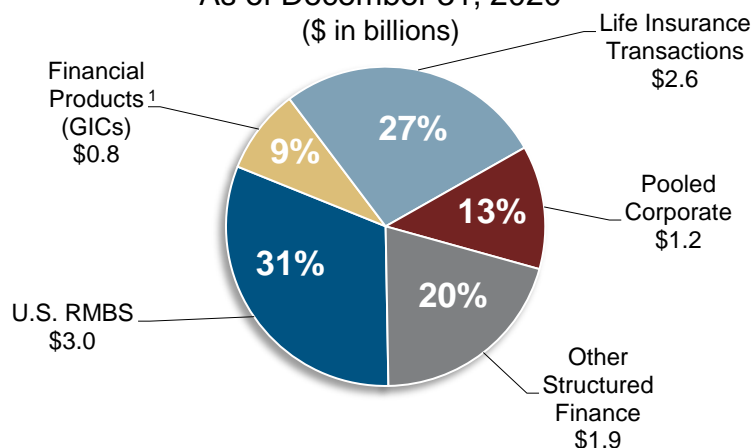
- **99% of non-U.S. exposure is Public Finance**
  - Direct sovereign debt is limited to Poland (\$301 million) and Mexico (\$50 million)
- **1% of non-U.S. exposure is Structured Finance**

# Structured Finance Exposures

## Net Par Outstanding

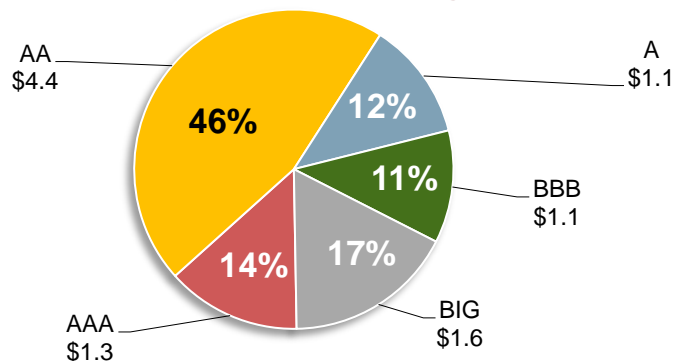
### By Type

As of December 31, 2020  
(\$ in billions)



**\$9.5 billion, A average rating**

### By Internal Rating



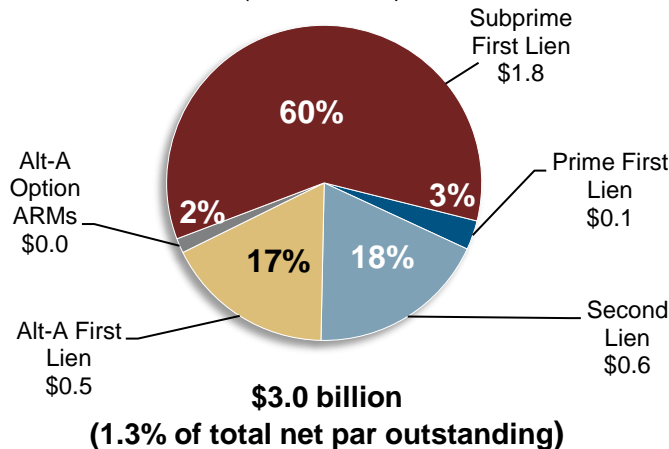
- **Assured Guaranty's total structured finance exposure of \$9.5 billion through December 31, 2020 reflects a \$165.1 billion reduction from \$174.6 billion on December 31, 2009, a 95% reduction**
  - We project that the existing portfolio will amortize by 13% by the end of 2021; 37% by the end of 2025

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

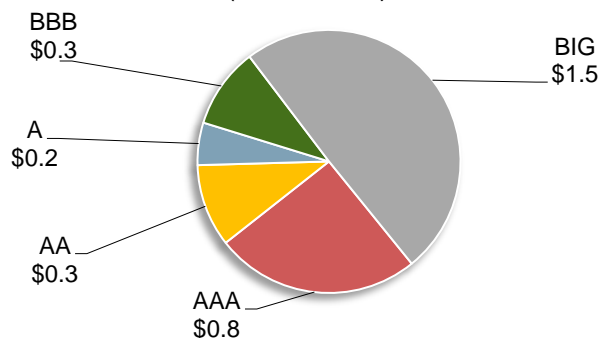
## U.S. RMBS by Exposure Type

As of December 31, 2020  
(\$ in billions)



## U.S. RMBS by Rating<sup>1</sup>

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, including loss mitigation securities held in the investment portfolio

- **Our loss reserving methodology is driven by our assumptions on several factors:**

- Liquidation rates
- Conditional default rates
- Conditional prepayment rates
- Loss severity
- Interest Rates
- 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

# Below Investment Grade Exposures

## Net Par Outstanding by BIG Category<sup>1</sup>



### Financial Guaranty Insurance and Credit Derivatives Surveillance Categories

- As of December 31, 2020, approximately \$2.9 billion (36%) of the aggregate BIG exposure was Category 1, which are transactions that show sufficient deterioration to make future losses possible but for which none are currently expected

(\$ millions)	December 31, 2020	December 31, 2019
<b>BIG Category 1</b>		
U.S. public finance	\$1,777	\$1,582
Non-U.S. public finance	846	854
U.S. structured finance	228	191
Non-U.S. structured finance	-	40
Total Category 1	\$2,851	\$2,667
<b>BIG Category 2</b>		
U.S. public finance	\$57	\$430
Non-U.S. public finance	-	-
U.S. structured finance	77	136
Non-U.S. structured finance	-	-
Total Category 2	\$134	\$566
<b>BIG Category 3</b>		
U.S. public finance	\$3,605	\$3,759
Non-U.S. public finance	49	44
U.S. structured finance	1,336	1,469
Non-U.S. structured finance	-	1
Total Category 3	\$4,990	\$5,273
<b>BIG Total</b>	<b>\$7,975</b>	<b>\$8,506</b>

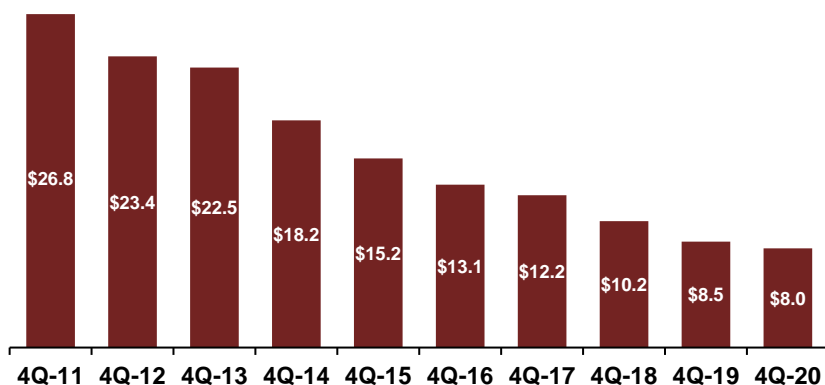
1. Assured Guaranty's surveillance department is responsible for monitoring our portfolio of credits and maintains a list of BIG credits. BIG Category 1: Below-investment-grade transactions showing sufficient deterioration to make future losses possible, but for which none are currently expected. BIG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

# BIG Exposure Decline

- Since 4Q-11, BIG net par outstanding has declined by \$18.8 billion
- The largest components of our BIG exposure are Puerto Rico at 47% and U.S. RMBS at 19%
- The reassumption of American Overseas in Q2 2020 increased BIG exposure by \$144 million

## BIG Net Par Outstanding

**BIG Net Par Outstanding**  
(\$ in billions)



## BIG Net Par Outstanding

(\$ in millions)BBB	Full Year 2017	Full Year 2018	Full Year 2019	Full Year 2020
<b>Beginning BIG par</b>	<b>\$13,074</b>	<b>\$12,238</b>	<b>\$10,160</b>	<b>\$8,506</b>
Amortization / Claim Payments	(1,986)	(968)	(1,008)	(1,261)
Acquisitions / Reinsurance Agreements	1,491	368	6	144
FX Change	217	(53)	(0)	53
Terminations	(326)	(88)	(45)	(48)
Removals / Upgrades	(809)	(1,791)	(719)	(3)
Additions / Downgrades	645	524	127	584
Bond Purchases	(68)	(70)	(15)	-
<b>Total Decrease / Increase</b>	<b>(836)</b>	<b>(2,078)</b>	<b>(1,654)</b>	<b>(531)</b>
<b>Ending BIG par</b>	<b>\$12,238</b>	<b>\$10,160</b>	<b>\$8,506</b>	<b>\$7,975</b>
<b>BIG Percentage of net par outstanding</b>	<b>4.6%</b>	<b>4.2%</b>	<b>3.6%</b>	<b>3.4%</b>

# BIG Exposures > \$250 Million

(dollars in millions)



## BIG Exposures Greater Than \$250 Million as of December 31, 2020

<u>Type<sup>1</sup></u>	<u>Name or Description</u>	<u>Net Par Outstanding</u>	<u>Internal Rating<sup>2</sup></u>
PF	Puerto Rico Highways and Transportation Authority	\$1,310	CCC
PF	Puerto Rico General Obligation, Appropriations and Guarantees of the Commonwealth	1,262	CCC
PF	Puerto Rico Electric Power Authority	776	CCC
PF	Valencia Fair	342	BB+
PF	Illinois Sports Facilities Authority	261	BB+
	<b>Total</b>	<b>\$3,951</b>	

1. "PF" signifies a public finance transaction and "SF" signifies a structured finance transaction, if applicable.

2. Transactions rated below B- are categorized as CCC

# Asset Management Overview

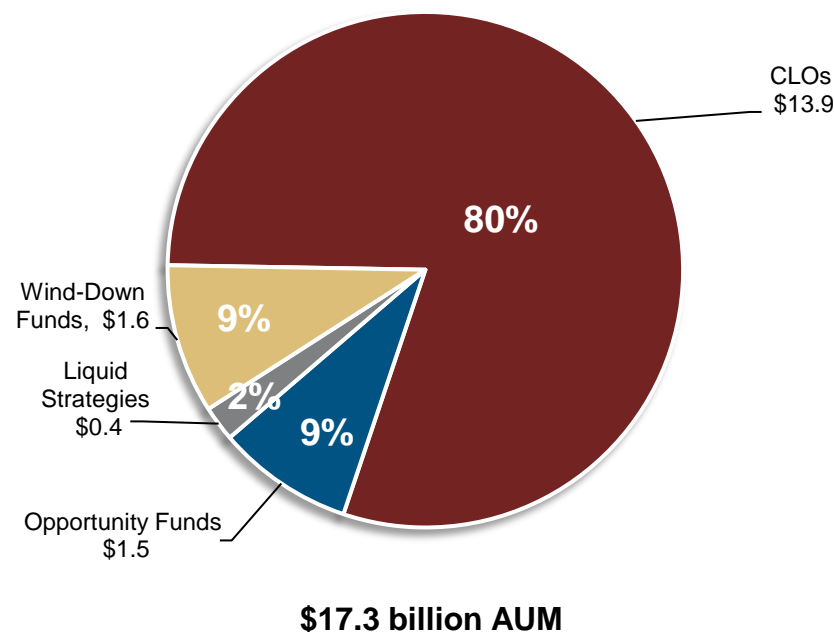
December 31, 2020



- **AssuredIM currently has \$17.3 billion in assets under management**
  - CLOs had net inflows of \$1,002 million in 2020
  - Opportunity funds had net inflows of \$410 million in 2020
  - Liquid strategies had net inflows of \$370 million in 2020
  - Wind-down funds, which are legacy BlueMountain hedge and opportunity funds, had net outflows of \$2,241 million in 2020
- **AssuredIM earned total asset management fees of approximately \$66 million<sup>1</sup> in 2020**
  - CLOs earned \$23 million
  - Opportunity funds earned \$11 million
  - Wind-down funds earned \$25 million
  - Performance fees and other income were \$7 million
- **AssuredIM funds increased fee earning AUM to \$12.9 billion as of December 31, 2020 from \$8.0 billion on December 31, 2019**

## Assets Under Management

As of December 31, 2020  
(\$ in billions)



1. The Asset Management segment presents reimbursable fund expenses netted in other operating expenses, whereas on the condensed consolidated statement of operations such reimbursable expenses are shown gross, as a component of asset management fees, and other operating expenses.

# Asset Management

## Assets Under Management



### Select GAAP Results (\$ in millions)

Quarter-to-Date (September 30, 2020 to December 31, 2020)

Year-to-Date (December 31, 2019 to December 31, 2020)

	CLOs	Opportunity Funds	Liquid Strategies	Wind-Down Funds	Total	CLOs	Opportunity Funds	Liquid Strategies	Wind-Down Funds	Total
<b>AUM, Beginning of Period</b>	<b>\$13,411</b>	<b>\$984</b>	<b>\$378</b>	<b>\$2,253</b>	<b>\$17,026</b>	<b>\$12,758</b>	<b>\$1,023</b>	<b>\$-</b>	<b>\$4,046</b>	<b>\$17,827</b>
<b>Inflows:</b>										
Third-party	402	750	-	-	1,152	837	761	20	-	1,618
Intercompany	61	265	-	-	326	535	372	350	-	1,257
<b>Total Inflows</b>	<b>463</b>	<b>1,015</b>	<b>-</b>	<b>-</b>	<b>1,478</b>	<b>1,372</b>	<b>1,133</b>	<b>370</b>	<b>-</b>	<b>2,875</b>
<b>Outflows:</b>										
Redemptions	-	-	-	-	-	-	-	-	-	-
Distributions	(45)	(528)	-	(597)	(1,170)	(370)	(723)	-	(2,241)	(3,334)
<b>Total Outflows</b>	<b>(45)</b>	<b>(528)</b>	<b>-</b>	<b>(597)</b>	<b>(1,170)</b>	<b>(370)</b>	<b>(723)</b>	<b>-</b>	<b>(2,241)</b>	<b>(3,334)</b>
<b>Net Flows</b>	<b>418</b>	<b>487</b>	<b>-</b>	<b>(597)</b>	<b>308</b>	<b>1,002</b>	<b>410</b>	<b>370</b>	<b>(2,241)</b>	<b>(459)</b>
<b>Change in fund value</b>	<b>27</b>	<b>15</b>	<b>5</b>	<b>(33)</b>	<b>14</b>	<b>96</b>	<b>53</b>	<b>13</b>	<b>(182)</b>	<b>(20)</b>
<b>AUM, December 31, 2020<sup>1</sup></b>	<b>\$13,856</b>	<b>\$1,486</b>	<b>\$383</b>	<b>\$1,623</b>	<b>\$17,348</b>	<b>\$13,856</b>	<b>\$1,486</b>	<b>\$383</b>	<b>\$1,623</b>	<b>\$17,348</b>
<b>As of December 31, 2020</b>										
<b>Funded AUM<sup>2</sup></b>	<b>\$13,809</b>	<b>\$992</b>	<b>\$383</b>	<b>\$1,601</b>	<b>\$16,785</b>	<b>\$13,809</b>	<b>\$992</b>	<b>\$383</b>	<b>\$1,601</b>	<b>\$16,785</b>
<b>Unfunded AUM<sup>2</sup></b>	<b>47</b>	<b>494</b>	<b>-</b>	<b>22</b>	<b>563</b>	<b>47</b>	<b>494</b>	<b>-</b>	<b>22</b>	<b>563</b>
<b>Fee Earning AUM<sup>3</sup></b>	<b>\$10,248</b>	<b>\$1,176</b>	<b>\$383</b>	<b>\$1,133</b>	<b>\$12,940</b>	<b>\$10,248</b>	<b>\$1,176</b>	<b>\$383</b>	<b>\$1,133</b>	<b>\$12,940</b>
<b>Non-Fee Earning AUM<sup>3</sup></b>	<b>3,608</b>	<b>310</b>	<b>-</b>	<b>490</b>	<b>4,408</b>	<b>3,608</b>	<b>310</b>	<b>-</b>	<b>490</b>	<b>4,408</b>
<b>Intercompany AUM</b>										
Funded AUM	\$405	\$126	\$362	\$-	\$893	\$405	\$126	\$362	\$-	\$893
Unfunded AUM	40	\$137	-	-	177	40	\$137	-	-	177
<b>As of Beginning of Period</b>										
<b>Funded AUM<sup>2</sup></b>	<b>\$13,350</b>	<b>\$879</b>	<b>\$378</b>	<b>\$2,231</b>	<b>\$16,838</b>	<b>\$12,721</b>	<b>\$796</b>	<b>\$-</b>	<b>\$3,980</b>	<b>\$17,497</b>
<b>Unfunded AUM<sup>2</sup></b>	<b>61</b>	<b>105</b>	<b>-</b>	<b>22</b>	<b>188</b>	<b>37</b>	<b>227</b>	<b>-</b>	<b>66</b>	<b>330</b>
<b>Fee Earning AUM<sup>3</sup></b>	<b>\$8,001</b>	<b>\$805</b>	<b>\$378</b>	<b>\$2,093</b>	<b>\$11,277</b>	<b>\$3,438</b>	<b>\$695</b>	<b>\$-</b>	<b>\$3,838</b>	<b>\$7,971</b>
<b>Non-Fee Earning AUM<sup>3</sup></b>	<b>5,410</b>	<b>179</b>	<b>-</b>	<b>160</b>	<b>5,749</b>	<b>9,320</b>	<b>328</b>	<b>-</b>	<b>208</b>	<b>9,856</b>
<b>Intercompany AUM</b>										
Funded AUM	\$331	\$207	\$357	-	\$895	\$19	\$58	\$-	\$-	\$77
Unfunded AUM	50	56	-	-	106	30	\$84	-	-	114

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

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

A photograph of three construction workers wearing white hard hats and safety gear, working on a large-scale construction project. They are positioned on a dense grid of steel reinforcement bars (rebar) that has been laid out on a wooden formwork structure. The workers are focused on their task, with one worker in the foreground pointing towards the rebar. The background shows more of the construction site, including additional rebar and wooden forms, suggesting a large concrete foundation or floor slab is being prepared.

## 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 (dollars in millions)	Three Months Ended December 31,		Year Ended December 31,						
	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 <sup>1</sup>	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

PVP:	Three Months Ended December 31,		Year Ended December 31,						
	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<sup>1</sup>



### Adjusted Operating Income Reconciliation (dollars in millions, except per share amounts)

	Three Months Ended December 31,				Year Ended December 31,			
	2020		2019		2020		2019	
	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share	Total	Per Diluted Share
<b>Net income (loss) attributable to AGL</b>	<b>\$148</b>	<b>\$1.82</b>	<b>\$137</b>	<b>\$1.42</b>	<b>\$362</b>	<b>\$4.19</b>	<b>\$402</b>	<b>\$4.00</b>
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	<u>\$56</u>	<u>\$0.69</u>	<u>\$87</u>	<u>\$0.90</u>	<u>\$256</u>	<u>\$2.97</u>	<u>\$391</u>	<u>\$3.91</u>

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

# Appendix

## Reconciliation of Net Income (Loss) to Adjusted Operating Income<sup>1</sup> (2010-2019)

### Adjusted Operating Income<sup>1</sup> Reconciliation

(dollars in millions, except per share amounts)

	Year Ended December 31,									
	2019		2018		2017		2016		2015	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Net income (loss) attributable to AGL</b>	<b>\$402</b>	<b>\$4.00</b>	<b>\$521</b>	<b>\$4.68</b>	<b>\$730</b>	<b>\$5.96</b>	<b>\$881</b>	<b>\$6.56</b>	<b>\$1,056</b>	<b>\$7.08</b>
Less pre-tax adjustments:										
Realized gains (losses) on investments	22	0.22	(32)	(0.29)	40	0.33	(30)	(0.23)	(27)	(0.18)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(10)	(0.11)	101	0.90	43	0.35	36	0.27	505	3.39
Fair value gains (losses) on committed capital securities (CCS)	(22)	(0.22)	14	0.13	(2)	(0.02)	0	0.00	27	0.18
Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and loss adjustment expense (LAE) reserves	22	0.21	(32)	(0.29)	57	0.46	(33)	(0.25)	(15)	(0.10)
Total pre-tax adjustments	12	0.10	51	0.45	138	1.12	(27)	(0.21)	490	3.29
Less tax effect on pre-tax adjustments	(1)	(0.01)	(12)	(0.11)	(69)	(0.57)	13	0.09	(144)	(0.97)
Adjusted operating income <sup>1</sup>	<b>\$391</b>	<b>\$3.91</b>	<b>\$482</b>	<b>\$4.34</b>	<b>\$661</b>	<b>\$5.41</b>	<b>\$895</b>	<b>\$6.68</b>	<b>\$710</b>	<b>\$4.76</b>
Gain (loss) related to FG VIE consolidation included in adjusted operating income <sup>1</sup>	-	-	(\$4)	(\$0.03)	\$11	\$0.10	\$12	\$0.10	\$11	\$0.07

	Year Ended December 31,									
	2014		2013		2012		2011		2010	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Net income (loss) attributable to AGL</b>	<b>\$1,088</b>	<b>\$6.26</b>	<b>\$808</b>	<b>\$4.30</b>	<b>\$110</b>	<b>\$0.57</b>	<b>\$773</b>	<b>\$4.16</b>	<b>\$484</b>	<b>\$2.56</b>
Less pre-tax adjustments:										
Realized gains (losses) on investments	(56)	(0.32)	56	0.30	(3)	(0.02)	(18)	(0.10)	(1)	(0.01)
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	687	3.95	(49)	(0.26)	(672)	(3.53)	344	1.85	6	0.03
Fair value gains (losses) on CCS	(11)	(0.06)	10	0.05	(18)	(0.09)	35	0.19	9	0.05
Foreign exchange gains (losses) on remeasurement of premiums receivable and LAE reserves	(21)	(0.12)	(1)	(0.01)	21	0.11	(5)	(0.03)	(29)	(0.15)
Total pre-tax adjustments	599	3.45	16	0.08	(672)	(3.53)	356	1.91	(15)	(0.08)
Less tax effect on pre-tax adjustments	(158)	(0.92)	(9)	(0.06)	188	1.00	(104)	(0.56)	11	0.06
Adjusted operating income <sup>1</sup>	<b>\$647</b>	<b>\$3.73</b>	<b>\$801</b>	<b>\$4.28</b>	<b>\$594</b>	<b>\$3.10</b>	<b>\$521</b>	<b>\$2.81</b>	<b>\$488</b>	<b>\$2.58</b>
Gain (loss) related to FG VIE consolidation included in adjusted operating income <sup>1</sup>	<b>\$156</b>	<b>\$0.90</b>	<b>\$192</b>	<b>\$1.03</b>	<b>\$59</b>	<b>\$0.29</b>	<b>(\$80)</b>	<b>(\$0.43)</b>	<b>(\$167)</b>	<b>(\$0.88)</b>

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

# Appendix

## Reconciliation of Net Income (Loss) to Adjusted Operating Income<sup>1</sup> (2004-2009)

### Adjusted Operating Income<sup>1</sup> Reconciliation

(dollars in millions, except per share amounts)

	Year Ended December 31,									
	2009		2008		2007		2006		2005	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Net income (loss) attributable to AGL</b>	<b>\$82</b>	<b>\$0.63</b>	<b>\$60</b>	<b>\$0.67</b>	<b>(\$303)</b>	<b>(\$4.46)</b>	<b>\$160</b>	<b>\$2.15</b>	<b>\$188</b>	<b>\$2.53</b>
Less pre-tax adjustments:										
Realized gains (losses) on investments	(33)	(0.26)	(70)	(0.79)	(1)	(0.01)	(2)	(0.03)	2	0.03
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(106)	(0.82)	82	0.92	(667)	(9.63)	6	0.08	(4)	(0.05)
Fair value gains (losses) on CCS	(123)	(0.95)	43	0.48	8	0.12	-	-	-	-
Foreign exchange gains (losses) on remeasurement of premiums receivable and LAE reserves	27	0.21	-	-	-	-	-	-	-	-
<b>Total pre-tax adjustments</b>	<b>(235)</b>	<b>(1.82)</b>	<b>55</b>	<b>0.61</b>	<b>(660)</b>	<b>(9.52)</b>	<b>4</b>	<b>0.05</b>	<b>(2)</b>	<b>(0.02)</b>
Less tax effect on pre-tax adjustments	62	0.48	(60)	(0.67)	179	2.58	(1)	(0.02)	-	-
<b>adjusted operating income<sup>1</sup></b>	<b>\$255</b>	<b>\$1.97</b>	<b>\$65</b>	<b>\$0.73</b>	<b>\$178</b>	<b>\$2.57</b>	<b>\$157</b>	<b>\$2.12</b>	<b>\$190</b>	<b>\$2.55</b>

### Adjusted Operating Income<sup>1</sup> Reconciliation

(dollars in millions, except per share amounts)

	Year Ended December 31,	
	2004	
	Total	Per Share
<b>Net income (loss) attributable to AGL</b>	<b>\$183</b>	<b>\$2.44</b>
Less pre-tax adjustments:		
Realized gains (losses) on investments	8	0.11
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	51	0.68
Fair value gains (losses) on CCS	-	-
Foreign exchange gains (losses) on remeasurement of premiums receivable and LAE reserves	-	-
<b>Total pre-tax adjustments</b>	<b>59</b>	<b>0.79</b>
Less tax effect on pre-tax adjustments	(17)	(0.23)
<b>adjusted operating income<sup>1</sup></b>	<b>\$141</b>	<b>\$1.88</b>

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<sup>1</sup>

### Adjusted book value<sup>1</sup> reconciliation

(dollars in millions, except per share amounts)

	December 31, 2020		September 30, 2020		As of December 31, 2019		September 30, 2019		December 31, 2018	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Reconciliation of shareholders' equity to adjusted book value<sup>1</sup>:</b>										
<b>Shareholders' equity</b>	<b>\$6,643</b>	<b>\$85.66</b>	<b>\$6,549</b>	<b>\$79.63</b>	<b>\$6,639</b>	<b>\$71.18</b>	<b>\$6,652</b>	<b>\$68.94</b>	<b>\$6,555</b>	<b>\$63.23</b>
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 <sup>1</sup>	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 <sup>1</sup>	<u>\$8,908</u>	<u>\$114.87</u>	<u>\$8,885</u>	<u>\$108.02</u>	<u>\$9,047</u>	<u>\$96.99</u>	<u>\$8,714</u>	<u>\$90.31</u>	<u>\$8,935</u>	<u>\$86.18</u>
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity <sup>1</sup>	<u>\$2</u>	<u>\$0.03</u>	<u>\$1</u>	<u>\$0.01</u>	<u>\$7</u>	<u>\$0.07</u>	<u>\$12</u>	<u>\$0.12</u>	<u>\$3</u>	<u>\$0.03</u>
Gain (loss) related to FG VIE consolidation included in adjusted book value <sup>1</sup>	<u>\$(8)</u>	<u>\$(0.10)</u>	<u>\$(8)</u>	<u>\$(0.11)</u>	<u>\$(4)</u>	<u>\$(0.05)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(15)</u>	<u>\$(0.15)</u>

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<sup>1</sup> (2004-2010)

### Adjusted Book Value<sup>1</sup> Reconciliation

(dollars in millions, except per share amounts)

	2Q 2004		2004		2005		2006		2007		2008		2009		2010	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Reconciliation of shareholders' equity to adjusted book value<sup>1</sup>:</b>																
<b>Shareholders' equity</b>	<b>\$1,422</b>	<b>\$18.73</b>	<b>\$1,528</b>	<b>\$20.19</b>	<b>\$1,662</b>	<b>\$22.22</b>	<b>\$1,651</b>	<b>\$24.44</b>	<b>\$1,625</b>	<b>\$20.33</b>	<b>\$1,876</b>	<b>\$20.62</b>	<b>\$3,455</b>	<b>\$18.76</b>	<b>\$3,670</b>	<b>\$19.97</b>
Less pre-tax adjustments:																
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	13	0.17	44	0.58	40	0.54	46	0.68	(621)	(7.76)	(539)	(5.93)	(1,049)	(5.70)	(1,044)	(5.68)
Fair value gains (losses) on CCS	0	0.00	0	0.00	0	0.00	0	0.00	8	0.10	51	0.56	10	0.05	19	0.10
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	56	0.73	93	1.23	53	0.71	46	0.68	61	0.76	(7)	(0.08)	202	1.10	114	0.62
Less Taxes	(19)	(0.25)	(38)	(0.50)	(29)	(0.40)	(30)	(0.45)	148	1.86	102	1.13	216	1.17	262	1.42
Adjusted operating shareholders' equity <sup>1</sup>	1,372	18.08	1,429	18.88	1,598	21.37	1,589	23.53	2,029	25.37	2,269	24.94	4,076	22.14	4,319	23.51
Pre-tax adjustments:																
Less: Deferred acquisition costs	183	2.41	186	2.46	193	2.58	217	3.21	201	2.51	216	2.37	162	0.88	145	0.79
Plus: Net present value of estimated net future credit derivative revenue	403	5.31	468	6.18	426	5.70	589	8.72	930	11.63	929	10.21	755	4.10	614	3.34
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	501	6.60	496	6.55	516	6.90	626	9.27	875	10.95	1,215	13.36	6,195	33.64	5,439	29.60
Plus Taxes	(232)	(3.07)	(234)	(3.09)	(138)	(1.85)	(179)	(2.65)	(283)	(3.54)	(379)	(4.17)	(1,977)	(10.74)	(1,677)	(9.12)
Adjusted book value <sup>1</sup>	<u>\$1,861</u>	<u>\$24.51</u>	<u>\$1,973</u>	<u>\$26.06</u>	<u>\$2,209</u>	<u>\$29.54</u>	<u>\$2,408</u>	<u>\$35.66</u>	<u>\$3,350</u>	<u>\$41.90</u>	<u>\$3,818</u>	<u>\$41.97</u>	<u>\$8,887</u>	<u>\$48.26</u>	<u>\$8,550</u>	<u>\$46.54</u>
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity <sup>1</sup>															<u>(\$372)</u>	<u>(\$2.02)</u>
Gain (loss) related to FG VIE consolidation included in adjusted book value <sup>1</sup>															<u>(\$439)</u>	<u>(\$2.38)</u>

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<sup>1</sup> (2011-2018)

### Adjusted Book Value<sup>1</sup> Reconciliation

(dollars in millions, except per share amounts)

	2011		2012		2013		2014		2015		2016		2017		2018	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<b>Reconciliation of shareholders' equity to adjusted book value<sup>1</sup>:</b>																
<b>Shareholders' equity</b>	<b>\$4,652</b>	<b>\$25.52</b>	<b>\$4,994</b>	<b>\$25.74</b>	<b>\$5,115</b>	<b>\$28.07</b>	<b>\$5,758</b>	<b>\$36.37</b>	<b>\$6,063</b>	<b>\$43.96</b>	<b>\$6,504</b>	<b>\$50.82</b>	<b>\$6,839</b>	<b>\$58.95</b>	<b>\$6,555</b>	<b>\$63.23</b>
Less pre-tax adjustments:																
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(668)	(3.67)	(1,346)	(6.94)	(1,447)	(7.94)	(741)	(4.68)	(241)	(1.75)	(189)	(1.48)	(146)	(1.26)	(45)	(0.44)
Fair value gains (losses) on CCS	54	0.30	35	0.18	46	0.25	35	0.22	62	0.45	62	0.48	60	0.52	74	0.72
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	488	2.68	708	3.65	236	1.29	523	3.30	373	2.71	316	2.47	487	4.20	247	2.39
Less Taxes	21	0.11	150	0.77	306	1.68	45	0.29	(56)	(0.41)	(71)	(0.54)	(83)	(0.71)	(63)	(0.61)
Adjusted operating shareholders' equity <sup>1</sup>	4,757	26.10	5,447	28.08	5,974	32.79	5,896	37.24	5,925	42.96	6,386	49.89	6,521	56.20	6,342	61.17
Pre-tax adjustments:																
Less: Deferred acquisition costs	132	0.73	116	0.60	124	0.68	121	0.76	114	0.83	106	0.83	101	0.87	105	1.01
Plus: Net present value of estimated net future credit derivative revenue	434	2.38	378	1.95	251	1.38	186	1.17	192	1.39	147	1.15	162	1.40	219	2.11
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	4,790	26.28	4,301	22.17	3,791	20.81	3,461	21.86	3,384	24.53	2,922	22.83	2,966	25.56	3,005	28.98
Plus Taxes	(1,426)	(7.81)	(1,269)	(6.54)	(1,081)	(5.93)	(968)	(6.12)	(974)	(7.06)	(835)	(6.52)	(515)	(4.43)	(536)	(5.07)
Adjusted book value <sup>1</sup>	<u>\$8,423</u>	<u>\$46.22</u>	<u>\$8,741</u>	<u>\$45.06</u>	<u>\$8,811</u>	<u>\$48.37</u>	<u>\$8,454</u>	<u>\$53.39</u>	<u>\$8,413</u>	<u>\$60.99</u>	<u>\$8,514</u>	<u>\$66.52</u>	<u>\$9,033</u>	<u>\$77.86</u>	<u>\$8,935</u>	<u>\$86.18</u>
Gain (loss) related to FG VIE consolidation included in adjusted operating shareholders' equity <sup>1</sup>	<u>(\$444)</u>	<u>(\$2.44)</u>	<u>(\$383)</u>	<u>(\$1.97)</u>	<u>(\$190)</u>	<u>(\$1.04)</u>	<u>(\$37)</u>	<u>(\$0.24)</u>	<u>(\$21)</u>	<u>(\$0.15)</u>	<u>(\$7)</u>	<u>(\$0.06)</u>	<u>\$5</u>	<u>\$0.03</u>	<u>\$3</u>	<u>\$0.03</u>
Gain (loss) related to FG VIE consolidation included in adjusted book value <sup>1</sup>	<u>(\$564)</u>	<u>(\$3.10)</u>	<u>(\$452)</u>	<u>(\$2.33)</u>	<u>(\$248)</u>	<u>(\$1.36)</u>	<u>(\$60)</u>	<u>(\$0.39)</u>	<u>(\$43)</u>	<u>(\$0.31)</u>	<u>(\$24)</u>	<u>(\$0.18)</u>	<u>(\$14)</u>	<u>(\$0.12)</u>	<u>(\$15)</u>	<u>(\$0.15)</u>

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

# Appendix

## Calculation of Adjusted Operating Portfolio Leverage

### Adjusted Operating Leverage

(dollars in millions, except leverage)

	Actual											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Insured net par outstanding	\$640,194	\$616,686	\$556,830	\$518,772	\$459,107	\$403,729	\$358,571	\$296,318	\$264,952	\$241,802	\$236,807	\$234,153
Adjusted operating shareholders' equity <sup>1</sup>	4,076	4,319	4,757	5,447	5,974	5,896	5,925	6,386	6,521	6,342	6,246	6,087
Adjusted operating portfolio leverage	157	143	117	95	77	68	61	46	41	38	38	38

### Adjusted Operating Leverage

(dollars in millions, except leverage)

	Estimated				
	2021	2022	2023	2024	2025
Insured net par outstanding	\$219,815	\$208,151	\$198,537	\$187,771	\$176,655
Adjusted operating shareholders' equity <sup>1</sup>	6,087	6,087	6,087	6,087	6,087
Adjusted operating portfolio leverage	36	34	33	31	29

1. See prior pages for a reconciliation of GAAP shareholders' equity to non-GAAP operating shareholders' equity.

# Appendix

## Reconciliation of GAAP ROE<sup>1</sup> to Adjusted Operating ROE<sup>1,2</sup>



### ROE Reconciliation (dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>Net income (loss) attributable to AGL</b>	<b>\$148</b>	<b>137</b>	<b>\$362</b>	<b>402</b>
Adjusted operating income <sup>2</sup>	56	87	256	391
<b>Average shareholders' equity attributable to AGL</b>	<b>\$6,596</b>	<b>\$6,646</b>	<b>\$6,641</b>	<b>\$6,597</b>
Average adjusted operating shareholders' equity <sup>2</sup>	6,079	6,234	6,167	6,294
Gain (loss) related to VIE consolidation included in average adjusted operating shareholders' equity <sup>2</sup>	2	10	5	5
<b>GAAP ROE<sup>1</sup></b>	<b>8.9%</b>	<b>8.2%</b>	<b>5.4%</b>	<b>6.1%</b>
Adjusted operating ROE <sup>1,2</sup>	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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# Equity Investor Presentation

December 31, 2020

