

Investor Presentation

2021 Third Quarter



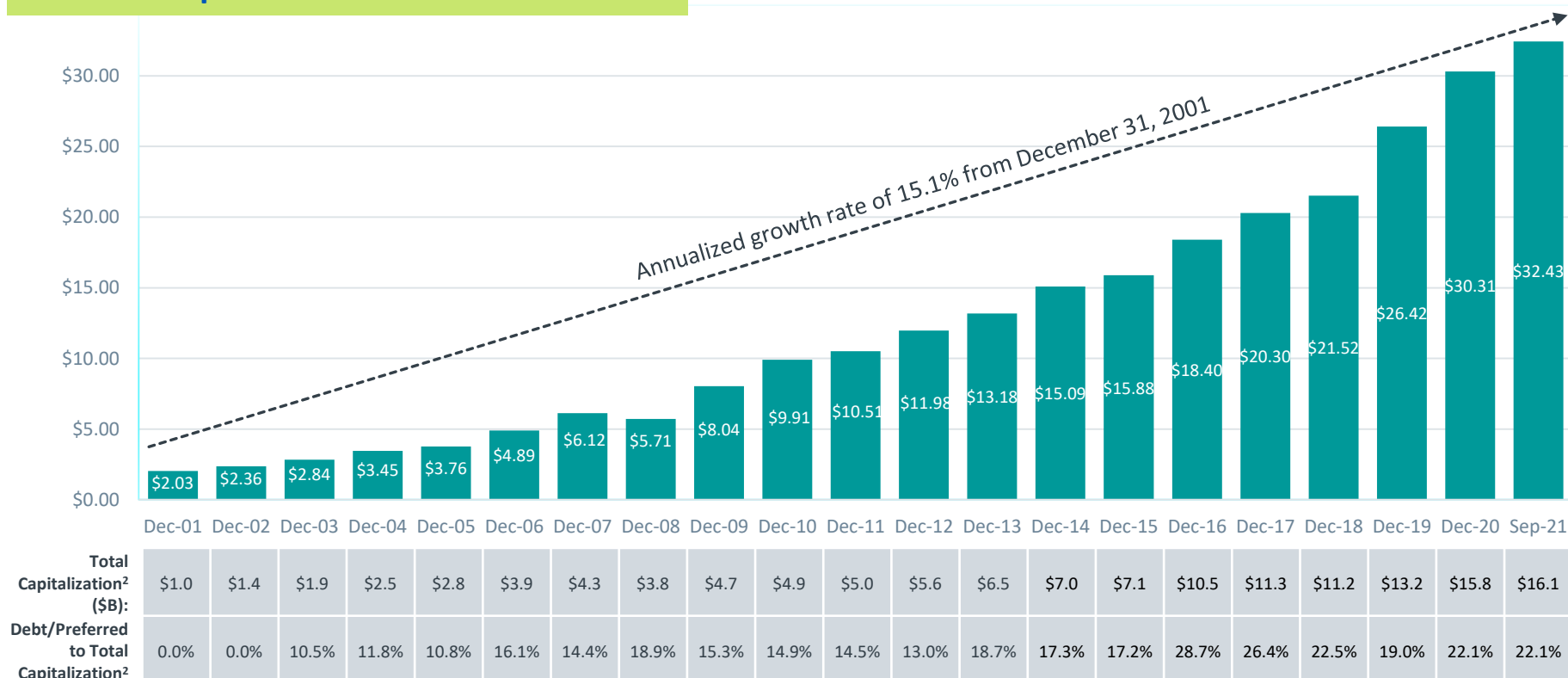
The Private Securities Litigation Reform Act of 1995 (“PSLRA”) provides a “safe harbor” for forward-looking statements. This release or any other written or oral statements made by or on behalf of Arch Capital Group Ltd. and its subsidiaries may include forward-looking statements, which reflect our current views with respect to future events and financial performance. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements.

Forward-looking statements, for purposes of the PSLRA or otherwise, can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” and similar statements of a future or forward-looking nature or their negative or variations or similar terminology. Forward-looking statements involve our current assessment of risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes the following: adverse general economic and market conditions; increased competition; pricing and policy term trends; fluctuations in the actions of rating agencies and our ability to maintain and improve our ratings; investment performance; the loss of key personnel; the adequacy of our loss reserves, severity and/or frequency of losses, greater than expected loss ratios and adverse development on claim and/or claim expense liabilities; greater frequency or severity of unpredictable natural and man-made catastrophic events; the effect of contagious diseases (including COVID-19); the impact of acts of terrorism and acts of war; changes in regulations and/or tax laws in the United States or elsewhere; our ability to successfully integrate, establish and maintain operating procedures as well as consummate acquisitions and integrate the businesses the Company has acquired or may acquire into the existing operations; changes in accounting principles or policies; material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements; availability and cost to us of reinsurance to manage our gross and net exposures; the failure of others to meet their obligations to us; changes in the method for determining the London Inter-bank Offered Rate (“LIBOR”) and the potential replacement of LIBOR and other factors identified in our filings with the U.S. Securities and Exchange Commission (“SEC”).

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

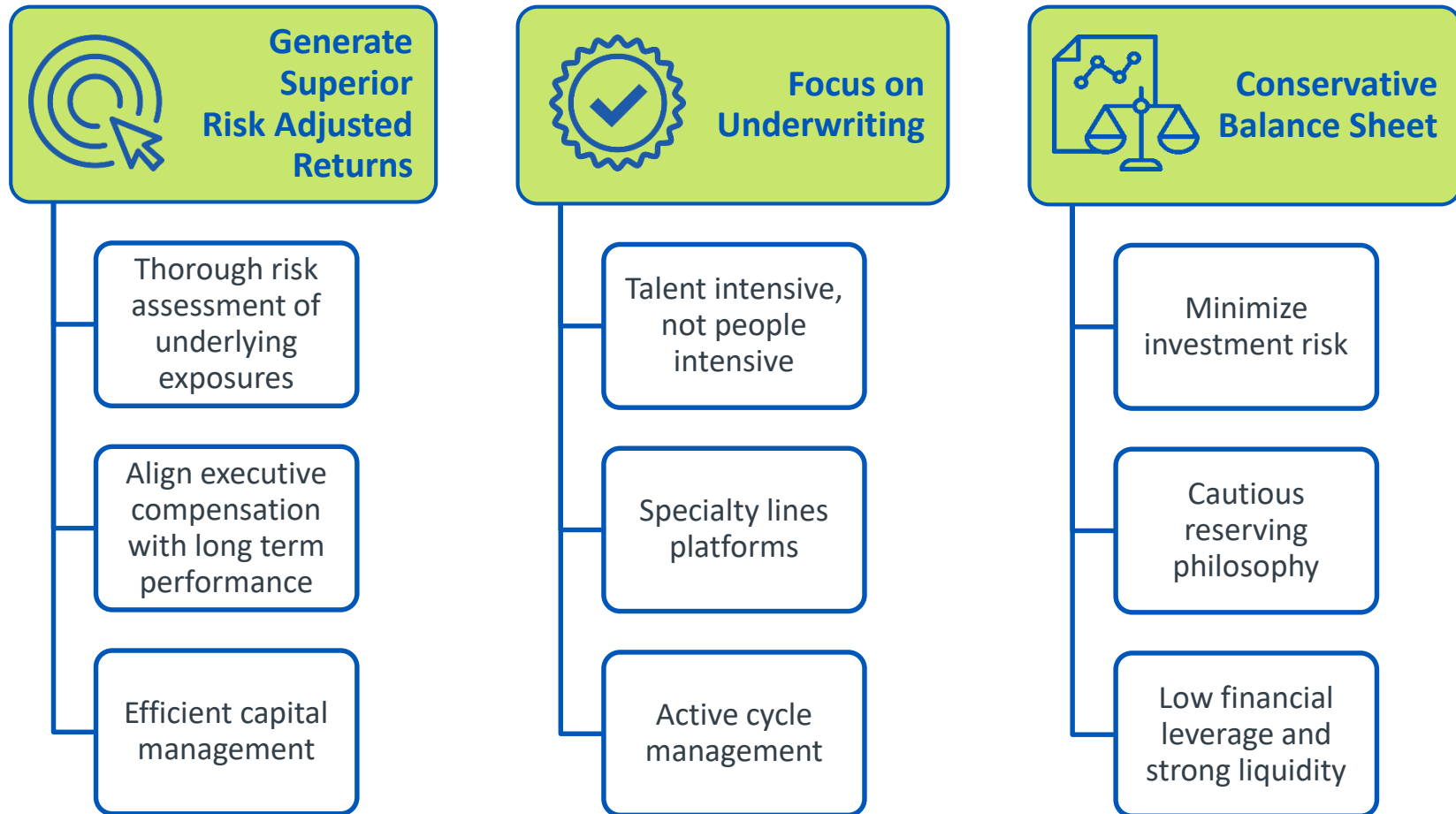
This presentation contains non-GAAP financial measures as defined by Regulation G of the rules of the SEC. Arch Capital Group Ltd. (the “Company”) believes these non-GAAP measures provide users of its financial information meaningful and useful insight in evaluating the performance of the Company. Investors should consider non-GAAP measures in addition to, and not as a substitute for, or superior to, the comparable GAAP measures. The reconciliation to GAAP and definition of operating income can be found in the Current Report on Form 8-K furnished to the SEC by the Company in connection with its most recent earnings press release, and is also available on the Company's website: www.archcapgroup.com. From time to time, the Company posts additional financial information and presentations to its website, including information with respect to its subsidiaries, and investors and other recipients of this information are encouraged to check the website.

Book value per common share¹



¹ Excluding the effects of stock options and restricted stock units outstanding

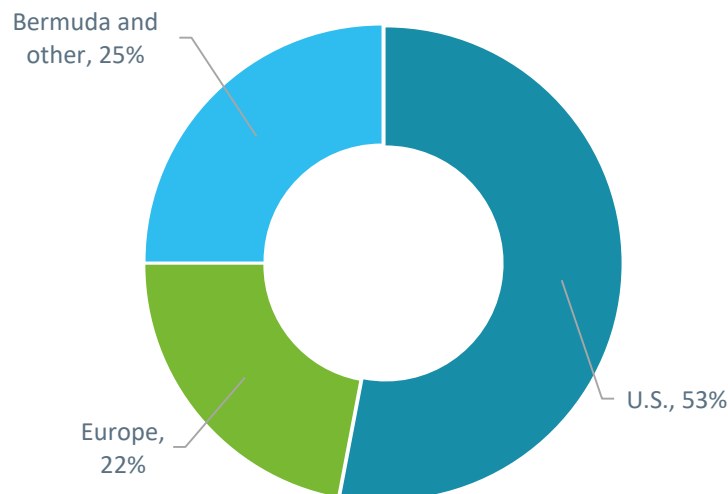
² Available to Arch, including senior debt, preferred equity, common stock and AOCI.



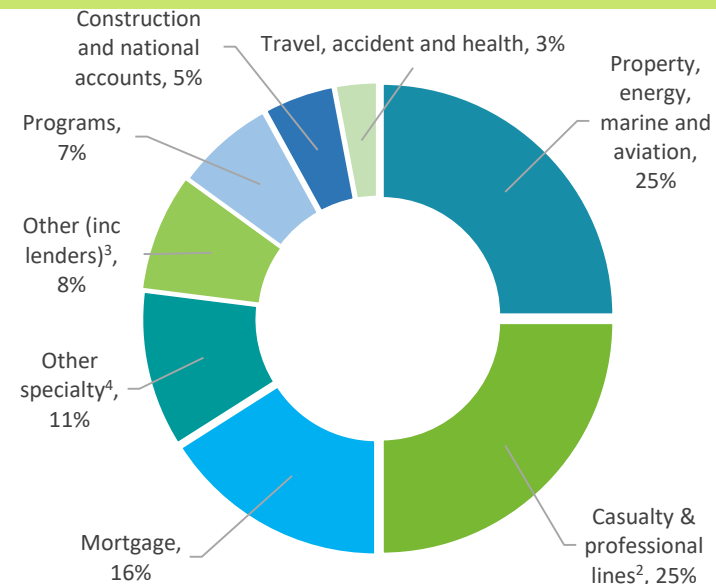
Arch operates leading Specialty P&C and Mortgage Insurance businesses across a wide range of geographies and products providing meaningful diversification and earnings stability.

Trailing Twelve Months Ended September 30, 2021			
Gross premiums written (\$11.8B)	48% insurance	39% reinsurance	13% mortgage
Net premiums written (\$8.3B)	48% insurance	36% reinsurance	16% mortgage

Underwriting Location¹



Line of Business¹



¹ Based on net premiums written, excluding amounts attributable to the 'other' segment (Watford)

² Includes casualty, professional liability, executive assurance, healthcare, contract binding, and excess motor

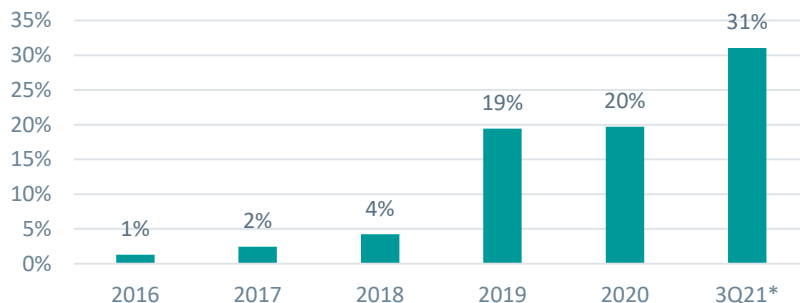
³ Includes insurance for lenders products, alternative markets, and other insurance and reinsurance

⁴ Includes reinsurance for proportional motor, trade credit, surety, workers' compensation catastrophe, and other

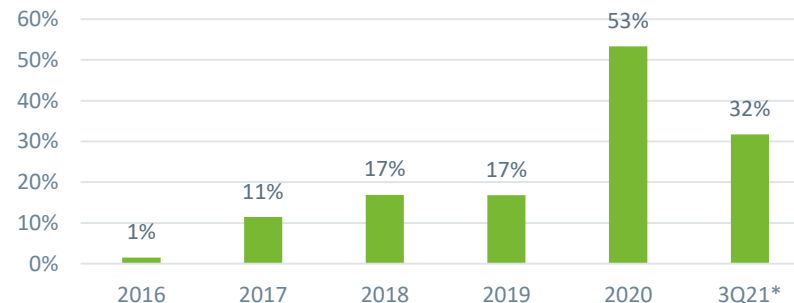
Improving underwriting conditions leading to growth

Calendar Year Net Premiums Written Growth (y/y change)

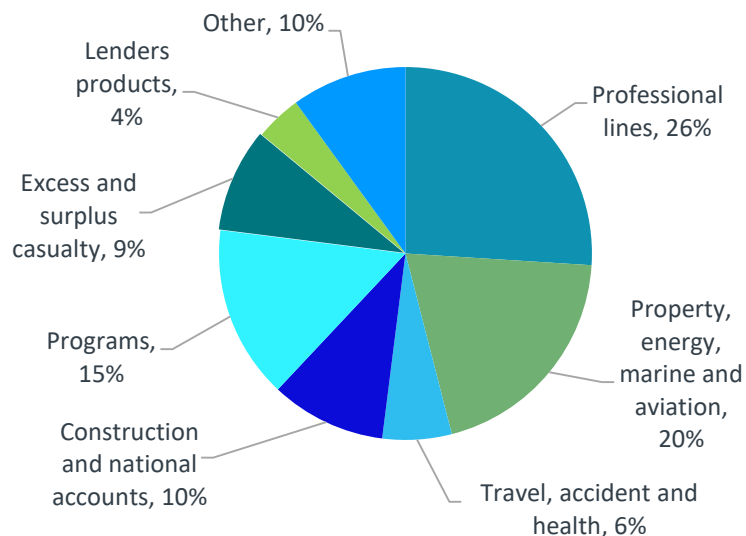
Insurance NPW Growth



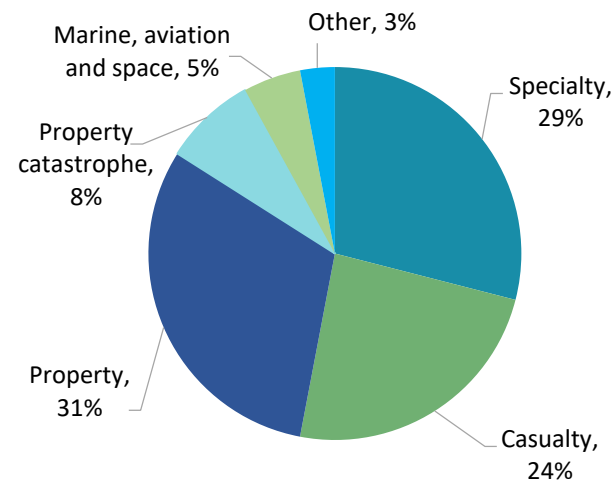
Reinsurance NPW Growth



Insurance Net Premiums Written \$4.0B*

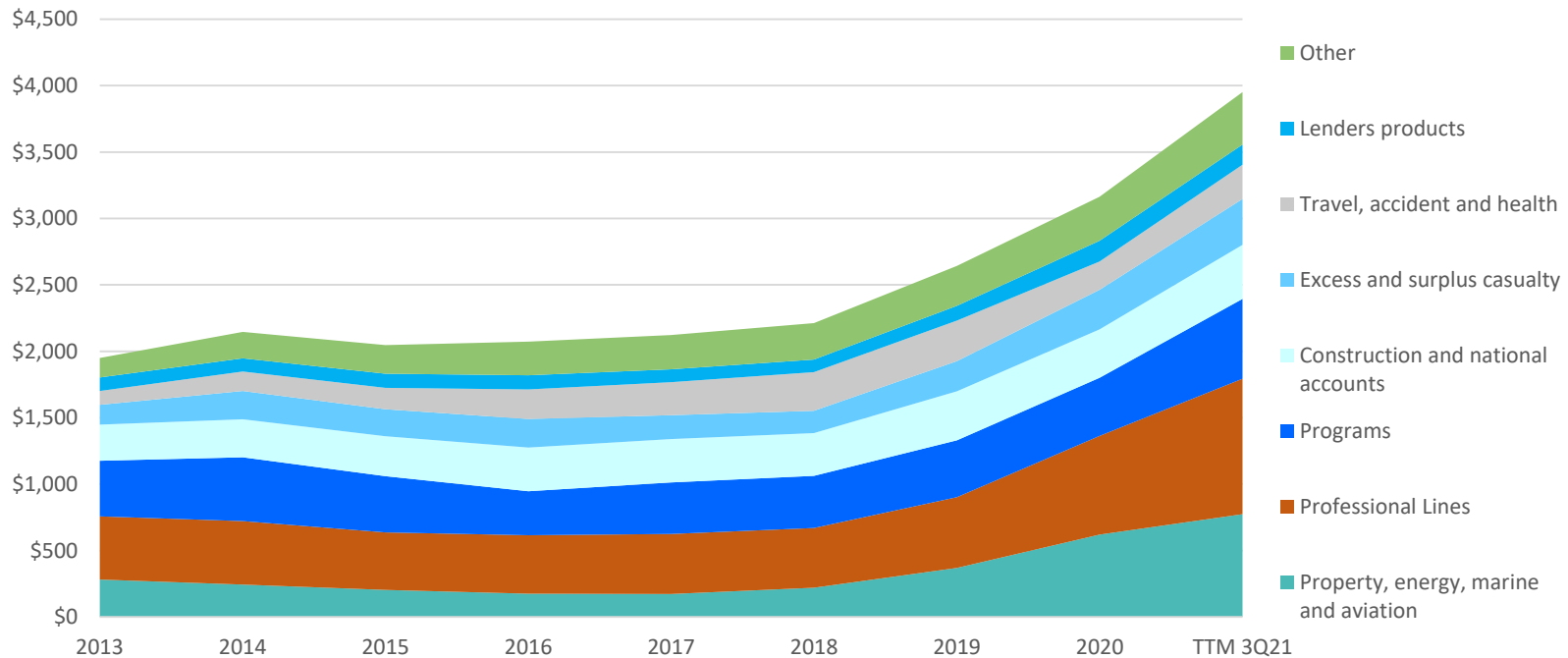


Reinsurance Net Premiums Written \$3.0B*



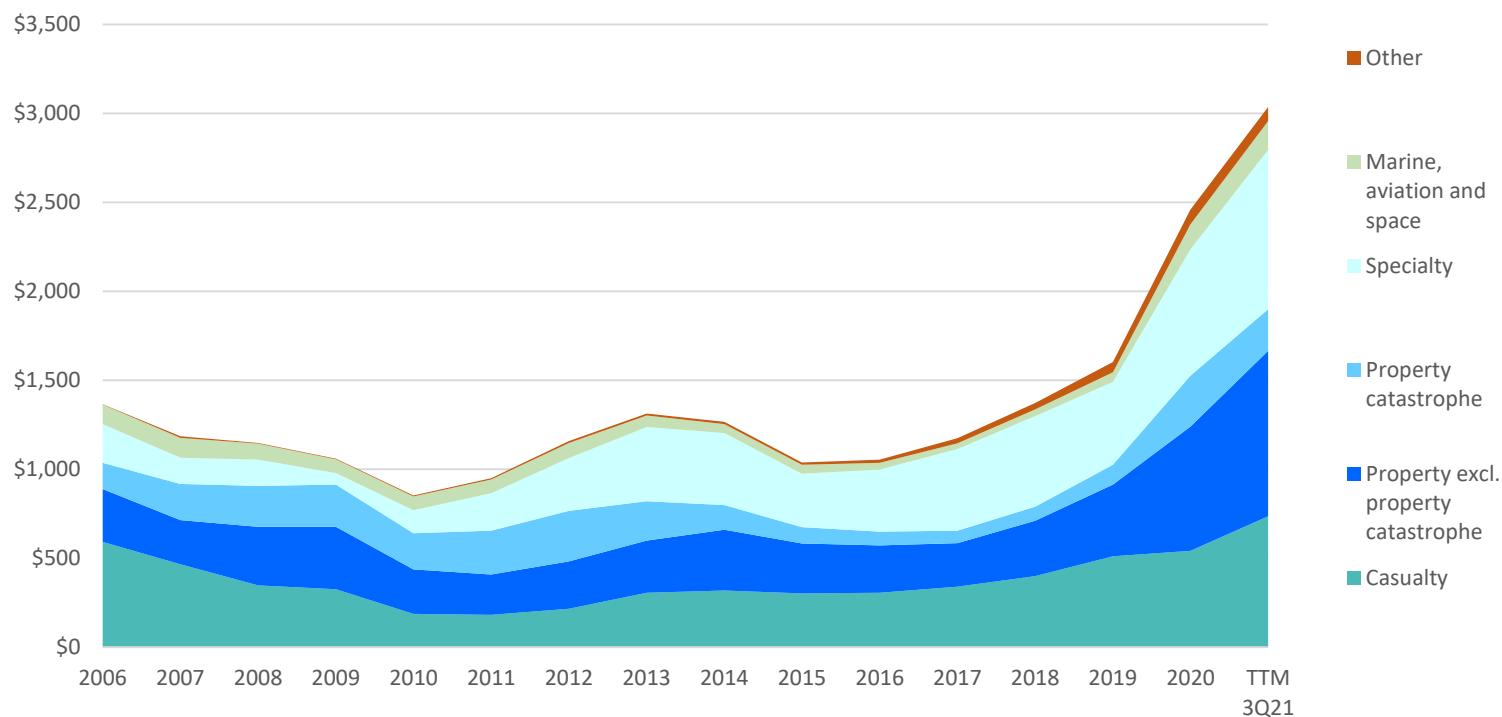
*Trailing twelve months ended September 30, 2021.

Calendar Year Net Premiums Written by Line (\$M)



Insurance Segment: Professional Lines includes professional liability, executive assurance and healthcare business. **Excess and surplus casualty** includes casualty and contract binding business. **Other** includes alternative markets, excess workers' compensation and surety business.

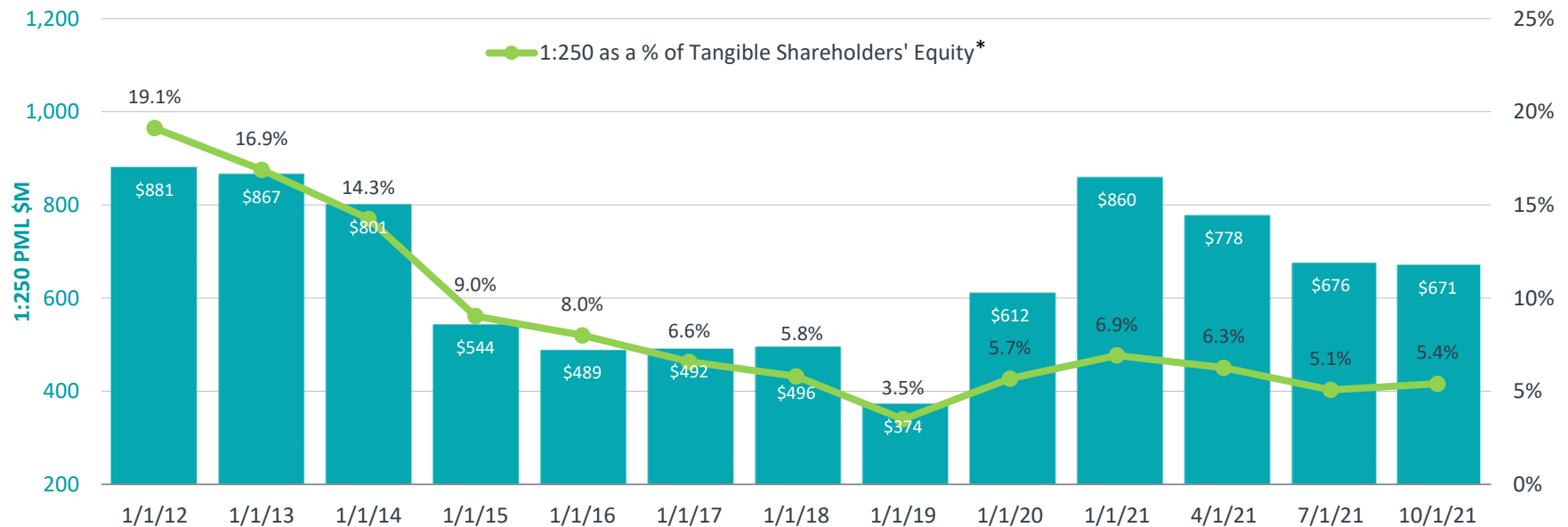
Calendar Year Net Premiums Written by Line (\$M)



Reinsurance Segment: Casualty includes executive assurance, professional liability, workers' compensation, healthcare, Motor XOL and other. **Specialty** includes proportional motor, surety, accident and health, workers' compensation catastrophe, agriculture, trade credit and other. **Other** includes life, casualty clash and other.

ACGL Peak Zone 1:250 PML

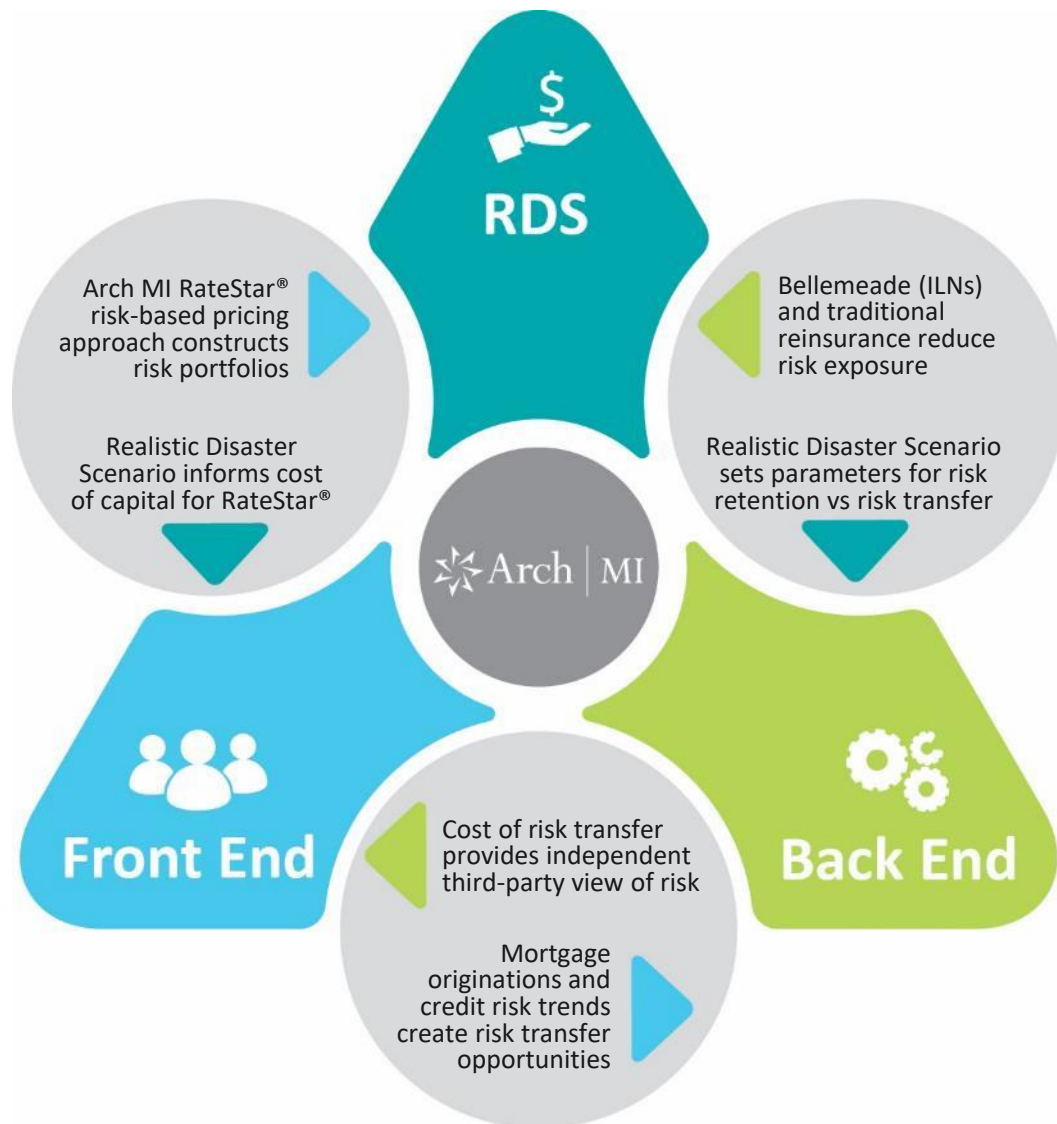
ACGL Peak Zone 1:250 PML



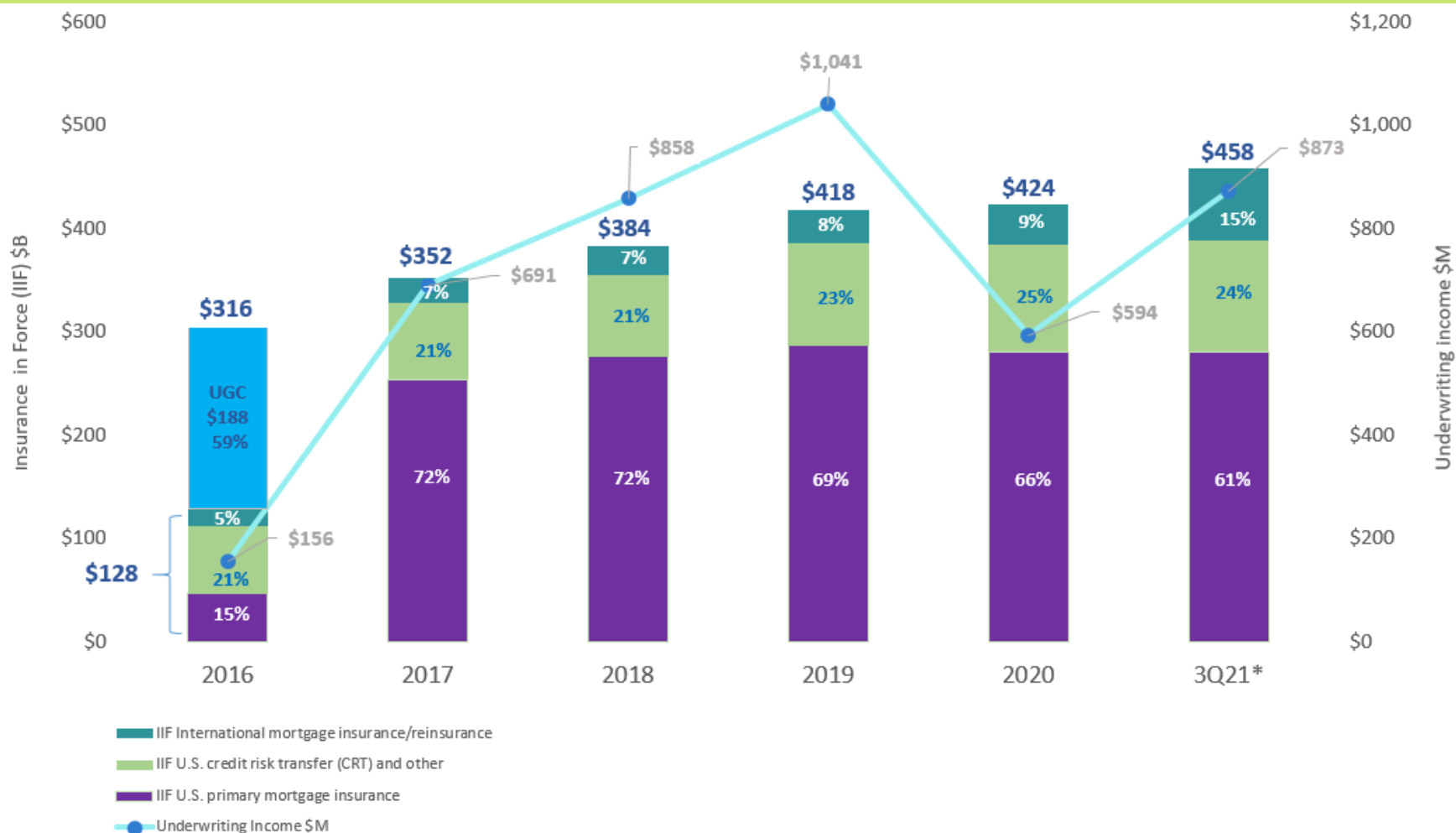
* Total shareholders' equity available to Arch less Goodwill and intangible assets

Differentiated Business Model

- Arch aggregates risk from diversified sources and then utilizes a variety of tools for managing mortgage and credit risk.
- Arch seeks to limit risk exposure from a severe economic event (RDS) to protect capital.
- Mortgage Segment is positioned for consistent, attractive returns throughout the cycle.



Insurance In Force (IIF) and Underwriting Income

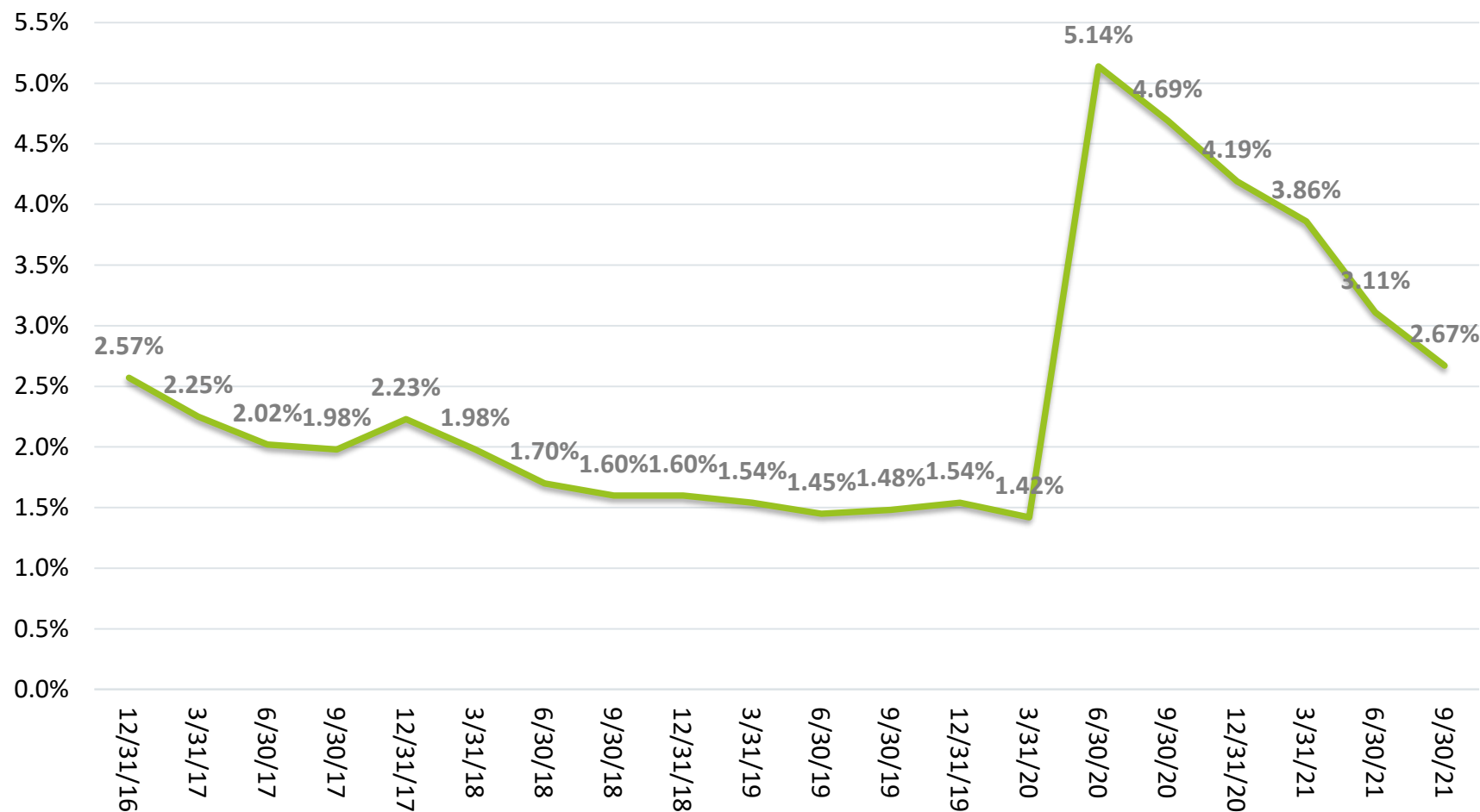


*Underwriting income for 3Q21 is for the trailing 12 months ended September 30, 2021.

Pandemic Led Rise In US Delinquency Rate Is Declining



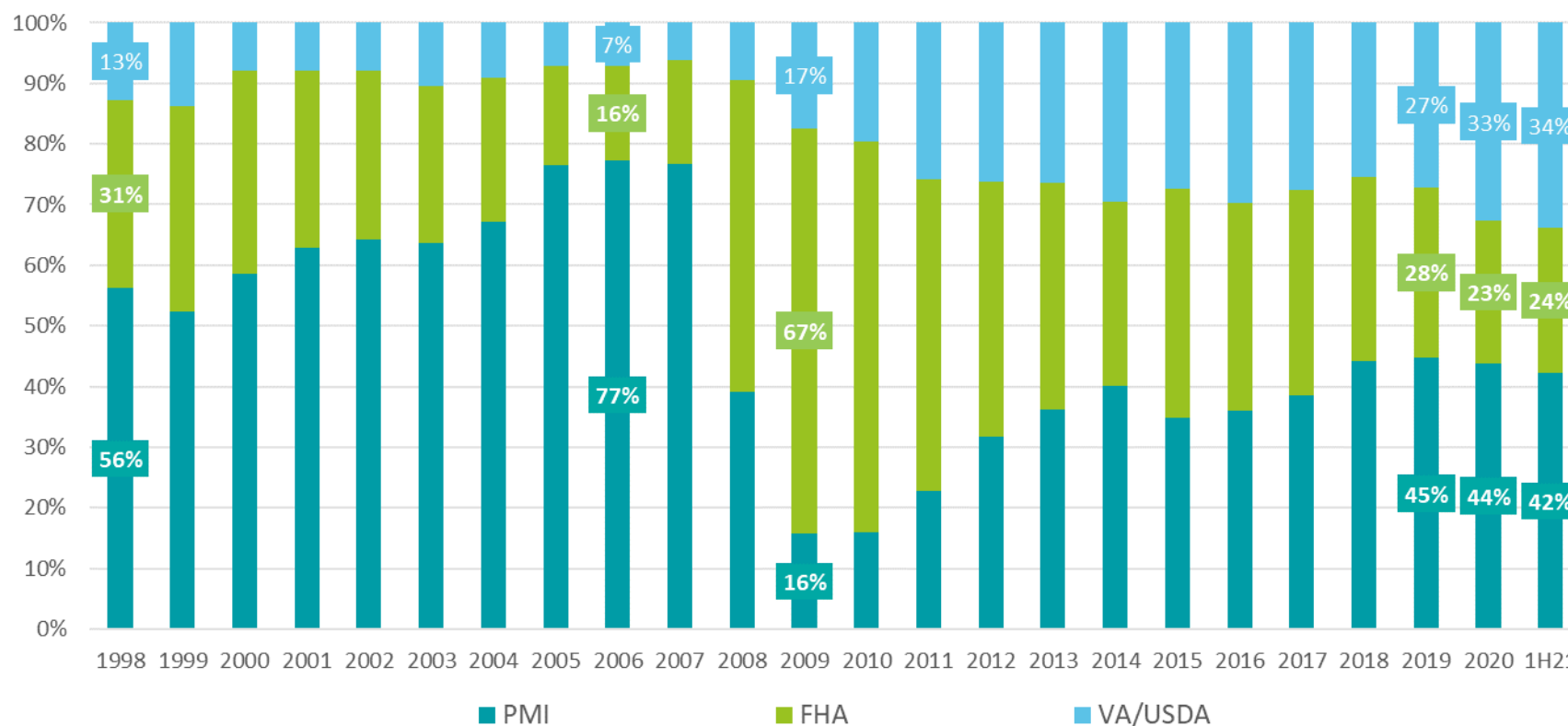
Arch MI US Delinquency Rate



As of 09/30/2021, PMIERS sufficiency ratio: 195% – Calculated as available assets divided by required assets as defined within PMIERS; \$1.8 billion of excess available assets.

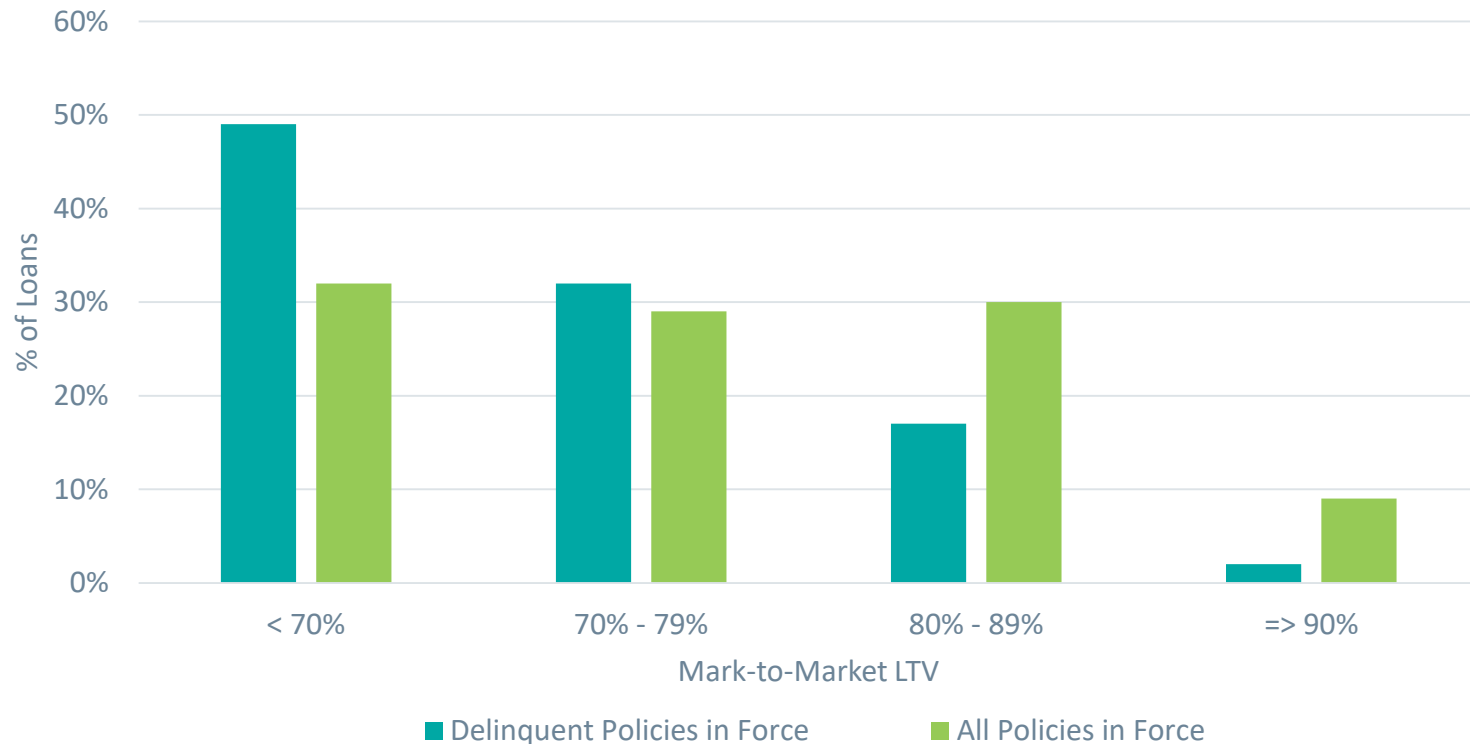
After a strong rebound off of its low in 2009, PMIs' share of insured originations has declined slightly since the onset of pandemic due to heavy refi activity.

Market Shares of Insured Originations



Source: Inside Mortgage Finance

Distribution of Arch Insured Loans by Estimated Mark-to-Market LTV*



An Estimated 98% of Arch Delinquencies Have at Least 10% Equity, Thanks in Part to Strong House Price Appreciation

*MTM LTVs are estimated based on amortization and house price appreciation at the MSA level. House price appreciation is based on the FHFA All-Transactions House Price Index as of 6/30/21 plus extrapolated appreciation through 8/31/21. Mortgage balance data is as of 9/30/21.

Arch MI US – Bellemeade Reinsurance Coverage by Deal



September 30, 2021 (\$ in millions)

	Bellemeade Re Insurance-Linked Notes Key Metrics ^{(1)*}												
	2017-1	2018-1	2018-3	2019-1	2019-2	2019-3	2019-4	2020-2 ⁽⁸⁾	2020-3 ⁽⁸⁾	2020-4 ⁽⁸⁾	2021-1 ⁽⁸⁾	2021-2 ⁽⁸⁾	2021-3 ⁽⁸⁾
Coverage dates for policies issued between ⁽²⁾	1/17-6/17	7/17-12/17	1/18-6/18	2005-2008 ⁽³⁾	7/18-12/18	2016	1/19-6/19	1/20-5/20	6/20-8/20	7/19-12/19	9/20-11/20	12/20-3/21	4/21-6/21
Initial risk in force	7,362	7,489	7,970	5,944	8,872	9,284	7,216	7,187	6,951	8,121	8,581	8,105	6,558
Current risk in force	1,683	2,093	1,873	2,285	2,126	3,139	2,254	4,811	5,711	4,632	7,893	7,735	6,419
Initial coverage at issuance date (ILN)	368	374	506	342	621	701	577	423	418	321	580	523	508
Current coverage (ILN)	146	229	303	211	398	492	469	267	381	227	580	523	508
Initial coverage at issuance date (traditional XOL)	-	-	-	-	-	-	-	26	34	16	64	93	131
Current coverage (traditional XOL)	-	-	-	-	-	-	-	2	24	12	64	93	131
Arch's retention layer	166	169	179	208	222	232	162	252	174	150	172	154	148
Claims paid under Arch's retention layer	5	4	4	22	3	1	1	-	-	-	-	-	-
Incurred losses under Arch's retention layer	41	47	53	110	66	53	49	24	14	16	14	7	2
Arch remaining retention, net of incurred losses	125	122	126	98	156	179	113	228	160	134	158	147	146
Delinquency % ⁽⁴⁾⁽⁹⁾	5.06%	4.98%	6.33%	7.90%	7.24%	3.85%	5.45%	1.35%	0.72%	1.06%	0.55%	0.38%	0.15%
Delinquency trigger % ⁽⁵⁾	5.00%	5.00%	5.00%	8.00%	5.00%	4.00%	5.00%	N/A	N/A	N/A	N/A	N/A	N/A
Initial attachment % (cumulative losses as % of RIF)	2.25%	2.25%	2.25%	3.50%	2.50%	2.50%	2.25%	3.50%	2.50%	1.85%	2.00%	1.90%	2.25%
Initial detachment % (cumulative losses as % of RIF)	7.25%	7.25%	8.60%	9.25%	9.50%	10.05%	10.25%	9.75%	9.00%	6.00%	9.50%	9.50%	12.00%
Current attachment % ⁽⁶⁾ (cumulative losses as % of RIF)	9.84%	8.05%	9.57%	9.10%	10.43%	7.39%	7.20%	5.23%	3.04%	3.24%	2.17%	1.99%	2.30%
Current detachment % ⁽⁷⁾ (cumulative losses as % of RIF)	18.49%	18.99%	25.73%	18.32%	29.17%	23.06%	28.00%	10.81%	10.15%	8.39%	10.33%	9.95%	12.26%

* Numbers may not foot due to rounding.

See notes on accompanying page.

(1) Through September 30, 2021, including the initial coverage of \$364M provided directly by a panel of reinsurers through traditional excess of loss agreements, Arch Mortgage Insurance Company ("AMIC") and United Guaranty Residential Insurance Company ("UGRIC") (together, "Arch MI" or the "Company"), has entered into various aggregate excess of loss mortgage reinsurance agreements with special purpose reinsurance companies ("SPRs") domiciled in Bermuda. The SPRs are not subsidiaries or affiliates of the Company. Based on applicable accounting guidance, the Company does not consolidate the SPRs in its consolidated financial statements.

(2) An immaterial number of loans in each transaction have coverage dates outside of the indicated ranges.

(3) Policies between 2005 and 2008 were issued by UGRIC; Policies through 2015 were issued by both UGRIC and AMIC.

(4) Represents the percentage of risk in force that is 60 or more days delinquent.

(5) When delinquency triggers are reached, then bond amortization stops and coverage remains constant.

(6) Represents the amount of cumulative losses as a percentage of current risk in force that the Company retains prior to the Bellemeade notes absorbing

(7) Represents the amount of cumulative losses as a percentage of current risk in force that must be reached before the Company starts absorbing losses

(8) The Bellemeade 2020-2, 2020-3, 2020-4, 2021-1, 2021-2, and 2021-3 delinquency triggers are not driven by a static delinquency percentage, but occur when the average sixty-day plus delinquency amount from the prior three periods is equal to or exceeds a specific percentage of all subordinate tranches.

Bellemeade agreements 2020-2, 2020-3, 2020-4, 2021-1, and 2021-2 have a 75% threshold, while Bellemeade 2021-3 has a 60% threshold as calculated against all subordinate tranches.

(9) The information regarding delinquencies and cures is reported to the Company from loan servicers. Delinquency reporting, particularly on a monthly basis, may be affected by several factors, including the date on which the report is generated and transmitted to Arch MI, updated information submitted by servicers, and by the timing of servicing transfers.

As of September 30, 2021 (\$ in millions)

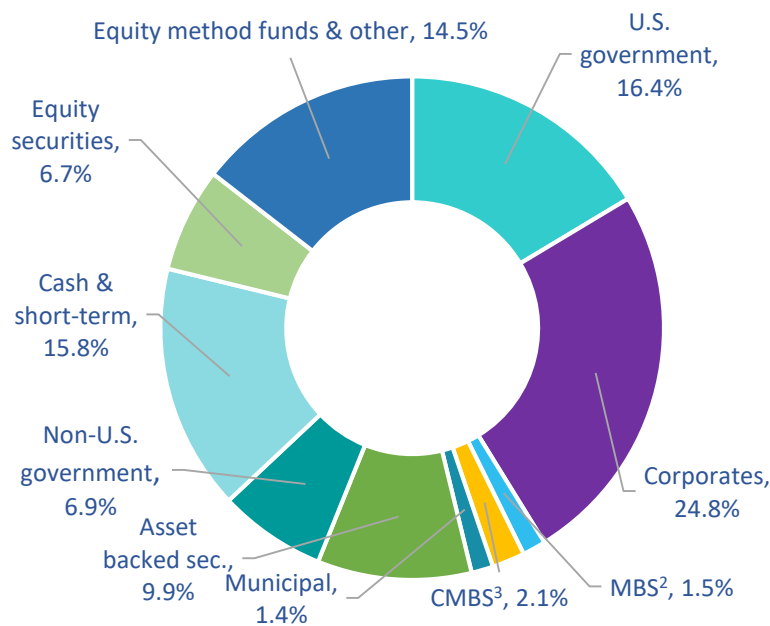
Vintage	Gross RIF	Est. RIF Ceded to QS	RIF net of QS ⁽¹⁾	Est. Bellemeade Coverage as % of RIF net of QS	Bellemeade Reference Pool
2011 and prior	\$2,672	\$ -	\$2,672	78.5%	\$2,098
2012	505	-	505	23.4%	118
2013	1,342	-	1,342	3.8%	51
2014	1,501	683	818	0.9%	7
2015	2,637	1,104	1,534	0.7%	10
2016	4,324	1,112	3,212	97.4%	3,128
2017	3,910	48	3,863	98.6%	3,810
2018	4,105	49	4,055	98.8%	4,008
2019	7,463	79	7,383	93.7%	6,917
2020	21,777	929	20,849	100.0%	20,845
2021	20,084	3,380	16,704	69.8%	11,660
Total *	\$70,320	\$7,384	\$62,936	83.7%	\$52,653

* Numbers may not foot due to rounding.

(1) RIF net of QS and excess of loss reinsurance is \$54,847.

- Arch manages the portfolio conservatively to protect our reserves on an economic basis and ensure our ongoing ability to pay claims.
- Arch's investment approach is to improve the Company's Return on Equity while avoiding undue risk. We do this by focusing on total return with thoughtful target allocation and periodic rebalancing.

Invested Assets - \$27.3B¹



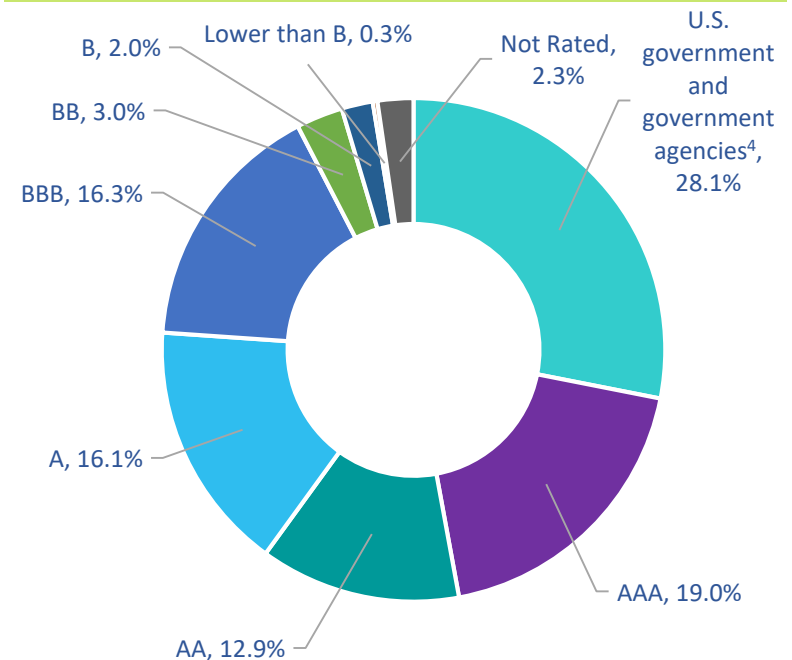
¹ Excluding amounts attributable to the 'other' segment (Watford)

² MBS = Mortgage backed securities

³ CMBS = Commercial mortgage backed securities

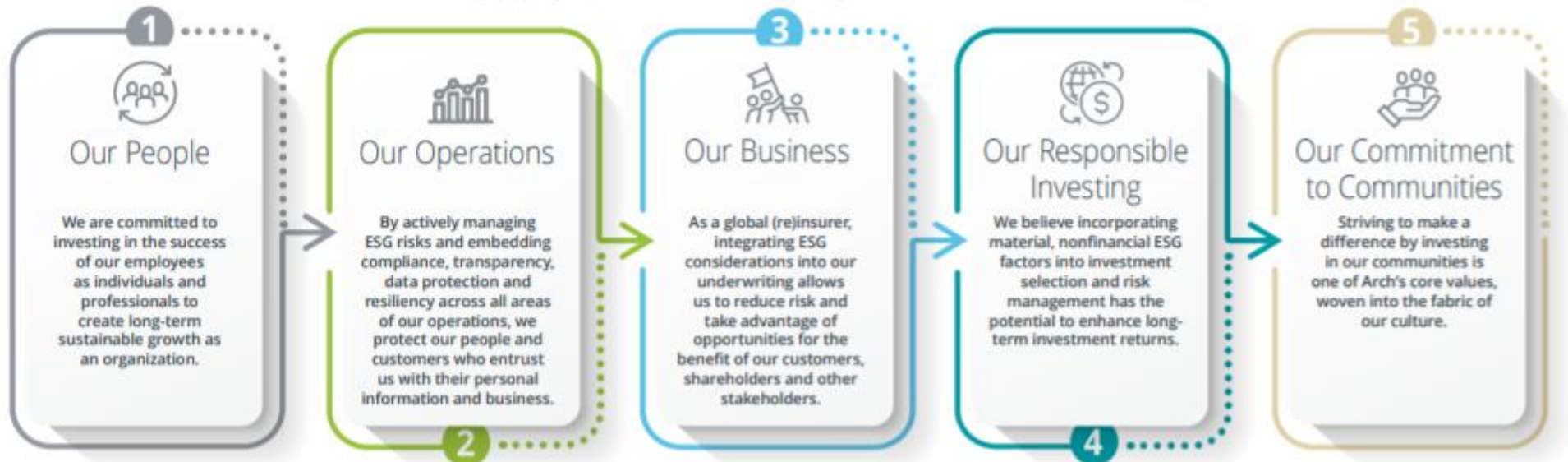
⁴ Includes U.S. government – sponsored agency MBS and agency CMBS.

Fixed Maturity by Rating- \$17.2B¹



Our ESG Impact Areas and Material ESG Topics

We focus our ESG efforts around integrating sustainability-driven thinking and decision-making into **five core impact areas** of our company. By organizing our strategy around these areas, we seek to encompass Arch's collaborative ESG successes and sustainability progress across our operations in our annual reporting to shareholders, rating agencies and the public.



- Benefits & Employee Wellbeing
- Diversity & Inclusion
- Career Development

- ERM
- Ethics & Code of Business Conduct
- Business Continuity
- Privacy & Data
- Responsible Supply Chain
- Operational Sustainability

- Underwriting ESG Integration
- Thermal Coal Policy
- Sustainable Insurance Solutions

- ESG Aware Statement & Approach
- Impact Investments

- Corporate Giving
- Employee Giving & Volunteering

Our ESG Reporting

A major element of our ESG strategy is our annual reporting. We believe in the value of transparency around our sustainability initiatives, and we are committed to sharing our progress to relevant stakeholders on an annual basis across the following three reports:

[Annual Sustainability Report:](#)

Intended for all stakeholders and the general public. This report describes our comprehensive ESG narrative and strategy. In 2020, this report includes an overview of Arch's response to the COVID-19 pandemic and support of the social justice movement.



[Sustainability Accounting Standards Board \(SASB\) Report:](#)

Intended for investors, SASB has disclosures around the financial impacts of sustainability.



[Task Force on Climate-Related Financial Disclosures \(TCFD\) Report:](#)

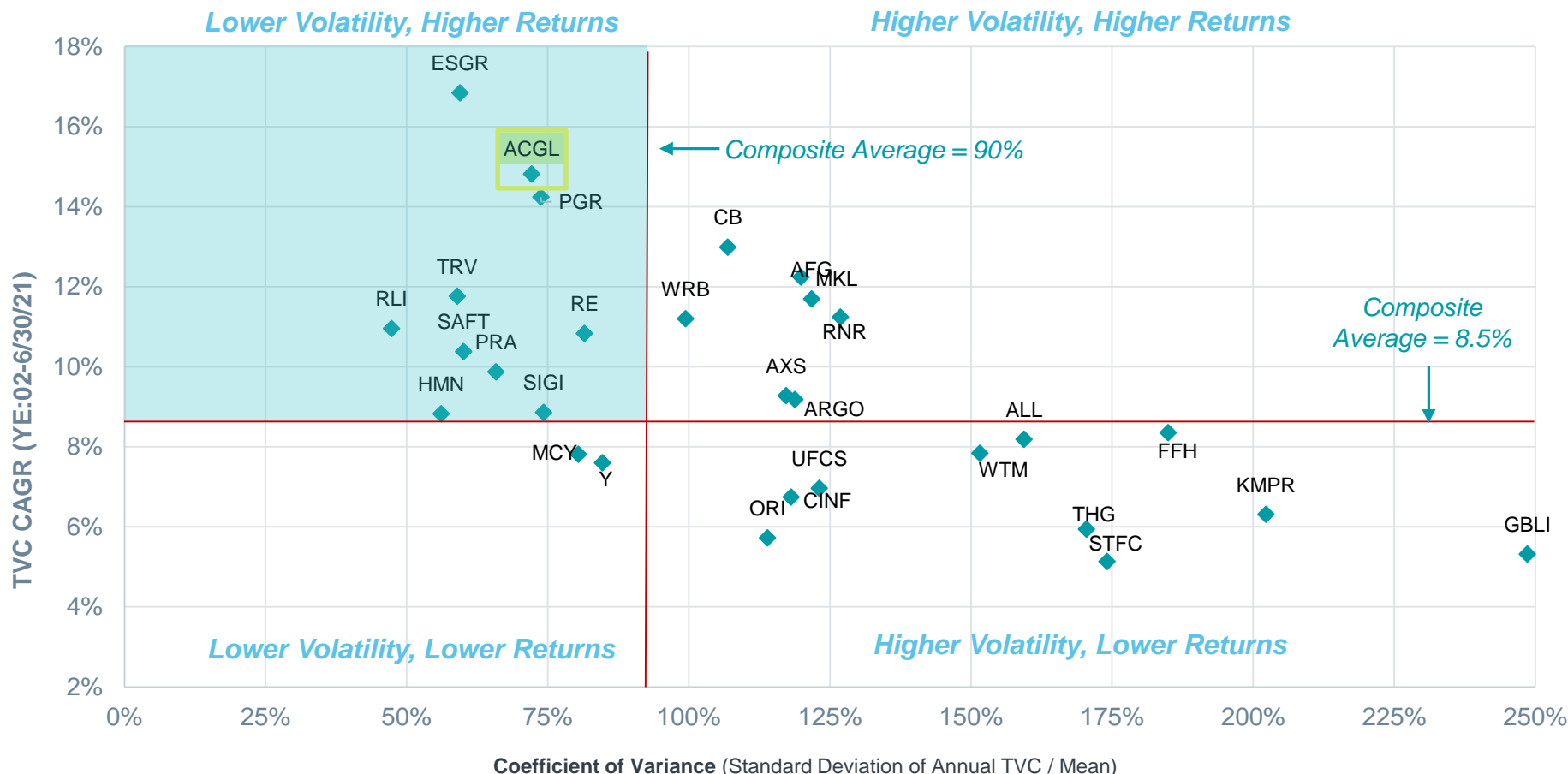
Aligned with the framework set forth by the Task Force on Climate-related Financial Disclosures, this report is intended for investors, regulators, and other significant stakeholders.



Strong track record of generating higher, more consistent risk-adjusted returns

Total Value Creation vs. Coefficient of Variation – Total Composite

12/31/2002 – 06/30/2021



Source: D&P Analysis. Chart represents **Total Value Creation**, which includes Tangible book value per share growth plus dividends.

Note: Excludes CNA (3.5%, 338%), Hartford (3.0%, 358%), MGIC (-3.3%, 554%) and Radian (-1.0%, 593%) as coefficient of variation exceeds 250%.

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