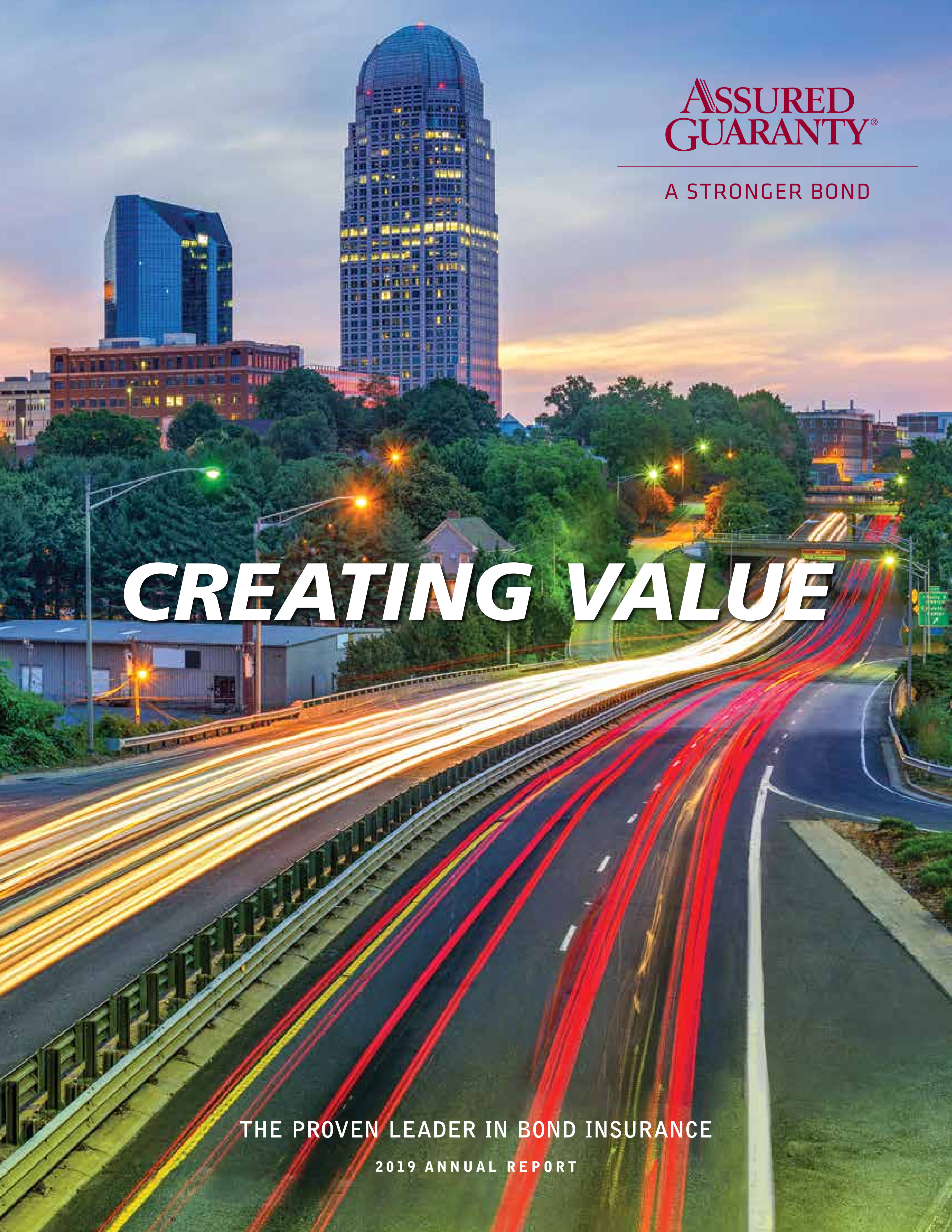


ASSURED GUARANTY®

A STRONGER BOND

CREATING VALUE

THE PROVEN LEADER IN BOND INSURANCE

2019 ANNUAL REPORT

ASSURED GUARANTY®

A STRONGER BOND

For more than three decades, Assured Guaranty has helped to lower the cost of building and maintaining essential public infrastructure by insuring municipal bonds and public-private partnership transactions; has assisted in expanding the buying power of consumers and the financial resources of businesses by guaranteeing structured financings; and has provided tools and resources for institutions to manage capital efficiently. Bond issuers use our credit enhancement to gain more efficient access to capital markets. Bond investors rely on our unconditional and irrevocable guaranty of timely debt service payments and enjoy the added value of our credit selection, underwriting and surveillance. With this value proposition, our risk management discipline and our strategic vision, execution and diversification, we have built a financially strong company to stand the test of time. And in 2019, we expanded into the asset management business, further diversifying our revenue sources and product offerings.

Through its insurance subsidiaries, Assured Guaranty Ltd. (together with its subsidiaries, Assured Guaranty) is the leading provider of financial guarantees for principal and interest payments due on municipal, public infrastructure and structured financings. Through other subsidiaries, Assured Guaranty provides asset management services. Assured Guaranty Ltd. is a publicly traded (NYSE: AGO), Bermuda-based holding company. More information on Assured Guaranty Ltd. and its subsidiaries can be found at AssuredGuaranty.com.

Please see the inside back cover for the forward-looking statements disclaimer.

ASSURED GUARANTY IS THE WORLD'S LEADING FINANCIAL GUARANTOR AND A PROVIDER OF ASSET MANAGEMENT SERVICES

THE PROVEN LEADER IN BOND INSURANCE

CREATING VALUE THAT BENEFITS…

- **Fixed-Income Investors/Policyholders**
- **Shareholders**
- **Issuers and Their Advisors**
- **Banks and Insurance Companies**
- **Securities Underwriters**
- **Financial Advisors**
- **CLO and Opportunity Fund Investors**

Dear Shareholders and Policyholders,

2019

The year 2019 was both outstanding and transformative for Assured Guaranty.

- We wrote new financial guaranty business totaling $463 million in PVP* and saw, by far, our best direct production result since 2009.
- Dramatic growth in our direct international infrastructure and global structured finance business drove a 65% year-over-year increase in total direct production.†
- We set new records for key measures of shareholder value, with year-end values per share of $71.18, $66.96 and $96.86, respectively, for shareholders' equity,‡ adjusted operating shareholders' equity* and adjusted book value.*§
- Our value creation efforts, including our effective capital management program, resulted in 13% growth in adjusted book value per share,* the non-GAAP measure we believe best approximates the Company's intrinsic value per share.
- We earned $402 million of net income,‡ or $4.00 per share, and $391 million of adjusted operating income,* or $3.91 per share.

* On all pages, an asterisk denotes a non-GAAP financial measure. For a definition and a reconciliation of a non-GAAP financial measure to the most directly comparable GAAP measure, please refer to the section entitled "Non-GAAP Financial Measures" on pages 106-110 in the Form 10-K at the back of this book.

† Direct PVP excludes business assumed through reinsurance. In 2018, Assured Guaranty reinsured a large portfolio of Syncora Guarantee Inc. (SGI) exposures, producing $391 million of assumed PVP.

‡ Refers to amount attributable to Assured Guaranty Ltd. (AGL)

§ Adjusted operating shareholders' equity and adjusted book value were formerly disclosed as non-GAAP operating shareholders' equity and non-GAAP adjusted book value, respectively.

"The year was both outstanding and transformative, with our best direct insurance production in a decade and a key acquisition on which to build our Assured Investment Management platform." —**Dominic J. Frederico, President and Chief Executive Officer**

- For the fifth time in the last six years, we repurchased $500 million or more of common shares in our capital management program. In February 2020, our Board of Directors authorized additional share repurchases of $250 million.
- We returned $74 million in dividends to our shareholders in 2019, and in February 2020, our Board of Directors approved an 11% quarterly dividend increase to $0.20 per share.
- We made progress in our loss mitigation efforts relating to our exposures to the Commonwealth of Puerto Rico and its public corporations. Major steps included the resolution of our exposure to the Puerto Rico Sales Tax Financing Corporation (COFINA) and our participation in a Restructuring Support Agreement (RSA) for the Puerto Rico Electric Power Authority (PREPA). In many respects, however, the behavior of the Financial Oversight and Management Board for Puerto Rico (the Oversight Board) and the Commonwealth government continued to ignore creditor rights and the rule of law. We opposed an inadequate Plan Support Agreement the Oversight Board negotiated with certain general obligation bondholders and will defend to the fullest extent our legal rights under the law.
- And we fulfilled a long-held strategic diversification priority by acquiring an established asset management firm that has a complementary skill set and target market. Our acquisition of BlueMountain Capital Management, LLC (BlueMountain) and associated entities provides the foundation for a new platform we call Assured Investment Management. Assured Guaranty's transformation into a dual financial guaranty and asset management company diversifies revenue by supplementing the risk premiums we receive in our insurance segment with fee income, and it opens new pathways for us to create value for our stakeholders.

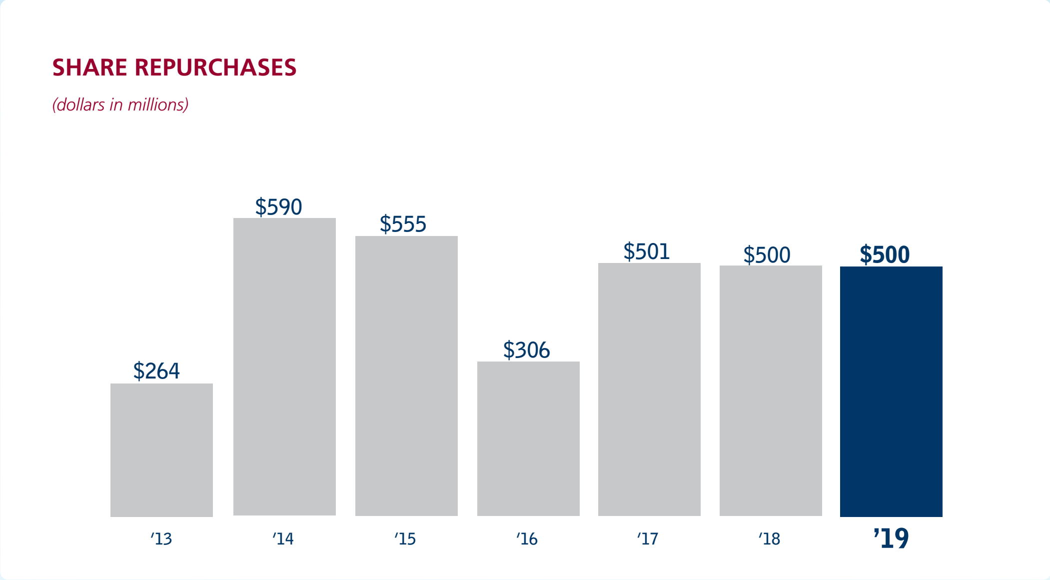
ADJUSTED OPERATING INCOME*

Adjusted Operating Income* Reconciliation	Year Ended December 31,									
(dollars in millions, except per share amounts)	2019		2018		2017		2016		2015	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Net Income (loss) attributable to AGL	**$402**	**$ 4.00**	**$521**	**$ 4.68**	**$730**	**$ 5.96**	**$ 881**	**$ 6.56**	**$1,056**	**$ 7.08**
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)	—	—	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	$391	$ 3.91	$482	$ 4.34	$661	$ 5.41	$ 895	$ 6.68	$ 710	$ 4.76

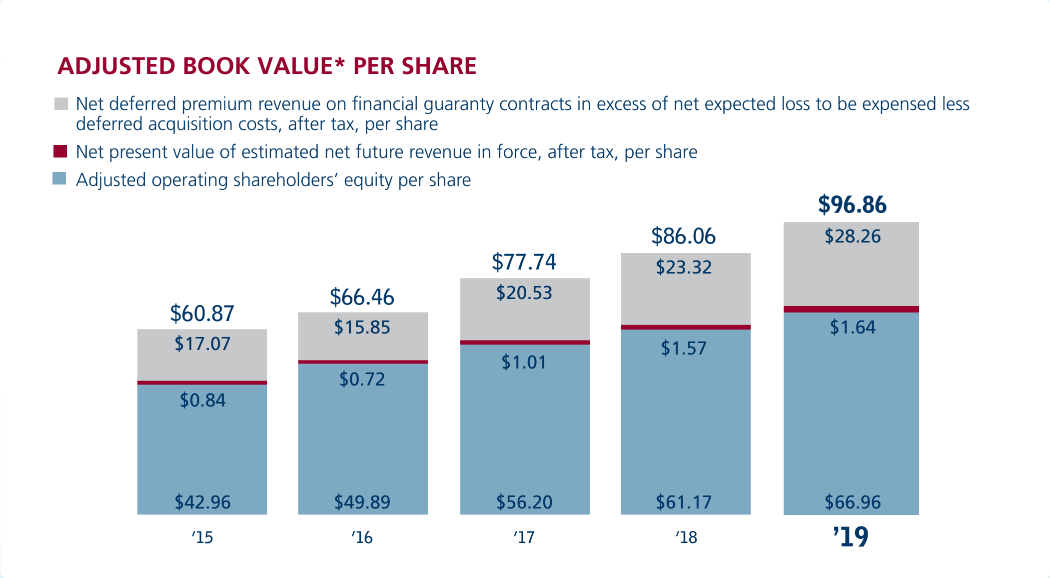
Adjusted book value* per share **increased 13% to a record $96.86.**

ADJUSTED BOOK VALUE*

Adjusted Book Value* Reconciliation	As of December 31,									
(dollars in millions, except per share amounts)	2019		2018		2017		2016		2015	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
Reconciliation of shareholders' equity to adjusted book value*										
Shareholders' equity attributable to AGL	**$6,639**	**$71.18**	**$6,555**	**$63.23**	**$6,839**	**$58.95**	**$6,504**	**$50.82**	**$6,063**	**$43.96**
Less pre-tax reconciling items:										
Non-credit impairment unrealized fair value gains (losses) on credit derivatives	(56)	(0.60)	(45)	(0.44)	(146)	(1.26)	(189)	(1.48)	(241)	(1.75)
Fair value gains (losses) on CCS	52	0.56	74	0.72	60	0.52	62	0.48	62	0.45
Unrealized gain (loss) on investment portfolio excluding foreign exchange effect	486	5.21	247	2.39	487	4.20	316	2.47	373	2.71
Less taxes	(89)	(0.95)	(63)	(0.61)	(83)	(0.71)	(71)	(0.54)	(56)	(0.41)
Adjusted operating shareholders' equity*	6,246	66.96	6,342	61.17	6,521	56.20	6,386	49.89	5,925	42.96
Pre-tax reconciling items:										
Less: Deferred acquisition costs	111	1.19	105	1.01	101	0.87	106	0.83	114	0.83
Plus: Net present value of estimated net future revenue	192	2.05	204	1.96	146	1.26	136	1.07	169	1.23
Plus: Net unearned premium reserve on financial guaranty contracts in excess of expected loss to be expensed	3,296	35.34	3,005	28.98	2,966	25.56	2,922	22.83	3,384	24.53
Plus taxes	(588)	(6.30)	(524)	(5.04)	(512)	(4.41)	(832)	(6.50)	(968)	(7.02)
Adjusted book value	$9,035	$96.86	$8,922	$86.06	$9,020	$77.74	$8,506	$66.46	$8,396	$60.87



Share repurchases totaling $500 million helped drive value per share to record levels.



PRIORITIZING

FINANCIAL STRENGTH

Continued Leadership in U.S. Municipal Bond Insurance

Our remarkable new business production in 2019 was especially impressive given the headwinds of historic low interest rates and extremely tight credit spreads.

Municipal bond yields fell in 2019 to then-record lows as investors, prompted by tax law changes, poured an unprecedented $105.5 billion into municipal bond funds. The yields on the 30-year municipal bonds fell below 2% at times, and ended the year almost a full percentage point below where they started the year. The low interest rate environment during the year also made taxable issuance attractive for numerous municipal issuers, bringing non-traditional buyers into the market. All told, municipal bond par issued increased 27% year-over-year to $407 billion in 2019. Industry insured volume also grew 27%.

We saw an even higher rate of growth, 34%, in the par amount insured by Assured Guaranty in the primary U.S. municipal bond market. We continued to lead the U.S. municipal bond insurance industry, guaranteeing 60% of the insured new issue par sold during 2019, including 64% of the

Group insured leverage as a multiple of claims-paying resources has improved over the last decade, declining by more than 50%.

insured par awarded through competitive bids. In total for the year, we guaranteed tax-exempt and taxable municipal new issues with an aggregate insured par of $14.7 billion.[§§]

The 840 primary-market issues we insured included 22 different transactions where we insured $100 million or more of par. Among them was the largest single insured public finance issue in almost a decade, a $700 million portion of CommonSpirit Health's $6.5 billion financing, which was named The Bond Buyer's Deal of the Year. This was one of several transactions generated by our renewed presence in the healthcare sector.

Additionally, in a reflection of the U.S. municipal bond market's high regard for our guaranty, 10% of our 2019 primary-market municipal par insured held underlying ratings in the double-A category from S&P Global Ratings (S&P) or Moody's Investors Service Inc. (Moody's).

During 2019, we guaranteed the two largest insured Green Bond transactions executed prior to December 31, 2019. Then, in January 2020, we guaranteed an even larger insured Green Bond transaction. Our municipal bond insurance has always been a way to lower the financing cost of

[§§] Total market volume and growth of industry insured volume are based on information supplied by Refinitiv. Assured Guaranty's insured volume, number of transactions and municipal bond insurance market share information were calculated by Assured Guaranty based on Refinitiv data plus AGM-insured transactions, one in each of 2018 and 2019, that were assigned corporate CUSIPs and therefore may be excluded from third-party municipal data bases.

projects with environmental benefits—whether in mass transit, renewable energy, resource recovery, water treatment or other sectors—long before certified Green Bonds became a category.

Including all primary- and secondary-market business, we closed U.S. public finance transactions totaling $16.3 billion of insured par in 2019, generating $201 million in PVP.

International and Structured Finance Drove Direct Production to Ten-Year Record

Beyond U.S. public finance in 2019, we demonstrated the value created by our commitment to a diversified financial guaranty underwriting strategy. Diligent work throughout the year in our international infrastructure business paid off in the fourth quarter with the highest international PVP result not only for any quarter but also for any year since we acquired Assured Guaranty Municipal (AGM) in 2009. In total for all of 2019, we produced $211 million of primary- and secondary-market PVP related to a variety of public sector and public-private infrastructure transactions in the United Kingdom and Europe. These included a large number of privately executed, bilateral guarantees on sub-sovereign credits. Further, we wrapped bonds involving university housing, social housing, water systems, solar energy and a local government leaseback arrangement.

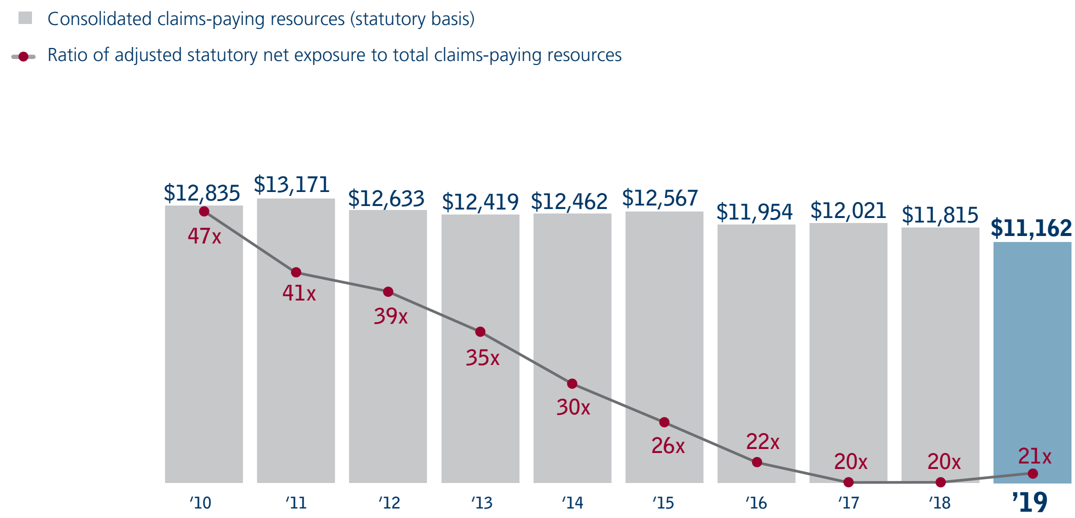
Corporate responsibility is central to our mission, from our core public finance underwriting and unconditional commitments to policyholders to our strong governance and sustainability initiatives.

While we have an important and well-established base of business in the United Kingdom, we took steps in 2019 to build on our experience in other countries and further diversify the markets where we are active. For example, we guaranteed a €207 million Spanish solar energy refinancing that was both the first wrapped bond issuance in Spain since the global financial crisis and the largest renewable energy transaction we had guaranteed anywhere up to that point. (We executed a larger Spanish solar transaction in January 2020.) The transaction was privately placed not only with European investors but also with investors based in South Korea.

To address the potential impact of the United Kingdom's withdrawal from the European Union on non-U.K. business of our London-based insurance subsidiary, Assured Guaranty (Europe) plc (AGE UK), we created a new subsidiary in France. The new French company, Assured Guaranty (Europe) SA, has already begun writing new business in Europe, and we intend to transfer to it guarantees that AGE UK currently provides to beneficiaries located in the European Economic Area. Upon its creation, the French subsidiary was awarded financial strength ratings of AA+ from Kroll Bond Rating Agency (KBRA) and AA from S&P.

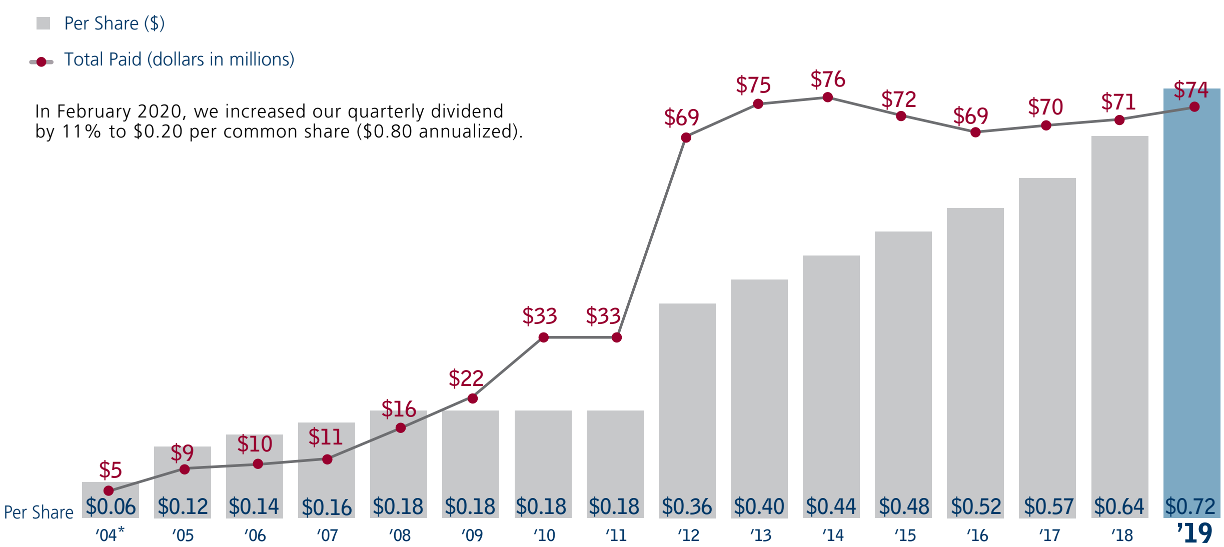
CONSOLIDATED CLAIMS-PAYING RESOURCES AND INSURED PORTFOIO LEVERAGE

(dollars in millions at year-end)



DIVIDENDS

In February 2020, we increased our quarterly dividend by 11% to $0.20 per common share ($0.80 annualized).



*In 2004, dividends were paid following our April IPO. The amount shown is the quarterly dividend, annualized.

Additionally, to develop more opportunities in Australia and New Zealand, we entered into an exclusive Co-Operation Agreement with DTW Capital Solutions, the independent arranger and advisor we collaborated with in 2018 on a wrapped bond issue for the Port of Brisbane.

In global structured finance during the year, the $51 million of PVP we wrote was driven by significant growth in our direct structured finance business, which was double the direct structured finance production in 2018. Our business providing capital management solutions for insurance companies accounted for two-thirds of structured finance PVP in 2019, but the business was also diversified across aviation transactions, collateralized loan obligations, asset-backed securities and other structured finance transactions.

A Turning Point

Since the start of 2008, our insured portfolio has been amortizing more quickly than we added new financial guaranty business. This was a function of accelerated refunding activity due to the low interest rate environment, as well as the fact that over the last several years we have acquired many

IMPLEMENTING

STRATEGIC VISION

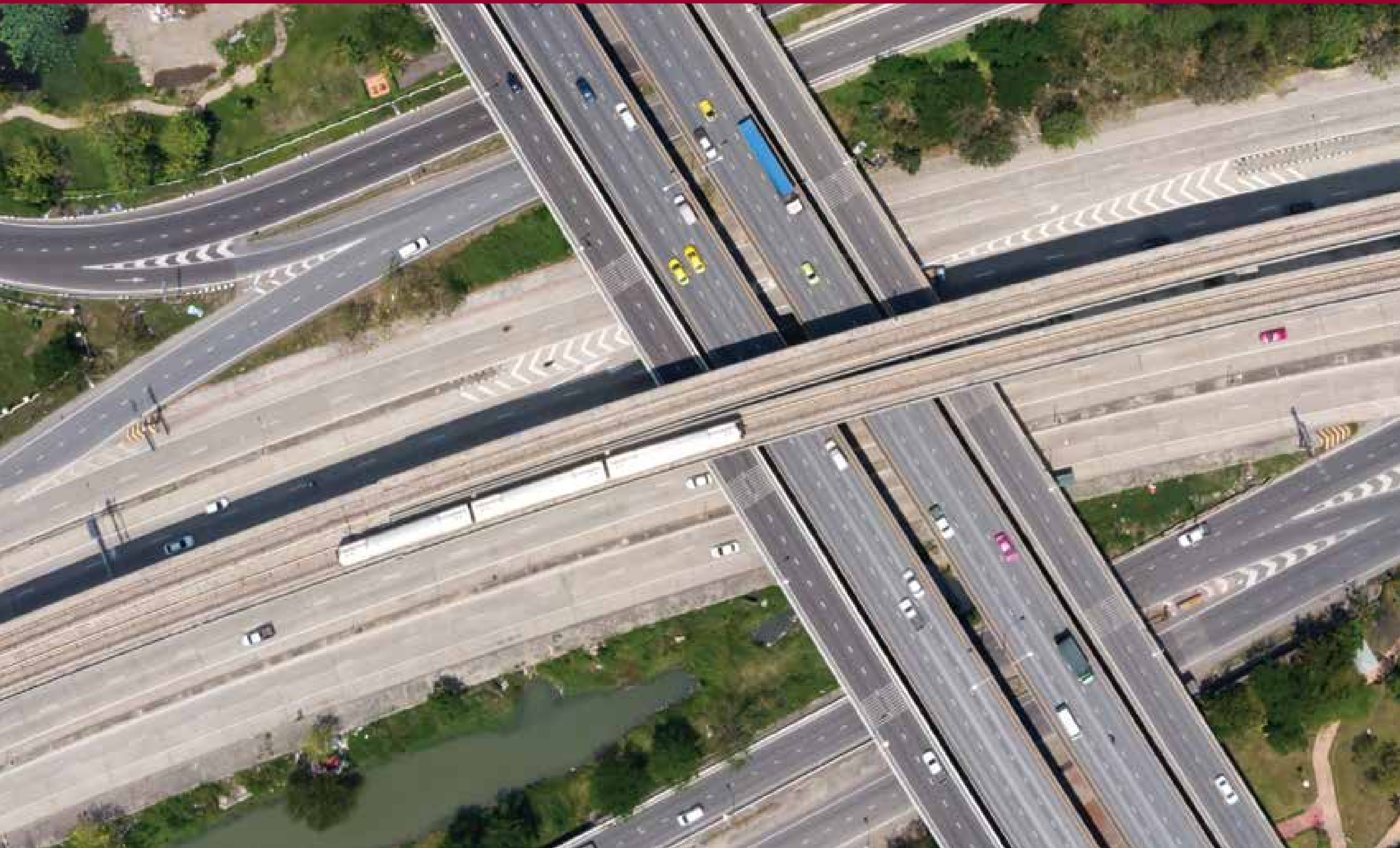
insured portfolios underwritten by former competitors, which significantly increased our insured exposures to a size where the amortization could not be offset by the new business we have written in a challenging market. This has dramatically reduced our insurance exposure and, because our statutory capital and claims-paying resources remained strong, helped to improve our insured leverage ratios. This occurred even though we repurchased $3.3 billion of outstanding common shares, paid $680 million in dividends to shareholders and paid approximately $11 billion in gross claims during that period. (Approximately 70% of those claims were in our discontinued residential mortgage-backed securities business.)

We believe we have now reached an inflection point where, assuming a stable capital market environment, our rate of new business written should tend to equal or exceed that of exposures amortized in a given year. This should result in growth in our unearned premium reserve and therefore in our stream of predictable future earned revenue. The new business we write also has a direct positive effect on our claims-paying resources, offsetting the impact of the claims we pay out annually. Currently, most of those claims relate to our Puerto Rico exposures.

Progress Resolving Exposure to Puerto Rico

We have been active in Puerto Rico negotiations and litigation to mitigate our potential losses and also to oppose precedents that defy the rule of law and could ultimately result in higher financing costs for municipalities throughout the United States. In distressed debt situations, we have always preferred to reach consensual settlements that avoid years of costly litigation and help to restore

In the insurance segment, our commitment to diverse markets has been a successful strategy that continues to produce strong results. Our entry into asset management fulfills our strategic objective to diversify our types of revenue.



the debtor's capital market access. A step in the right direction came when we and other creditors supported confirmation of the COFINA plan of adjustment, which enabled COFINA to restructure its debt load. We paid off in full our COFINA exposure and subsequently sold the exchange bonds we received in that restructuring.

A second accomplishment occurred when PREPA, the Oversight Board, the Commonwealth, bond insurers including Assured Guaranty, and holders of 90% of PREPA's uninsured revenue bonds agreed to the PREPA RSA. We believe prompt implementation of this agreement is the first critical step toward the privatization and rebuilding of PREPA, so that it becomes the efficient, reliable, resilient and sustainable electricity provider that is essential for Puerto Rico's long-term economic health.

As 2019 ended, there remained more work to do to gain approval of a Plan of Adjustment for PREPA and to resolve the Commonwealth's general obligation debt and that of several public corporations.

Our **$237 billion** insured portfolio is **more than 96%** investment grade.

Puerto Rico has resources to settle its debts and provide essential services. At year-end, the Commonwealth and many of its instrumentalities held an aggregate cash balance exceeding $17 billion, according to a government disclosure. The priorities for the use of these funds are specified in Puerto Rico's laws and constitution and should be followed for Puerto Rico to regain the trust of the capital markets. We will work with other relevant parties to find consensual solutions that comply with the rule of law, treat existing creditors fairly and give potential future investors reason to have confidence entrusting their capital to the Commonwealth when it seeks to issue new debt. We are ready to engage in constructive talks at any time—or to litigate to the extent we cannot reach agreement.

Ongoing Financial Strength

Puerto Rico exposures constitute less than 2% of our insured portfolio, which is in very good shape overall. Our remaining exposures to residential mortgage-backed securities are now largely investment grade and have dwindled to less than 2% of net par exposure. In total, our below-investment-grade net par outstanding is now below 4%, and more than half of that relates to Puerto Rico exposures.

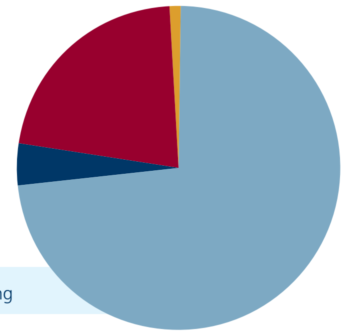
The rating agencies regularly test the ability of our capital resources to support this insured portfolio under extreme economic stress, and they also consider the quality of our management, competitive position and numerous other factors. During 2019, S&P affirmed the AA financial strength rating it applies across all of our insurance subsidiaries. KBRA affirmed its AA+ financial strength ratings of AGM, Municipal Assurance Corp. (MAC) and AGE UK and its AA rating of Assured Guaranty Corp. (AGC).

CONSOLIDATED NET PAR OUTSTANDING

(as of December 31, 2019)

- 74% U.S. Public Finance
  A– average rating
- 4% U.S. Structured Finance
  A– average rating
- 22% Non-U.S. Public Finance
  A– average rating
- <1% Non-U.S. Structured Finance
  A average rating

Ratings are based on our internal rating scale.

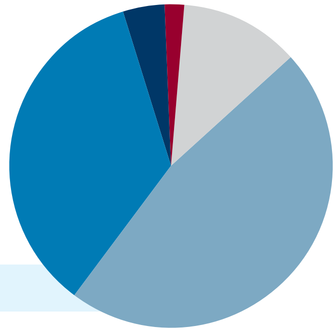


$236.8 billion A– average rating

CONSOLIDATED NET PAR OUTSTANDING BY RATING

(as of December 31, 2019)

- 2% AAA
- 12% AA
- 47% A
- 35% BBB
- 4% Below investment grade

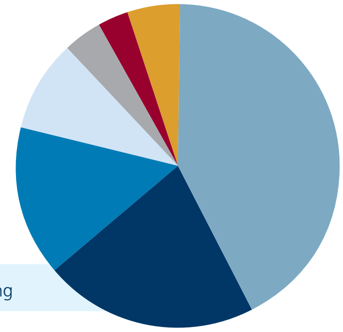


$236.8 billion

U.S. PUBLIC FINANCE NET PAR OUTSTANDING BY SECTOR

(as of December 31, 2019)

- 42% General Obligation
- 21% Tax-Backed
- 15% Municipal Utilities
- 9% Transportation
- 4% Healthcare
- 3% Higher Education
- 5% Other Public Finance



$175.5 billion A– average rating

DEVELOPING

NEW SYNERGIES

Moody's affirmed AGM at A2.[‡‡] All these ratings have stable outlooks, and they position our financial guaranty business to continue to perform well.

Introducing Assured Investment Management

With the acquisition of BlueMountain in the fourth quarter of 2019, we added a second business segment that fits well with our deep credit experience and also expands our opportunities to improve returns and generate fee-based revenue to complement the risk-based revenues of the financial guaranty business.

The Assured Investment Management platform represents a new dimension of Assured Guaranty. Its core will be BlueMountain and its associated entities, whose outstanding equity interests we acquired on October 1, 2019 for $157 million.

The combined credit skills and business relationships in our financial guaranty and newly acquired asset management operations will help us expand our activities in healthcare, asset-backed finance and other sectors.

BlueMountain is an asset management firm with $17.8 billion in assets under management at year-end 2019. It has a long record of success managing credit-focused investments and ranks among the top 20 global managers of collateralized loan obligations.[††] We contributed $60 million of working capital at closing and an additional $30 million in February 2020 to support Assured Investment Management's growth and restructuring.

We also believe that having Assured Investment Management manage a portion of our investment portfolio in-house provides an opportunity to improve investment returns and better utilize our internal resources. We intend, initially, to commit $500 million of capital to funds managed by Assured Investment Management plus additional amounts in other accounts it manages. Of the $500 million commitment, we had invested approximately $79 million by year-end in three new investment vehicles, with each vehicle dedicated to one of three strategies: CLOs, asset-backed securities and healthcare private capital. These strategies are consistent with the investment strengths of Assured Investment Management and our plans to foster its growth.

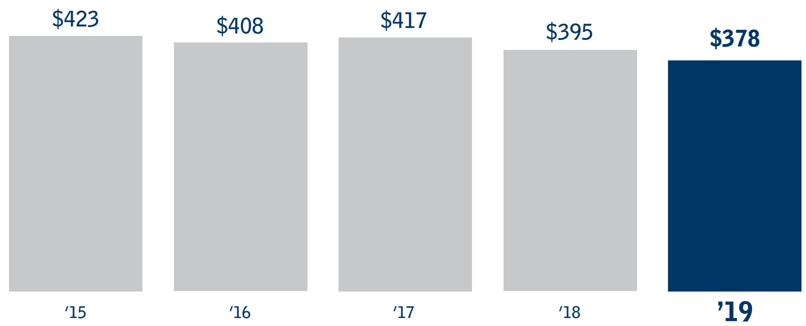
BlueMountain's CEO and CIO Andrew Feldstein, who co-founded the firm, is now also CIO and Head of Asset Management for Assured Guaranty, overseeing both the investment activity of our insurance companies and the operations of Assured Investment Management. Our insurance and

‡‡ Assured Guaranty requested in January 2017 that Moody's drop its rating of AGC; Moody's declined, and continues to rate AGC.

†† Based on assets under management. Source: CreditFlux CLO manager rankings.

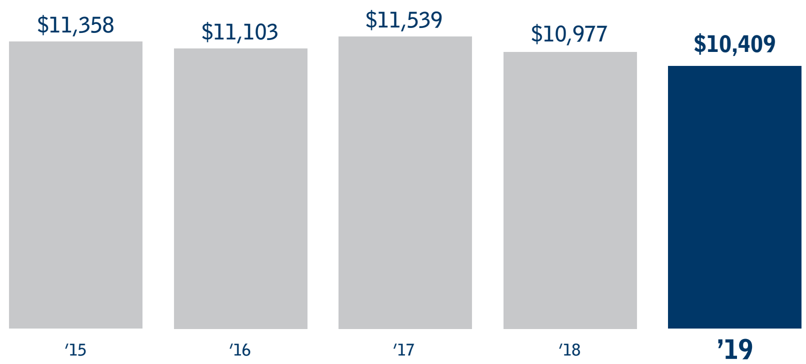
NET INVESTMENT INCOME

(dollars in millions)



TOTAL INVESTMENT PORTFOLIO AND CASH

(dollars in millions at year-end)



asset management teams have already begun developing the synergies inherent in their mutual strengths in credit, asset-backed finance, infrastructure and healthcare. One of the first initiatives will be to create Assured Healthcare Partners to manage healthcare structured capital investments and to attract funds from third-party investors.

Positioned for Success

We have begun a new chapter in the story of Assured Guaranty in a strong financial position with significant excess capital, low insured leverage and a solid, diversified book of insured business. We believe this will serve us well in what, as we go to press, is an uncertain environment involving a global public health challenge and volatile financial markets. While it is too soon to predict when market and economic conditions will improve, we will continue to remain focused on:

- maintaining our strong financial position
- writing new insurance business that meets our disciplined underwriting standards, replenishes the amortization of the insured portfolio and further contributes to our financial strength and growth

Our investment portfolio and cash provide **more than $10 billion** of liquidity, and our investments have generated annual net investment income exceeding **$375 million** in each of the last nine years.

- continuing our strategic diversification of both the types of obligations we insure and the geographical reach of our financial guaranty markets
- and expanding our new asset management business to diversify our revenue opportunities, generate cashflow and operating income, and strengthen our ability to improve investment returns in our portfolio.

We remain committed to managing our capital prudently and efficiently and to maintaining our rigorous underwriting discipline and surveillance. Above all, the first priority of our insurance companies remains to fulfill our unconditional and irrevocable obligations to protect policyholders.

Dominic J. Frederico
President and Chief Executive Officer

March 2020

EXECUTIVE TEAM

Robert A. Bailenson
Chief Financial Officer

Ling Chow
General Counsel and Secretary

Howard W. Albert
Chief Risk Officer

Russell B. Brewer II
Chief Surveillance Officer

Stephen Donnarumma
Chief Credit Officer

Andrew T. Feldstein
Chief Investment Officer and Head of Asset Management

SENIOR MANAGEMENT AND BUSINESS LEADERS

CORPORATE

Laura A. Bieling
Chief Accounting Officer

Laura A. Cappiello
Senior Managing Director, Human Capital Management

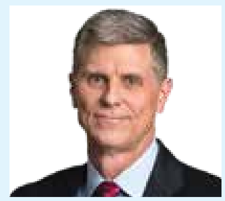
Ivana M. Grillo
Senior Managing Director, Human Resources

Teresa Muñoz
Senior Managing Director, Financial Reporting

Alfonso J. Pisani
Managing Director and Treasurer

Dava E. Ritchea
Senior Managing Director, Corporate Strategy

Benjamin G. Rosenblum
Chief Actuary



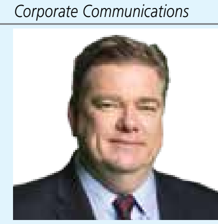
Robert S. Tucker
Senior Managing Director, Investor Relations and Corporate Communications

INSURANCE

Daniel S. Bevill
Senior Managing Director, Structured Finance

Gary F. Burnet
President, Assured Guaranty Re Ltd.

Christopher P. Chafizadeh
Senior Managing Director, Public Finance Marketing



William J. Hogan
Senior Managing Director, Public Finance

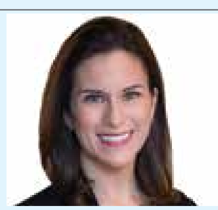
Holly L. Horn
Chief Surveillance Officer, Public Finance

Steven B. Kahn
Senior Managing Director, Structured Finance

William B. O'Keefe
Senior Managing Director, Public Finance

Nicholas J. Proud
Senior Managing Director, International Infrastructure and Global Structured Finance

ASSET MANAGEMENT



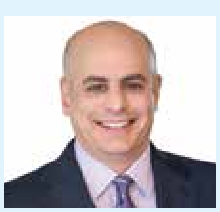
Ashleigh L. Bischoff
Co-Head of Asset Based Investing

Evan P. Boulukos
Head of Municipal Bond Investing

David A. Buzen
Deputy Chief Investment Officer

Brandon L. Cahill
Co-Head of Collateralized Loan Obligation Management

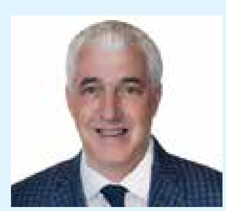
Dawn L. Jasiak
General Counsel, Asset Management



Lee S. Kempler
Chief Operating Officer, Asset Management

Charles C. Kobayashi
Co-Head of Collateralized Loan Obligation Management

James B. Pieri
Head of Private Healthcare Investing



Bradley S. Schwartz
Co-Head of Asset Based Investing

FINANCIAL HIGHLIGHTS

(dollars in millions, except per share amounts) *Year Ended December 31,*	2019	2018	2017	2016	2015
Summary of Annual Operations					
Revenues:					
Net earned premiums	**$ 476**	$ 548	$ 690	$ 864	$ 766
Net investment income	**378**	395	417	408	423
Asset management fees	**22**	—	—	—	—
Net realized investment gains (losses)	**22**	(32)	40	(29)	(26)
Net change in fair value of credit derivatives and VIEs	**33**	126	141	136	766
Bargain purchase gain and settlement of pre-existing relationships	**—**	—	58	259	214
Commutation gains (losses)	**1**	(16)	328	8	28
Other income (loss)	**31**	(20)	65	29	33
Total revenues	**963**	1,001	1,739	1,675	2,204
Expenses:					
Loss and loss adjustment expenses	**93**	64	388	295	424
Interest expense	**89**	94	97	102	101
Other expenses[(1)]	**321**	264	263	263	251
Total expenses in net income	**503**	422	748	660	776
Income before income taxes and equity in net earnings of investees	**460**	579	991	1,015	1,428
Equity in net earnings of investees	**4**	1	—	2	3
Income before income taxes	**464**	580	991	1,017	1,431
Provision (benefit) for income taxes	**63**	59	261	136	375
Net income	**401**	**521**	**730**	**881**	**1,056**
Less: Redeemable noncontrolling interests	**(1)**	—	—	—	—
Net income attributable to Assured Guaranty Ltd.	**$ 402**	**$ 521**	**$ 730**	**$ 881**	**$ 1,056**
Adjusted operating income[(2)(3)(4)]	**391**	482	661	895	710
Gain (loss) related to VIE consolidation included in adjusted operating income[(3)]	**$ —**	$ (4)	$ 11	$ 12	$ 11
Net income attributable to AGL per diluted share	**$ 4.00**	**$ 4.68**	**$ 5.96**	**$ 6.56**	**$ 7.08**
Adjusted operating income per diluted share[(2)(3)(4)]	**3.91**	4.34	5.41	6.68	4.76
Gain (loss) related to VIE consolidation included in adjusted operating income per diluted share[(3)]	**—**	(0.03)	0.10	0.10	0.07
Total Gross Written Premiums (GWP)	**$ 677**	**$ 612**	**$ 307**	**$ 154**	**$ 181**
Less: Installment GWP and other GAAP adjustments[(5)]	**469**	119	99	(10)	55
Plus: Financial guaranty installment premium PVP	**255**	170	81	50	53
Total present value of new business production (PVP)[(2)]	**463**	663	289	214	179
Year-End Data					
Shareholders' equity AGL (book value)	**$ 6,639**	**$ 6,555**	**$ 6,839**	**$ 6,504**	**$ 6,063**
Book value per share	**71.18**	**63.23**	**58.95**	**50.82**	**43.96**
Adjusted operating shareholders' equity[(2)(3)(4)]	**$ 6,246**	$ 6,342	$ 6,521	$ 6,386	$ 5,925
Adjusted operating shareholders' equity per share[(2)(3)(4)]	**66.96**	61.17	56.20	49.89	42.96
Adjusted book value[(2)(3)(4)]	**$ 9,035**	$ 8,922	$ 9,020	$ 8,506	$ 8,396
Adjusted book value per share[(2)(3)(4)]	**96.86**	86.06	77.74	66.46	60.87
Gain (loss) related to VIE consolidation included in:					
Adjusted operating shareholders' equity	**7**	3	5	(7)	(21)
Adjusted operating shareholders' equity per share	**0.07**	0.03	0.03	(0.06)	(0.15)
Adjusted book value	**(4)**	(15)	(14)	(24)	(43)
Adjusted book value per share	**(0.05)**	(0.15)	(0.12)	(0.18)	(0.31)
Financial Guaranty Insured Portfolio					
Net debt service outstanding (end of period)[(6)]	**$ 374,130**	$ 371,586	$401,118	$437,535	$536,341
Net par outstanding (end of period)[(6)]					
Public finance	**$226,746**	$ 230,665	$252,314	$271,179	$321,443
Structured finance	**10,061**	11,137	12,638	25,139	37,128
Total net par outstanding	**$236,807**	$ 241,802	$264,952	$296,318	$358,571
Claims-Paying Resources					
Policyholders' surplus	**$ 5,056**	$ 5,148	$ 5,305	$ 5,126	$ 4,631
Contingency reserve	**1,607**	1,663	1,750	2,008	2,263
Qualified statutory capital	**$ 6,663**	$ 6,811	$ 7,055	$ 7,134	$ 6,894
Claims-paying resources[(7)]	**$ 11,162**	$ 11,815	$ 12,021	$ 11,954	$ 12,567
Asset Management Data					
Assets under management	**$ 17,827**	$ —	$ —	$ —	$ —

(1) Includes employee compensation and benefits expenses, operating expenses and amortization of deferred acquisition costs.

(2) Adjusted operating income, adjusted book value, along with per-share equivalents, and PVP are financial measures that are not in accordance with U.S. generally accepted accounting principles (GAAP), and we refer to them as non-GAAP financial measures. Please see Assured Guaranty's Form 10-K filing with the U.S. Securities and Exchange Commission (SEC), which is bound into this Annual Report, for definitions of these non-GAAP financial measures and reconciliations of such measures to the most comparable financial information prepared in accordance with GAAP.

(3) The Company no longer adjusts for the effect of consolidating variable interest entities (VIE consolidation) in its non-GAAP financial measures (adjusted operating income, adjusted operating shareholders' equity and adjusted book value). The Company has separately disclosed the effect of VIE consolidation that is now included in its non-GAAP financial measures.

(4) See page 4 for five-year reconciliation to the most comparable GAAP measure.

(5) 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.

(6) Net debt service and net par outstanding amounts exclude amounts relating to securities or assets owned by the Company as a result of loss mitigation strategies, including loss mitigation securities held in the investment portfolio. See AGL's Form 10-K, Part II, Item 8, Financial Statements and Supplementary Data, Note 5, Outstanding Insurance Exposure for additional information.

(7) Based on accounting practices prescribed or permitted by U.S. insurance regulatory authorities, for all insurance subsidiaries. Claims-paying resources is calculated as the sum of statutory policyholders' surplus, statutory contingency reserve, unearned premium reserves and net deferred ceding commission income, statutory loss and LAE reserves, present value of installment premium on financial guaranty and credit derivatives, discounted at 6%, standby lines of credit/stop loss and excess-of-loss reinsurance facility. Total claims-paying resources is used by the Company to evaluate the adequacy of capital resources.

Assured Guaranty Ltd.

BOARD OF DIRECTORS

Francisco L. Borges
Chairman of the Board and of the Nominating and Governance, and Executive Committees; member of the Environmental and Social Responsibility Committee

Dominic J. Frederico
President and Chief Executive Officer and member of the Executive Committee

G. Lawrence Buhl
Chairman of the Audit Committee and member of the Compensation Committee

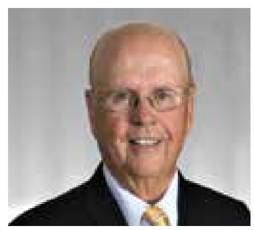
Bonnie L. Howard
Chairman of the Risk Oversight Committee and member of the Audit Committee

Thomas W. Jones
Member of the Audit and Compensation Committees








Patrick W. Kenny
Chairman of the Compensation Committee; member of the Nominating and Governance, Executive, and Environmental and Social Responsibility Committees

Alan J. Kreczko
Chairman of the Environmental and Social Responsibility Commitee; member of the Finance, and Nominating and Governance Committees

Simon W. Leathes
Member of the Finance, Risk Oversight, and Executive Committees

Michael T. O'Kane
Chairman of the Finance Committee and member of the Audit Committee

Yukiko Omura
Member of the Finance and Risk Oversight Committees

Assured Guaranty Ltd.

CORPORATE INFORMATION

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Municipal Assurance Corp.
Assured Guaranty Corp.

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75008 Paris, France

Stock Exchange Listing
Assured Guaranty Ltd. is listed on the New York Stock Exchange under the symbol AGO.

Investor Inquiries
Our annual report on Form 10-K, quarterly reports on Form 10-Q, proxy statement, quarterly earnings releases and other investor information may be obtained at no cost by contacting our Investor Relations Department. Links to our SEC filings, press releases and product descriptions and other information may be found on our website at AssuredGuaranty.com.

Our Code of Conduct, Corporate Governance Guidelines and By-Laws, Board Committee Charters, Statements on Environmental Policy and Climate Change and other information relating to corporate governance are also available on our website at AssuredGuaranty.com/governance.

Our Investor Relations Department can be contacted at:
Assured Guaranty Ltd.
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Phone: +1 (441) 279 5705
E-mail: ir@agltd.com

Independent Auditors
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New York, NY 10017

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Providence, RI 02940-3078

Overnight correspondence should be sent to:
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Canton, MA 02021

Shareholder website:
www.computershare.com/investor

Shareholder online inquiries:
https://www-us.computershare.com/investor/contact

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For hearing impaired in the U.S.
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For hearing impaired outside the U.S.
Phone: +1 (201) 680 6610

Forward-Looking Statements

Forward-looking statements are being made in this Annual Report that reflect the current views of Assured Guaranty with respect to future events and financial performance. They are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from these statements. Assured Guaranty's forward-looking statements, including those about the demand and growth potential for its financial guaranty insurance, including in particular sectors and with certain investors and including whether Assured Guaranty has reached an inflection point in new business production; Assured Guaranty's calculations of adjusted book value, PVP, net present value of estimated future installment premiums in force and total estimated net future premium earnings; the adequacy of its capital and its ability to manage such capital; the impact on Assured Guaranty and its shareholders of Assured Guaranty's acquisition of BlueMountain Capital Management LLC (BlueMountain) and associated entities and establishment of the new platform called Assured Investment Management; Assured Guaranty's efforts to further expand its non-U.S. business beyond the United Kingdom, the establishment of a new subsidiary in France, and the Co-Operation Agreement with DTW Capital Solutions in Australia; Assured Guaranty's ability to realize loss recoveries assumed in its expected loss estimates, to appropriately reserve for and to resolve its exposure to troubled credits within its insured portfolio, particularly distressed U.S. public finance credits, and to purchase securities it has insured for loss mitigation purposes; the impact on Assured Guaranty of any actions by the Oversight Board in Puerto Rico and any resolution of Puerto Rico credits under the Puerto Rico Oversight, Management and Economic Stability Act and any related litigation; Assured Guaranty's future share repurchase activity; its financial strength ratings and rating agency capital, including the extent of its excess capital; the impact of using Assured Investment Management to invest a portion of Assured Guaranty's capital; the uncertain environment involving a public health challenge; and the trading value of Assured Guaranty's insured securities relative to uninsured securities, could be affected by a number of factors, including those identified in Assured Guaranty's filings with the Securities and Exchange Commission, which are available on its website. Do not place undue reliance on these forward-looking statements, which are made only as of the date of the statement or, if a date is not specified, as of February 28,2020, with respect to statements contained in the Annual Report on Form 10-K and otherwise March 18, 2020. Assured Guaranty does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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