

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition Period from _____ to _____

Commission File No. 001-32141



ASSURED GUARANTY LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of incorporation)

98-0429991

(I.R.S. employer identification no.)

30 Woodbourne Avenue

Hamilton HM 08, Bermuda

(Address of principal executive offices)

(441) 279-5700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class: | | Trading Symbol(s) | Name of exchange on which registered |
|--|----------------------------|-------------------|--------------------------------------|
| Common Shares | \$0.01 par value per share | AGO | New York Stock Exchange |
| Assured Guaranty US Holdings Inc. 6.125% Senior Notes due 2028 (and the related guarantee of Registrant) | | AGO/28 | New York Stock Exchange |
| Assured Guaranty US Holdings Inc. 3.150% Senior Notes due 2031 (and the related guarantee of Registrant) | | AGO/31 | New York Stock Exchange |
| Assured Guaranty US Holdings Inc. 3.600% Senior Notes due 2051 (and the related guarantee of Registrant) | | AGO/51 | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of registrant's Common Shares (\$0.01 par value) outstanding as of August 6, 2025 was 47,615,221 (includes 22,002 unvested restricted shares).

ASSURED GUARANTY LTD.
INDEX TO FORM 10-Q

| | Page |
|---|-------------------|
| <u>PART I</u> | |
| <u>Item 1.</u> | |
| <u>Financial Information</u> | 1 |
| <u>Financial Statements:</u> | 1 |
| <u>Condensed Consolidated Balance Sheets (Unaudited) as of June 30, 2025 and December 31, 2024</u> | <u>1</u> |
| <u>Condensed Consolidated Statements of Operations (Unaudited) for the Three and Six Months Ended June 30, 2025 and 2024</u> | <u>2</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited) for the Three and Six Months Ended June 30, 2025 and 2024</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Shareholders' Equity (Unaudited) for the Three and Six Months Ended June 30, 2025 and 2024</u> | <u>4</u> |
| <u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2025 and 2024</u> | <u>6</u> |
| <u>Notes to Condensed Consolidated Financial Statements (Unaudited):</u> | <u>8</u> |
| <u>1. Business and Basis of Presentation</u> | <u>8</u> |
| <u>2. Segment Information</u> | <u>9</u> |
| <u>3. Outstanding Exposure</u> | <u>14</u> |
| <u>4. Expected Loss to be Paid (Recovered)</u> | <u>19</u> |
| <u>5. Contracts Accounted for as Insurance</u> | <u>28</u> |
| <u>6. Contracts Accounted for as Credit Derivatives</u> | <u>34</u> |
| <u>7. Investments</u> | <u>36</u> |
| <u>8. Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles</u> | <u>41</u> |
| <u>9. Fair Value Measurement</u> | <u>44</u> |
| <u>10. Income Taxes</u> | <u>56</u> |
| <u>11. Contingencies</u> | <u>57</u> |
| <u>12. Shareholders' Equity</u> | <u>58</u> |
| <u>13. Earnings Per Share</u> | <u>60</u> |
| <u>Item 2.</u> | |
| <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>61</u> |
| <u>Forward Looking Statements</u> | <u>61</u> |
| <u>Available Information</u> | <u>62</u> |
| <u>Overview</u> | <u>62</u> |
| <u>Business</u> | <u>62</u> |
| <u>Economic Environment</u> | <u>63</u> |
| <u>Key Business Strategies</u> | <u>64</u> |
| <u>Executive Summary</u> | <u>67</u> |
| <u>Financial Performance of Assured Guaranty</u> | <u>68</u> |
| <u>Other Matters</u> | <u>71</u> |
| <u>Results of Operations</u> | <u>71</u> |
| <u>Critical Accounting Estimates</u> | <u>71</u> |
| <u>Results of Operations by Segment</u> | <u>72</u> |
| <u>Insurance Segment</u> | <u>72</u> |
| <u>Asset Management Segment</u> | <u>81</u> |
| <u>Corporate Division</u> | <u>81</u> |
| <u>Other</u> | <u>81</u> |
| <u>Reconciliation to GAAP</u> | <u>83</u> |
| <u>Non-GAAP Financial Measures</u> | <u>85</u> |
| <u>Insured Portfolio</u> | <u>89</u> |
| <u>Liquidity and Capital Resources</u> | <u>91</u> |
| <u>AGL and its U.S. Holding Companies</u> | <u>91</u> |
| <u>Insurance Subsidiaries</u> | <u>94</u> |
| <u>Investment Portfolio</u> | <u>96</u> |
| <u>Lease Obligations</u> | <u>99</u> |
| <u>Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles</u> | <u>99</u> |
| <u>Condensed Consolidated Cash Flow Summary</u> | <u>100</u> |
| <u>Item 3.</u> | <u>101</u> |
| <u>Item 4.</u> | <u>101</u> |
| <u>PART II</u> | |
| <u>Item 1.</u> | |
| <u>Legal Proceedings</u> | <u>102</u> |
| <u>Item 1A.</u> | |
| <u>Risk Factors</u> | <u>102</u> |
| <u>Item 2.</u> | |
| <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>102</u> |
| <u>Item 5.</u> | |
| <u>Other Matters</u> | <u>102</u> |
| <u>Item 6.</u> | |
| <u>Exhibits</u> | <u>103</u> |
| <u>Signatures</u> | <u>104</u> |

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****Assured Guaranty Ltd.****Condensed Consolidated Balance Sheets (Unaudited)****(dollars in millions except share data)**

| | As of | |
|---|------------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| Assets | | |
| Investments: | | |
| Fixed-maturity securities, available-for-sale, at fair value, net of allowance for credit loss of \$47 and \$60 (amortized cost of \$6,765 and \$6,827) | \$ 6,498 | \$ 6,369 |
| Fixed-maturity securities, trading, at fair value | 137 | 147 |
| Short-term investments, at fair value | 939 | 1,221 |
| Other invested assets (includes \$3 and \$4, at fair value) | 995 | 926 |
| Total investments | 8,569 | 8,663 |
| Cash | 301 | 121 |
| Premiums receivable, net of commissions payable | 1,631 | 1,551 |
| Deferred acquisition costs | 185 | 176 |
| Salvage and subrogation recoverable | 382 | 396 |
| Financial guaranty variable interest entities' assets (includes \$176 and \$147, at fair value) | 211 | 147 |
| Assets of consolidated investment vehicles (includes \$121 and \$99, at fair value) | 121 | 101 |
| Other assets (includes \$143 and \$131, at fair value) | 695 | 746 |
| Total assets | \$ 12,095 | \$ 11,901 |
| Liabilities | | |
| Unearned premium reserve | \$ 3,675 | \$ 3,719 |
| Loss and loss adjustment expense reserve | 315 | 268 |
| Long-term debt | 1,701 | 1,699 |
| Financial guaranty variable interest entities' liabilities (includes \$201 and \$164 at fair value, \$186 and \$155 with recourse, \$16 and \$9 without recourse) | 202 | 164 |
| Other liabilities (includes \$35 and \$34, at fair value) | 473 | 498 |
| Total liabilities | 6,366 | 6,348 |
| Commitments and contingencies (Notes 3, 4, 7 and 11) | | |
| Shareholders' equity | | |
| Common shares (\$0.01 par value, 500,000,000 shares authorized; 48,109,439 and 50,505,320 shares issued and outstanding) | — | 1 |
| Retained earnings | 5,859 | 5,878 |
| Accumulated other comprehensive income (loss), net of tax of \$(54) and \$(75) | (227) | (385) |
| Deferred equity compensation | 1 | 1 |
| Total shareholders' equity attributable to Assured Guaranty Ltd. | 5,633 | 5,495 |
| Nonredeemable noncontrolling interests (Note 8) | 96 | 58 |
| Total shareholders' equity | 5,729 | 5,553 |
| Total liabilities and shareholders' equity | \$ 12,095 | \$ 11,901 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Assured Guaranty Ltd.

Condensed Consolidated Statements of Operations (Unaudited)

(dollars in millions except share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|--------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenues | | | | |
| Net earned premiums | \$ 89 | \$ 84 | \$ 180 | \$ 203 |
| Net investment income | 89 | 81 | 176 | 165 |
| Net realized investment gains (losses) | (6) | (6) | (22) | 2 |
| Fair value gains (losses) on credit derivatives | 1 | 6 | 105 | 16 |
| Fair value gains (losses) on committed capital securities | (1) | 1 | 1 | (9) |
| Fair value gains (losses) on financial guaranty variable interest entities | 2 | (1) | 3 | (4) |
| Fair value gains (losses) on consolidated investment vehicles | 4 | 11 | 23 | 33 |
| Foreign exchange gains (losses) on remeasurement | 79 | — | 116 | (12) |
| Fair value gains (losses) on trading securities | 2 | 17 | 3 | 43 |
| Other income (loss) | 22 | 9 | 41 | 10 |
| Total revenues | 281 | 202 | 626 | 447 |
| Expenses | | | | |
| Loss and loss adjustment expenses (benefit) | 28 | (2) | 68 | (3) |
| Interest expense | 23 | 23 | 45 | 46 |
| Amortization of deferred acquisition costs | 5 | 3 | 10 | 9 |
| Employee compensation and benefit expenses | 50 | 48 | 110 | 106 |
| Other operating expenses | 45 | 41 | 87 | 80 |
| Total expenses | 151 | 113 | 320 | 238 |
| Income (loss) before income taxes and equity in earnings (losses) of investees | 130 | 89 | 306 | 209 |
| Equity in earnings (losses) of investees | 3 | 5 | 56 | 29 |
| Income (loss) before income taxes | 133 | 94 | 362 | 238 |
| Less: Provision (benefit) for income taxes | 27 | 13 | 71 | 44 |
| Net income (loss) | 106 | 81 | 291 | 194 |
| Less: Noncontrolling interests | 3 | 3 | 12 | 7 |
| Net income (loss) attributable to Assured Guaranty Ltd. | \$ 103 | \$ 78 | \$ 279 | \$ 187 |
| Earnings per share: | | | | |
| Basic | \$ 2.10 | \$ 1.43 | \$ 5.60 | \$ 3.38 |
| Diluted | \$ 2.08 | \$ 1.41 | \$ 5.54 | \$ 3.31 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Assured Guaranty Ltd.

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in millions)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|--------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income (loss) | \$ 106 | \$ 81 | \$ 291 | \$ 194 |
| Change in net unrealized gains (losses) on: | | | | |
| Investments with no credit impairment, net of tax provision (benefit) of \$11, \$(4), \$17 and \$(9) | 85 | (12) | 137 | (41) |
| Investments with credit impairment, net of tax provision (benefit) of \$(1), \$1, \$4 and \$1 | (1) | 7 | 20 | 8 |
| Change in net unrealized gains (losses) on investments | 84 | (5) | 157 | (33) |
| Change in instrument-specific credit risk on financial guaranty variable interest entities' liabilities with recourse, net of tax provision (benefit) | 1 | 1 | — | — |
| Other, net of tax provision (benefit) | 2 | (1) | 1 | — |
| Other comprehensive income (loss) | 87 | (5) | 158 | (33) |
| Comprehensive income (loss) | 193 | 76 | 449 | 161 |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | 3 | 3 | 12 | 7 |
| Comprehensive income (loss) attributable to Assured Guaranty Ltd. | \$ 190 | \$ 73 | \$ 437 | \$ 154 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Assured Guaranty Ltd.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in millions, except share data)

For the Three Months Ended June 30, 2025

| | | Total Shareholders' Equity Attributable to Assured Guaranty Ltd. | | | | | | |
|------------------------------|---------------------------|--|-------------------|---|------------------------------|-----------------|--|----------------------|
| | Common Shares Outstanding | Common Shares Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Deferred Equity Compensation | Total | Nonredeemable Noncontrolling Interests | Shareholders' Equity |
| As of March 31, 2025 | 49,553,438 | \$ — | \$ 5,903 | \$ (314) | \$ 1 | \$ 5,590 | \$ 67 | \$ 5,657 |
| Net income | — | — | 103 | — | — | 103 | 3 | 106 |
| Dividends (\$0.34 per share) | — | — | (19) | — | — | (19) | — | (19) |
| Consolidation | — | — | — | — | — | — | 26 | 26 |
| Common shares repurchases | (1,537,505) | — | (132) | — | — | (132) | — | (132) |
| Share-based compensation | 93,506 | — | 4 | — | — | 4 | — | 4 |
| Other comprehensive income | — | — | — | 87 | — | 87 | — | 87 |
| As of June 30, 2025 | 48,109,439 | \$ — | \$ 5,859 | \$ (227) | \$ 1 | \$ 5,633 | \$ 96 | \$ 5,729 |

For the Three Months Ended June 30, 2024

| | | Total Shareholders' Equity Attributable to Assured Guaranty Ltd. | | | | | | |
|------------------------------|---------------------------|--|-------------------|---|------------------------------|-----------------|--|----------------------|
| | Common Shares Outstanding | Common Shares Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Deferred Equity Compensation | Total | Nonredeemable Noncontrolling Interests | Shareholders' Equity |
| As of March 31, 2024 | 55,081,584 | \$ 1 | \$ 6,014 | \$ (387) | \$ 1 | \$ 5,629 | \$ 53 | \$ 5,682 |
| Net income | — | — | 78 | — | — | 78 | 3 | 81 |
| Dividends (\$0.31 per share) | — | — | (17) | — | — | (17) | — | (17) |
| Common shares repurchases | (1,928,328) | — | (154) | — | — | (154) | — | (154) |
| Share-based compensation | 32,451 | — | 8 | — | — | 8 | — | 8 |
| Other comprehensive loss | — | — | — | (5) | — | (5) | — | (5) |
| As of June 30, 2024 | 53,185,707 | \$ 1 | \$ 5,929 | \$ (392) | \$ 1 | \$ 5,539 | \$ 56 | \$ 5,595 |

Assured Guaranty Ltd.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(dollars in millions, except share data)

For the Six Months Ended June 30, 2025

| | Common Shares Outstanding | Total Shareholders' Equity Attributable to Assured Guaranty Ltd. | | | | | | Shareholders' Equity |
|---------------------------------------|---------------------------|--|-------------------|---|------------------------------|-----------------|--|----------------------|
| | | Common Shares Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Deferred Equity Compensation | Total | Nonredeemable Noncontrolling Interests | |
| As of December 31, 2024 | 50,505,320 | \$ 1 | \$ 5,878 | \$ (385) | \$ 1 | \$ 5,495 | \$ 58 | \$ 5,553 |
| Net income | — | — | 279 | — | — | 279 | 12 | 291 |
| Dividends (\$0.68 per share) | — | — | (37) | — | — | (37) | — | (37) |
| Consolidation | — | — | — | — | — | — | 26 | 26 |
| Common shares repurchases (2,872,733) | (2,872,733) | (1) | (251) | — | — | (252) | — | (252) |
| Share-based compensation 476,852 | 476,852 | — | (10) | — | — | (10) | — | (10) |
| Other comprehensive income | — | — | — | 158 | — | 158 | — | 158 |
| As of June 30, 2025 | 48,109,439 | \$ — | \$ 5,859 | \$ (227) | \$ 1 | \$ 5,633 | \$ 96 | \$ 5,729 |

For the Six Months Ended June 30, 2024

| | Common Shares Outstanding | Total Shareholders' Equity Attributable to Assured Guaranty Ltd. | | | | | | Shareholders' Equity |
|---------------------------------------|---------------------------|--|-------------------|---|------------------------------|-----------------|--|----------------------|
| | | Common Shares Par Value | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Deferred Equity Compensation | Total | Nonredeemable Noncontrolling Interests | |
| As of December 31, 2023 | 56,217,305 | \$ 1 | \$ 6,070 | \$ (359) | \$ 1 | \$ 5,713 | \$ 52 | \$ 5,765 |
| Net income | — | — | 187 | — | — | 187 | 7 | 194 |
| Dividends (\$0.62 per share) | — | — | (36) | — | — | (36) | — | (36) |
| Common shares repurchases (3,467,606) | (3,467,606) | — | (285) | — | — | (285) | — | (285) |
| Share-based compensation 436,008 | 436,008 | — | (7) | — | — | (7) | — | (7) |
| Distributions | — | — | — | — | — | — | (3) | (3) |
| Other comprehensive loss | — | — | — | (33) | — | (33) | — | (33) |
| As of June 30, 2024 | 53,185,707 | \$ 1 | \$ 5,929 | \$ (392) | \$ 1 | \$ 5,539 | \$ 56 | \$ 5,595 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Assured Guaranty Ltd.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)

| | Six Months Ended June 30, | |
|--|---------------------------|----------------|
| | 2025 | 2024 |
| Net cash flows provided by (used in) operating activities | \$ 165 | \$ (16) |
| Cash flows from investing activities: | | |
| Fixed-maturity securities, available-for-sale: | | |
| Purchases | (754) | (607) |
| Sales | 427 | 488 |
| Maturities and paydowns | 424 | 402 |
| Short-term investments with original maturities of over three months: | | |
| Purchases | (3) | (1) |
| Maturities and paydowns | — | 3 |
| Net sales (purchases) of short-term investments with original maturities of less than three months | 291 | (58) |
| Sales of fixed-maturity securities, trading | 8 | 141 |
| Maturities and paydowns of fixed-maturity securities, trading | 5 | — |
| Paydowns of financial guaranty variable interest entities' assets | 10 | 12 |
| Purchases of and contributions to other invested assets | (73) | (71) |
| Sales of and return of capital from other invested assets | 23 | 33 |
| Other | (7) | (2) |
| Net cash flows provided by (used in) investing activities | 351 | 340 |
| Cash flows from financing activities: | | |
| Dividends paid | (36) | (36) |
| Repurchases of common shares | (251) | (281) |
| Net paydowns of financial guaranty variable interest entities' liabilities | (8) | (152) |
| Payments related to tax withholding for share-based compensation | (34) | (29) |
| Other | 2 | 1 |
| Distributions to noncontrolling interests from consolidated investment vehicles | — | (3) |
| Net cash flows provided by (used in) financing activities | (327) | (500) |
| Effect of foreign exchange rate changes | 8 | (1) |
| Increase (decrease) in cash and cash equivalents and restricted cash | 197 | (177) |
| Cash and cash equivalents and restricted cash at beginning of period | 128 | 286 |
| Cash and cash equivalents and restricted cash at end of period | \$ 325 | \$ 109 |

(continued on next page)

Assured Guaranty Ltd.**Condensed Consolidated Statements of Cash Flows (Unaudited) - (Continued)****(in millions)**

| | Six Months Ended June 30, | |
|--|---------------------------|---------------|
| | 2025 | 2024 |
| Supplemental cash flow information | | |
| Income taxes paid (received) | \$ 34 | \$ 58 |
| Interest paid on long-term debt | 43 | 45 |
| Supplemental disclosure of non-cash activities: | | |
| Receipt of fixed-maturity securities, available-for-sale | \$ 7 | \$ — |
| Reconciliation of cash and cash equivalents and restricted cash to the condensed consolidated balance sheets: | | |
| | As of | |
| | June 30, 2025 | June 30, 2024 |
| Cash | \$ 301 | \$ 92 |
| Cash and cash equivalents of financial guaranty variable interest entities (see Note 8) | 23 | — |
| Cash and cash equivalents of consolidated investment vehicles | — | 15 |
| Restricted cash (included in other assets) | 1 | 2 |
| Cash and cash equivalents and restricted cash at the end of period | <u>\$ 325</u> | <u>\$ 109</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Business and Basis of Presentation

Business

Assured Guaranty Ltd. (AGL and, together with its subsidiaries, Assured Guaranty or the Company) is a Bermuda-based holding company that provides, through its wholly-owned operating subsidiaries, credit protection products to the United States (U.S.) and non-U.S. public finance (including infrastructure) and structured finance markets. Assured Guaranty also participates in the asset management business.

Insurance

Through its insurance subsidiaries, the Company applies its credit underwriting judgment, risk management skills and capital markets experience primarily to offer financial guaranty insurance that protects holders of debt instruments and other monetary obligations from defaults in scheduled payments. If an obligor defaults on a scheduled payment due on an obligation, including a scheduled principal or interest payment (collectively, debt service), the Company is required under its unconditional and irrevocable financial guaranty to pay the amount of the shortfall to the holder of the obligation. The Company markets its financial guaranty insurance directly to issuers and underwriters of public finance and structured finance securities as well as to investors in such obligations. The Company guarantees obligations issued principally in the U.S. and the United Kingdom (U.K.), and also guarantees obligations issued in other countries and regions, including Western Europe. The Company also provides specialty insurance and reinsurance on transactions with risk profiles similar to those of its structured finance exposures written in financial guaranty form. The Company's principal insurance subsidiaries are:

- Assured Guaranty Inc. (AG), domiciled in Maryland and formerly known as Assured Guaranty Corp., and its insurance subsidiaries:
 - Assured Guaranty UK Limited, organized in the U.K.;
 - Assured Guaranty (Europe) SA, organized in France;
- Assured Guaranty Re Ltd. (AG Re), domiciled in Bermuda, and its insurance subsidiary:
 - Assured Guaranty Re Overseas Ltd. (AGRO), domiciled in Bermuda.

The Company designated certain assets and liabilities supporting the Insurance segment as held for sale in the first quarter of 2023. The held for sale assets and liabilities were \$29 million (reported in "other assets") and \$3 million (reported in "other liabilities"), respectively, as of June 30, 2025.

Asset Management

The Company participates in the asset management business through its approximately 30% ownership interest in Sound Point Capital Management, LP (Sound Point, LP) and certain of its investment management affiliates (together with Sound Point, LP, Sound Point).

In addition, in accordance with the terms of a letter agreement (Letter Agreement), effective July 1, 2023, AG (i) engaged Sound Point as its sole alternative credit manager, and (ii) transitioned to Sound Point the management of certain existing alternative investments and related commitments. The Letter Agreement also provides that AG, including through its investment subsidiary AG Asset Strategies LLC (AGAS), would, subject to the terms and conditions of the Letter Agreement, make new investments in funds, other vehicles and separately managed accounts managed by Sound Point which, when aggregated with the alternative investments and commitments transitioned from the Company and any reinvestments (collectively, Sound Point Investments), and investments made by other Assured Guaranty affiliates, will total \$1 billion. AG has made substantial investments with Sound Point across a variety of their strategies in order to seek to enhance its investment returns and anticipates continuing to invest with Sound Point pursuant to the terms of the Letter Agreement. The Letter Agreement contemplates a long-term investment partnership between Sound Point and Assured Guaranty, whereby AG agreed to reinvest all returns of capital from Sound Point Investments until July 1, 2038. Similarly, under the Letter Agreement AG agreed to reinvest all gains and dividends from Sound Point Investments through July 1, 2025, and reinvest half of all such gains and dividends thereafter until July 1, 2033. On July 1, 2028, AG may choose to reduce the amounts invested or required to be reinvested in certain Sound Point Investments under the Letter Agreement, subject to adjustment of Assured Guaranty's ownership interest in Sound Point. To the extent not required to be reinvested by the Letter Agreement, all proceeds from Sound Point Investments received in accordance with their operative investment documents can be distributed to AG. See Note 7, Investments.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

U.S. Holding Companies

AGL directly or indirectly owns several holding companies, two of which - Assured Guaranty US Holdings Inc. (AGUS) and Assured Guaranty Municipal Holdings Inc. (AGMH) (collectively, the U.S. Holding Companies) - have public debt outstanding.

Basis of Presentation

The unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In management's opinion, all material adjustments necessary for a fair statement of the financial condition, results of operations and cash flows of the Company, including its consolidated variable interest entities (VIEs), are reflected in the periods presented and are of a normal, recurring nature. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

These unaudited interim condensed consolidated financial statements are as of June 30, 2025 and cover the three-month period ended June 30, 2025 (second quarter 2025), the three-month period ended June 30, 2024 (second quarter 2024), the six-month period ended June 30, 2025 (six months 2025) and the six-month period ended June 30, 2024 (six months 2024). Certain financial information that is normally included in annual financial statements prepared in accordance with GAAP, but is not required for interim reporting purposes, has been condensed or omitted. The year-end condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. Certain prior year balances have been reclassified to conform to the current period's presentation.

The unaudited interim condensed consolidated financial statements include the accounts of AGL, its direct and indirect subsidiaries, and its consolidated financial guaranty VIEs (FG VIEs) and consolidated investment vehicles (CIVs). See Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles. Intercompany accounts and transactions between and among all consolidated entities have been eliminated. All amounts are reported in U.S. dollars, unless otherwise specified.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2024 filed with the U.S. Securities and Exchange Commission.

Recent Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require enhanced annual disclosures regarding the rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024. The Company will apply the amendments in this ASU prospectively to all annual periods beginning after December 15, 2024. The adoption of this ASU will affect certain of the Company's income tax disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. The amendments in this ASU require disclosure about specific expense categories, including employee compensation, depreciation and intangible asset amortization, in the notes to financial statements at interim and annual reporting periods. This ASU is effective in fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. Prospective application is required, and retrospective application is permitted. The Company is evaluating when and how it will adopt this ASU and the effect that the amendments in this ASU may have on its expense disclosures.

2. Segment Information

The Company reports its results of operations in two segments: Insurance and Asset Management. The Company separately reports the results of its Corporate division and the effects of consolidating FG VIEs and CIVs. This presentation is consistent with the manner in which the Chief Executive Officer and President, the chief operating decision maker (CODM), reviews the business to assess performance and allocate resources. The CODM predominantly uses adjusted operating income

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

to allocate resources for each segment in the annual budget and forecasting process and to assess the performance for each segment.

The Company analyzes the operating performance of each segment using “segment adjusted operating income (loss).” Results for each segment and division include specifically identifiable expenses as well as intersegment expense allocations, as applicable, based on time studies and other cost allocation methodologies based on headcount or other metrics. Segment adjusted operating income is defined as “net income (loss) attributable to AGL,” adjusted for the following items, which primarily affect the Insurance segment and Corporate division:

- Elimination of realized gains (losses) on the Company’s investments, except for gains and losses on securities classified as trading.
- Elimination of non-credit impairment-related 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.
- Elimination of fair value gains (losses) on the Company’s committed capital securities (CCS) that are recognized in net income.
- Elimination of foreign exchange gains (losses) on remeasurement of net premium receivables and loss and loss adjustment expense (LAE) reserves that are recognized in net income.
- 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.

In addition to the adjustments listed above, segment adjusted operating income (loss) differs from GAAP in other respects. The Insurance segment includes: (i) premiums and losses from the financial guaranty insurance policies issued by AG that guarantees the FG VIEs’ debt; and (ii) the insurance subsidiaries’ share of earnings from all their investments in funds managed by Sound Point in “equity in earnings (losses) of investees.” Under GAAP, (i) FG VIEs are consolidated by AG and the premiums and losses/recoveries associated with the financial guaranty policies in respect of the FG VIEs’ debt are eliminated (the reconciliation tables below present the FG VIEs and related eliminations in “other”); and (ii) certain investments in funds managed by Sound Point are, or were in prior periods, accounted for as CIVs (in the reconciliation tables below, the CIVs and related eliminations of the Insurance segment’s “equity in earnings (losses) of investees” associated with the Company’s ownership interest in CIVs are presented in “other”).

The Company does not report assets by reportable segment as the CODM does not assess performance or allocate resources based on assets.

The Insurance segment primarily consists of the adjusted operating income (loss) of the Company’s insurance subsidiaries and AGAS. The Asset Management segment includes the results of the Company’s equity method ownership interest in Sound Point and other asset management-related incentive fees.

The Corporate division primarily consists of: (i) interest expense and any losses on the extinguishment of the U.S. Holding Companies’ debt; (ii) other corporate operating expenses of AGL and the U.S. Holding Companies, (iii) beginning in the third quarter of 2024, equity in earnings from certain alternative investments that were transferred from AG to AGMH as part of a stock redemption that occurred on August 5, 2024, and (iii) gains and losses associated with certain corporate development or other strategic initiatives.

The Other category in the tables below primarily includes the effect of consolidating FG VIEs, CIVs and intersegment eliminations. See Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles.

The following table presents information for the Company’s operating segments. Intersegment revenues include transactions between and among the segments, the Corporate division and Other category.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Segment Information

| | Second Quarter | | | |
|--|----------------|------------------|-----------|------------------|
| | 2025 | | 2024 | |
| | Insurance | Asset Management | Insurance | Asset Management |
| | (in millions) | | | |
| Third-party revenues | \$ 196 | \$ 13 | \$ 186 | \$ 6 |
| Intersegment revenues | 3 | 2 | 3 | 1 |
| Segment revenues | 199 | 15 | 189 | 7 |
| Segment loss and LAE (benefit) | 27 | — | — | — |
| Segment employee compensation and benefit expenses | 44 | — | 40 | — |
| Segment amortization of deferred acquisition cost | 5 | — | 3 | — |
| Other segment items (2) | 29 | 9 | 27 | 4 |
| Segment expenses | 105 | 9 | 70 | 4 |
| Segment equity in earnings (losses) of investees | 2 | (1) | 15 | (3) |
| Less: Segment provision (benefit) for income taxes | 20 | 1 | 18 | — |
| Segment adjusted operating income (loss) | \$ 76 | \$ 4 | \$ 116 | \$ — |

Selected components of segment adjusted operating income:

| | | | | |
|--|-------|------|-------|------|
| Net investment income | \$ 89 | \$ — | \$ 81 | \$ — |
| Non-cash compensation and operating expenses (3) | 14 | — | 11 | — |

| | Six Months | | | |
|--|---------------|------------------|-----------|------------------|
| | 2025 | | 2024 | |
| | Insurance (1) | Asset Management | Insurance | Asset Management |
| | (in millions) | | | |
| Third-party revenues | \$ 433 | \$ 18 | \$ 413 | \$ 7 |
| Intersegment revenues | 5 | 3 | 5 | 1 |
| Segment revenues | 438 | 21 | 418 | 8 |
| Segment loss and LAE (benefit) | 4 | — | 4 | — |
| Segment employee compensation and benefit expenses | 96 | — | 88 | — |
| Segment amortization of deferred acquisition cost | 10 | — | 9 | — |
| Other segment items (2) | 59 | 13 | 54 | 4 |
| Segment expenses | 169 | 13 | 155 | 4 |
| Segment equity in earnings (losses) of investees | 32 | 12 | 55 | (2) |
| Less: Segment provision (benefit) for income taxes | 57 | 4 | 53 | 1 |
| Segment adjusted operating income (loss) | \$ 244 | \$ 16 | \$ 265 | \$ 1 |

Selected components of segment adjusted operating income:

| | | | | |
|--|--------|------|--------|------|
| Net investment income | \$ 175 | \$ — | \$ 164 | \$ — |
| Non-cash compensation and operating expenses (3) | 32 | — | 28 | — |

(1) Six months 2025 results include the gain recognized in connection with the Lehman Brothers International (Europe) (in administration) (LBIE) litigation, which represents the full satisfaction of the judgment the Company was awarded and its claims for attorneys' fees, expenses and interest. See Note 6, Contracts Accounted for as Credit Derivatives, for additional information.

(2) Other segment items for the Insurance segment include professional services expenses, maintenance, depreciation expense, lease expense, investment management expenses and certain overhead expenses; and for the Asset Management segment include expenses associated with incentive fees.

(3) Amounts consist of depreciation, amortization and share-based compensation expenses.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The tables below present a reconciliation of significant components of segment information to the comparable consolidated amounts.

Reconciliation of Segment Information to Consolidated Information
Three Months Ended June 30, 2025

| | Revenues | Expenses | Equity in Earnings (Losses) of Investees | Less: | | Net Income (Loss) Attributable to AGL |
|---|---------------|---------------|--|--------------------------------------|--------------------------|---------------------------------------|
| | | | | Provision (Benefit) for Income Taxes | Noncontrolling Interests | |
| (in millions) | | | | | | |
| Segments: | | | | | | |
| Insurance | \$ 199 | \$ 105 | \$ 2 | \$ 20 | \$ — | \$ 76 |
| Asset Management | 15 | 9 | (1) | 1 | — | 4 |
| Total segments | 214 | 114 | 1 | 21 | — | 80 |
| Corporate division | 4 | 39 | 3 | (3) | — | (29) |
| Other | — | (2) | (1) | (1) | 3 | (1) |
| Subtotal | 218 | 151 | 3 | 17 | 3 | 50 |
| Reconciling items: | | | | | | |
| Realized gains (losses) on investments | (6) | — | — | — | — | (6) |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | (1) | — | — | — | — | (1) |
| Fair value gains (losses) on CCS | (1) | — | — | — | — | (1) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 71 | — | — | — | — | 71 |
| Tax effect | — | — | — | 10 | — | (10) |
| Consolidated | <u>\$ 281</u> | <u>\$ 151</u> | <u>\$ 3</u> | <u>\$ 27</u> | <u>\$ 3</u> | <u>\$ 103</u> |

Reconciliation of Segment Information to Consolidated Information
Three Months Ended June 30, 2024

| | Revenues | Expenses | Equity in Earnings (Losses) of Investees | Less: | | Net Income (Loss) Attributable to AGL |
|---|---------------|---------------|--|--------------------------------------|--------------------------|---------------------------------------|
| | | | | Provision (Benefit) for Income Taxes | Noncontrolling Interests | |
| (in millions) | | | | | | |
| Segments: | | | | | | |
| Insurance | \$ 189 | \$ 70 | \$ 15 | \$ 18 | \$ — | \$ 116 |
| Asset Management | 7 | 4 | (3) | — | — | — |
| Total segments | 196 | 74 | 12 | 18 | — | 116 |
| Corporate division | 4 | 44 | — | (5) | — | (35) |
| Other | 4 | (5) | (7) | — | 3 | (1) |
| Subtotal | 204 | 113 | 5 | 13 | 3 | 80 |
| Reconciling items: | | | | | | |
| Realized gains (losses) on investments | (6) | — | — | — | — | (6) |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | 3 | — | — | — | — | 3 |
| Fair value gains (losses) on CCS | 1 | — | — | — | — | 1 |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | — | — | — | — | — | — |
| Tax effect | — | — | — | — | — | — |
| Consolidated | <u>\$ 202</u> | <u>\$ 113</u> | <u>\$ 5</u> | <u>\$ 13</u> | <u>\$ 3</u> | <u>\$ 78</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Reconciliation of Segment Information to Consolidated Information
Six Months Ended June 30, 2025

| | Revenues | Expenses | Equity in Earnings (Losses) of Investees | Less: | | Net Income (Loss) Attributable to AGL |
|---|----------|----------|--|--------------------------------------|--------------------------|---------------------------------------|
| | | | | Provision (Benefit) for Income Taxes | Noncontrolling Interests | |
| (in millions) | | | | | | |
| Segments: | | | | | | |
| Insurance | \$ 438 | \$ 169 | \$ 32 | \$ 57 | \$ — | \$ 244 |
| Asset Management | 21 | 13 | 12 | 4 | — | 16 |
| Total segments | 459 | 182 | 44 | 61 | — | 260 |
| Corporate division | 8 | 79 | 19 | (3) | — | (49) |
| Other | 16 | (4) | (7) | — | 12 | 1 |
| Subtotal | 483 | 257 | 56 | 58 | 12 | 212 |
| Reconciling items: | | | | | | |
| Realized gains (losses) on investments | (22) | — | — | — | — | (22) |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | 60 | 63 | — | — | — | (3) |
| Fair value gains (losses) on CCS | 1 | — | — | — | — | 1 |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 104 | — | — | — | — | 104 |
| Tax effect | — | — | — | 13 | — | (13) |
| Consolidated | \$ 626 | \$ 320 | \$ 56 | \$ 71 | \$ 12 | \$ 279 |

Reconciliation of Segment Information to Consolidated Information
Six Months Ended June 30, 2024

| | Revenues | Expenses | Equity in Earnings (Losses) of Investees | Less: | | Net Income (Loss) Attributable to AGL |
|---|----------|----------|--|--------------------------------------|--------------------------|---------------------------------------|
| | | | | Provision (Benefit) for Income Taxes | Noncontrolling Interests | |
| (in millions) | | | | | | |
| Segments: | | | | | | |
| Insurance | \$ 418 | \$ 155 | \$ 55 | \$ 53 | \$ — | \$ 265 |
| Asset Management | 8 | 4 | (2) | 1 | — | 1 |
| Total segments | 426 | 159 | 53 | 54 | — | 266 |
| Corporate division | 9 | 91 | — | (10) | — | (72) |
| Other | 20 | (10) | (24) | — | 7 | (1) |
| Subtotal | 455 | 240 | 29 | 44 | 7 | 193 |
| Reconciling items: | | | | | | |
| Realized gains (losses) on investments | 2 | — | — | — | — | 2 |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | 11 | (2) | — | — | — | 13 |
| Fair value gains (losses) on CCS | (9) | — | — | — | — | (9) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | (12) | — | — | — | — | (12) |
| Tax effect | — | — | — | — | — | — |
| Consolidated | \$ 447 | \$ 238 | \$ 29 | \$ 44 | \$ 7 | \$ 187 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

3. Outstanding Exposure

The Company sells credit protection primarily in financial guaranty insurance form. The Company may also sell credit protection in other forms of insurance or by issuing policies that guarantee payment obligations under credit default swaps (CDS). The Company's guaranties of CDS are generally structured such that the circumstances giving rise to the Company's obligation to make loss payments are similar to those for its financial guaranty insurance contracts.

The Company seeks to limit its exposure to losses by underwriting obligations that it views to be investment grade at inception, although on occasion it may underwrite new issuances that it views to be below-investment-grade (BIG), typically as part of its loss mitigation strategy for existing troubled exposures. The Company also seeks to acquire portfolios of insurance from financial guarantors that are no longer writing new business by acquiring such companies, providing reinsurance on or novating a portfolio of insurance; in such instances, the Company evaluates the risk characteristics of the target portfolio, which may include some BIG exposures, as a whole in the context of the proposed transaction. The Company diversifies its insured portfolio across sector and geography and, in the structured finance portfolio, generally requires subordination or collateral to protect it from loss. Reinsurance may be used in order to reduce net exposure to certain insured transactions.

Public finance obligations insured by the Company primarily consist of general obligation bonds supported by the taxing powers of U.S. state or municipal governmental authorities, as well as tax-supported bonds, revenue bonds and other obligations supported by covenants from state or municipal governmental authorities or other municipal obligors to impose and collect fees and charges for public services or specific infrastructure projects. The Company includes within public finance obligations those obligations backed by the cash flow from leases or other revenues from projects serving substantial public purposes, including utilities, toll roads, healthcare facilities and government office buildings as well as obligations issued by U.S. and non-U.S. sovereign and sub-sovereign issuers and governmental authorities.

Structured finance obligations insured by the Company are generally issued by special purpose entities, including VIEs, and backed by pools of assets having an ascertainable cash flow or market value or other specialized financial obligations. Some of these VIEs are consolidated as described in Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles. Unless otherwise specified, the outstanding par and debt service amounts presented in this note include outstanding exposures on these VIEs whether or not they are consolidated.

The Company also provides specialty insurance and reinsurance, and other types of financial guaranties, that are consistent with its risk profile and benefit from its underwriting experience.

Surveillance Categories

The Company segregates its insured portfolio into investment grade and BIG surveillance categories to facilitate the appropriate allocation of resources to monitoring and loss mitigation efforts and to aid in establishing the appropriate cycle for periodic review of each exposure. BIG exposures include all exposures with internal credit ratings below BBB-.

The Company's internal credit ratings are based on internal assessments of the likelihood of default and loss severity in the event of default. Internal credit ratings are expressed on a ratings scale similar to that used by the rating agencies and generally reflect an approach similar to that employed by the rating agencies, except that the Company's internal credit ratings focus on future performance rather than lifetime performance.

The Company monitors its insured portfolio and refreshes its internal credit ratings on individual exposures in quarterly, semi-annual or annual cycles based on the Company's view of the exposure's credit quality, future loss potential, volatility and sector. More extensive monitoring and intervention are employed for all BIG surveillance categories, with internal credit ratings reviewed quarterly. Exposures identified as BIG are subjected to further review to determine (i) the probability of a future loss, (ii) the calculation of the expected future loss to be paid, and (iii) whether the Company has paid a claim for which it expects to be reimbursed within one year (liquidity claim) or a claim for which it does not expect to be reimbursed within one year.

Ratings on exposures in sectors identified as under the most stress or with the most potential volatility are also reviewed every quarter, although the Company may also review a rating in response to developments impacting a credit when a ratings review is not scheduled. For assumed exposures, the Company may use the ceding company's credit ratings of transactions where it is impractical for it to assign its own rating.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The Company assigns each BIG exposure to one of the three BIG surveillance categories below, which generally represent the following:

- BIG 1: Below-investment-grade exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is less than 50%, regardless of whether the Company has or has not paid a liquidity claim.
- BIG 2: Below-investment-grade exposures for which there are possible future losses, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, but for which no claims (other than liquidity claims) have yet been paid.
- BIG 3: Below-investment-grade exposures for which future losses are expected, on a present value basis, and the aggregate probability weighting of scenarios with future losses is 50% or more, and for which claims, other than liquidity claims, have been paid.

For purposes of classifying BIG exposures into one of the three BIG categories, the Company calculates the present value of projected claim payments and recoveries using the pre-tax book yield of the investment portfolio as the applicable discount rate.

As discussed in Note 4, Expected Loss to be Paid (Recovered), for financial statement measurement purposes, the Company uses risk-free rates (as determined each quarter) for discounting, rather than the pre-tax book yield of the investment portfolio, to calculate the expected losses to be paid. Expected losses to be paid (recovered) are based on probability weighted scenarios and serve as the basis for the loss reserves reported in accordance with GAAP.

Financial Guaranty Exposure

The Company measures its financial guaranty exposure in terms of (i) gross and net par outstanding and (ii) gross and net debt service.

The Company typically guarantees the payment of debt service when due. Since most of these payments are due in the future, the Company generally uses gross and net par outstanding as a proxy for its financial guaranty exposure. Gross par outstanding generally represents the principal amount of the insured obligation at a point in time. Net par outstanding equals gross par outstanding net of any reinsurance. The Company includes in its par outstanding calculation the impact of any consumer price index inflator to the reporting date as well as, in the case of accreting (zero-coupon) obligations, accretion to the reporting date. Non-U.S. dollar denominated par outstanding is translated at the spot rate at the end of the reporting period.

The Company has, from time to time, purchased securities that it has insured, and for which it had expected losses to be paid, in order to mitigate the economic effect of insured losses (Loss Mitigation Securities). Amounts attributable to Loss Mitigation Securities are excluded from par and debt service outstanding, and are instead reported as Loss Mitigation Securities in the investment portfolio. The Company manages such securities as investments and not insurance exposure. As of both June 30, 2025 and December 31, 2024, the Company excluded net par outstanding of \$1.2 billion attributable to Loss Mitigation Securities.

Gross debt service outstanding represents the sum of all estimated future debt service payments on the insured obligations, on an undiscounted basis. Net debt service outstanding equals gross debt service outstanding net of any reinsurance. Future debt service payments include the estimated impact of any consumer price index inflator after the reporting date, as well as, in the case of accreting (zero-coupon) obligations, accretion after the reporting date.

The Company calculates its debt service outstanding as follows:

- for insured obligations that are not supported by homogeneous pools of assets (which category includes most of the Company's public finance transactions), as the total estimated contractual future debt service due through maturity, regardless of whether the obligations may be called and regardless of whether, in the case of obligations where principal payments are due when an underlying asset makes a principal payment, the Company believes the obligations will be repaid prior to contractual maturity; and
- for insured obligations that are supported by homogeneous pools of assets that are contractually permitted to prepay principal (which category includes, for example, residential mortgage-backed securities (RMBS)), as the total estimated expected future debt service due on insured obligations through their respective expected terms, which

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

reflects the Company's expectations as to whether the obligations may be called and, in the case of obligations where principal payments are due when an underlying asset makes a principal payment, when the Company expects principal payments to be made prior to contractual maturity.

The calculation of debt service requires the use of estimates, which the Company updates periodically, including estimates and assumptions for the expected remaining term of insured obligations supported by homogeneous pools of assets, updated interest rates for floating and variable rate insured obligations, behavior of consumer price indices for obligations with consumer price index inflators, foreign exchange rates and other assumptions based on the characteristics of each insured obligation. Debt service is a measure of the estimated maximum potential exposure to insured obligations before considering the Company's various legal rights to the underlying collateral and other remedies available to it under its financial guaranty contract.

Actual debt service may differ from estimated debt service due to refundings, terminations, negotiated restructurings, prepayments, changes in interest rates on variable rate insured obligations, consumer price index behavior differing from that projected, changes in foreign exchange rates on non-U.S. dollar denominated insured obligations and other factors.

| Financial Guaranty Portfolio Debt Service and Par Outstanding | | | | | |
|--|----|----------------|-------------------|-------------------------|-------------------|
| As of June 30, 2025 | | | | As of December 31, 2024 | |
| | | Gross | Net | Gross | Net |
| (in millions) | | | | | |
| Debt Service | | | | | |
| Public finance | \$ | 422,661 | \$ 422,587 | \$ 403,789 | \$ 403,718 |
| Structured finance | | 12,401 | 11,975 | 12,674 | 12,248 |
| Total financial guaranty | \$ | <u>435,062</u> | <u>\$ 434,562</u> | <u>\$ 416,463</u> | <u>\$ 415,966</u> |
| Par Outstanding | | | | | |
| Public finance | \$ | 261,904 | \$ 261,848 | \$ 250,429 | \$ 250,375 |
| Structured finance | | 11,356 | 10,930 | 11,603 | 11,177 |
| Total financial guaranty | \$ | <u>273,260</u> | <u>\$ 272,778</u> | <u>\$ 262,032</u> | <u>\$ 261,552</u> |

In addition to amounts shown in the table above, the Company had outstanding commitments to provide financial guaranties of \$2.0 billion of public finance gross par and \$2.2 billion of structured finance gross par as of June 30, 2025. These commitments are contingent on the satisfaction of all conditions set forth in the financial guaranties and may expire unused or be canceled at the counterparty's request. Therefore, the total commitment amount does not necessarily reflect actual future guaranteed amounts.

| Financial Guaranty Portfolio by Internal Rating | | | | | | | | | | |
|--|---------------------|----------------|-------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|---------------------|----------------|
| As of June 30, 2025 | | | | | | | | | | |
| Rating Category | Public Finance U.S. | | Public Finance Non-U.S. | | Structured Finance U.S. | | Structured Finance Non-U.S. | | Total | |
| | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % |
| (dollars in millions) | | | | | | | | | | |
| AAA | \$ 23 | — % | \$ 1,966 | 3.7 % | \$ 486 | 6.0 % | \$ 521 | 18.8 % | \$ 2,996 | 1.1 % |
| AA | 17,572 | 8.5 | 2,872 | 5.4 | 5,314 | 65.1 | 67 | 2.5 | 25,825 | 9.5 |
| A | 118,435 | 56.7 | 12,888 | 24.3 | 761 | 9.3 | 2,096 | 75.8 | 134,180 | 49.2 |
| BBB | 70,136 | 33.6 | 28,314 | 53.3 | 739 | 9.0 | 80 | 2.9 | 99,269 | 36.4 |
| BIG | 2,550 | 1.2 | 7,092 | 13.3 | 866 | 10.6 | — | — | 10,508 | 3.8 |
| Total net par outstanding | <u>\$ 208,716</u> | <u>100.0 %</u> | <u>\$ 53,132</u> | <u>100.0 %</u> | <u>\$ 8,166</u> | <u>100.0 %</u> | <u>\$ 2,764</u> | <u>100.0 %</u> | <u>\$ 272,778</u> | <u>100.0 %</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Financial Guaranty Portfolio by Internal Rating
As of December 31, 2024

| Rating Category | Public Finance U.S. | | Public Finance Non-U.S. | | Structured Finance U.S. | | Structured Finance Non-U.S. | | Total | |
|---------------------------|---------------------|---------|-------------------------|---------|-------------------------|---------|-----------------------------|---------|---------------------|---------|
| | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % | Net Par Outstanding | % |
| (dollars in millions) | | | | | | | | | | |
| AAA | \$ 25 | — % | \$ 2,074 | 4.2 % | \$ 512 | 6.1 % | \$ 470 | 17.3 % | \$ 3,081 | 1.2 % |
| AA | 17,664 | 8.8 | 2,854 | 5.8 | 5,386 | 63.7 | 58 | 2.1 | 25,962 | 9.9 |
| A | 111,502 | 55.5 | 13,046 | 26.5 | 952 | 11.3 | 2,117 | 77.7 | 127,617 | 48.8 |
| BBB | 69,096 | 34.3 | 24,828 | 50.5 | 707 | 8.3 | 79 | 2.9 | 94,710 | 36.2 |
| BIG | 2,888 | 1.4 | 6,398 | 13.0 | 896 | 10.6 | — | — | 10,182 | 3.9 |
| Total net par outstanding | \$ 201,175 | 100.0 % | \$ 49,200 | 100.0 % | \$ 8,453 | 100.0 % | \$ 2,724 | 100.0 % | \$ 261,552 | 100.0 % |

Financial Guaranty Portfolio
Components of BIG Net Par Outstanding
As of June 30, 2025

| | BIG Net Par Outstanding | | | | Net Par Outstanding |
|----------------------------|-------------------------|----------|----------|-----------|---------------------|
| | BIG 1 | BIG 2 | BIG 3 | Total BIG | |
| (in millions) | | | | | |
| Public finance: | | | | | |
| U.S. public finance | \$ 1,410 | \$ 471 | \$ 669 | \$ 2,550 | \$ 208,716 |
| Non-U.S. public finance | 4,061 | 3,031 | — | 7,092 | 53,132 |
| Public finance | 5,471 | 3,502 | 669 | 9,642 | 261,848 |
| Structured finance: | | | | | |
| U.S. RMBS | 83 | 29 | 679 | 791 | 1,436 |
| Other structured finance | — | 19 | 56 | 75 | 9,494 |
| Structured finance | 83 | 48 | 735 | 866 | 10,930 |
| Total | \$ 5,554 | \$ 3,550 | \$ 1,404 | \$ 10,508 | \$ 272,778 |

Financial Guaranty Portfolio
Components of BIG Net Par Outstanding
As of December 31, 2024

| | BIG Net Par Outstanding | | | | Net Par Outstanding |
|----------------------------|-------------------------|--------|----------|-----------|---------------------|
| | BIG 1 | BIG 2 | BIG 3 | Total BIG | |
| (in millions) | | | | | |
| Public finance: | | | | | |
| U.S. public finance | \$ 2,119 | \$ 137 | \$ 632 | \$ 2,888 | \$ 201,175 |
| Non-U.S. public finance | 5,879 | 519 | — | 6,398 | 49,200 |
| Public finance | 7,998 | 656 | 632 | 9,286 | 250,375 |
| Structured finance: | | | | | |
| U.S. RMBS | 104 | 29 | 686 | 819 | 1,507 |
| Other structured finance | — | 21 | 56 | 77 | 9,670 |
| Structured finance | 104 | 50 | 742 | 896 | 11,177 |
| Total | \$ 8,102 | \$ 706 | \$ 1,374 | \$ 10,182 | \$ 261,552 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Financial Guaranty Portfolio
BIG Net Par Outstanding and Number of Risks
As of June 30, 2025

| Description | Net Par Outstanding | | | Number of Risks (2) | | |
|-------------|----------------------------------|--------------------|------------------|----------------------------------|--------------------|------------|
| | Financial Guaranty Insurance (1) | Credit Derivatives | Total | Financial Guaranty Insurance (1) | Credit Derivatives | Total |
| | (dollars in millions) | | | | | |
| BIG 1 | \$ 5,528 | \$ 26 | \$ 5,554 | 91 | 3 | 94 |
| BIG 2 | 3,546 | 4 | 3,550 | 13 | 1 | 14 |
| BIG 3 | 1,404 | — | 1,404 | 98 | 3 | 101 |
| Total BIG | <u>\$ 10,478</u> | <u>\$ 30</u> | <u>\$ 10,508</u> | <u>202</u> | <u>7</u> | <u>209</u> |

Financial Guaranty Portfolio
BIG Net Par Outstanding and Number of Risks
As of December 31, 2024

| Description | Net Par Outstanding | | | Number of Risks (2) | | |
|-------------|----------------------------------|--------------------|------------------|----------------------------------|--------------------|------------|
| | Financial Guaranty Insurance (1) | Credit Derivatives | Total | Financial Guaranty Insurance (1) | Credit Derivatives | Total |
| | (dollars in millions) | | | | | |
| BIG 1 | \$ 8,074 | \$ 28 | \$ 8,102 | 98 | 3 | 101 |
| BIG 2 | 702 | 4 | 706 | 12 | 1 | 13 |
| BIG 3 | 1,374 | — | 1,374 | 97 | 3 | 100 |
| Total BIG | <u>\$ 10,150</u> | <u>\$ 32</u> | <u>\$ 10,182</u> | <u>207</u> | <u>7</u> | <u>214</u> |

(1) Includes FG VIEs.

(2) A risk represents the aggregate of the financial guaranty policies that share the same revenue source for purposes of making debt service payments

Specialty Business

The Company also guarantees specialty business with risk profiles similar to those of its structured finance exposures written in financial guaranty form.

| | Specialty Business | | | |
|--|---------------------------|--------------|-------------------------|--------------|
| | As of June 30, 2025 | | As of December 31, 2024 | |
| | Gross Exposure | Net Exposure | Gross Exposure | Net Exposure |
| | (in millions) | | | |
| Diversified real estate (1) | \$ 2,119 | \$ 2,119 | \$ 2,004 | \$ 2,004 |
| Insurance reserve financings and securitizations | 1,513 | 1,184 | 1,449 | 1,126 |
| Pooled corporate obligations | 884 | 884 | 868 | 868 |
| Aircraft residual value insurance | 147 | 87 | 147 | 87 |

(1) Excess-of-loss guaranty of a minimum amount of billed rent on a diversified portfolio of real estate properties with an internal rating of AAA that matures in 2044. This guaranty is accounted for in accordance with Accounting Standards Codification (ASC) 460, *Guarantees*.

All exposures in the table above are rated investment grade, except for aircraft residual value insurance gross and net exposure of \$5 million as of both June 30, 2025 and December 31, 2024.

In addition to the amounts shown in the table above, as of June 30, 2025, the Company had outstanding aggregate gross and net aircraft residual value insurance commitments of \$90 million and \$51 million, respectively. These commitments are contingent on the satisfaction of specified conditions and may expire unused or be cancelled at the request of the respective counterparty. Therefore, the total commitment amount does not necessarily reflect actual future covered amounts.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

4. Expected Loss to be Paid (Recovered)

Net expected loss to be paid (recovered) is equal to the present value of expected future cash outflows for loss and LAE payments, net of: (i) inflows for expected salvage, subrogation and other recoveries; (ii) excess spread on underlying collateral, as applicable; and (iii) amounts ceded to reinsurers. Cash flows are discounted at current risk-free rates. The Company updates the discount rates each quarter and reflects the effect of such changes in economic loss development.

Expected cash outflows and inflows are probability weighted cash flows that reflect management's assumptions about the likelihood of all possible outcomes based on all information available to the Company. Those assumptions consider the relevant facts and circumstances and are consistent with the information tracked and monitored through the Company's surveillance and risk-management functions. Expected loss to be paid (recovered) is important in that it represents the present value of amounts that the Company expects to pay or recover in future periods.

The Company removes any related expected loss to be paid (recovered) associated with Loss Mitigation Securities. For Loss Mitigation Securities, the difference between the purchase price of the insured obligation and the fair value excluding the value of the Company's insurance (on the date of acquisition) is treated as a paid loss. See Note 7, Investments, and Note 9, Fair Value Measurement.

Similarly, in cases where issuers of insured obligations elected (or where an issuer and the Company negotiated) to deliver the underlying collateral, insured obligation or a new security to the Company, expected loss to be paid (recovered) is adjusted accordingly and the asset received is prospectively accounted for under the applicable guidance for that instrument.

Economic loss development (benefit) represents the change in net expected loss to be paid (recovered) attributable to the effects of changes in the economic performance of insured transactions, changes in assumptions based on observed market trends, changes in discount rates, accretion of discount and the economic effects of loss mitigation efforts.

In order to effectively evaluate and manage the economics and liquidity of the entire insured portfolio, management assigns ratings and calculates expected loss to be paid (recovered), on a contract-by-contract basis, in the same manner for all its exposures regardless of form or differing accounting models. The exposure reported in Note 3, Outstanding Exposure, includes policies accounted for under various accounting models depending on the characteristics of the contract and the Company's control rights. The three primary models are: (i) insurance, as described in Note 5, Contracts Accounted for as Insurance; (ii) derivatives, as described in Note 6, Contracts Accounted for as Credit Derivatives, and Note 9, Fair Value Measurement; and (iii) FG VIE consolidation, as described in Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles. The Company has paid and may pay future claims and/or recover past claims on policies which fall under each of these accounting models. This note provides information regarding expected loss to be paid (recovered), regardless of the accounting method.

Loss Estimation Process

The financial guaranties issued by the Company insure the credit performance of the guaranteed obligations over an extended period of time, in some cases over 30 years, and in most circumstances the Company has no right to cancel such financial guaranties. As a result, the Company's estimate of ultimate loss on a policy is subject to significant uncertainty over the life of the insured transaction. Credit performance can be affected by, among other things, economic, fiscal and financial market and political developments over the life of most contracts. The Company guarantees payment of interest and principal when those amounts are scheduled to be paid and cannot be required to pay on an accelerated basis, although in certain circumstances it may elect to do so. When obligors default on their obligations, the Company is only required to pay the shortfall between the debt service due in any given period and the amount paid by the obligors.

The Company does not use traditional actuarial approaches to determine its estimates of expected losses. The determination of expected loss to be paid (recovered) is an inherently subjective process involving numerous estimates, assumptions and judgments by management, using both internal and external data sources with regard to frequency and severity of loss, economic projections, governmental actions, legal developments, negotiations, recovery rates, delinquency and prepayment rates, timing of cash flows, and other factors that affect credit performance. These estimates, assumptions and judgments, and the factors on which they are based, may change materially over a reporting period, and have a material effect on the Company's financial statements. Each quarter, the Company may revise its scenarios and update its assumptions, including the probability weightings of its scenarios, based on public as well as nonpublic information obtained through its surveillance and loss mitigation activities.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Changes over a reporting period in the Company's loss estimates for public finance obligations supported by specified revenue streams, such as revenue bonds issued by toll road authorities, municipal and regulated utilities, airport authorities or healthcare systems, generally will be influenced by factors impacting their revenue levels, such as changes in demand; changing demographics; and other economic and regulatory factors, especially if the obligations do not benefit from financial support from other tax revenues or governmental authorities. Changes over a reporting period in the Company's loss estimates for its tax-supported and general obligation public finance transactions generally will be influenced by factors impacting the public issuer's ability and willingness to pay, such as changes in the economy and population of the relevant area; changes in the issuer's ability or willingness to raise taxes, decrease spending or receive federal assistance; new legislation; rating agency actions that affect the issuer's ability to refinance maturing obligations or issue new debt at a reasonable cost; changes in the priority and amount of pensions and other obligations owed to workers; developments in restructuring or settlement negotiations; and other political and economic factors. Changes in loss estimates may also be affected by the Company's loss mitigation efforts and other variables.

Changes in the Company's loss estimates for structured finance transactions can be influenced by the performance of the assets supporting those transactions, by macroeconomic factors and by specific actions taken to mitigate losses. For example, changes over a reporting period in the Company's loss estimates for its RMBS transactions may be influenced by factors such as the level and timing of loan defaults experienced, changes in housing prices, discount rates and results from the Company's loss mitigation activities. In recent years, expected losses to be paid (recovered) for U.S. RMBS have also been affected by changes in the amount of recoveries on first lien deferred principal balances and second lien charged-off loans.

Actual losses will ultimately depend on future events, transaction performance or other factors that are difficult to predict. As a result, the Company's current projections of certain losses may be subject to considerable uncertainty and may not reflect the Company's ultimate claims paid.

In some instances, the terms of the Company's policy or the terms of certain workout orders and resolutions give the Company the option to pay principal losses that have been recognized in the transaction but which it is not yet required to pay, thereby reducing the amount of guaranteed interest due in the future. The Company has sometimes exercised this option, which results in an acceleration of cash outflows but reduces overall losses paid.

The Company's reserve committees estimate expected loss to be paid (recovered) by reviewing analyses that consider various scenarios with corresponding probabilities assigned to them. Depending upon the characteristics of the risk, the Company's view of the potential size of any loss and the information available to the Company, that analysis may be based upon individually developed cash flow models, internal credit rating assessments, sector-driven loss severity assumptions and/or judgmental assessments. In the case of its assumed business, the Company may conduct its own analysis or use loss estimates provided by ceding insurers. Each quarter, the Company's reserve committees review and refresh their loss projection assumptions, scenarios and the probabilities they assign to those scenarios based on developments during the period and their view of future performance.

**Net Expected Loss to be Paid (Recovered) and Net Economic Loss Development (Benefit)
by Accounting Model**

| Accounting Model | Net Expected Loss to be Paid (Recovered) | | Net Economic Loss Development (Benefit) | | | |
|---------------------------------|--|-------------------|---|-------|------------|-------|
| | As of | | Second Quarter | | Six Months | |
| | June 30, 2025 | December 31, 2024 | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | | | |
| Insurance (see Note 5) | \$ 171 | \$ 90 | \$ 38 | \$ 19 | \$ 86 | \$ 12 |
| FG VIEs (see Note 8) | 16 | 16 | (1) | 1 | (1) | 1 |
| Credit derivatives (see Note 6) | (1) | — | (1) | 1 | (64) | 1 |
| Total | \$ 186 | \$ 106 | \$ 36 | \$ 21 | \$ 21 | \$ 14 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The following tables present a roll forward of net expected loss to be paid (recovered) for all contracts, which are accounted for under one of the following accounting models: insurance, derivative or FG VIE. The Company used risk-free rates for U.S. and non-U.S. currencies that ranged from 1.84% to 5.48% with a weighted average of 4.15% as of June 30, 2025 and 1.98% to 5.22% with a weighted average of 4.38% as of December 31, 2024.

Net Expected Loss to be Paid (Recovered)
Roll Forward

| | Second Quarter | | Six Months | |
|---|----------------|--------|------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Net expected loss to be paid (recovered), beginning of period | \$ 150 | \$ 433 | \$ 106 | \$ 505 |
| Economic loss development (benefit) due to: | | | | |
| Accretion of discount | 2 | 4 | 3 | 9 |
| Changes in discount rates | 1 | 1 | 6 | (2) |
| Changes in timing and assumptions | 33 | 16 | 12 | 7 |
| Total economic loss development (benefit) (1) | 36 | 21 | 21 | 14 |
| Net (paid) recovered losses (1) | — | (7) | 59 | (72) |
| Net expected loss to be paid (recovered), end of period | \$ 186 | \$ 447 | \$ 186 | \$ 447 |

(1) Six months 2025 amounts include recoveries recognized in connection with the resolution of the LBIE litigation. See Note 6, Contracts Accounted for as Credit Derivatives, for additional information.

Net Expected Loss to be Paid (Recovered)
Roll Forward by Sector

| Sector | Second Quarter 2025 | | | |
|--------------------------|---|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of March 31, 2025 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2025 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 35 | \$ 24 | \$ (6) | \$ 53 |
| Non-U.S. public finance | 122 | 18 | (1) | 139 |
| Public finance | 157 | 42 | (7) | 192 |
| Structured finance: | | | | |
| U.S. RMBS | (37) | (6) | 8 | (35) |
| Other structured finance | 30 | — | (1) | 29 |
| Structured finance | (7) | (6) | 7 | (6) |
| Total | \$ 150 | \$ 36 | \$ — | \$ 186 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

| Sector | Second Quarter 2024 | | | |
|----------------------------|---|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of March 31, 2024 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2024 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 378 | \$ 12 | \$ (16) | \$ 374 |
| Non-U.S. public finance | 20 | 17 | — | 37 |
| Public finance | 398 | 29 | (16) | 411 |
| Structured finance: | | | | |
| U.S. RMBS | (2) | (10) | 12 | — |
| Other structured finance | 37 | 2 | (3) | 36 |
| Structured finance | 35 | (8) | 9 | 36 |
| Total | \$ 433 | \$ 21 | \$ (7) | \$ 447 |

| Sector | Six Months 2025 | | | |
|------------------------------|--|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of December 31, 2024 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2025 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 18 | \$ 53 | \$ (18) | \$ 53 |
| Non-U.S. public finance | 98 | 42 | (1) | 139 |
| Public finance | 116 | 95 | (19) | 192 |
| Structured finance: | | | | |
| U.S. RMBS | (43) | (9) | 17 | (35) |
| Other structured finance (2) | 33 | (65) | 61 | 29 |
| Structured finance | (10) | (74) | 78 | (6) |
| Total | \$ 106 | \$ 21 | \$ 59 | \$ 186 |

| Sector | Six Months 2024 | | | |
|----------------------------|--|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of December 31, 2023 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2024 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 398 | \$ 9 | \$ (33) | \$ 374 |
| Non-U.S. public finance | 20 | 17 | — | 37 |
| Public finance | 418 | 26 | (33) | 411 |
| Structured finance: | | | | |
| U.S. RMBS | 43 | (13) | (30) | — |
| Other structured finance | 44 | 1 | (9) | 36 |
| Structured finance | 87 | (12) | (39) | 36 |
| Total | \$ 505 | \$ 14 | \$ (72) | \$ 447 |

- (1) Amounts are net of ceded paid losses, whether or not such amounts have been settled with reinsurers. Ceded paid losses are typically settled 45 days after the end of the reporting period. Such amounts are recorded as reinsurance recoverable on paid losses in "other assets."
- (2) Six months 2025 amounts include recoveries recognized in connection with the resolution of the LBIE litigation. See Note 6, Contracts Accounted for as Credit Derivatives, for additional information.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The tables above include (i) net LAE paid (recovered) of \$5 million, \$13 million, \$(56) million and \$20 million for second quarter 2025, second quarter 2024, six months 2025 and six months 2024, respectively, and (ii) net expected LAE to be paid of \$8 million as of June 30, 2025 and \$11 million as of December 31, 2024.

Public Finance

The largest components of the public finance net expected losses to be paid (recovered) relate to certain healthcare and U.K. regulated utility exposures. The total net expected loss to be paid for U.S. public finance exposures is net of expected recoveries of \$258 million and \$262 million as of June 30, 2025 and December 31, 2024, respectively, for certain claims that have already been paid. In second quarter 2025, the economic loss development for public finance transactions was primarily attributable to higher expected losses for certain healthcare and U.K. regulated utility exposures. In six months 2025, the economic loss development for public finance transactions was primarily attributable to higher expected losses for certain U.K. regulated utility exposures, Puerto Rico Electric Power Authority (PREPA) and certain healthcare exposures.

U.K. Regulated Utility and European Renewable Energy

As of June 30, 2025, the Company insures net par of £3.8 billion (or \$5.3 billion) of BIG U.K. regulated utility and €792 million (or \$934 million) of BIG European renewable energy transactions that are experiencing operational strain.

As of June 30, 2025, the Company had \$2.4 billion of net par outstanding of Thames Water Utilities Finance PLC (Thames), a BIG U.K. regulated utility. All of the Company's insured exposure to Thames is to senior Class A debt at the regulated operating company level and not holding company debt or subordinated debt. The Company, as part of the Thames senior Class A creditors, continues to engage the Water Services Regulation Authority (the governmental body responsible for the economic regulation of the privatized water and sewage industry in England and Wales, or Ofwat), His Majesty's Treasury, and other members of the U.K. Government in restructuring negotiations, and is taking other actions to work out this insured credit. The first scheduled principal payment that comes due under the Company's Thames exposure is in 2037. The Company is actively working to mitigate losses and reduce risk.

Following sustained controversy about the failures in the wider water sector, the U.K. Government formed an independent commission to conduct a wide ranging review (known as the Cunliffe review) in recognition of the need for fundamental reform. It is the most comprehensive review since the industry's privatization and covers a wide range of topics, including regulatory reform, company governance, long term investment, the legislative framework and overall strategy and planning in the water system. Key amongst the many recommendations in its final report was the overhaul of the regulatory system and the consolidation of the U.K. water utility regulators into a single regulator. Some of the recommendations, if implemented, are expected to improve the financial condition of the Company's insured obligations. The U.K. Government is reviewing the report.

Healthcare

Certain BIG healthcare exposures are experiencing rising labor costs due to competition for labor and shortages in certain markets. Additionally, inflation has increased the cost of medical supplies, medical equipment and pharmacy products, while U.S. hospitals with large Medicaid and Medicare payor mixes have not seen reimbursement levels keep pace with rising costs and may be further impacted by recent cuts to Medicaid funding that will go into effect in 2026 and 2027. The combined revenue and expense challenges have led to cash flow and liquidity stress in certain transactions. In addition, certain credits are struggling to make, or are in dispute as to who should fund, necessary capital expenditures and improvements to facilities.

Puerto Rico

All of the Company's exposure to the Commonwealth of Puerto Rico (Puerto Rico or the Commonwealth) and its various authorities and public corporations is rated BIG. The Company's Puerto Rico net par and net debt service outstanding as of June 30, 2025 were \$637 million and \$742 million, respectively, compared with net par and net debt service outstanding as of December 31, 2024 of \$637 million and \$756 million, respectively.

Defaulting Puerto Rico Exposure

As of June 30, 2025, the Company's only unresolved outstanding insured Puerto Rico exposure subject to a payment default was PREPA. As of June 30, 2025, the Company's PREPA net par and debt service outstanding were \$532 million and

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

\$617 million, respectively. As of December 31, 2024, the Company's PREPA net par and debt service outstanding were \$532 million and \$629 million, respectively. The PREPA bonds are secured by a lien on the net revenues of the electric system. The default of PREPA's obligations has been the subject of restructuring negotiations, mediation and litigation since 2014.

Puerto Rico Litigation

Currently, there are numerous legal actions relating to defaults by PREPA on debt service payments and related matters and the Company is a party to a number of them. The Company has taken legal action, and may take additional legal action in the future, to enforce its rights with respect to the remaining Puerto Rico obligations it still insures. In addition, the Commonwealth, the Financial Oversight and Management Board (FOMB) established under the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) and others have taken legal action naming the Company as a party.

Certain legal actions involving the Company and relating to defaults by the Commonwealth and its authorities and public corporations were resolved in 2022. The remaining proceedings relate to PREPA's default, including recently active proceedings and a number of proceedings that remain stayed pending the U.S. District Court for the District of Puerto Rico's (Federal District Court of Puerto Rico) determination on the FOMB PREPA Plan, as described below in PREPA – Current Proceedings, Plan of Adjustment and Disclosure Statement.

PREPA – Current Proceedings

Lien Challenge Adversary Proceeding and Appeal. On March 22, 2023, the Federal District Court of Puerto Rico held that the PREPA bondholders had perfected liens only in revenues that had been deposited in the sinking fund established under the PREPA trust agreement and related funds over which the bond trustee had control but did not have a lien on future revenues until deposited in those funds. The Federal District Court of Puerto Rico also held, however, that PREPA bondholders do have recourse under the PREPA trust agreement in the form of an unsecured net revenue claim. At that time, the Federal District Court of Puerto Rico declined to value the unsecured net revenue claim or the method for its determination. The ultimate value of the claim, according to the Federal District Court of Puerto Rico, should be determined through a claim estimation proceeding.

On June 26, 2023, the Federal District Court of Puerto Rico issued an opinion and order estimating the unsecured net revenue claim to be \$2.4 billion as of July 3, 2017. Subject to their appeal of the Federal District Court of Puerto Rico's ruling on the scope of lien, PREPA bondholders had sought an unsecured net revenue claim of approximately \$8.5 billion.

On November 28, 2023, the Federal District Court of Puerto Rico finally adjudicated all claims and counterclaims in the PREPA lien challenge adversary proceeding.

On November 30, 2023, the Company filed a notice of appeal with the U.S. Court of Appeals for the First Circuit (First Circuit) for portions of the March 22, 2023 decision, including the lien scope ruling and the need for a claim estimation proceeding, as well as the June 26, 2023 claim estimation ruling. On June 12, 2024, the First Circuit held that bondholders have a claim against PREPA for the full principal amount of the bonds, plus matured interest, that there was no need for a claim estimation proceeding because the PREPA bonds specify the amount that PREPA legally owes bondholders, and that the claim is secured by PREPA's net revenues, including future net revenues.

The FOMB asked the First Circuit to reconsider its determination that bondholders' security interest in future net revenues is perfected twice, once on June 26, 2024, and again on November 27, 2024. The First Circuit denied both requests, with the most recent denial published on December 31, 2024.

Plan of Adjustment and Disclosure Statement. The FOMB filed an initial plan of adjustment and disclosure statement for PREPA with the Federal District Court of Puerto Rico on December 16, 2022. On November 17, 2023, the Federal District Court of Puerto Rico approved a supplemental disclosure statement (Supplemental Disclosure Statement) relating to the PREPA plan of adjustment filed by the FOMB (as amended or modified from time to time). On February 16, 2024, the FOMB filed with the Federal District Court of Puerto Rico the Modified Fourth Amended Title III Plan of Adjustment (FOMB PREPA Plan). The Supplemental Disclosure Statement and the FOMB PREPA Plan are based on the PREPA fiscal plan certified by the FOMB on June 23, 2023. The confirmation hearing for the FOMB PREPA Plan occurred in March 2024. At the end of the hearing, the Federal District Court of Puerto Rico stated that it was taking the confirmation of the FOMB PREPA Plan under advisement.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

In light of the decision by the First Circuit described above in Lien Challenge Adversary Proceeding and Appeal, in March 2025, the Federal District Court of Puerto Rico ordered the parties to propose an agreed proposal or competing proposals for a litigation schedule for resolving certain key issues related to PREPA bondholders' claims prior to a further FOMB PREPA Plan confirmation hearing. On March 13, 2025, the parties submitted competing proposals. At an Omnibus Hearing held on March 19, 2025, the Federal District Court of Puerto Rico indicated that it would allow the bondholders, including the Company, to litigate an administrative expense claim based on PREPA's post-petition use of the bondholders' collateral and that the parties could revisit the possibility of litigating other key issues at a later time. On July 23, 2025, the Federal District Court of Puerto Rico heard oral arguments on the administrative expense claim, and ordered the parties to submit a discovery schedule by August 18, 2025 and a joint status report by August 25, 2025.

As directed by the Federal District Court of Puerto Rico at the March 19, 2025 Omnibus Hearing, the FOMB filed on March 28, 2025 its Fifth Amended Title III Plan of Adjustment and related Disclosure Statement for informational purposes of the parties.

FOMB Board. On August 5, 2025, the FOMB announced that the U.S. administration terminated five of its seven board members.

PREPA Mediation and Stayed Proceedings

On July 10, 2024, the Federal District Court of Puerto Rico ordered the FOMB and bondholders to resume mediation and instituted a 60-day stay of all PREPA litigation. The Federal District Court of Puerto Rico most recently extended the PREPA litigation stay indefinitely and the term of mediation through October 31, 2025. Following the Omnibus Hearing held on March 19, 2025, the Federal District Court of Puerto Rico partially lifted the PREPA litigation stay, and indicated that the PREPA litigation stay otherwise remains in place for the time being.

The following proceedings involving the Company and relating to the default by PREPA remain stayed in the Federal District Court of Puerto Rico pending its determination on the FOMB PREPA Plan:

- The Company's motion to compel the FOMB to certify the PREPA restructuring support agreement executed in May 2019 (PREPA RSA) for implementation under Title VI of PROMESA.
- The Company's motion to dismiss PREPA's Title III Bankruptcy proceeding or, in the alternative, to lift the PROMESA automatic stay to allow for the appointment of a receiver.
- Adversary complaint by certain fuel line lenders of PREPA against the Company, among other parties, including various PREPA bondholders and bond insurers, seeking, among other things, declarations that there is no valid lien securing the PREPA bonds unless and until such lenders are paid in full, as well as orders subordinating the PREPA bondholders' lien and claims to such lenders' claims, and declaring the PREPA RSA null and void.
- The Company's motion to intervene in a lawsuit by the retirement system for PREPA employees against, among others, the FOMB, PREPA, the Commonwealth, and the trustee for PREPA bondholders seeking, among other things, declarations that there is no valid lien securing the PREPA bonds other than on amounts in the sinking funds, and order subordinating the PREPA bondholders' lien and claim to the PREPA employees' claims.

Non-Defaulting Puerto Rico Exposure

As of both June 30, 2025 and December 31, 2024, the Company had approximately \$92 million of remaining non-defaulting Puerto Rico net par outstanding related primarily to the Puerto Rico Municipal Finance Agency (MFA). The MFA exposures are secured by a lien on local tax revenues and remain current on debt service payments.

U.S. RMBS Loss Projections

The Company projects losses on its insured U.S. RMBS on a transaction-by-transaction basis by projecting the performance of the underlying pool of mortgages over time and then applying the structural features (e.g., payment priorities and tranching) of the RMBS and any expected representation and warranty recoveries/payables to the projected performance of the collateral over time. The resulting projected claim payments or reimbursements are then discounted using risk-free rates.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The rate at which borrowers from a particular delinquency category (number of monthly payments behind) eventually default is referred to as the “liquidation rate.” The Company derives its liquidation rate assumptions from observed roll rates, which are the rates at which loans progress from one delinquency category to the next and eventually to default and liquidation. The Company applies liquidation rates to the mortgage loan collateral in each delinquency category and makes certain timing assumptions to project near-term mortgage collateral defaults from loans that are currently delinquent. Each quarter the Company reviews recent third party data and (if necessary) adjusts its liquidation rates based on its observations.

Performing borrowers that eventually default will also need to progress through delinquency categories before any defaults occur. The Company projects how many of the currently performing loans will default and when they will default, by first converting the projected near term defaults of delinquent borrowers derived from liquidation rates into a vector of conditional default rates (CDR), then projecting how the CDR will develop over time. While the Company uses the liquidation rates to project defaults of non-performing loans (including current loans that were recently modified or delinquent), it projects defaults on presently current loans by applying a CDR curve. The start of that CDR curve is based on the defaults the Company projects will emerge from currently nonperforming, recently nonperforming and modified loans. The total amount of expected defaults from the non-performing loans is translated into a constant CDR (i.e., the CDR plateau), which, if applied for each of the next 36 months, results in the projection of the defaults that are expected to emerge from the various delinquency categories. The CDR thus calculated individually on the delinquent collateral pool for each RMBS is then used as the starting point for the CDR curve used to project defaults of the presently performing loans.

In order to derive collateral pool losses from the collateral pool defaults it has projected, the Company applies a loss severity. The loss severity is the amount of loss the transaction experiences on a defaulted loan after the application of net proceeds from the disposal of the underlying property. The Company projects loss severities by sector and vintage based on its experience to date. The Company continues to update its evaluation of these loss severities as new information becomes available.

The Company incorporates a recovery assumption into its loss modeling to reflect observed trends in recoveries of deferred principal balances of modified first lien loans that had been previously written off. For transactions where the Company has detailed loan information, the Company assumes that a percentage of the deferred loan balances will eventually be recovered upon sale of the collateral or refinancing of the loans.

When a second lien loan defaults, there is generally a low recovery. The Company assumed that it will generally recover 2% of future defaulting collateral at the time of charge-off. Additional amounts of post charge-off recoveries are projected to come in evenly over the next five years in instances where the Company is able to obtain information on the lien status and the second lien is still intact. The Company evaluates its assumptions quarterly based on actual recoveries of charged-off loans observed from period to period and reasonable expectations of future recoveries.

The Company projects the overall future cash flow from a collateral pool by adjusting the payment stream from the principal and interest contractually due on the underlying mortgages for the collateral losses it projects as described above; assumed voluntary prepayments; and servicer advances. The Company then applies an individual model of the structure of the transaction to the projected future cash flow from that transaction’s collateral pool to project the Company’s future claims and claim reimbursements for that individual transaction. Finally, the projected claims and reimbursements are discounted using risk-free rates. The Company runs several sets of assumptions regarding mortgage collateral performance, or scenarios, which are probability weighted.

Each period the Company reviews the assumptions it uses to make RMBS loss projections with consideration of updates on the performance of its insured transactions (including early-stage delinquencies, late-stage delinquencies and loss severity) as well as the residential property market and economy in general. To the extent it observes changes, it makes a judgment as to whether those changes are normal fluctuations or part of a more prolonged trend.

Expected losses are also a function of the structure of the transaction, the interest rate environment and other factors.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Net Economic Loss Development (Benefit)
U.S. RMBS

| | Second Quarter | | Six Months | |
|---|----------------|---------|------------|---------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| First lien U.S. RMBS | \$ (4) | \$ (2) | \$ (2) | \$ (3) |
| Second lien U.S. RMBS | (2) | (8) | (7) | (10) |
| Total U.S. RMBS economic loss development (benefit) | \$ (6) | \$ (10) | \$ (9) | \$ (13) |

First Lien U.S. RMBS Loss Projections: Alt-A, Prime, Option ARM and Subprime

The majority of projected losses in first lien U.S. RMBS transactions are expected to come from non-performing mortgage loans (those that are or have recently been two or more payments behind, have been modified, are in foreclosure or have been foreclosed upon). Collateral losses are projected to be offset by recoveries on deferred principal balances.

In the base scenario, the Company assumes the final CDR will be reached one year after the 36-month CDR plateau period. The Company then assumes that loss severities begin returning to levels consistent with underwriting assumptions beginning after the initial 18-month period, staying or trending, as applicable, to 40% in the base scenario over 2.5 years.

The following table shows the range as well as the average, weighted by outstanding net insured par, for key assumptions used in the calculation of expected loss to be paid (recovered) for individual transactions for vintage 2004 - 2008 first lien U.S. RMBS.

Key Assumptions in Base Scenario Expected Loss Estimates
First Lien U.S. RMBS

| | As of June 30, 2025 | | As of December 31, 2024 | |
|---|---------------------|------------------|-------------------------|------------------|
| | Range | Weighted Average | Range | Weighted Average |
| Plateau CDR | 0.0 % - 8.4% | 3.2% | 0.0 % - 8.8% | 3.4% |
| Final CDR | 0.0 % - 0.4% | 0.2% | 0.0 % - 0.4% | 0.2% |
| Initial loss severity | 40.0 % - 50.0% | 43.0% | 40.0 % - 50.0% | 43.1% |
| Future recovery for deferred principal balances | 50% | | 50% | |
| Liquidation rates (1) | 20 % - 50% | | 20 % - 50% | |

(1) The liquidation rates range from current but recently delinquent loans to foreclosed loans.

Certain transactions benefit from excess spread (the amount by which the interest paid by the borrowers on the underlying loan exceeds the amount of interest owed on the insured obligations) when they are supported by large portions of fixed rate assets (either originally fixed or modified to be fixed) but have insured floating rate debt linked to the Secured Overnight Finance Rate (SOFR). An increase in projected SOFR decreases excess spread, while lower SOFR projections result in higher excess spread.

The Company establishes its scenarios by increasing and decreasing the periods and levels of stress from those used in the base scenario. In the Company's most stressful scenario where 20% of deferred principal balances are assumed to be recovered, loss severities experience stress for nine years and the initial ramp-down of the CDR was assumed to occur over 16 months, expected loss to be paid would increase from current projections by approximately \$32 million for all first lien U.S. RMBS transactions. In the Company's least stressful scenario where 80% of deferred principal balances are assumed to be recovered, the CDR plateau was six months shorter (30 months, effectively assuming that liquidation rates would improve) and the CDR recovery was more pronounced (including an initial ramp-down of the CDR over eight months), expected loss to be paid would decrease from current projections by approximately \$30 million for all first lien U.S. RMBS transactions.

Second Lien U.S. RMBS Loss Projections

Second lien U.S. RMBS transactions include both home equity lines of credit (HELOC) and closed end second lien mortgages. The Company believes the most important driver of its projected second lien U.S. RMBS losses is the performance

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

of its HELOC transactions. The Company believes the primary variable affecting its expected losses in second lien U.S. RMBS transactions is the amount and timing of future losses or recoveries in the collateral pool supporting the transactions (including recoveries from previously charged-off loans).

For the base scenario, the CDR plateau is held constant for 36 months. Once the plateau period ends, the CDR is assumed to trend down in uniform increments for one year to its final long-term steady state CDR (5% of original plateau).

The following table shows the range as well as the average, weighted by net par outstanding, for key assumptions used in the calculation of expected loss to be paid (recovered) for individual transactions for vintage 2004 - 2008 HELOCs.

**Key Assumptions in Base Scenario Expected Loss Estimates
HELOCs**

| | As of June 30, 2025 | | As of December 31, 2024 | |
|---|---------------------|------------------|-------------------------|------------------|
| | Range | Weighted Average | Range | Weighted Average |
| Plateau CDR | 0.2 % – 6.7% | 2.6% | 0.0 % – 5.6% | 2.2% |
| Final CDR | 0.0 % – 0.3% | 0.1% | 0.0 % – 0.3% | 0.1% |
| Liquidation rates (1) | 20 % – 55% | | 20 % – 55% | |
| Loss severity on future defaults | 98% | | 98% | |
| Projected future recoveries on previously charged-off loans | 50% | | 50% | |

(1) The liquidation rates range from current but recently delinquent loans to foreclosed loans.

The Company modeled scenarios with a longer period of elevated defaults and others with a shorter period of elevated defaults as well as various levels of assumed recoveries. In the Company's most stressful scenario, assuming 20% recoveries on charged-off loans, increasing the CDR plateau to 42 months, increasing the ramp-down by four months to 16 months (for a total stress period of 58 months) and using the ultimate prepayment rate of 15% would decrease the expected recovery by approximately \$75 million for HELOC transactions. On the other hand, in the Company's least stressful scenario, assuming 80% recoveries on charged-off loans, reducing the CDR plateau to 30 months, decreasing the length of the CDR ramp-down to eight months (for a total stress period of 38 months) and lowering the ultimate prepayment rate to 10% would increase the expected recovery by approximately \$75 million for HELOC transactions.

Recovery Litigation and Dispute Resolution

In the ordinary course of their respective businesses, certain of AGL's subsidiaries are involved in litigation or other dispute resolution with third parties to recover insurance losses paid or return benefits received in prior periods or prevent or reduce losses in the future. For example, the Company has asserted claims in a number of legal proceedings in connection with its exposure to Puerto Rico. See above for a discussion of the Company's exposure to Puerto Rico and related recovery litigation being pursued by the Company. The impact, if any, of these and other proceedings on the amount of recoveries the Company ultimately receives and losses it pays in the future is uncertain, and the impact of any one or more of these proceedings during any quarter or year could be material to the Company's financial statements.

5. Contracts Accounted for as Insurance

The portfolio of outstanding exposures discussed in Note 3, Outstanding Exposure, and Note 4, Expected Loss to be Paid (Recovered), includes contracts that are accounted for as insurance contracts, derivatives and consolidated FG VIEs. Amounts presented in this note relate only to contracts accounted for as insurance, unless otherwise specified. See Note 6, Contracts Accounted for as Credit Derivatives, for amounts related to CDS and Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles, for amounts related to consolidated FG VIEs.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Premiums

| | Net Earned Premiums | | | |
|--|----------------------------|--------------|-------------------|---------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Financial guaranty insurance: | | | | |
| Scheduled net earned premiums | \$ 75 | \$ 72 | \$ 151 | \$ 143 |
| Accelerations from refundings and terminations | 4 | 3 | 9 | 42 |
| Accretion of discount on net premiums receivable | 9 | 8 | 18 | 15 |
| Financial guaranty insurance net earned premiums | 88 | 83 | 178 | 200 |
| Specialty net earned premiums | 1 | 1 | 2 | 3 |
| Net earned premiums | <u>\$ 89</u> | <u>\$ 84</u> | <u>\$ 180</u> | <u>\$ 203</u> |

**Gross Premium Receivable,
Net of Commissions Payable on Assumed Business and Allowance for Credit Losses
Roll Forward**

| | Six Months | |
|---|-------------------|-----------------|
| | 2025 | 2024 |
| | (in millions) | |
| Beginning of year | \$ 1,551 | \$ 1,468 |
| Less: Specialty insurance premium receivable | 1 | 1 |
| Financial guaranty insurance premiums receivable | 1,550 | 1,467 |
| New business and supplemental premiums, net of commissions | 124 | 220 |
| Gross premiums received, net of commissions | (154) | (188) |
| Adjustments: | | |
| Changes in the expected term and debt service assumptions | (7) | (29) |
| Accretion of discount, net of commissions on assumed business | 17 | 11 |
| Foreign exchange gain (loss) on remeasurement | 101 | (10) |
| Change in allowance for credit losses | (1) | — |
| Financial guaranty insurance premium receivable | 1,630 | 1,471 |
| Specialty insurance premium receivable | 1 | 1 |
| June 30, | <u>\$ 1,631</u> | <u>\$ 1,472</u> |

Approximately 69% of gross premiums receivable, net of commissions payable, as of both June 30, 2025 and December 31, 2024, are denominated in currencies other than the U.S. dollar, primarily the pound sterling and euro.

The timing and cumulative amount of actual collections and net earned premiums may differ from those of expected collections and of expected net earned premiums in the table below due to factors such as foreign exchange rate fluctuations, counterparty collectability issues, accelerations, commutations, restructurings, changes in the consumer price indices, changes in expected lives and new business.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Financial Guaranty Insurance
Expected Future Premium Collections and Earnings

As of June 30, 2025

| | Future Net Premiums to be Earned (2) | | | |
|--------------------------------|--|---|--------------------------|----------|
| | Future Premiums to be Collected (1) | Earnings of Deferred Premium Revenue | Accretion of Discount | Total |
| | (in millions) | | | |
| 2025 (July 1 - September 30) | \$ 76 | \$ 77 | \$ 10 | \$ 87 |
| 2025 (October 1 - December 31) | 43 | 76 | 10 | 86 |
| Subtotal 2025 | 119 | 153 | 20 | 173 |
| 2026 | 141 | 286 | 37 | 323 |
| 2027 | 132 | 267 | 34 | 301 |
| 2028 | 125 | 253 | 32 | 285 |
| 2029 | 113 | 236 | 30 | 266 |
| 2030-2034 | 446 | 939 | 127 | 1,066 |
| 2035-2039 | 342 | 615 | 92 | 707 |
| 2040-2044 | 262 | 405 | 61 | 466 |
| 2045-2049 | 198 | 268 | 35 | 303 |
| 2050-2054 | 121 | 139 | 15 | 154 |
| After 2054 | 129 | 108 | 13 | 121 |
| Total | \$ 2,128 | \$ 3,669 | \$ 496 | \$ 4,165 |

(1) Net of assumed commissions payable.

(2) Net of reinsurance.

Selected Information for Financial Guaranty Insurance Policies with Premiums Paid in Installments

| | As of | |
|---|-----------------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (dollars in millions) | |
| Premiums receivable, net of commissions payable | \$ 1,630 | \$ 1,550 |
| Deferred premium revenue | 1,870 | 1,901 |
| Weighted-average risk-free rate used to discount premiums | 2.5% | 2.5% |
| Weighted-average period of premiums receivable (in years) | 12.1 | 12.3 |

Insurance Contracts' Losses Reported in the Consolidated Financial Statements

Loss reserves and salvage and subrogation recoverable are discounted at risk-free rates for financial guaranty insurance obligations that ranged from 1.84% to 5.48% with a weighted average of 4.16% as of June 30, 2025 and 1.98% to 5.22% with a weighted average of 4.38% as of December 31, 2024.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The following table provides information on net reserve (salvage), which includes loss and LAE reserves and salvage and subrogation recoverable, both net of reinsurance.

Net Reserve (Salvage) by Sector

| Sector | As of | |
|----------------------------|----------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| (in millions) | | |
| Public finance: | | |
| U.S. public finance | \$ 19 | \$ (14) |
| Non-U.S. public finance | 25 | 5 |
| Public finance | <u>44</u> | <u>(9)</u> |
| Structured finance: | | |
| U.S. RMBS | (138) | (151) |
| Other structured finance | 28 | 33 |
| Structured finance | <u>(110)</u> | <u>(118)</u> |
| Total | <u>\$ (66)</u> | <u>\$ (127)</u> |

The table below provides a reconciliation of net expected loss to be paid (recovered) for financial guaranty insurance contracts to net expected loss to be expensed. Expected loss to be paid (recovered) for financial guaranty insurance contracts differs from expected loss to be expensed due to: (i) the contra-paid, which represents the claim payments made and recoveries received that have not yet been recognized in the statements of operations; (ii) salvage and subrogation recoverable for transactions that are in a net recovery position where the Company has not yet received recoveries on claims previously paid (and therefore recognized in income but not yet received); and (iii) loss reserves that have already been established (and therefore expensed but not yet paid).

**Reconciliation of Net Expected Loss to be Paid (Recovered) to Net Expected Loss to be Expensed
Financial Guaranty Insurance Contracts**

| | As of June 30, 2025 |
|---|---------------------|
| | (in millions) |
| Net expected loss to be paid (recovered) - financial guaranty insurance | \$ 170 |
| Contra-paid, net | 23 |
| Salvage and subrogation recoverable, net | 380 |
| Loss and LAE reserve - financial guaranty insurance contracts, net of reinsurance | (313) |
| Net expected loss to be expensed (present value) | <u>\$ 260</u> |

The following table provides a schedule of the expected timing of financial guaranty net expected losses to be expensed. The amount and timing of actual loss and LAE may differ from the estimates shown below due to factors such as accelerations, commutations, changes in expected lives and updates to loss estimates. This table excludes amounts related to FG VIEs, which are eliminated in consolidation.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

**Net Expected Loss to be Expensed
Financial Guaranty Insurance Contracts**

| | As of June 30, 2025 |
|--|---------------------|
| | (in millions) |
| 2025 (July 1 - September 30) | \$ 3 |
| 2025 (October 1 - December 31) | 4 |
| Subtotal 2025 | 7 |
| 2026 | 14 |
| 2027 | 17 |
| 2028 | 19 |
| 2029 | 19 |
| 2030-2034 | 80 |
| 2035-2039 | 39 |
| 2040-2044 | 20 |
| 2045-2049 | 26 |
| 2050-2054 | 17 |
| After 2054 | 2 |
| Net expected loss to be expensed (present value) | 260 |
| Future expected accretion | 36 |
| Total expected future loss and LAE | \$ 296 |

The following table presents the loss and LAE (benefit) reported in the condensed consolidated statements of operations by sector for insurance contracts.

| Sector | Loss and LAE (Benefit) by Sector | | | |
|----------------------------|---|--------|------------|--------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 15 | \$ 1 | \$ 51 | \$ (1) |
| Non-U.S. public finance | 14 | — | 20 | — |
| Public finance | 29 | 1 | 71 | (1) |
| Structured finance: | | | | |
| U.S. RMBS | \$ — | \$ (5) | — | (3) |
| Other structured finance | (1) | 2 | (3) | 1 |
| Structured finance | (1) | (3) | (3) | (2) |
| Loss and LAE (benefit) | \$ 28 | \$ (2) | \$ 68 | \$ (3) |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The following tables provide information on financial guaranty insurance contracts categorized as BIG.

Financial Guaranty Insurance
BIG Transaction Loss Summary
As of June 30, 2025

| | Gross | | | Total BIG | Net Total BIG |
|--|-----------------------|-----------------|-----------------|------------------|------------------|
| | BIG 1 | BIG 2 | BIG 3 | | |
| | (dollars in millions) | | | | |
| Number of risks (1) | 91 | 13 | 98 | 202 | 202 |
| Remaining weighted-average period (in years) | 11.6 | 24.5 | 5.5 | 16.8 | 16.8 |
| Outstanding exposure: | | | | | |
| Par | \$ 5,534 | \$ 3,546 | \$ 1,412 | \$ 10,492 | \$ 10,478 |
| Interest | 3,395 | 4,899 | 392 | 8,686 | 8,684 |
| Total (2) | <u>\$ 8,929</u> | <u>\$ 8,445</u> | <u>\$ 1,804</u> | <u>\$ 19,178</u> | <u>\$ 19,162</u> |
| Expected cash outflows (inflows) | \$ 129 | \$ 2,659 | \$ 1,342 | \$ 4,130 | \$ 4,121 |
| Potential recoveries (3) | (367) | (2,412) | (1,146) | (3,925) | (3,915) |
| Subtotal | (238) | 247 | 196 | 205 | 206 |
| Discount | 45 | (63) | (18) | (36) | (36) |
| Expected losses to be paid (recovered) | <u>\$ (193)</u> | <u>\$ 184</u> | <u>\$ 178</u> | <u>\$ 169</u> | <u>\$ 170</u> |
| Deferred premium revenue | \$ 198 | \$ 142 | \$ 112 | \$ 452 | \$ 452 |
| Reserves (salvage) | \$ (235) | \$ 76 | \$ 91 | \$ (68) | \$ (67) |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

**Financial Guaranty Insurance
BIG Transaction Loss Summary
As of December 31, 2024**

| | Gross | | | Total BIG | Net Total BIG |
|--|-----------------------|-----------------|-----------------|------------------|------------------|
| | BIG 1 | BIG 2 | BIG 3 | | |
| | (dollars in millions) | | | | |
| Number of risks (1) | 98 | 12 | 97 | 207 | 207 |
| Remaining weighted-average period (in years) | 18.6 | 8.8 | 6.1 | 16.6 | 16.6 |
| Outstanding exposure: | | | | | |
| Par | \$ 8,080 | \$ 702 | \$ 1,382 | \$ 10,164 | \$ 10,150 |
| Interest | 7,546 | 371 | 421 | 8,338 | 8,335 |
| Total (2) | <u>\$ 15,626</u> | <u>\$ 1,073</u> | <u>\$ 1,803</u> | <u>\$ 18,502</u> | <u>\$ 18,485</u> |
| Expected cash outflows (inflows) | \$ 4,016 | \$ 342 | \$ 1,307 | \$ 5,665 | \$ 5,656 |
| Potential recoveries (3) | (4,201) | (293) | (1,132) | (5,626) | (5,616) |
| Subtotal | (185) | 49 | 175 | 39 | 40 |
| Discount | 43 | 29 | (23) | 49 | 49 |
| Expected losses to be paid (recovered) | <u>\$ (142)</u> | <u>\$ 78</u> | <u>\$ 152</u> | <u>\$ 88</u> | <u>\$ 89</u> |
| Deferred premium revenue | \$ 333 | \$ 49 | \$ 116 | \$ 498 | \$ 498 |
| Reserves (salvage) | \$ (226) | \$ 35 | \$ 62 | \$ (129) | \$ (128) |

- (1) A risk represents the aggregate of the financial guaranty policies that share the same revenue source for purposes of making debt service payments.
- (2) Includes amounts related to FG VIEs.
- (3) Represents expected inflows from future payments by obligors pursuant to restructuring agreements, settlements, excess spread on any underlying collateral and other estimated recoveries. Potential recoveries also include recoveries on certain investment grade credits, related mainly to exposures that were previously BIG and for which claims have been paid in the past.

6. Contracts Accounted for as Credit Derivatives

The Company's credit derivatives primarily consist of insured CDS contracts. The Company does not enter into CDS contracts with the intent to trade these contracts and may not unilaterally terminate a CDS contract absent an event or default or termination event that entitles the Company to terminate the contract. The Company and its counterparties have negotiated the termination of certain contracts from time to time. Transactions are generally terminated for an amount that approximates the present value of future premiums or a negotiated amount, rather than fair value.

The terms of the Company's CDS contracts differ from more standardized credit derivative contracts sold by companies outside the financial guaranty industry. The non-standard terms generally include the absence of collateral support agreements or immediate settlement provisions, and the Company's insured exposure benefits from relatively high attachment points or other protections.

The Company's credit derivatives are generally governed by International Swaps and Derivatives Association, Inc. documentation and have certain characteristics that differ from financial guaranty insurance contracts. For example, the Company's control rights with respect to a reference obligation under a CDS may be more limited than when the Company issues a financial guaranty insurance contract. In addition, there are more circumstances under which the Company may be obligated to make payments. Similar to a financial guaranty insurance contract, the Company would be obligated to pay if the obligor failed to make a scheduled payment of principal or interest in full. In certain credit derivative transactions, the Company also specifically agreed to pay if the obligor were to become bankrupt or if the reference obligation were restructured. Furthermore, in certain credit derivative transactions, the Company may be required to make a payment due to an event that is unrelated to the performance of the obligation referenced in the credit derivative. If events of default or termination events specified in the credit derivative documentation were to occur, the non-defaulting or the non-affected party, which may be either the Company or the counterparty, depending upon the circumstances, may decide to terminate a credit derivative prior to

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

maturity. In that case, the Company may be required to make a termination payment to its swap counterparty upon such termination. Absent such an event of default or termination event, the Company may not unilaterally terminate a credit derivative contract; however, the Company on occasion has mutually agreed to terminate certain CDS with related counterparties.

The components of the Company's credit derivative net par outstanding by sector are presented in the table below. The estimated remaining weighted average life of credit derivatives was 9.0 years and 8.4 years as of June 30, 2025 and December 31, 2024, respectively.

| Sector | Credit Derivatives (1) | | | |
|-----------------------------|-------------------------------|----------------------------------|-------------------------|----------------------------------|
| | As of June 30, 2025 | | As of December 31, 2024 | |
| | Net Par Outstanding | Net Fair Value Asset (Liability) | Net Par Outstanding | Net Fair Value Asset (Liability) |
| | (in millions) | | | |
| U.S. public finance | \$ 1,002 | \$ (11) | \$ 1,025 | \$ (12) |
| Non-U.S. public finance | 1,670 | (16) | 2,044 | (15) |
| U.S. structured finance | 145 | (2) | 150 | (2) |
| Non-U.S. structured finance | 1,021 | — | 993 | — |
| Total | <u>\$ 3,838</u> | <u>\$ (29)</u> | <u>\$ 4,212</u> | <u>\$ (29)</u> |

(1) See Note 4, Expected Loss to be Paid (Recovered), for expected loss to be paid on credit derivatives.

Fair Value Gains (Losses) on Credit Derivatives

| | Second Quarter | | Six Months | |
|---|----------------|-------------|---------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Realized gains (losses) and other settlements | \$ — | \$ 1 | \$ 105 | \$ — |
| Net unrealized gains (losses) | 1 | 5 | — | 16 |
| Fair value gains (losses) on credit derivatives | <u>\$ 1</u> | <u>\$ 6</u> | <u>\$ 105</u> | <u>\$ 16</u> |

On November 28, 2011, LBIE sued AG Financial Products Inc. (AGFP), a subsidiary of AGL, which, in the past, had provided credit protection to counterparties under CDS. Following defaults by LBIE under transaction documents governing CDS between LBIE and AGFP, AGFP terminated the CDS in compliance with the transaction documents and properly calculated that LBIE owed AGFP approximately \$25 million in connection with the termination, whereas LBIE asserted in its complaint filed in the Supreme Court of the State of New York (the Court) that AGFP owed LBIE a termination payment of approximately \$1.4 billion. Following a bench trial, on March 8, 2023, the Court rendered its decision and found in favor of AGFP. Following the exhaustion of LBIE's appeals, the Company recognized a realized gain on credit derivatives in the first quarter of 2025 of \$103 million, which represents the full satisfaction of the judgment it was awarded and its claims for attorneys' fees, expenses and interest in connection with this litigation.

The impact of changes in credit spreads will vary based upon the volume, tenor, interest rates and other market conditions at the time these fair values are determined. In addition, since each transaction has unique collateral and structural terms, the change in fair value of each transaction may vary considerably. The fair value of credit derivative contracts generally also reflects the Company's own credit cost based on the price to purchase credit protection on AG. The Company determines its own credit risk primarily based on quoted CDS prices traded on AG at each balance sheet date.

CDS Spread on AG (in basis points)

| | As of June 30, 2025 | As of December 31, 2024 | As of June 30, 2024 | As of December 31, 2023 |
|---------------------|------------------------|-------------------------|------------------------|-------------------------|
| | Five-year CDS spread | 74 | 75 | 67 |
| One-year CDS spread | 25 | 25 | 22 | 23 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

**Fair Value of Credit Derivative Assets (Liabilities)
and Effect of AG Credit Spread**

| | As of | |
|--|----------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (in millions) | |
| Fair value of credit derivatives before effect of AG credit spread | \$ (58) | \$ (64) |
| Plus: Effect of AG credit spread | 29 | 35 |
| Net fair value of credit derivatives | <u>\$ (29)</u> | <u>\$ (29)</u> |

The fair value of CDS contracts as of June 30, 2025, before considering the benefit applicable to AG's credit spread, is a direct result of the relatively wider credit spreads under current market conditions, sometimes related to downgrades, compared with those at the time of underwriting for certain underlying credits with longer tenor.

7. Investments

The largest component of the investment portfolio is fixed-maturity securities, the majority of which are investment grade and managed by outside managers. The Company has established investment guidelines for these investment managers regarding credit quality, exposure to a particular sector and exposure to a particular obligor within a sector.

**Investment Portfolio
Carrying Value**

| | As of | |
|---|-----------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (in millions) | |
| Fixed-maturity securities, available-for-sale | \$ 6,498 | \$ 6,369 |
| Fixed-maturity securities, trading | 137 | 147 |
| Short-term investments | 939 | 1,221 |
| Other invested assets: | | |
| Equity method investments: | | |
| Ownership interest in Sound Point | 412 | 418 |
| Funds and other investments | 567 | 496 |
| Other | 16 | 12 |
| Total (1) | <u>\$ 8,569</u> | <u>\$ 8,663</u> |

(1) In the investment portfolio, the aggregate carrying value of Sound Point managed investments was \$582 million and \$569 million as of June 30, 2025 and December 31, 2024, respectively, excluding the Company's ownership interest in Sound Point of \$412 million and \$418 million as of June 30, 2025 and December 31, 2024, respectively, and excluding certain investments in funds that are accounted for as CIVs.

As of June 30, 2025 and December 31, 2024, 13.4% and 12.6%, respectively, of available-for-sale fixed-maturity securities were either rated BIG or not rated, primarily consisting of Loss Mitigation Securities and collateralized loan obligation (CLO) equity tranches. As of June 30, 2025 and December 31, 2024, the carrying value of Loss Mitigation Securities was \$503 million and \$479 million, respectively. In July 2025, the Company's largest Loss Mitigation Security with a carrying value of \$408 million as of June 30, 2025 reached its final resolution and was paid down after liquidation of the trust assets. This paydown had no significant effect on the consolidated statement of operations. As of June 30, 2025 and December 31, 2024, the carrying value of CLO equity tranches was \$238 million and \$277 million, respectively. Fixed-maturity securities classified as trading securities primarily include contingent value instruments (CVIs) and are not rated.

The investment portfolio includes \$923 million in alternative investments primarily consisting of (i) CLO equity securities classified as available-for-sale fixed-maturity securities, and (ii) \$583 million of investments across various asset classes that are reported in other invested assets. In addition, as of June 30, 2025 and December 31, 2024, \$40 million and \$33 million, respectively, of the Company's total alternative investments was invested in a Sound Point managed fund which was reported in "assets of CIVs," "other liabilities" and "nonredeemable noncontrolling interests." See Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles. The Company's alternative investment commitments as of

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

June 30, 2025 include \$567 million in unfunded commitments which together with its \$923 million in funded commitments total \$1.5 billion, including a \$1 billion commitment to invest in Sound Point managed alternative investments, subject to certain conditions precedent. Capital allocated to alternative investments was committed to several funds pursuing various strategies, including private healthcare investing, asset-based/specialty finance and CLOs. See Note 1, Business and Basis of Presentation, for a description of the Company's alternative investments agreement with Sound Point.

In addition to the commitments above, the Company agreed to subscribe for liquidity bonds to be issued by a U.K. regulated utility to which it has insured exposure. As of June 30, 2025, the Company purchased approximately £55 million (or \$75 million) in liquidity bonds and is committed to purchase an additional £55 million (or \$75 million).

Accrued investment income, which is reported in "other assets," was \$67 million as of June 30, 2025 and \$64 million as of December 31, 2024.

Available-for-Sale Fixed-Maturity Securities by Security Type
As of June 30, 2025

| Security Type | Percent of Total (1) | Amortized Cost | Allowance for Credit Losses | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|----------------------------|-------------------|--------------------------------|------------------------------|-------------------------------|----------------------------|
| (dollars in millions) | | | | | | |
| Obligations of state and political subdivisions | 27 % | \$ 1,851 | \$ (12) | \$ 28 | \$ (95) | \$ 1,772 |
| U.S. government and agencies | 1 | 42 | — | 1 | (5) | 38 |
| Corporate securities (2) | 42 | 2,826 | (6) | 57 | (131) | 2,746 |
| Mortgage-backed securities (3): | | | | | | |
| RMBS | 10 | 670 | (24) | 5 | (58) | 593 |
| Commercial mortgage-backed securities (CMBS) | 2 | 150 | — | 2 | (1) | 151 |
| Asset-backed securities: | | | | | | |
| CLOs | 8 | 554 | (5) | 6 | (28) | 527 |
| Other (4) | 9 | 583 | — | 4 | (1) | 586 |
| Non-U.S. government securities | 1 | 89 | — | 4 | (8) | 85 |
| Total available-for-sale fixed-maturity securities | 100 % | \$ 6,765 | \$ (47) | \$ 107 | \$ (327) | \$ 6,498 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Available-for-Sale Fixed-Maturity Securities by Security Type
As of December 31, 2024

| Security Type | Percent of Total (1) | Amortized Cost | Allowance for Credit Losses | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|----------------------------|-------------------|--------------------------------|------------------------------|-------------------------------|----------------------------|
| (dollars in millions) | | | | | | |
| Obligations of state and political subdivisions | 30 % | \$ 2,032 | \$ (14) | \$ 25 | \$ (103) | \$ 1,940 |
| U.S. government and agencies | 1 | 72 | — | 1 | (6) | 67 |
| Corporate securities (2) | 38 | 2,586 | (7) | 9 | (206) | 2,382 |
| Mortgage-backed securities (3): | | | | | | |
| RMBS | 9 | 657 | (21) | 2 | (71) | 567 |
| CMBS | 3 | 189 | — | — | (3) | 186 |
| Asset-backed securities: | | | | | | |
| CLOs | 9 | 615 | (1) | 6 | (9) | 611 |
| Other (4) | 9 | 593 | (17) | 1 | (30) | 547 |
| Non-U.S. government securities | 1 | 83 | — | — | (14) | 69 |
| Total available-for-sale fixed-maturity securities | 100 % | \$ 6,827 | \$ (60) | \$ 44 | \$ (442) | \$ 6,369 |

(1) Percentages are based on amortized cost.

(2) Corporate securities include securities issued by taxable universities and hospitals.

(3) U.S. government-agency obligations represented 73% and 68% of mortgage-backed securities as of June 30, 2025 and December 31, 2024, respectively, based on fair value.

(4) This category includes an investment in an affiliated entity with amortized cost of \$41 million and fair value of \$42 million as of both June 30, 2025 and December 31, 2024.

Gross Unrealized Loss by Length of Time
for Available-for-Sale Fixed-Maturity Securities for Which a Credit Loss was Not Recorded
As of June 30, 2025

| | Less than 12 months | | 12 months or more | | Total | |
|---|---------------------|--------------------------|-------------------|--------------------------|-----------------|--------------------------|
| | Fair Value | Gross Unrealized Loss | Fair Value | Gross Unrealized Loss | Fair Value | Gross Unrealized Loss |
| (dollars in millions) | | | | | | |
| Obligations of state and political subdivisions | \$ 288 | \$ (5) | \$ 833 | \$ (89) | \$ 1,121 | \$ (94) |
| U.S. government and agencies | 2 | — | 12 | (5) | 14 | (5) |
| Corporate securities | 225 | (3) | 849 | (100) | 1,074 | (103) |
| Mortgage-backed securities: | | | | | | |
| RMBS | 82 | (1) | 115 | (7) | 197 | (8) |
| CMBS | — | — | 65 | (1) | 65 | (1) |
| Asset-backed securities: | | | | | | |
| CLOs | 87 | (6) | 29 | — | 116 | (6) |
| Other | 79 | (1) | 10 | — | 89 | (1) |
| Non-U.S. government securities | — | — | 20 | (8) | 20 | (8) |
| Total | \$ 763 | \$ (16) | \$ 1,933 | \$ (210) | \$ 2,696 | \$ (226) |
| Number of securities (1) | | <u>275</u> | | <u>906</u> | | <u>1,165</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Gross Unrealized Loss by Length of Time
for Available-for-Sale Fixed-Maturity Securities for Which a Credit Loss was Not Recorded
As of December 31, 2024

| | Less than 12 months | | 12 months or more | | Total | |
|---|---------------------|-----------------------|-------------------|-----------------------|-----------------|-----------------------|
| | Fair Value | Gross Unrealized Loss | Fair Value | Gross Unrealized Loss | Fair Value | Gross Unrealized Loss |
| (dollars in millions) | | | | | | |
| Obligations of state and political subdivisions | \$ 624 | \$ (7) | \$ 964 | \$ (96) | \$ 1,588 | \$ (103) |
| U.S. government and agencies | 5 | — | 28 | (6) | 33 | (6) |
| Corporate securities | 762 | (20) | 1,046 | (150) | 1,808 | (170) |
| Mortgage-backed securities: | | | | | | |
| RMBS | 255 | (4) | 123 | (10) | 378 | (14) |
| CMBS | 83 | — | 103 | (3) | 186 | (3) |
| Asset-backed securities: | | | | | | |
| CLOs | 151 | (5) | 107 | (1) | 258 | (6) |
| Other | 60 | (1) | 16 | — | 76 | (1) |
| Non-U.S. government securities | 35 | (3) | 30 | (11) | 65 | (14) |
| Total | \$ 1,975 | \$ (40) | \$ 2,417 | \$ (277) | \$ 4,392 | \$ (317) |
| Number of securities (1) | | 569 | | 1,065 | | 1,591 |

(1) The number of securities does not add across because lots consisting of the same securities have been purchased at different times and appear in both categories above (i.e., less than 12 months and 12 months or more). If a security appears in both categories, it is counted only once in the total column.

The Company considered the credit quality, cash flows, interest rate movements, ability to hold a security to recovery and intent to sell a security in determining whether a security had a credit loss. The Company has determined that the unrealized losses recorded as of June 30, 2025 and December 31, 2024 were primarily related to higher interest rates rather than credit quality. As of June 30, 2025, the Company did not intend to and was not required to sell investments in an unrealized loss position prior to the expected recovery in value. As of June 30, 2025, of the securities in an unrealized loss position for which an allowance for credit loss was not recorded, 321 securities had unrealized losses in excess of 10% of their carrying value, whereas as of December 31, 2024, 438 securities had unrealized losses in excess of 10% of their carrying value. The total unrealized loss for these securities was \$169 million as of June 30, 2025 and \$223 million as of December 31, 2024.

The amortized cost and estimated fair value of available-for-sale fixed-maturity securities by contractual maturity as of June 30, 2025 are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Distribution of Available-for-Sale Fixed-Maturity Securities by Contractual Maturity
As of June 30, 2025

| | Amortized Cost | Estimated Fair Value |
|---------------------------------------|-----------------|----------------------|
| | (in millions) | |
| Due within one year | \$ 166 | \$ 167 |
| Due after one year through five years | 1,385 | 1,391 |
| Due after five years through 10 years | 2,109 | 2,074 |
| Due after 10 years | 2,285 | 2,122 |
| Mortgage-backed securities: | | |
| RMBS | 670 | 593 |
| CMBS | 150 | 151 |
| Total | \$ 6,765 | \$ 6,498 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Based on fair value, fixed-maturity securities, short-term investments and cash that are either held in trust for the benefit of third-party ceding insurers in accordance with statutory requirements, placed on deposit to fulfill state licensing requirements or otherwise pledged or restricted totaled \$79 million as of both June 30, 2025 and December 31, 2024. The investment portfolio also contains securities that are held in trust by certain AGL subsidiaries or are otherwise restricted for the benefit of other AGL subsidiaries in accordance with statutory and regulatory requirements with a fair value of \$1,092 million and \$1,135 million as of June 30, 2025 and December 31, 2024, respectively.

Income from Investments

The components of income derived from the investment portfolio are presented in the following tables.

| | Income from Investments | | | |
|---|--------------------------------|--------------|-------------------|---------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Investment income: | | | | |
| Fixed-maturity securities, available-for-sale (1) | \$ 77 | \$ 60 | \$ 151 | \$ 122 |
| Short-term investments | 12 | 22 | 25 | 45 |
| Other invested assets | 1 | — | 2 | — |
| Investment income | 90 | 82 | 178 | 167 |
| Investment expenses | (1) | (1) | (2) | (2) |
| Net investment income | \$ 89 | \$ 81 | \$ 176 | \$ 165 |
| | | | | |
| Fair value gains (losses) on trading securities (2) | \$ 2 | \$ 17 | \$ 3 | \$ 43 |
| | | | | |
| Equity in earnings (losses) of investees: | | | | |
| Ownership interest in Sound Point | \$ (1) | \$ (3) | \$ 12 | \$ 1 |
| Funds and other investments | 4 | 8 | 44 | 28 |
| Equity in earnings (losses) of investees | \$ 3 | \$ 5 | \$ 56 | \$ 29 |

- (1) Amounts include \$7 million income on Loss Mitigation Securities for both second quarter 2025 and second quarter 2024, and \$14 million for both six months 2025 and six months 2024. The increase in second quarter 2025 and six months 2025 is primarily due to investment income on CLO equity tranches in the available-for-sale portfolio. Certain CLO equity tranche investments were reclassified to the available-for-sale fixed-maturity portfolio in the fourth quarter of 2024, with interest income now reported in net investment income, and changes in fair value reported in other comprehensive income (OCI). The Company had previously held the CLO equity tranches in a Sound Point managed fund with changes in net asset value (NAV) reported in “equity in earnings (losses) of investees.”
- (2) Fair value gains on trading securities pertaining to securities still held as of June 30, 2025 were \$2 million for second quarter 2025 and \$3 million for six months 2025. Fair value gains on trading securities pertaining to securities still held as of June 30, 2024 were \$14 million for second quarter 2024 and \$31 million for six months 2024.

Fair Value Gains (Losses) on Trading Securities

A majority of the trading securities are Puerto Rico CVIs. In 2022, as a result of the resolution of certain defaulting Puerto Rico exposures, the Company received Puerto Rico CVIs, along with other consideration. The CVIs are intended to provide creditors with additional recoveries tied to the outperformance of the Puerto Rico 5.5% sales and use tax receipts against May 2020 certified fiscal plan projections, subject to annual and lifetime caps. As of June 30, 2025, the remaining CVIs had a fair value of \$117 million. The Company may sell in the future any CVIs it continues to hold.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Realized Investment Gains (Losses)

The table below presents the components of net realized investment gains (losses). Realized gains and losses on sales of investments are determined using the specific identification method.

| | Net Realized Investment Gains (Losses) | | | |
|---|---|---------------|-------------------|-------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Gross realized gains on sales of available-for-sale securities | \$ 1 | \$ 1 | \$ 4 | \$ 2 |
| Gross realized losses on sales of available-for-sale securities | (1) | (4) | (9) | (7) |
| Net foreign currency gains (losses) | — | (2) | (1) | (2) |
| Change in the allowance for credit losses and intent to sell | (3) | (2) | (13) | 8 |
| Other net realized gains (losses) | (3) | 1 | (3) | 1 |
| Net realized investment gains (losses) | <u>\$ (6)</u> | <u>\$ (6)</u> | <u>\$ (22)</u> | <u>\$ 2</u> |

The proceeds from sales of fixed-maturity securities classified as available-for-sale were \$211 million in second quarter 2025, \$129 million in second quarter 2024, \$427 million in six months 2025 and \$488 million in six months 2024.

The following table presents the roll forward of the allowance for the credit losses on available-for-sale fixed-maturity securities.

| | Roll Forward of Allowance for Credit Losses for Available-for-Sale Fixed-Maturity Securities | | | |
|--|---|--------------|-------------------|--------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Balance, beginning of period | \$ 45 | \$ 67 | \$ 60 | \$ 77 |
| Additions for securities for which credit losses were not previously recognized | 3 | — | 3 | — |
| Additions (reductions) for securities for which credit losses were previously recognized | (1) | 2 | 9 | (8) |
| Write-offs charged against the allowance | — | — | (25) | — |
| Balance, end of period | <u>\$ 47</u> | <u>\$ 69</u> | <u>\$ 47</u> | <u>\$ 69</u> |

The Company did not purchase any securities with credit deterioration during the periods presented. Most of the Company's securities with credit deterioration are Loss Mitigation Securities.

8. Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles
FG VIEs

The insurance subsidiaries provide financial guaranties with respect to debt obligations of special purpose entities, including VIEs, but do not act as the servicer or collateral manager for any guaranteed VIE obligations. The transaction structure generally provides certain financial protections to the insurance subsidiaries. This financial protection can take several forms, the most common of which are overcollateralization, first loss protection (or subordination) and excess spread. In the case of overcollateralization (i.e., the principal amount of the securitized assets exceeds the principal amount of the structured finance obligations), the structure allows defaults of the securitized assets before a default is experienced on the structured finance obligation guaranteed by the insurance subsidiaries. In the case of first loss, the insurance subsidiaries' financial guaranty insurance policy only covers a senior layer of losses experienced by multiple obligations issued by the VIEs. The first loss exposure with respect to the assets is either retained by the seller or sold off in the form of equity or mezzanine debt to other investors. In the case of excess spread, the financial assets contributed to VIEs generate interest income that is in excess of the interest payments on the debt issued by the VIE. Such excess spread is typically distributed through the transaction's cash

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

flow waterfall and may be used to create additional credit enhancement, applied to redeem debt issued by the VIE (thereby, creating additional overcollateralization), or distributed to equity or other investors in the transaction.

The insurance subsidiaries are not primarily liable for the insured debt obligations issued by structured finance FG VIEs and would only be required to make payments on those insured debt obligations in the event that the issuer of such debt obligations defaults on any principal or interest due and only for the amount of the shortfall. AGL's and its insurance subsidiaries' creditors do not have any rights with regard to the collateral supporting the debt issued by the structured finance FG VIEs. Proceeds from sales, maturities, prepayments and interest from such underlying collateral may only be used to pay debt service on the respective FG VIEs' liabilities.

As part of the terms of its financial guaranty contracts, the insurance subsidiaries obtain certain protective rights with respect to the VIE that give them additional controls over a VIE. These protective rights are triggered by the occurrence of certain events, such as failure to be in compliance with a covenant due to poor deal performance or a deterioration in a servicer's or collateral manager's financial condition. At deal inception, the insurance subsidiaries typically are not deemed to control the VIE; however, once a trigger event occurs, the insurance subsidiaries' control of the VIE typically increases. The Company continuously evaluates its power to direct the activities that most significantly impact the economic performance of VIEs that have debt obligations insured by the insurance subsidiaries and, accordingly, where they are obligated to absorb VIE losses or receive benefits that could potentially be significant to the VIE. The insurance subsidiaries are deemed to be the control party for certain VIEs under GAAP, typically when their protective rights give them the power to both terminate and replace the transaction's servicer or collateral manager, which are characteristics specific to the Company's financial guaranty contracts. If the protective rights that could make the insurance subsidiaries the control party have not been triggered, then the VIE is not consolidated. If the insurance subsidiaries are deemed to no longer have those protective rights, the VIE is deconsolidated.

The structured finance FG VIEs' liabilities that are guaranteed by the insurance subsidiaries are considered to be with recourse, because the insurance subsidiaries guarantee the payment of principal and interest regardless of the performance of the related FG VIEs' assets. The structured finance FG VIEs' liabilities that are not guaranteed by the insurance subsidiaries are considered to be without recourse, because the payment of principal and interest of these liabilities is wholly dependent on the performance of the FG VIEs' assets.

The Company has elected the fair value option (FVO) for the assets and liabilities of all of its structured finance FG VIEs, except for one VIE consolidated in second quarter 2025, and subsequently deconsolidated in July 2025. Upon consolidation, the assets and liabilities of this VIE were recorded pursuant to the guidance in ASC 805, *Business Combinations*, which specifies that the VIE's assets and liabilities are recorded at fair value except for a contract asset which is recognized and measured pursuant to ASC 606, *Revenue from Contracts with Customers*. Upon initial adoption of the accounting guidance for VIEs in 2010, the Company elected to fair value its structured finance FG VIEs' assets and liabilities as the carrying amount transition method was not practical. To allow for consistency in the accounting for the assets and liabilities of its consolidated FG VIEs, the Company elects the FVO if permissible under GAAP based on the nature of the VIE's assets and liabilities. The change in fair value of all structured finance FG VIEs' assets and liabilities is reported in "fair value gains (losses) on FG VIEs" in the condensed consolidated statement of operations, except for the change in fair value attributable to the change in instrument-specific credit risk (ISCR) on the structured finance FG VIEs' liabilities for which the FVO was elected, which is reported in OCI. Interest income and interest expense are derived from the trustee reports and are also included in "fair value gains (losses) on FG VIEs."

As of June 30, 2025 and December 31, 2024, the Company consolidated 24 and 23 structured finance FG VIEs, respectively.

Components of FG VIE Assets and Liabilities

Net fair value gains and losses on FG VIEs are expected to reverse to zero by the maturity of the FG VIEs' debt, except for net premiums received and net claims paid by AG under its financial guaranty insurance contracts. The Company's estimate of expected loss to be paid (recovered) for FG VIEs is included in Note 4, Expected Loss to be Paid (Recovered).

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

The table below shows the carrying value of FG VIEs' assets and liabilities, segregated by type of collateral.

Consolidated FG VIEs by Type of Collateral

| | As of | |
|---|---------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (in millions) | |
| FG VIEs' assets: | | |
| U.S. RMBS (3) | \$ 144 | \$ 147 |
| Other (includes \$32 at fair value in 2025) (1) (2) | 67 | — |
| Total FG VIEs' assets | <u>\$ 211</u> | <u>\$ 147</u> |
| FG VIEs' liabilities with recourse: | | |
| U.S. RMBS (3) | \$ 152 | \$ 155 |
| Other, at fair value (2) | 34 | — |
| Total FG VIEs' liabilities with recourse | <u>\$ 186</u> | <u>\$ 155</u> |
| FG VIEs' liabilities without recourse: | | |
| U.S. RMBS (3) | \$ 9 | \$ 9 |
| Other (includes \$6 at fair value in 2025) (2) | 7 | — |
| Total FG VIEs' liabilities without recourse | <u>\$ 16</u> | <u>\$ 9</u> |

- (1) Includes a contract asset related to a services agreement of approximately \$35 million as of June 30, 2025 accounted for in accordance with ASC 606, *Revenue from Contracts with Customers*, as well as debt and equity investments, and cash and cash equivalents.
- (2) Other amounts represent the assets and liabilities of the FG VIE that was consolidated on June 30, 2025.
- (3) U.S. RMBS assets and liabilities are measured at fair value under the FVO.

The inception-to-date change in fair value of the FG VIEs' liabilities with recourse measured at fair value under the FVO, attributable to the ISCR is calculated by holding all current period assumptions constant for each security and isolating the effect of the change in the Company's CDS spread from the most recent date of consolidation to the current period. In general, if the Company's CDS spread tightens, more value will be assigned to the Company's credit; however, if the Company's CDS spread widens, less value is assigned to the Company's credit.

**Selected Information for FG VIEs' Assets and Liabilities
Measured under the FVO**

| | As of | |
|---|---------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (in millions) | |
| Excess of unpaid principal over fair value of: | | |
| FG VIEs' assets | \$ 259 | \$ 264 |
| FG VIEs' liabilities with recourse | 34 | 38 |
| FG VIEs' liabilities without recourse | 16 | 16 |
| Unpaid principal balance for FG VIEs' assets that were 90 days or more past due | 23 | 27 |
| Unpaid principal for FG VIEs' liabilities with recourse (1) | 186 | 193 |

- (1) FG VIEs' liabilities with recourse will mature at various dates ranging from 2025 through 2038.

CIVs

CIVs consist of certain Sound Point funds for which the Company is the primary beneficiary or has a controlling interest. The Company consolidates investment vehicles that are VIEs when it is deemed to be the primary beneficiary based on its power to direct the most significant activities of each VIE and its level of economic interest in the entities.

The assets and liabilities of the Company's CIVs are held within separate legal entities. The assets of the CIVs are not available to creditors of the Company, other than creditors of the applicable CIVs. In addition, creditors of the CIVs have no

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

recourse against the assets of the Company, other than the assets of such applicable CIVs. Liquidity available at the Company's CIVs is not available for corporate liquidity needs, except to the extent of the Company's investment in the funds, subject to redemption provisions.

As of June 30, 2025 and December 31, 2024, the Company consolidated one active CIV with assets of \$121 million and \$101 million, respectively, consisting primarily of investments with Sound Point affiliated entities.

Noncontrolling Interest in FG VIEs and CIVs

Noncontrolling interest (NCI) represents the portion of the consolidated FG VIEs and CIVs not owned by the Company and includes ownership interests of third parties and former employees. The NCI is nonredeemable and presented on the statement of shareholders' equity.

Non-Consolidated VIEs

As described in Note 3, Outstanding Exposure, the Company monitors all policies in the insured portfolio. Of the approximately 15 thousand policies monitored as of June 30, 2025, approximately 14 thousand policies are not within the scope of FASB ASC 810, *Consolidation*, because these financial guaranties relate to the debt obligations of governmental organizations or financing entities established by a governmental organization. The majority of the remaining policies involve transactions where the Company is not deemed to currently have control over the FG VIEs' most significant activities. As of June 30, 2025 and December 31, 2024, the Company identified 51 and 50 policies, respectively, that contain provisions and experienced events that may trigger consolidation.

The Company holds variable interests in non-FG VIEs which are not consolidated, as the Company is not the primary beneficiary. As of June 30, 2025, the Company's maximum exposure to losses relating to these VIEs was \$798 million, which is limited to the carrying value of these assets.

9. Fair Value Measurement

The Company carries a significant portion of its assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., exit or transfer price). The price represents the price available in the principal market for the asset or liability. If there is no principal market, then the price is based on a hypothetical market that maximizes the value received for an asset or minimizes the amount paid for a liability (i.e., the most advantageous market).

Fair value is based on quoted market prices, where available. If listed prices or quotes are not available, fair value is based on either (i) internally developed models that primarily use, as inputs, market-based or independently sourced market parameters (including, but not limited to, yield curves, interest rates and debt prices) or (ii) discounted cash flows using a third party's proprietary pricing models. In addition to market information, when applicable, the models also incorporate transaction details, such as the instrument's maturity and contractual features that reduce the Company's credit exposure (e.g., collateral rights).

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality, the Company's creditworthiness and constraints on liquidity. As markets and products develop and the pricing transparency for certain products changes, the Company may refine its methodologies and assumptions. During six months 2025, no changes were made to the Company's valuation models that had (or are expected to have) a material impact on the Company's condensed consolidated balance sheets or statements of operations and comprehensive income.

The Company's valuation methods produce fair values that may not be indicative of net realizable value or future fair values. The use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a materially different estimate of fair value at the reporting date.

The categorization within the fair value hierarchy is determined based on whether the inputs to valuation techniques used to measure fair value are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Company estimates of market assumptions. The fair value hierarchy prioritizes

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

model inputs into three broad levels, with Level 1 being the highest and Level 3 the lowest. The categorization, of an asset or liability, within the hierarchy is based on the lowest level of significant input to its valuation.

Level 1—Quoted prices for identical instruments in active markets. The Company generally defines an active market as a market in which trading occurs at significant volumes. Active markets generally are more liquid and have a lower bid-ask spread than an inactive market.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and observable inputs other than quoted prices, such as interest rates or yield curves and other inputs derived from or corroborated by observable market inputs.

Level 3—Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Financial instruments are considered Level 3 when their values are (i) determined using pricing models, discounted cash flow methodologies or similar techniques and (ii) at least one significant model assumption or input is unobservable. Level 3 financial instruments include those for which the determination of fair value requires significant management judgment or estimation.

There were transfers of securities into Level 3 in the investment portfolio and CIVs due to changes in observability of pricing inputs in six months 2024. There were no other transfers from or into Level 3 during the periods presented.

Carried at Fair Value

Fixed-Maturity Securities

The fair value of fixed-maturity securities is generally based on prices received from third-party pricing services or alternative pricing sources that provide reasonable levels of price transparency. The pricing services prepare estimates of fair value using their pricing models, which take into account: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, industry and economic events and sector groupings. Additional valuation factors that can be taken into account are nominal spreads and liquidity adjustments. The pricing services evaluate each asset class based on relevant market and credit information, perceived market movements and sector news.

In many cases, benchmark yields have proven to be more reliable indicators of the market for a security, as compared to reported trades for infrequently traded securities and distressed transactions. The extent of the use of each input is dependent on the asset class and the market conditions. The valuation of fixed-maturity securities is more subjective when markets are less liquid due to the lack of market-based inputs.

As of June 30, 2025, the Company used models to price 173 securities. All Level 3 securities were priced with the assistance of independent third parties. The pricing is based on a discounted cash flow approach using the third party's proprietary pricing models. The models use inputs such as projected prepayment speeds; severity assumptions; recovery lag assumptions; estimated default rates (determined based on an analysis of collateral attributes, historical collateral performance, borrower profiles and other features relevant to the evaluation of collateral credit quality); home price appreciation/depreciation rates based on macroeconomic forecasts; and recent trading activity. The yield used to discount the projected cash flows is determined by reviewing various attributes of the security including collateral type, weighted average life, sensitivity to losses, vintage and convexity, in conjunction with market data on comparable securities. Significant changes to any of these inputs could have materially changed the expected timing of cash flows within these securities which could have significantly affected the fair value of the securities.

Short-Term Investments

Short-term investments that are traded in active markets are classified as Level 1 as their value is based on quoted market prices. Securities such as discount notes are classified as Level 2 because these securities are typically not actively traded. Due to their approaching maturity, the cost of discount notes approximates fair value.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Other Assets*Committed Capital Securities*

AG has entered into put agreements with eight separate custodial trusts allowing it to issue an aggregate of \$400 million of non-cumulative redeemable perpetual preferred securities to the trusts in exchange for cash.

The arrangement entails eight custodial trusts (Woodbourne Capital Trust I, II, III and IV and Sutton Capital Trust I, II, III and IV), each of which issued \$50 million face amount of CCS and invested the proceeds of that issuance in eligible assets that enable the trust to have the cash necessary to respond to AG's exercise of a put option.

The put option consists of a right that AG has, pursuant to separate put agreements that AG entered into with each of the trusts, to issue to each trust \$50 million of non-cumulative redeemable perpetual preferred stock, in exchange for an equivalent amount of cash (i.e., an aggregate of \$400 million). When AG exercises its put option, the relevant trust must liquidate the portfolio of high-quality, liquid assets that it currently maintains and use the liquidation proceeds to purchase AG preferred stock. The put agreements have no scheduled termination date or maturity but may be terminated upon the occurrence of certain specified events. None of the events that would give rise to a termination of the put agreements have occurred.

The fair value of CCS, which is reported in "other assets" in the condensed consolidated balance sheets, represents the difference between the present value of the remaining expected put option premium payments under the put agreements and the estimated present value of the amounts that the Company would hypothetically have to pay as of the reporting date for a comparable security. The change in fair value of the CCS is reported in "fair value gains (losses) on committed capital securities" in the condensed consolidated statements of operations. The estimated current cost of the Company's CCS as of the reporting date is based on several factors, including AG's CDS spreads, the Company's publicly traded debt and an estimation of the securities' remaining term. The CCS are classified as Level 3.

Supplemental Executive Retirement Plans

The Company classified assets included in the Company's various supplemental executive retirement plans as either Level 1 or Level 2. The fair value of these assets is based on the observable published daily values of the underlying mutual funds included in the plans (Level 1) or based upon the NAV of the funds if a published daily value is not available (Level 2). The NAVs are based on observable information. The change in fair value of these assets is reported in "other operating expenses" in the condensed consolidated statements of operations.

Contracts Accounted for as Credit Derivatives

There is no established market where financial guaranty insured credit derivatives are actively traded; therefore, management has determined that the exit market for the Company's credit derivatives is a hypothetical one based on its entry market. Due to the lack of quoted prices and other observable inputs for its instruments or for similar instruments, the Company determines the fair value of its credit derivative contracts primarily through internally developed, proprietary models that use both observable and unobservable market data inputs, and such contracts are therefore classified as Level 3 in the fair value hierarchy. There are multiple unobservable inputs deemed significant to the valuation model, most importantly the Company's estimate of the value of the non-standard terms and conditions of its credit derivative contracts and how the Company's own credit spread affects the pricing of its transactions.

The fair value of the Company's credit derivative contracts generally represents the difference between the present value of remaining premiums the Company expects to receive and the estimated present value of premiums that a financial guarantor of comparable credit-worthiness would hypothetically charge at the reporting date for the same protection. The fair value of the Company's credit derivatives depends on a number of factors, including notional amount of the contract, expected term, credit spreads, changes in interest rates, the credit ratings of referenced entities, the Company's own credit risk and remaining contractual cash flows. The expected remaining contractual premium cash flows are the most readily observable inputs since they are based on the credit derivatives' contractual terms. Credit spreads capture the effect of recovery rates and performance of underlying assets of these contracts, among other factors. A credit derivative liability on protection sold is the result of contractual cash inflows on in-force transactions that are lower than what a hypothetical financial guarantor could receive if it sold protection on the same risk as of the reporting date. Consistent with previous years, market conditions as of June 30, 2025 were such that market prices of the Company's CDS contracts were not available.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Assumptions and Inputs

The main inputs and assumptions to the measurement of fair value for CDS contracts are the gross spread, the allocation of gross spread among the bank profit, net spread and hedge cost and the weighted average life (which is based on debt service schedules).

The primary sources of information used to determine gross spread and the fair value for CDS contracts include actual collateral credit spreads (if up-to-date and reliable market-based spreads are available), transactions priced or closed during a specific quarter within a specific asset class and specific rating and information provided by the counterparty of the credit derivative. Credit spreads may also be interpolated based upon market indices adjusted to reflect the non-standard terms of the Company's CDS contracts, or extrapolated based upon transactions of similar asset classes, similar ratings and similar time to maturity.

The Company's own credit risk is factored into the determination of the current premium. Such credit risk is based on the quoted market price for credit protection bought on the Company as reflected by quoted market prices on CDS contracts referencing AG. The Company obtains the quoted price of CDS contracts traded on AG from market data sources published by third parties. The amount of premium a financial guaranty insurance market participant can demand (or "current premium") is inversely related to the cost of credit protection on the insurance company as measured by market credit spreads assuming all other assumptions remain constant. This is because the buyers of credit protection typically hedge a portion of their risk to the financial guarantor, because the contractual terms of the Company's contracts typically do not require the posting of collateral by the guarantor. The extent of the hedge depends on the types of instruments insured and current market conditions.

In the Company's valuation model, the current premium is not permitted to go below the minimum rate that the Company would charge to assume similar risks in the reporting period. This assumption can have the effect of limiting the amount of unrealized gains that are recognized on certain CDS contracts. The minimum premium had no effect on the fair value of CDS contracts as of both June 30, 2025 and December 31, 2024.

FG VIEs' Assets and Liabilities

Structured finance FG VIEs' assets and liabilities for which the Company elected the FVO are carried at fair value and classified as Level 3. The fair value of the residential mortgage loans in the FG VIEs' assets is generally sensitive to changes in estimated prepayment speeds; estimated default rates (determined on the basis of an analysis of collateral attributes such as: historical collateral performance, borrower profiles and other features relevant to the evaluation of collateral credit quality); yields implied by market prices for similar securities; and, as applicable, house price depreciation/appreciation rates based on macroeconomic forecasts. Significant changes to some of these inputs could have materially changed the fair value of the FG VIEs' assets and the implied collateral losses within these transactions. In general, the fair value of the FG VIEs' assets is most sensitive to changes in the projected collateral losses, where an increase in collateral losses typically leads to a potential decrease in the fair value of FG VIEs' assets, while a decrease in collateral losses typically leads to an increase in the fair value of FG VIEs' assets.

The prices of these assets and liabilities of the structured finance FG VIEs are generally determined with the assistance of an independent third party and based on a discounted cash flow approach. The third party pricing service utilizes an internal model to determine an appropriate yield at which to discount the cash flows of the security by factoring in collateral types, weighted-average lives and other structural attributes specific to the security being priced. The expected yield is further calibrated by utilizing algorithms designed to aggregate market color, received by the independent third party, on comparable bonds.

The models used to price the FG VIEs' liabilities generally apply the same inputs used in determining fair value of FG VIEs' assets. For those liabilities insured by the Company, the benefit of the Company's insurance policy guaranteeing the timely payment of debt service is also taken into account.

The timing of expected losses within an insured transaction is a significant factor in determining the implied benefit of the Company's insurance policy which guarantees the timely payment of principal and interest for the insured tranches of debt issued by the FG VIEs. In general, a longer time period until the Company's expected loss payments typically leads to a decrease in the value of the Company's insurance and a decrease in the fair value of the Company's FG VIEs' liabilities with recourse, while a shorter time period until the Company's expected loss payments typically could lead to an increase in the value of the Company's insurance and an increase in the fair value of the Company's FG VIEs' liabilities with recourse.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Assets and Liabilities of CIVs

Investments held by CIVs which are quoted on a national securities exchange are valued at their last reported sale price on the date of determination. Investments held by CIVs which are traded over-the-counter reflect third-party data and generally reflect the average of dealer offer and bid prices. The valuation methodology may include, but is not limited to: (i) performing price comparisons with similar investments; (ii) obtaining valuation-related information from issuers; (iii) calculating the present value of future cash flows; (iv) assessing other data related to the investment that may be an indication of value; (v) obtaining information provided by third parties; and/or (vi) evaluating information provided by the investment manager. Inputs may include dealer price quotations, yield curves, credit curves, forward/CDS/index spreads, prepayments rates, strike and expiry dates, volatility statistics and other factors.

Significant changes to any of the inputs described above could have a material effect on the fair value of the CIV's assets and liabilities. Changes in the fair value of assets and liabilities of CIVs, interest income and interest expense are reported in "fair value gains (losses) on consolidated investment vehicles" in the condensed consolidated statements of operations.

Amounts recorded at fair value in the Company's financial statements are presented in the tables below.

Fair Value Hierarchy of Financial Instruments Carried at Fair Value
As of June 30, 2025

| | Fair Value Hierarchy | | | Total |
|--|----------------------|-----------------|-----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| (in millions) | | | | |
| Assets: | | | | |
| Fixed-maturity securities, available-for-sale | | | | |
| Obligations of state and political subdivisions | \$ — | \$ 1,762 | \$ 10 | \$ 1,772 |
| U.S. government and agencies | — | 38 | — | 38 |
| Corporate securities | — | 2,662 | 84 | 2,746 |
| Mortgage-backed securities: | | | | |
| RMBS | — | 451 | 142 | 593 |
| CMBS | — | 151 | — | 151 |
| Asset-backed securities | — | 136 | 977 | 1,113 |
| Non-U.S. government securities | — | 85 | — | 85 |
| Total fixed-maturity securities, available-for-sale | — | 5,285 | 1,213 | 6,498 |
| Fixed-maturity securities, trading | — | 133 | 4 | 137 |
| Short-term investments | 936 | 3 | — | 939 |
| Other invested assets (1) | — | — | 3 | 3 |
| FG VIEs' assets | 15 | 8 | 153 | 176 |
| Assets of CIVs, equity securities | — | — | 121 | 121 |
| Other assets | 73 | 61 | 9 | 143 |
| Total assets carried at fair value | \$ 1,024 | \$ 5,490 | \$ 1,503 | \$ 8,017 |
| Liabilities: | | | | |
| FG VIEs' liabilities (2) | \$ — | \$ — | \$ 201 | \$ 201 |
| Other liabilities | — | — | 35 | 35 |
| Total liabilities carried at fair value | \$ — | \$ — | \$ 236 | \$ 236 |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

**Fair Value Hierarchy of Financial Instruments Carried at Fair Value
As of December 31, 2024**

| | Fair Value Hierarchy | | | Total |
|--|----------------------|-----------------|-----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | |
| (in millions) | | | | |
| Assets: | | | | |
| Fixed-maturity securities, available-for sale | | | | |
| Obligations of state and political subdivisions | \$ — | \$ 1,930 | \$ 10 | \$ 1,940 |
| U.S. government and agencies | — | 67 | — | 67 |
| Corporate securities | — | 2,382 | — | 2,382 |
| Mortgage-backed securities: | | | | |
| RMBS | — | 422 | 145 | 567 |
| CMBS | — | 186 | — | 186 |
| Asset-backed securities | — | 127 | 1,031 | 1,158 |
| Non-U.S. government securities | — | 69 | — | 69 |
| Total fixed-maturity securities, available-for-sale | — | 5,183 | 1,186 | 6,369 |
| Fixed-maturity securities, trading | — | 142 | 5 | 147 |
| Short-term investments | 1,218 | 3 | — | 1,221 |
| Other invested assets (1) | — | — | 4 | 4 |
| FG VIEs' assets | — | — | 147 | 147 |
| Assets of CIVs, equity securities | — | — | 99 | 99 |
| Other assets | 65 | 59 | 7 | 131 |
| Total assets carried at fair value | \$ 1,283 | \$ 5,387 | \$ 1,448 | \$ 8,118 |
| Liabilities: | | | | |
| FG VIEs' liabilities (2) | \$ — | \$ — | \$ 164 | \$ 164 |
| Other liabilities | — | — | 34 | 34 |
| Total liabilities carried at fair value | \$ — | \$ — | \$ 198 | \$ 198 |

(1) Other invested assets includes Level 3 mortgage loans that are recorded at fair value on a non-recurring basis.

(2) FG VIEs' liabilities include those with and without recourse, some of which are measured at a fair value on a non-recurring basis as June 30, 2025. See Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Changes in Level 3 Fair Value Measurements

The tables below present a roll forward of the Company's Level 3 financial instruments carried at fair value on a recurring basis during second quarter 2025, second quarter 2024, six months 2025 and six months 2024.

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Second Quarter 2025

| | Fixed-Maturity Securities, Available-for-Sale | | | | | | | |
|--|--|--------------|---------------|--------------------------------|--|--------------------|---|-------------------|
| | Obligations of State and Political Subdivisions | Corporate | RMBS | Asset- Backed Securities | Fixed- Maturity Securities, Trading | FG VIEs' Assets | Assets of CIVs, Equity Securities | Other (7) |
| | (in millions) | | | | | | | |
| Fair value as of March 31, 2025 | \$ 10 | \$ 5 | \$ 144 | \$ 983 | \$ 5 | \$ 145 | \$ 118 | \$ 6 |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | | | | | | | |
| Net income (loss) | 2 (1) | — | 1 (1) | 11 (1) | — | 4 (2) | 3 (4) | (1) (3) |
| Other comprehensive income (loss) | — | 10 | 4 | 10 | — | — | — | — |
| Purchases | — | 69 | — | — | — | — | — | — |
| Sales | — | — | — | (3) | — | — | — | — |
| Settlements | (2) | — | (7) | (24) | (1) | (5) | — | — |
| Consolidations | — | — | — | — | — | 9 | — | — |
| Fair value as of June 30, 2025 | <u>\$ 10</u> | <u>\$ 84</u> | <u>\$ 142</u> | <u>\$ 977</u> | <u>\$ 4</u> | <u>\$ 153</u> | <u>\$ 121</u> | <u>\$ 5</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2025 included in: | | | | | | | | |
| Earnings | | | | | <u>\$ —</u> | <u>\$ 3 (2)</u> | <u>\$ 3 (4)</u> | <u>\$ (1) (3)</u> |
| OCI | <u>\$ —</u> | <u>\$ 10</u> | <u>\$ 4</u> | <u>\$ 10</u> | | | | <u>\$ —</u> |

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Second Quarter 2025

| | Credit Derivative Liability, net (5) | FG VIEs' Liabilities (8) |
|--|---|--------------------------|
| | (in millions) | |
| Fair value as of March 31, 2025 | \$ (30) | \$ (163) |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | |
| Net income (loss) | | 1 (6) |
| Other comprehensive income (loss) | | — |
| Settlements | | — |
| Fair value as of June 30, 2025 | <u>\$ (29)</u> | <u>\$ (161)</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2025 included in: | | |
| Earnings | | <u>\$ 1 (6)</u> |
| OCI | | <u>\$ (2) (2)</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Second Quarter 2024

| | Fixed-Maturity Securities, Available-for-Sale | | | | Assets of CIVs | | | |
|--|---|---------------|-------------------------|-------------------|-------------------|---------------------|-----------------|--|
| | Obligations of State and Political Subdivisions | RMBS | Asset-Backed Securities | FG VIEs' Assets | Equity Securities | Structured Products | Other (7) | |
| | (in millions) | | | | | | | |
| Fair value as of March 31, 2024 | \$ 6 | \$ 153 | \$ 821 | \$ 167 | \$ 89 | \$ 220 | \$ 5 | |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | | | | | | | |
| Net income (loss) | — | 4 (1) | 1 (1) | (1) (2) | 4 (2) | (9) (4) | 2 (3) | |
| Other comprehensive income (loss) | 2 | 1 | 6 | — | — | — | (1) | |
| Purchases | — | — | 1 | — | — | 22 | — | |
| Sales | — | — | — | — | — | (8) | — | |
| Settlements | (1) | (8) | (34) | (6) | — | — | — | |
| Fair value as of June 30, 2024 | <u>\$ 7</u> | <u>\$ 150</u> | <u>\$ 795</u> | <u>\$ 160</u> | <u>\$ 93</u> | <u>\$ 225</u> | <u>\$ 6</u> | |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2024 included in: | | | | | | | | |
| Earnings | | | | <u>\$ (2) (2)</u> | <u>\$ 5 (2)</u> | <u>\$ (8) (4)</u> | <u>\$ 2 (3)</u> | |
| OCI | <u>\$ 2</u> | <u>\$ 1</u> | <u>\$ 6</u> | | | | <u>\$ (1)</u> | |

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Second Quarter 2024

| | Credit Derivative Liability, net (5) | FG VIEs' Liabilities (8) |
|--|--------------------------------------|--------------------------|
| | (in millions) | |
| Fair value as of March 31, 2024 | \$ (39) | \$ (399) |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | |
| Net income (loss) | 6 (6) | — (2) |
| Other comprehensive income (loss) | — | 2 |
| Settlements | (1) | 4 |
| Fair value as of June 30, 2024 | <u>\$ (34)</u> | <u>\$ (393)</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2024 included in: | | |
| Earnings | <u>\$ 3 (6)</u> | <u>\$ 2 (2)</u> |
| OCI | | <u>\$ 2</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Six Months 2025

| | Fixed-Maturity Securities, Available-for-Sale | | | | | | | |
|--|--|--------------|---------------|--------------------------------|--|--------------------|---|-----------------|
| | Obligations of State and Political Subdivisions | Corporate | RMBS | Asset- Backed Securities | Fixed- Maturity Securities, Trading | FG VIEs' Assets | Assets of CIVs, Equity Securities | Other (7) |
| | (in millions) | | | | | | | |
| Fair value as of December 31, 2024 | \$ 10 | \$ — | \$ 145 | \$ 1,031 | \$ 5 | \$ 147 | \$ 99 | \$ 5 |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | | | | | | | |
| Net income (loss) | 2 (1) | — | 4 (1) | 18 (1) | — | 7 (2) | 22 (4) | 1 (3) |
| Other comprehensive income (loss) | — | 10 | 6 | 11 | — | — | — | (1) |
| Purchases | — | 74 | — | — | — | — | — | — |
| Sales | — | — | — | (12) | — | — | — | — |
| Settlements | (2) | — | (13) | (71) | (1) | (10) | — | — |
| Consolidations | — | — | — | — | — | 9 | — | — |
| Fair value as of June 30, 2025 | <u>\$ 10</u> | <u>\$ 84</u> | <u>\$ 142</u> | <u>\$ 977</u> | <u>\$ 4</u> | <u>\$ 153</u> | <u>\$ 121</u> | <u>\$ 5</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2025 included in: | | | | | | | | |
| Earnings | | | | | <u>\$ —</u> | <u>\$ 5 (2)</u> | <u>\$ 22 (4)</u> | <u>\$ 1 (3)</u> |
| OCI | <u>\$ —</u> | <u>\$ 10</u> | <u>\$ 6</u> | <u>\$ 11</u> | | | | <u>\$ (1)</u> |

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Six Months 2025

| | Credit Derivative Liability, net (5) | FG VIEs' Liabilities (8) |
|--|---|--------------------------|
| | (in millions) | |
| Fair value as of December 31, 2024 | \$ (29) | \$ (164) |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | |
| Net income (loss) | | 105 (6) |
| Other comprehensive income (loss) | | — |
| Settlements | (105) | 8 |
| Fair value as of June 30, 2025 | <u>\$ (29)</u> | <u>\$ (161)</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2025 included in: | | |
| Earnings | <u>\$ —</u> | <u>\$ (4) (2)</u> |
| OCI | | <u>\$ —</u> |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Six Months 2024

| | Fixed-Maturity Securities, Available-for-Sale | | | | Assets of CIVs | | |
|--|--|---------------|--------------------------------|--------------------|----------------------|------------------------|-------------------|
| | Obligations of State and Political Subdivisions | RMBS | Asset- Backed Securities | FG VIEs' Assets | Equity Securities | Structured Products | Other (7) |
| | (in millions) | | | | | | |
| Fair value as of December 31, 2023 | \$ 6 | \$ 154 | \$ 803 | \$ 174 | \$ 80 | \$ 189 | \$ 14 |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | | | | | | |
| Net income (loss) | — | 7 (1) | 17 (1) | (3) (2) | 12 (4) | (5) (4) | (8) (3) |
| Other comprehensive income (loss) | 2 | 2 | 8 | 1 | — | — | — |
| Purchases | — | — | 11 | — | — | 51 | — |
| Sales | — | — | — | — | (2) | (20) | — |
| Settlements | (1) | (13) | (64) | (12) | — | — | — |
| Transfers into Level 3 | — | — | 20 | — | 3 | 10 | — |
| Fair value as of June 30, 2024 | <u>\$ 7</u> | <u>\$ 150</u> | <u>\$ 795</u> | <u>\$ 160</u> | <u>\$ 93</u> | <u>\$ 225</u> | <u>\$ 6</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2024 included in: | | | | | | | |
| Earnings | | | | <u>\$ (5) (2)</u> | <u>\$ 12 (4)</u> | <u>\$ (2) (4)</u> | <u>\$ (8) (3)</u> |
| OCI | <u>\$ 2</u> | <u>\$ 2</u> | <u>\$ 8</u> | <u>\$ 1</u> | | | <u>\$ —</u> |

Roll Forward of Level 3 Assets (Liabilities) at Fair Value on a Recurring Basis
Six Months 2024

| | Credit Derivative Liability, net (5) | FG VIEs' Liabilities (8) |
|--|---|--------------------------|
| | (in millions) | |
| Fair value as of December 31, 2023 | \$ (50) | \$ (554) |
| Total pre-tax realized and unrealized gains (losses) recorded in: | | |
| Net income (loss) | 16 (6) | 9 (2) |
| Other comprehensive income (loss) | — | — |
| Settlements | — | 152 |
| Fair value as of June 30, 2024 | <u>\$ (34)</u> | <u>\$ (393)</u> |
| Change in unrealized gains (losses) related to financial instruments held as of June 30, 2024 included in: | | |
| Earnings | <u>\$ 7 (6)</u> | <u>\$ 4 (2)</u> |
| OCI | | <u>\$ —</u> |

(1) Included in “net realized investment gains (losses)” and “net investment income.”

(2) Reported in “fair value gains (losses) on FG VIEs.”

(3) Reported in “fair value gains (losses) on CCS,” “net investment income” and “other income (loss).”

(4) Reported in “fair value gains (losses) on CIVs.”

(5) Represents the net position of credit derivatives. Credit derivative assets (reported in “other assets”) and credit derivative liabilities (reported in “other liabilities”) are shown as either assets or liabilities in the condensed consolidated balance sheets.

(6) Reported in “fair value gains (losses) on credit derivatives.”

(7) Includes CCS and other invested assets.

(8) Includes FG VIEs’ liabilities with recourse and FG VIEs’ liabilities without recourse.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Level 3 Fair Value Disclosures

Quantitative Information About Level 3 Fair Value Inputs
As of June 30, 2025

| Financial Instrument Description | Fair Value Assets (Liabilities) (in millions) | Significant Unobservable Inputs | Range | Weighted Average (4) |
|--|--|--|-----------------|-------------------------|
| Investments (2): | | | | |
| Fixed-maturity securities, available-for-sale (1): | | | | |
| Obligations of state and political subdivisions | \$ 10 | Yield | 5.5 % - 20.0% | 7.0% |
| Corporate | 84 | Yield | 8.5 % - 9.0% | 8.6% |
| RMBS | 142 | Conditional prepayment rate (CPR) | 0.1 % - 17.0% | 3.4% |
| | | CDR | 1.4 % - 18.6% | 5.4% |
| | | Loss severity | 50.0 % - 125.0% | 79.9% |
| | | Yield | 7.3 % - 10.5% | 8.7% |
| Asset-backed securities: | | | | |
| CLOs | 527 | Discount margin | 1.0 % - 2.9% | 2.0% |
| | | Yield | 12.8 % - 24.0% | 19.0% |
| Others | 450 | Yield | 5.5 % - 9.9% | 5.8% |
| Fixed-maturity securities, trading (1) | 4 | Yield | 4.2 % - 7.7% | 6.0% |
| FG VIEs' assets (1) | 153 | CPR | 2.2 % - 28.2% | 5.3% |
| | | CDR | 1.3 % - 41.0% | 10.5% |
| | | Loss severity | 45.0 % - 100.0% | 83.4% |
| | | Yield | 6.8 % - 10.2% | 9.1% |
| Assets of CIVs - equity securities (3) | 121 | Discount rate | 24.8% | |
| | | Market multiple-price to book | 1.00x | |
| | | Market multiple-price to earnings | 5.75x | |
| | | Terminal growth rate | 4.0% | |
| | | Exit multiple-price to book | 1.00x | |
| | | Exit multiple-price to earnings | 5.50x | |
| Other assets (1) | 3 | Implied Yield | 6.5 % - 7.0% | 6.8% |
| | | Term (years) | 10 years | |
| Credit derivative liabilities, net (1) | (29) | Hedge cost (in basis points) (bps) | 12.5 - 29.5 | 16.3 |
| | | Bank profit (in bps) | 60.5 - 248.9 | 139.1 |
| | | Internal floor (in bps) | 10.0 | |
| | | Internal credit rating | AAA - CCC | A |
| | | Discount rates of future expected premium cash flows | 3.2 % - 4.2% | 4.0% |
| FG VIEs' liabilities (1) | (201) | CPR | 2.2 % - 28.2% | 5.3% |
| | | CDR | 1.3 % - 41.0% | 10.5% |
| | | Loss severity | 45.0 % - 100.0% | 83.4% |
| | | Yield | 5.6 % - 10.5% | 6.8% |

(1) Discounted cash flows are used as the primary valuation technique.

(2) This amount excludes several investments reported in "other invested assets" with a fair value of \$3 million.

(3) The primary valuation technique uses the income and/or market approach.

(4) Weighted average is calculated as a percentage of current par outstanding for all categories except for assets of CIVs, for which it is calculated as a percentage of fair value.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Quantitative Information About Level 3 Fair Value Inputs
As of December 31, 2024

| Financial Instrument Description | Fair Value Assets (Liabilities) (in millions) | Significant Unobservable Inputs | Range | Weighted Average (4) |
|--|---|--|-----------------|-------------------------|
| Investments (2): | | | | |
| Fixed-maturity securities, available-for-sale (1): | | | | |
| Obligations of state and political subdivisions | \$ 10 | Yield | 5.5 % - 22.0% | 7.5% |
| RMBS | 145 | CPR | 1.8 % - 17.0% | 2.8% |
| | | CDR | 1.8 % - 18.7% | 5.4% |
| | | Loss severity | 50.0 % - 125.0% | 79.9% |
| | | Yield | 7.7 % - 10.8% | 9.1% |
| Asset-backed securities: | | | | |
| CLOs | 611 | Discount margin | 0.8 % - 2.9% | 1.9% |
| | | Yield | 12.5 % - 22.5% | 17.9% |
| Others | 420 | Yield | 6.4 % - 9.1% | 6.7% |
| Fixed-maturity securities, trading (1) | 5 | Yield | 19.8 % - 169.5% | 163.8% |
| FG VIEs' assets (1) | 147 | CPR | 2.2 % - 25.0% | 5.7% |
| | | CDR | 1.3 % - 41.0% | 10.7% |
| | | Loss severity | 45.0 % - 100.0% | 83.2% |
| | | Yield | 6.8 % - 10.8% | 9.3% |
| Assets of CIVs - equity securities (3) | 99 | Discount rate | 24.3% | |
| | | Market multiple-price to book | 1.05x | |
| | | Market multiple-price to earnings | 5.25x | |
| | | Terminal growth rate | 4.0% | |
| | | Exit multiple-price to book | 1.05x | |
| | | Exit multiple-price to earnings | 5.50x | |
| Other assets (1) | 2 | Implied Yield | 6.5 % - 7.0% | 6.8% |
| | | Term (years) | 10 years | |
| Credit derivative liabilities, net (1) | (29) | Hedge cost (in bps) | 12.8 - 30.1 | 16.8 |
| | | Bank profit (in bps) | 73.2 - 275.9 | 139.3 |
| | | Internal floor (in bps) | 10.0 - 85.5 | 29.7 |
| | | Internal credit rating | AAA - CCC | A |
| | | Discount rates of future expected premium cash flows | 3.9 % - 4.4% | 4.3% |
| FG VIEs' liabilities (1) | (164) | CPR | 2.2 % - 25.0% | 5.7% |
| | | CDR | 1.3 % - 41.0% | 10.7% |
| | | Loss severity | 45.0 % - 100.0% | 83.2% |
| | | Yield | 5.5 % - 10.8% | 7.0% |

(1) Discounted cash flows are used as the primary valuation technique.

(2) This amount excludes several investments reported in "other invested assets" with a fair value of \$4 million.

(3) The primary valuation technique uses the income and/or market approach.

(4) Weighted average is calculated as a percentage of current par outstanding for all categories except for assets of CIVs, for which it is calculated as a percentage of fair value.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Not Carried at Fair Value

Financial Guaranty Insurance Contracts

Fair value is based on management's estimate of the consideration that would be paid to, or received from, a similarly rated financial guaranty insurance company to acquire the Company's in-force book of financial guaranty insurance business. It is based upon the ratio of current trends in premium pricing to risk-based expected loss for investment grade portions of the portfolio and stressed loss pricing for BIG transactions. The Company classified the fair value of financial guaranty insurance contracts as Level 3.

Long-Term Debt

Long-term debt issued by the U.S. Holding Companies is valued by broker-dealers using independent third-party pricing sources and standard market conventions and classified as Level 2 in the fair value hierarchy. The market conventions utilize market quotations, market transactions for the Company's comparable instruments, and to a lesser extent, similar instruments in the broader insurance industry.

The carrying amount and estimated fair value of the Company's financial instruments not carried at fair value are presented in the following table.

Fair Value of Financial Instruments Not Carried at Fair Value

| | As of June 30, 2025 | | As of December 31, 2024 | |
|--|---------------------|----------------------|-------------------------|----------------------|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| | (in millions) | | | |
| Assets (liabilities): | | | | |
| Other assets (including other invested assets) | \$ 97 | \$ 98 | \$ 115 | \$ 116 |
| Financial guaranty insurance contracts (1) | (1,962) | (1,081) | (2,029) | (1,136) |
| Long-term debt | (1,701) | (1,602) | (1,699) | (1,579) |
| Other liabilities | (17) | (17) | (16) | (16) |

(1) Carrying amount includes the assets and liabilities related to financial guaranty insurance contract premiums, losses and salvage and subrogation and other recoverables net of reinsurance.

10. Income Taxes

Overview

AGL is a tax resident in the U.K. although it remains a Bermuda-based company and its administrative and head office functions are carried on in Bermuda.

AGL's subsidiaries are subject to income taxes imposed by the local tax authorities in the jurisdictions in which they operate and file applicable tax returns. In addition, AGRO, a Bermuda domiciled company, has elected under Section 953(d) of the Internal Revenue Service (IRS) to be taxed as a U.S. domestic corporation.

In July of 2023, the U.K. government passed legislation to implement the Organization for Economic Co-Operation and Development's Base Erosion and Profit Shifting Pillar Two income inclusion rule. This includes a multinational top-up tax which will apply to large multinational corporations for accounting periods beginning on or after December 31, 2023. This applies to AGL and its subsidiaries, requiring a minimum effective rate of 15% in all jurisdictions in which they operate.

On December 27, 2023, the Bermuda government enacted a corporate income tax at the rate of 15% which applies to the Bermuda Subsidiaries (collectively, AG Re, AGRO and Cedar Personnel Ltd.) for accounting periods starting on or after January 1, 2025.

On July 4, 2025, the U.S. Congress passed budget reconciliation bill H.R. 1 referred to as the One Big Beautiful Bill Act (OBBBA). The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

the Tax Cuts and Jobs Act of 2017, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company is currently assessing its impact on its consolidated financial statements but does not expect it to have a material impact.

AGUS files a consolidated federal income tax return with all of its U.S. subsidiaries. Assured Guaranty Overseas US Holdings Inc. and its subsidiaries, AGRO and AG Intermediary Inc., file their own consolidated federal income tax return.

Provision for Income Taxes

The Company's provision for income taxes for interim financial periods is not based on an estimated annual effective rate due, for example, to the variability in loss reserves, fair value of its credit derivatives and VIEs and foreign exchange gains and losses which prevent the Company from projecting a reliable estimated annual effective tax rate and pre-tax income for the full year 2025. A discrete calculation of the provision is calculated for each interim period.

The Company's overall effective tax rate fluctuates based on the distribution of income across jurisdictions. The effective tax rates reflect the proportion of income recognized by each of the Company's operating subsidiaries with

- U.S. subsidiaries taxed at the U.S. marginal corporate income tax rate of 21%,
- French subsidiary taxed at the French marginal corporate tax rate of 25%,
- Bermuda Subsidiaries taxed at the Bermuda marginal corporate tax rate of 15% starting January 1, 2025, and 0% for 2024, unless subject to U.S. tax by election, and
- U.K. subsidiaries taxed at the U.K. marginal corporate tax rate of 25%.

The Company's effective tax rate was 20.9%, 14.5%, 19.7% and 18.6% for second quarter 2025, second quarter 2024, six months 2025 and six months 2024, respectively. The effective tax rates are different from the expected tax provision (benefit) primarily due to a tax provision for U.S. state taxes, a tax benefit for U.S. tax-exempt interest, and foreign taxes. In addition, second quarter 2024 and six months 2024 included the global minimum tax.

Audits

During six months 2025, the IRS audit of AGUS's 2018 and 2019 tax years closed with no impact to previously accrued taxes. As of June 30, 2025, AGUS had open tax years with the IRS for 2021 forward and is currently under audit for the 2021 tax year. As of June 30, 2025, Assured Guaranty Overseas US Holdings Inc. had open tax years with the IRS for 2021 forward and is not currently under audit with the IRS. In December 2023, His Majesty's Revenue & Customs (HMRC) issued an inquiry into the Company's 2021 U.K. tax returns. As of June 30, 2025, the Company's U.K. subsidiaries had open tax years with HMRC for 2021 forward. The Company's French subsidiary is not currently under examination and has open tax years of 2021 forward.

11. Contingencies

Legal Proceedings

Lawsuits arise in the ordinary course of the Company's business. It is the opinion of the Company's management, based upon the information available, that the expected outcome of litigation against the Company, individually or in the aggregate, will not have a material adverse effect on the Company's financial position, although an adverse resolution of litigation against the Company in a fiscal quarter or year could have a material adverse effect on the Company's results of operations or liquidity in that particular quarter or year.

In addition, in the ordinary course of their respective businesses, certain of AGL's insurance subsidiaries are involved in litigation with third parties to recover insurance losses paid in prior periods or prevent or reduce losses in the future. For example, the Company is involved in a number of legal actions in the Federal District Court of Puerto Rico to enforce or defend its rights with respect to the obligations of PREPA it insures. There are two current proceedings related to PREPA, while there are a number of other unresolved proceedings related to PREPA that remain stayed pending the Federal District Court of Puerto Rico's determination on the FOMB PREPA Plan. See Note 4, Expected Loss to be Paid (Recovered), Loss Estimation Process, Public Finance, Puerto Rico, for a description of such actions. The impact, if any, of these and other proceedings on the amount of recoveries the Company receives and losses it pays in the future is uncertain, and the impact of any one or more of these

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

proceedings during any quarter or year could be material to the Company's results of operations in that particular quarter or year.

The Company also receives subpoenas and interrogatories from regulators from time to time.

12. Shareholders' Equity

Other Comprehensive Income

The following tables present the changes in each component of accumulated other comprehensive income (AOCI) and the effect of reclassifications out of AOCI into the respective lines in the condensed consolidated statements of operations.

Changes in Accumulated Other Comprehensive Income (Loss) by Component
Second Quarter 2025

| | Net Unrealized Gains (Losses) on Investments with: | | ISCR on FG VIEs' Liabilities with Recourse | Cumulative Translation Adjustment | Cash Flow Hedge | Total AOCI |
|--|---|-------------------|--|---|--------------------|------------|
| | No Credit Impairment | Credit Impairment | | | | |
| | (in millions) | | | | | |
| Balance, March 31, 2025 | \$ (183) | \$ (78) | \$ (19) | \$ (38) | \$ 4 | \$ (314) |
| Other comprehensive income (loss) before reclassifications | 85 | (3) | — | 2 | — | 84 |
| Less: Amounts reclassified from AOCI to: | | | | | | |
| Net realized investment gains (losses) | — | (3) | — | — | — | (3) |
| Fair value gains (losses) on FG VIEs | — | — | (1) | — | — | (1) |
| Total before tax | — | (3) | (1) | — | — | (4) |
| Tax (provision) benefit | — | 1 | — | — | — | 1 |
| Total amount reclassified from AOCI, net of tax | — | (2) | (1) | — | — | (3) |
| Other comprehensive income (loss) | 85 | (1) | 1 | 2 | — | 87 |
| Balance, June 30, 2025 | \$ (98) | \$ (79) | \$ (18) | \$ (36) | \$ 4 | \$ (227) |

Changes in Accumulated Other Comprehensive Income (Loss) by Component
Second Quarter 2024

| | Net Unrealized Gains (Losses) on Investments with: | | ISCR on FG VIEs' Liabilities with Recourse | Cumulative Translation Adjustment | Cash Flow Hedge | Total AOCI |
|--|---|-------------------|--|---|--------------------|------------|
| | No Credit Impairment | Credit Impairment | | | | |
| | (in millions) | | | | | |
| Balance, March 31, 2024 | \$ (231) | \$ (103) | \$ (21) | \$ (37) | \$ 5 | \$ (387) |
| Other comprehensive income (loss) before reclassifications | (15) | 4 | 1 | (1) | — | (11) |
| Less: Amounts reclassified from AOCI to: | | | | | | |
| Net realized investment gains (losses) | (4) | (2) | — | — | — | (6) |
| Total before tax | (4) | (2) | — | — | — | (6) |
| Tax (provision) benefit | 1 | (1) | — | — | — | — |
| Total amount reclassified from AOCI, net of tax | (3) | (3) | — | — | — | (6) |
| Other comprehensive income (loss) | (12) | 7 | 1 | (1) | — | (5) |
| Balance, June 30, 2024 | \$ (243) | \$ (96) | \$ (20) | \$ (38) | \$ 5 | \$ (392) |

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Changes in Accumulated Other Comprehensive Income (Loss) by Component
Six Months 2025

| | Net Unrealized Gains (Losses) on Investments with: | | ISCR on FG VIEs' Liabilities with Recourse | Cumulative Translation Adjustment | Cash Flow Hedge | Total AOCI |
|--|---|-------------------|--|---|--------------------|-----------------|
| | No Credit Impairment | Credit Impairment | | | | |
| | (in millions) | | | | | |
| Balance, December 31, 2024 | \$ (235) | \$ (99) | \$ (18) | \$ (37) | \$ 4 | \$ (385) |
| Other comprehensive income (loss) before reclassifications | 131 | 10 | (1) | 1 | — | 141 |
| Less: Amounts reclassified from AOCI to: | | | | | | |
| Net realized investment gains (losses) | (6) | (13) | — | — | — | (19) |
| Fair value gains (losses) on FG VIEs | — | — | (1) | — | — | (1) |
| Total before tax | (6) | (13) | (1) | — | — | (20) |
| Tax (provision) benefit | — | 3 | — | — | — | 3 |
| Total amount reclassified from AOCI, net of tax | (6) | (10) | (1) | — | — | (17) |
| Other comprehensive income (loss) | 137 | 20 | — | 1 | — | 158 |
| Balance, June 30, 2025 | <u>\$ (98)</u> | <u>\$ (79)</u> | <u>\$ (18)</u> | <u>\$ (36)</u> | <u>\$ 4</u> | <u>\$ (227)</u> |

Changes in Accumulated Other Comprehensive Income (Loss) by Component
Six Months 2024

| | Net Unrealized Gains (Losses) on Investments with: | | ISCR on FG VIEs' Liabilities with Recourse | Cumulative Translation Adjustment | Cash Flow Hedge | Total AOCI |
|--|---|-------------------|--|---|--------------------|-----------------|
| | No Credit Impairment | Credit Impairment | | | | |
| | (in millions) | | | | | |
| Balance, December 31, 2023 | \$ (202) | \$ (104) | \$ (20) | \$ (38) | \$ 5 | \$ (359) |
| Other comprehensive income (loss) before reclassifications | (46) | 14 | (1) | — | — | (33) |
| Less: Amounts reclassified from AOCI to: | | | | | | |
| Net realized investment gains (losses) | (6) | 8 | — | — | — | 2 |
| Fair value gains (losses) on FG VIEs | — | — | (1) | — | — | (1) |
| Total before tax | (6) | 8 | (1) | — | — | 1 |
| Tax (provision) benefit | 1 | (2) | — | — | — | (1) |
| Total amount reclassified from AOCI, net of tax | (5) | 6 | (1) | — | — | — |
| Other comprehensive income (loss) | (41) | 8 | — | — | — | (33) |
| Balance, June 30, 2024 | <u>\$ (243)</u> | <u>\$ (96)</u> | <u>\$ (20)</u> | <u>\$ (38)</u> | <u>\$ 5</u> | <u>\$ (392)</u> |

Share Repurchases

The repurchase program may be modified, extended or terminated by AGL's Board of Directors (the Board) at any time and does not have an expiration date. On August 6, 2025, the Board authorized the repurchase of an additional \$300 million of the Company's common shares. As of August 6, 2025, the remaining amount the Company was authorized to purchase was approximately \$356 million of its common shares. The Company expects to repurchase shares from time to time in the open market or in privately negotiated transactions. The timing, form and amount of the share repurchases under the program are at the discretion of management and will depend on a variety of factors, including funds available at the parent company, other potential uses for such funds, market conditions, the Company's capital position, legal requirements and other factors.

Assured Guaranty Ltd.
Notes to Condensed Consolidated Financial Statements (Unaudited), Continued

Share Repurchases

| Period | Number of Shares Repurchased | Total Payments (1) (in millions) | Average Price Paid Per Share (1) |
|--------------------------------|------------------------------|-------------------------------------|----------------------------------|
| 2024 (January 1 - March 31) | 1,539,278 | \$ 129 | \$ 84.07 |
| 2024 (April 1 - June 30) | 1,928,328 | 152 | 78.50 |
| 2024 (July 1 - September 30) | 1,658,441 | 131 | 78.87 |
| 2024 (October 1 - December 31) | 1,054,727 | 90 | 86.11 |
| Total 2024 | 6,180,774 | \$ 502 | \$ 81.28 |
| 2025 (January 1 - March 31) | 1,335,228 | 120 | 89.72 |
| 2025 (April 1 - June 30) | 1,537,505 | 131 | 85.03 |
| 2025 (July 1 - August 6) | 537,550 | 45 | 84.16 |
| Total 2025 | 3,410,283 | \$ 296 | \$ 86.73 |

(1) Excludes commissions and excise taxes.

13. Earnings Per Share

Computation of Earnings Per Share

| | Second Quarter | | Six Months | |
|--|---|----------------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions, except per share amounts) | | | |
| Basic Earnings Per Share (EPS): | | | | |
| Net income (loss) attributable to AGL | \$ 103 | \$ 78 | \$ 279 | \$ 187 |
| Less: Distributed and undistributed income (loss) available to nonvested shareholders | — | — | 2 | 1 |
| Distributed and undistributed income (loss) available to common shareholders of AGL and subsidiaries, basic | \$ 103 | \$ 78 | \$ 277 | \$ 186 |
| Basic shares | 48.9 | 54.1 | 49.5 | 54.9 |
| Basic EPS | \$ 2.10 | \$ 1.43 | \$ 5.60 | \$ 3.38 |
| Diluted EPS: | | | | |
| Distributed and undistributed income (loss) available to common shareholders of AGL and subsidiaries, basic | \$ 103 | \$ 78 | \$ 277 | \$ 186 |
| Plus: Re-allocation of undistributed income (loss) available to nonvested shareholders of AGL and subsidiaries | — | — | — | — |
| Distributed and undistributed income (loss) available to common shareholders of AGL and subsidiaries, diluted | \$ 103 | \$ 78 | \$ 277 | \$ 186 |
| Basic shares | 48.9 | 54.1 | 49.5 | 54.9 |
| Dilutive securities: | | | | |
| Restricted stock awards | 0.5 | 0.9 | 0.6 | 1.2 |
| Diluted shares | 49.4 | 55.0 | 50.1 | 56.1 |
| Diluted EPS | \$ 2.08 | \$ 1.41 | \$ 5.54 | \$ 3.31 |
| Potentially dilutive securities excluded from computation of EPS because of antidilutive effect | 0.2 | 0.1 | 0.1 | 0.1 |

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This Form 10-Q 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 from those expressed in, or implied or projected by, the forward-looking information and statements. Among factors that could cause actual results to differ materially are:

(i) significant changes in inflation, interest rates, the world's credit markets or segments thereof, credit spreads, foreign exchange rates, tariff regimes or general economic conditions, including the possibility of a recession or stagflation; (ii) geopolitical risk, terrorism and political violence risk, including those arising out of Russia's invasion of Ukraine and intentional or accidental escalation between The North Atlantic Treaty Organization and Russia, conflict in the Middle East, confrontation over Iran's nuclear program, the polarized political environment in the United States (U.S.), and strategic competition and tensions between the U.S. and China; (iii) cybersecurity risk and the impacts of artificial intelligence, machine learning and other technological advances, including potentially increasing the risks of malicious cyber attacks, dissemination of misinformation, and disruption of markets, including the markets in which the Company participates; (iv) the possibility of a U.S. government shutdown, payment defaults on the debt of the U.S. government or instruments issued, insured or guaranteed by related institutions, agencies or instrumentalities, and downgrades to their credit ratings; (v) developments in the world's financial and capital markets, including stresses in the financial condition of banking institutions in the U.S. and the possibility that increasing participation of unregulated financial institutions in these markets results in losses or lower valuations of assets, reduced liquidity and credit and/or contraction of these markets, that adversely affect repayment rates of insured obligors, Assured Guaranty's insurance loss or recovery experience, or investments of Assured Guaranty; (vi) reduction in the amount of available insurance opportunities and/or in the demand for Assured Guaranty's insurance; (vii) the possibility that budget or pension shortfalls, difficulties in obtaining additional financing, changes in applicable laws or regulations or other factors will result in credit losses or liquidity claims on obligations of state, territorial and local governments, their related authorities, public corporations and other obligors that Assured Guaranty insures or reinsures; (viii) insured losses, including losses with respect to related legal proceedings, in excess of those expected by Assured Guaranty or the failure of Assured Guaranty to realize loss recoveries that are assumed in its expected loss estimates for insurance exposures, including below-investment-grade (BIG) healthcare, United Kingdom (U.K.) regulated utility, European renewable energy, and Puerto Rico Electric Power Authority (PREPA) exposures; (ix) the impact of Assured Guaranty satisfying its obligations under insurance policies with respect to legacy insured Puerto Rico bonds; (x) the possibility that underwriting insurance in new jurisdictions and/or covering new sectors or classes of business does not result in the benefits anticipated or subjects Assured Guaranty to negative consequences; (xi) increased competition, including from new entrants into the financial guaranty industry, nonpayment insurance and other forms of capital saving or risk syndication available to banks and insurers; (xii) the possibility that investments made by Assured Guaranty for its investment portfolio, including alternative investments, do not result in the benefits anticipated or subject Assured Guaranty to reduced liquidity at a time it requires liquidity, or to other negative or unanticipated consequences; (xiii) the possibility that Assured Guaranty's mergers, acquisitions, divestitures and other strategic transactions, including the transactions with Sound Point Capital Management, LP (Sound Point, LP) and certain of its investment management affiliates (together with Sound Point, LP, Sound Point) and/or Assured Healthcare Partners LLC (AHP), do not result in the benefits anticipated and/or subject Assured Guaranty to negative consequences; (xiv) the inability to control the business, management or policies of entities in which Assured Guaranty holds a minority interest; (xv) the impact of market volatility on the fair value of Assured Guaranty's assets and liabilities subject to mark-to-market, including certain of its investments, contracts accounted for as derivatives, its committed capital securities (CCS), and its consolidated variable interest entities (VIEs); (xvi) 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; (xvii) the inability of Assured Guaranty to access external sources of capital on acceptable terms; (xviii) noncompliance with, and/or changes in, applicable laws or regulations, including insurance, bankruptcy and tax laws, tariffs, or other governmental actions; (xix) the possibility that legal or regulatory decisions or determinations subject Assured Guaranty or obligations that it insures or reinsures to negative consequences; (xx) difficulties or delays with the execution of Assured Guaranty's business strategy; (xxi) loss of key personnel; (xxii) changes in applicable accounting policies or practices; (xxiii) public health crises,

including pandemics and endemics, and the governmental and private actions taken in response to such events; (xxiv) natural or man-made catastrophes; (xxv) the impact of climate change on Assured Guaranty's business and regulatory actions taken related to such risk; (xxvi) other risk factors identified in AGL's filings with the U.S. Securities and Exchange Commission (SEC); (xxvii) other risks and uncertainties that have not been identified at this time; and (xxviii) management's response to these factors.

The foregoing important factors should not be construed as exhaustive, and should be read in conjunction with the other cautionary statements that are included in this Form 10-Q, as well as the risk factors included in the Company's 2024 Annual Report on Form 10-K. The Company undertakes no obligation to update or review any forward looking statement, whether as a result of new information, 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 Form 10-Q 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 (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act).

Available Information

The Company maintains a website at assuredguaranty.com. The Company makes available, free of charge, on its website (under assuredguaranty.com/sec-filings) the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company files such material with, or furnishes it to, the SEC. The Company also makes available, free of charge, through its website (under assuredguaranty.com/governance) links to the Company's Corporate Governance Guidelines, its Global Code of Ethics, AGL's Bye-Laws and the committee charters of AGL's Board of Directors (the Board), as well as certain of the Company's environmental and social policies and statements. In addition, the SEC maintains an Internet site (at sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The Company routinely posts important information for investors on its website (under assuredguaranty.com/company-statements and, more generally, under the Investor Information tab at assuredguaranty.com/investor-information and Businesses tab at assuredguaranty.com/businesses). The Company also maintains a social media account on LinkedIn (linkedin.com/company/assured-guaranty/). The Company uses its website and may use its social media account as a means of disclosing material information and for complying with its disclosure obligations under SEC Regulation FD (Fair Disclosure). Accordingly, investors should monitor the Company Statements, Investor Information and Businesses portions of the Company's website as well as the Company's social media account on LinkedIn, in addition to following the Company's press releases, SEC filings, public conference calls, presentations and webcasts.

The information contained on, or that may be accessed through, the Company's website and social media account is not incorporated by reference into, and is not a part of, this report.

Overview

Business

The Company reports its results of operations in two distinct segments, Insurance and Asset Management, consistent with the manner in which the Company's chief operating decision maker reviews the business to assess performance and allocate resources. The Company's Corporate division and other activities (including financial guaranty VIEs (FG VIEs) and consolidated investment vehicles (CIVs)) are presented separately.

In the Insurance segment, the Company provides credit protection products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets. The Company participates in the asset management business through its ownership interest in Sound Point. See Item 1, Financial Statements, Note 1, Business and Basis of Presentation.

The Corporate division primarily consists of the results of holding companies that have issued public equity or debt. The Other category primarily includes the effect of consolidating FG VIEs and CIVs (FG VIE and CIV consolidation). See Item 1, Financial Statements, Note 2, Segment Information.

Economic Environment

On April 2, 2025, the U.S. government announced a “reciprocal tariff” strategy entailing extensive global tariff increases, with the objective of rectifying trade practices that contribute to large and persistent annual U.S. goods trade deficits. The announcement of global tariffs disrupted international trade, sent shocks through the global economy, and heightened volatility in the financial markets. The U.S. subsequently postponed newly announced reciprocal tariffs to August 7, 2025. As of August 7, 2025, the U.S. has reached agreements with several countries while lifting its pause on “reciprocal tariffs” for other countries as significant uncertainty remains. U.S. tariffs can add to inflation, and the Company believes that ongoing uncertainty may increase volatility in U.S. equities and other risk assets, curb corporate capital and consumer spending and raise the risk of recession. Market volatility and the risk of recession may impact the Company in different ways. The Company believes that a recession may make it more likely that obligors whose obligations it guarantees will default. However, market volatility may also cause credit spreads to widen as investors seek security, which tends to create new business opportunities for the Company.

At the end of June 2025, the U.S. unemployment rate, seasonally adjusted, stood at 4.1%, the same as where it started the year. According to the second quarter 2025 advance estimate released by the U.S. Bureau of Economic Analysis, real gross domestic product (GDP) increased at an annual rate of 3.0% in second quarter 2025, compared to a real GDP decrease of 0.5% in the first quarter of 2025.

According to the U.S. Bureau of Labor Statistics, the inflation rate in the U.S. before seasonal adjustment for the 12-month period ending June 2025, as measured by the Consumer Price Index for All Urban Consumers, was 2.7%, as compared to 3.0% for the 12-month period ending June 2024. According to the U.K. Office for National Statistics, the Consumer Prices Index including owner occupiers’ housing costs rose 4.1% for the 12 months through June 2025, as compared to 2.8% for the 12 months through June 2024. The Company believes that higher inflation may put pressure on the budgets of obligors whose obligations it guarantees and make defaults more likely. In addition, consumer price inflation in the U.K. increases reported net par outstanding for certain U.K. exposures with approximately \$25.8 billion of net par outstanding as of June 30, 2025, and also increases projected future installment premiums on the portion of such exposure that pays at least a portion of the premium on an installment basis over the term of the exposure.

At its September 17-18, 2024 meeting, the Federal Open Market Committee (FOMC) decided to lower the federal funds rate, which was a reversal of the rate increases it had initiated in March 2022 to combat inflation. The federal funds rate is the rate at which banks lend to and borrow from each other, is the benchmark for most interest rates, and tends to influence mortgage rates. As the federal funds rate decreases, interest rates, including mortgage rates, tend to decrease. From September 2024 through December 2024, the FOMC lowered the federal funds rate from a target range of 5.25% to 5.50% to a range of 4.25% to 4.50%. At the FOMC’s first five meetings of 2025, including most recently at its July 29-30, 2025 meeting, it held the federal funds rate at a range of 4.25% to 4.50%, stating that it seeks to achieve maximum employment and inflation at the rate of 2% over the longer run. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the FOMC has indicated it will carefully assess incoming data, the evolving outlook, and the balance of risks. These assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

The level and direction of change of interest rates and credit spreads impact the Company in numerous ways. On the one hand, lower interest rates may increase the fair value of fixed-maturity securities currently held in the Company’s investment portfolio, encourage municipal bond issuance and positively impact the finances of some of the obligors whose payments the Company insures. On the other hand, lower interest rates may decrease the base on which the Company charges up-front premium on most new U.S. municipal bond transactions and may also decrease amounts the Company can earn on fixed maturity securities newly acquired for its investment portfolio. Lower interest rates also are often accompanied by narrower credit spreads, which may also decrease the level of premiums the Company can charge for those products.

The 30-year AAA Municipal Market Data (MMD) rate is a measure of interest rates in the Company’s largest financial guaranty insurance market, U.S. public finance. The MMD rate averaged 4.47% for the quarter ended June 2025, higher than the 4.03% average for the quarter ended March 2025 and higher than the 3.82% average for the quarter ended June 2024.

Meanwhile, the difference, or credit spread, between the 30-year BBB-rated general obligation relative to the 30-year AAA MMD averaged 90 basis points (bps) for the quarter ended June 2025, which is the same as the 90 bps average for the

quarter ended March 2025 and the quarter ended June 2024. The Company believes that wider spreads could permit it to increase its premium rates on new business.

According to Freddie Mac, the 30-year fixed-rate mortgage rate averaged 6.77% for the week ending June 26, 2025, lower than the 30-year mortgage rate average of 6.86% from one year ago. The Company believes that restricted housing inventory continues to influence home prices where demand outpaces supply. Higher housing prices may benefit distressed residential mortgage-backed securities (RMBS) the Company insures. The National Association of Realtors reported that there was no change in year-over-year existing-home sales from June 2024 to June 2025, and that the median existing-home sales price increased from June 2024 (\$426,900) to June 2025 (\$435,300), a 2% increase.

Key Business Strategies

The Company continually evaluates its business strategies and is currently pursuing key business strategies in four areas: (i) insurance; (ii) asset management, (iii) alternative investments; and (iv) capital management.

Insurance

The Company seeks to grow the insurance business through new business production in established sectors and jurisdictions and by entering into new markets and classes of business. The Company also furthers its insurance strategy by mitigating losses in its insured portfolio.

Growth of the Insured Portfolio

The Company seeks to grow its financial guaranty insurance portfolio through new business production in each of its markets: public finance (including infrastructure) and structured finance. The Company believes high-profile defaults by municipal obligors, such as Puerto Rico, Detroit, Michigan and Stockton, California as well as events such as the COVID-19 pandemic have led to increased awareness of the value of bond insurance and stimulated demand for the product. The Company believes there will be continued demand for its insurance in this market because, for those exposures that the Company guarantees, it undertakes the tasks of credit selection, analysis, negotiation of terms, surveillance and, if necessary, loss mitigation. The Company believes that its insurance: (i) encourages retail investors, who typically have fewer resources than the Company for analyzing municipal bonds, to purchase such bonds; (ii) enables institutional investors to operate more efficiently; and (iii) allows smaller, less well-known issuers to gain market access on a more cost-effective basis.

The low interest rate environment and tight U.S. municipal credit spreads from when the financial crisis began in 2008 through early 2020 dampened demand for bond insurance compared with the levels before the financial crisis. After the onset of the COVID-19 pandemic in early 2020, credit spreads initially widened as a result of market concerns about the impact of the COVID-19 pandemic on some municipal credits, thereby improving demand for financial guaranty insurance even in a low interest rate environment, before narrowing again in 2022. The Company believes that, over time, wider credit spreads may improve demand for bond insurance.

In certain segments of the non-U.S. infrastructure and global structured finance markets, the Company believes its financial guaranty product is competitive with other financing options. In the infrastructure market, the Company's financial guaranty can enhance the insured obligation's rating, lower the cost of long-term funding, and enhance the liquidity and transferability of debt obligations. Certain investors may receive advantageous capital requirement treatment with the addition of the Company's financial guaranty. The Company considers its involvement in both infrastructure and structured finance transactions to be beneficial because such transactions diversify both the Company's business opportunities and its risk profile beyond U.S. public finance. The timing of new business production in the infrastructure and structured finance sectors is influenced by typically long lead times and therefore may vary from period to period.

U.S. Municipal Market Data and Bond Insurance Penetration Rates (1)
Based on Sale Date

| | Six Months 2025 (2) | Six Months 2024 (2) | Year Ended December 31, 2024 |
|--|--|---------------------|---------------------------------|
| | (dollars in billions, except number of issues and percentages) | | |
| Par: | | | |
| New municipal bonds issued | \$ 277.7 | \$ 236.7 | \$ 495.9 |
| Total insured | \$ 22.1 | \$ 19.4 | \$ 41.1 |
| Insured by Assured Guaranty | \$ 14.1 | \$ 10.8 | \$ 24.0 |
| Number of issues: | | | |
| New municipal bonds issued | 4,565 | 4,027 | 8,640 |
| Total insured | 874 | 767 | 1,680 |
| Insured by Assured Guaranty | 474 | 330 | 791 |
| Bond insurance market penetration based on: | | | |
| Par | 8.0 % | 8.2 % | 8.3 % |
| Number of issues | 19.1 % | 19.0 % | 19.4 % |
| Single A par sold | 28.2 % | 27.2 % | 24.0 % |
| Single A transactions sold | 66.6 % | 65.3 % | 64.1 % |
| \$25 million and under par sold | 24.5 % | 23.0 % | 23.8 % |
| \$25 million and under transactions sold | 24.3 % | 24.1 % | 24.6 % |

- (1) Source: The amounts in the table are those reported by London Stock Exchange Group. The table excludes private placements and Corporate-CUSIP transactions insured by Assured Guaranty, certain of which the Company also considers to be public finance business.
- (2) Six-month period ended June 30, 2025 (six months 2025) and six-month period ended June 30, 2024 (six months 2024).

In addition, the Company considers opportunities to acquire financial guaranty portfolios, whether by acquiring financial guarantors that are no longer actively writing new business or their insured portfolios, generally through reinsurance or novations. These transactions enable the Company to improve its future earnings and deploy excess capital.

The Company seeks to expand its financial guaranty business geographically by entering new markets; in 2024, the Company opened new offices in Australia and Singapore. The Company also intends to broaden its insurance lines of business, including recent efforts to pursue opportunities with subscription finance facilities, specialty insurance products with risk profiles similar to structured finance exposures offered in financial guaranty form, and life and annuity reinsurance.

Merger of the U.S. Insurance Subsidiaries

On August 1, 2024, the Company reorganized its U.S. corporate structure and Assured Guaranty Municipal Inc. (AGM) merged with and into Assured Guaranty Inc. (AG, formerly known as Assured Guaranty Corp.), with AG as the surviving company. Upon the merger all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

The Company believes that Assured Guaranty's simplified organizational and capital structure following the merger will help it grow its business. The combined company, as compared with either AG or AGM before the merger, has a larger, more highly diversified insured portfolio, a larger investment portfolio and a larger capital base, creating a more efficient capital structure and greater claims-paying resources. In addition, the combined company, as compared with either AG or AGM before the merger, has larger regulatory single risk limits. Such limits are applicable to each individual financial guaranty insurer for obligations issued by a single entity and backed by a single revenue source. Since the combined company has greater statutory capital (i.e., combined policyholder's surplus and contingency reserves), as compared to standalone AG or AGM before the merger, the dollar amounts for its single risk limits on obligations issued by a single entity and backed by a single revenue source are also greater.

Loss Mitigation

In an effort to avoid, reduce or recover losses and potential losses in its insurance portfolio, the Company employs a number of strategies.

In the public finance area, the Company believes its experience and the resources it is prepared to deploy, as well as its ability to provide bond insurance or other solutions, result in more favorable outcomes in distressed public finance situations than would be the case without its participation. This has been illustrated by the Company's role in negotiating various agreements in connection with the restructuring of obligations of the Commonwealth of Puerto Rico and various obligations of its related authorities and public corporations, as well as Detroit, Michigan and Stockton, California. For public finance credits, the Company's surveillance function monitors and proactively engages with the distressed credits to offer assistance aimed to improve operations and financial performance, including access to external consultants and other industry experts.

The Company will also, where appropriate, participate in litigation to enforce or defend its rights. For example, the Company initiated a number of legal actions to enforce its rights with respect to obligations of the Commonwealth of Puerto Rico and various obligations of its related authorities and public corporations. In addition, the Company successfully defended claims brought by Lehman Brothers International (Europe) (in administration) (LBIE) and prevailed in its counterclaim against LBIE; following the exhaustion of LBIE's appeals, the Company recognized a realized gain on credit derivatives in the first quarter of 2025 of \$103 million, which represents the full satisfaction of the judgment it was awarded and its claims for attorneys' fees, expenses and interest in connection with this litigation. See Item 1, Financial Statements, Note 6, Contracts Accounted for as Credit Derivatives, for additional information. Also, in July 2025, the Company's largest Loss Mitigation Security with a carrying value of \$408 million as of June 30, 2025 reached its final resolution after many years of negotiation and was paid down after liquidation of the trust assets.

The Company is, and for several years has been, working with the servicers of some of the U.S. RMBS transactions it insures to encourage the servicers to provide alternatives to distressed borrowers that will encourage them to continue making payments on their loans to help improve the performance of the related RMBS.

The Company may also purchase attractively priced obligations, including BIG obligations, that it has insured and for which it had expected losses to be paid, in order to mitigate the economic effect of insured losses (Loss Mitigation Securities). The fair value of Loss Mitigation Securities as of June 30, 2025 (excluding the value of the Company's insurance) was \$503 million.

In some instances, the terms of the Company's policy or the terms of certain workout orders and resolutions give it the option to pay principal on an accelerated basis on an obligation on which it has paid a claim, thereby reducing the amount of guaranteed interest due in the future. The Company has at times exercised this option, which uses cash but reduces projected future losses. The Company may also facilitate the issuance of refunding bonds, by either providing insurance on the refunding bonds or purchasing refunding bonds, or both. Refunding bonds may provide the issuer with payment relief.

Asset Management

The Company participates in the asset management business through its ownership interest in Sound Point, and no longer directly manages investments for third parties. The Company's ownership interest in Sound Point furthers its strategy of participating in a fee-based earnings stream independent of the risk-based premiums generated by its financial guaranty business. The Sound Point business was strengthened by the addition of assets under management (AUM) transitioned from the Company (excluding AUM relating to AHP). See Item 1, Financial Statements, Note 1, Business and Basis of Presentation, for a description of the Company's participation in the asset management business through its ownership interest in Sound Point.

Alternative Investments

The Company seeks to maintain an investment portfolio that supports the requirements of its insurance subsidiaries, strategic initiatives and liquidity needs, while maximizing the income it earns from such investments. In support of that goal, the Company aims to diversify the types of investments in its portfolio. The Company expects its relationship with Sound Point to enhance its alternative investment opportunities and the return on its investments. The Company has agreed to invest an aggregate amount of \$1.5 billion in alternative investments, including \$1 billion in Sound Point managed investments, subject to certain conditions precedent. See Item 1, Financial Statements, Note 1, Business and Basis of Presentation, for a description of the alternative investments agreement with Sound Point.

Capital Management

The Company has developed strategies to efficiently manage capital within the Assured Guaranty group.

From 2013 through August 6, 2025, the Company has repurchased 154 million common shares for approximately \$5.7 billion, representing approximately 79% of the total shares outstanding at the beginning of the repurchase program in 2013. On August 6, 2025 the Board authorized the repurchase of an additional \$300 million of the Company's common shares. As of August 6, 2025, the remaining amount the Company was authorized to purchase was approximately \$356 million of its common shares. Shares may be repurchased from time to time in the open market or in privately negotiated transactions. The timing, form and amount of the share repurchases under the program are at the discretion of management and will depend on a variety of factors, including funds available at the parent company, other potential uses for such funds, market conditions, the Company's capital position, legal requirements and other factors. The repurchase program may be modified, extended or terminated by the Board at any time and it does not have an expiration date. See Item 1, Financial Statements, Note 12, Shareholders' Equity, for additional information about the Company's repurchases of its common shares.

Summary of Share Repurchases

| | Amount (1) | Number of Shares | Average price per share (1) |
|--|--------------------------------------|------------------|-----------------------------|
| | (in millions, except per share data) | | |
| 2013 - 2024 | \$ 5,362 | 150.271 | \$ 35.69 |
| 2025 (January 1 - March 31) | 120 | 1.335 | 89.72 |
| 2025 (April 1 - June 30) | 131 | 1.538 | 85.03 |
| 2025 (July 1 - August 6) | 45 | 0.538 | 84.16 |
| Cumulative repurchases since the beginning of 2013 | <u>\$ 5,658</u> | <u>153.682</u> | 36.82 |

(1) Excludes commissions and excise taxes.

As of June 30, 2025, the estimated accretive effect of the cumulative repurchases of common shares since the beginning of 2013 was approximately: \$61.77 per share in shareholders' equity attributable to AGL, \$64.07 per share in adjusted operating shareholders' equity and \$107.29 per share in adjusted book value (ABV).

Over the last several years, the Company has received approval from its insurance regulators to redeem a portion of its insurance subsidiaries' stock and pay extraordinary dividends from its insurance subsidiaries. Most recently, AG received approval from the Maryland Insurance Administration (MIA) to redeem shares of its common stock held by its parent for \$250 million, and expects to redeem such shares in exchange for cash and alternative investments in the third quarter of 2025. During 2024, in connection with the merger of AGM with and into AG, the U.S. insurance subsidiaries distributed, in aggregate, \$400 million in cash and investments to the Assured Guaranty US Holdings Inc. (AGUS) and Assured Guaranty Municipal Holdings Inc. (AGMH) (the U.S. Holding Companies). See "Merger of the U.S. Insurance Subsidiaries" above for a description of the merger of AGM with and into AG.

The Company considers the appropriate mix of debt and equity in its capital structure. The Company may in the future choose to issue new debt or redeem or purchase its existing debt. See "— Liquidity and Capital Resources — AGL and its U.S. Holding Companies."

Executive Summary

This executive summary of management's discussion and analysis highlights selected information and may not contain all of the information that is important to readers of this Quarterly Report. For a more detailed description of events, trends and uncertainties, as well as the capital, liquidity, credit, operational and market risks and the critical accounting policies and estimates affecting the Company, this Quarterly Report should be read in its entirety and in addition to the Company's 2024 Annual Report on Form 10-K.

The primary drivers of volatility in the Company's net income include: loss and loss adjustment expense (LAE), changes in fair value of certain alternative investments, credit derivatives, FG VIEs, CIVs, trading securities and CCS, as well as foreign exchange gains (losses), the level of refundings of insured obligations, the effects of any large transactions, settlements, commutations and loss mitigation strategies, among other factors. Changes in laws and regulations, among other factors, may also have a significant effect on reported net income or loss in a given reporting period.

Financial Performance of Assured Guaranty

| | Financial Results | | | |
|---|---|--------------|---------------|---------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions, except per share amounts) | | | |
| GAAP | | | | |
| Net income (loss) attributable to AGL | \$ 103 | \$ 78 | \$ 279 | \$ 187 |
| Net income (loss) attributable to AGL per diluted share | \$ 2.08 | \$ 1.41 | \$ 5.54 | \$ 3.31 |
| Weighted average diluted shares | 49.4 | 55.0 | 50.1 | 56.1 |
| Non-GAAP (1) | | | | |
| Adjusted operating income (loss) | \$ 50 | \$ 80 | \$ 212 | \$ 193 |
| Adjusted operating income per diluted share | \$ 1.01 | \$ 1.44 | \$ 4.21 | \$ 3.41 |
| Weighted average diluted shares | 49.4 | 55.0 | 50.1 | 56.1 |
| Components of total adjusted operating income (loss) | | | | |
| Insurance segment | \$ 76 | \$ 116 | \$ 244 | \$ 265 |
| Asset Management segment | 4 | — | 16 | 1 |
| Corporate division | (29) | (35) | (49) | (72) |
| Other (2) | (1) | (1) | 1 | (1) |
| Adjusted operating income (loss) | <u>\$ 50</u> | <u>\$ 80</u> | <u>\$ 212</u> | <u>\$ 193</u> |
| Insurance Segment | | | | |
| Gross written premiums (GWP) | \$ 85 | \$ 132 | \$ 120 | \$ 193 |
| Present value of new business production (PVP) (1) | 64 | 155 | 103 | 218 |
| Gross par written | 10,396 | 9,423 | 15,398 | 13,166 |

| | As of June 30, 2025 | | As of December 31, 2024 | |
|---|---|-----------|-------------------------|-----------|
| | Amount | Per Share | Amount | Per Share |
| | (in millions, except per share amounts) | | | |
| Shareholders' equity attributable to AGL | \$ 5,633 | \$ 117.10 | \$ 5,495 | \$ 108.80 |
| Adjusted operating shareholders' equity (1) | 5,778 | 120.11 | 5,795 | 114.75 |
| ABV (1) | 8,513 | 176.95 | 8,592 | 170.12 |
| Common shares outstanding (3) | 48.1 | | 50.5 | |

(1) See “— Non-GAAP Financial Measures” for a definition of the financial measures that were not determined in accordance with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP measure, if available, and for additional details.

(2) Relates to the effect of consolidating FG VIEs and CIVs.

(3) See “— Overview — Key Business Strategies — Capital Management” above for information on common share repurchases.

Condensed Consolidated Results of Operations
Condensed Consolidated Results of Operations

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|--------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Revenues: | | | | |
| Net earned premiums | \$ 89 | \$ 84 | \$ 180 | \$ 203 |
| Net investment income | 89 | 81 | 176 | 165 |
| Net realized investment gains (losses) | (6) | (6) | (22) | 2 |
| Fair value gains (losses) on credit derivatives | 1 | 6 | 105 | 16 |
| Fair value gains (losses) on CCS | (1) | 1 | 1 | (9) |
| Fair value gains (losses) on FG VIEs | 2 | (1) | 3 | (4) |
| Fair value gains (losses) on CIVs | 4 | 11 | 23 | 33 |
| Foreign exchange gains (losses) on remeasurement | 79 | — | 116 | (12) |
| Fair value gains (losses) on trading securities | 2 | 17 | 3 | 43 |
| Other income (loss) | 22 | 9 | 41 | 10 |
| Total revenues | 281 | 202 | 626 | 447 |
| Expenses: | | | | |
| Loss and LAE (benefit) | 28 | (2) | 68 | (3) |
| Interest expense | 23 | 23 | 45 | 46 |
| Amortization of deferred acquisition costs (DAC) | 5 | 3 | 10 | 9 |
| Employee compensation and benefit expenses | 50 | 48 | 110 | 106 |
| Other operating expenses | 45 | 41 | 87 | 80 |
| Total expenses | 151 | 113 | 320 | 238 |
| Income (loss) before income taxes and equity in earnings (losses) of investees | 130 | 89 | 306 | 209 |
| Equity in earnings (losses) of investees | 3 | 5 | 56 | 29 |
| Income (loss) before income taxes | 133 | 94 | 362 | 238 |
| Less: Provision (benefit) for income taxes | 27 | 13 | 71 | 44 |
| Net income (loss) | 106 | 81 | 291 | 194 |
| Less: Noncontrolling interests (NCI) | 3 | 3 | 12 | 7 |
| Net income (loss) attributable to Assured Guaranty Ltd. | \$ 103 | \$ 78 | \$ 279 | \$ 187 |
| Effective tax rate | 20.9 % | 14.5 % | 19.7 % | 18.6 % |

Second Quarter 2025 Compared with Second Quarter 2024

Net income attributable to AGL for second quarter 2025 was higher compared with the three-month period ended June 30, 2024 (second quarter 2024) primarily due to foreign exchange gains on remeasurement of \$79 million in second quarter 2025, offset in part by a loss and LAE in second quarter 2025 of \$28 million, compared with benefit of \$2 million in second quarter 2024.

Six Months 2025 Compared with Six Months 2024

Net income attributable to AGL for six months 2025 was higher compared with six months 2024 primarily due to:

- foreign exchange gains on remeasurement of \$116 million in six months 2025, compared with losses of \$12 million in six months 2024,
- a fair value gain on credit derivatives related to the resolution of the LBIE litigation of \$103 million in six months 2025, and

- higher equity in earnings of investees in six months 2025, primarily generated by the Company’s investments in Sound Point, healthcare funds and legacy alternative investments.

These increases were offset in part by:

- a loss and LAE in six months 2025 of \$68 million, compared with a benefit of \$3 million in six months 2024,
- lower fair value gains on trading securities, which primarily consists of Puerto Rico CVIs, in six months 2025,
- net realized investment losses in six months 2025 primarily due to a change in the allowance for credit losses for Loss Mitigation Securities and realized losses on sales of securities, compared with gains in six months 2024, and
- lower net earned premiums in six months 2025, compared with six months 2024 due to lower refundings of financial guaranty insurance exposures.

The Company’s effective tax rate reflects the proportion of income recognized by each of the Company’s operating subsidiaries, with U.S. subsidiaries generally taxed at the U.S. marginal corporate income tax rate of 21%, U.K. subsidiaries taxed at the U.K. marginal corporate tax rate of 25%, the French subsidiary taxed at the French marginal corporate tax rate of 25%, and Assured Guaranty Re Ltd. (AG Re) and Cedar Personnel Ltd. taxed at the Bermuda marginal corporate tax rate of 15% starting January 1, 2025 and 0% for 2024. See Item 1, Financial Statements, Note 10, Income Taxes.

The following tables present pre-tax income by jurisdiction.

Pre-tax Income (Loss) by Tax Jurisdiction

| | Second Quarter | | Six Months | |
|--------------|----------------|--------------|---------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| U.S. | \$ 96 | \$ 87 | \$ 290 | \$ 216 |
| Bermuda | 28 | 17 | 74 | 47 |
| U.K. | 10 | (7) | 1 | (18) |
| France | (1) | (3) | (3) | (7) |
| Total | \$ 133 | \$ 94 | \$ 362 | \$ 238 |

Adjusted Operating Income

Adjusted operating income in second quarter 2025 was \$50 million, compared with \$80 million in second quarter 2024. The decrease was primarily due to higher loss expense in U.S. and non-U.S. public finance sectors and lower unrealized gains on the trading portfolio in second quarter 2025, partially offset by certain one-time gains related to a loss mitigation effort. See “— Results of Operations — Reconciliation to GAAP” for the reconciliation of net income (loss) attributable to AGL to adjusted operating income (loss).

Adjusted operating income in six months 2025 was \$212 million, compared with \$193 million in six months 2024. The increase was primarily due to the gain related to the resolution of the LBIE litigation, certain one time gains related to loss mitigation and workout efforts and a higher contribution to adjusted operating income from the Asset Management segment in six months 2025, offset in part by a higher loss expense in U.S. and non-U.S. public finance sectors, lower fair value gains on the trading portfolio and lower earned premiums on refundings of financial guaranty insurance contracts in six months 2025. See “— Results of Operations — Reconciliation to GAAP” for the reconciliation of net income (loss) attributable to AGL to adjusted operating income (loss).

Book Value and ABV

Shareholders’ equity attributable to AGL as of June 30, 2025 increased compared with December 31, 2024, primarily due to net income and unrealized gains on the investment portfolio, partially offset by share repurchases and dividends. Adjusted operating shareholders’ equity and ABV decreased primarily due to share repurchases and dividends, partially offset by adjusted operating income and GWP. See “— Non-GAAP Financial Measures” below for the reconciliation of shareholders’ equity attributable to AGL to adjusted operating shareholders’ equity and ABV.

On a per share basis, shareholders’ equity attributable to AGL, adjusted operating shareholders’ equity and ABV increased as of June 30, 2025 compared with December 31, 2024, due, in part, to the accretive effect of the share repurchase

program. See “— Non-GAAP Financial Measures” for the reconciliation of shareholders’ equity attributable to AGL to adjusted operating shareholders’ equity and ABV.

Other Matters

Inflation

By some key measures, consumer price inflation in the U.S. and the U.K. was higher in recent years than it has been in decades. In addition, government policies such as increased deficit spending or the imposition of tariffs on imported goods could increase inflationary pressures in the future. Consumer price inflation in the U.K. can impact the Company directly by increasing exposure for certain index-linked U.K. debt with par that accretes based on inflation, and also by increasing projected future installment premiums on the portion of such exposure that pays at least some of the premium on an installment basis over the term of the exposure. Consumer price inflation may also impact the Company indirectly to the extent it makes it more difficult for obligors to make their debt payments. See “— Overview — Economic Environment.”

Russia’s Invasion of Ukraine

Russia’s invasion of Ukraine has led to the imposition of economic sanctions by many western countries against Russia and certain Russian individuals, dislocation in global energy markets, massive refugee movements, and payment default by certain Russian credits. The economic sanctions imposed by western governments, along with decisions by private companies regarding their presence in Russia, continue to reduce western economic ties to Russia and to reshape global economic and political ties more generally, and the Company cannot predict all of the potential effects of the conflict on the world or on the Company.

The Company’s surveillance and treasury functions have reviewed the Company’s insurance and investment portfolios, respectively, and have identified no material direct exposure to Ukraine or Russia. In fact, the Company’s direct insurance exposure to eastern Europe generally is limited to approximately \$216 million in net par outstanding as of June 30, 2025, comprising of the sovereign debt of Poland. The Company rates all such exposure investment grade.

Middle East Conflict

In light of events in the Middle East, the Company’s surveillance and treasury functions have reviewed the Company’s insurance and investment portfolios, respectively, for exposures to the Middle East. After review, the Company’s surveillance and treasury functions have identified no material direct exposure to such area. The Company’s direct insurance exposure to the Middle East is generally limited to funded and unfunded commitments to subscription finance facilities. When subscription finance facilities are launched, they obtain aggregate commitments across numerous investors in the fund. For certain facilities guaranteed by the Company, a small minority of investors are domiciled in the Middle East, which are generally sovereign wealth funds and pensions. Subscription finance facilities guaranteed by the Company are always overcollateralized with uncalled capital commitments exceeding borrowings, and defaults of Middle East investors alone cannot cause a loss. Such facilities have additional mitigants, including the ability to call on performing investors to cover the obligations of defaulting investors and rights to sell defaulting positions to other investors at a discount. The Company rates all such insurance exposure investment grade.

January 2025 Los Angeles Wildfires

In January 2025, a series of destructive wildfires affected Los Angeles, California. The Company’s surveillance function has reviewed the Company’s insurance portfolio for exposures located within Los Angeles County and currently has not identified any material impact on the ability of such exposures to pay their obligations.

Results of Operations

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment and require the Company to make estimates and assumptions, based on available information, that affect the amounts of assets, liabilities, revenues and expenses reported in the condensed consolidated financial statements. Estimates are inherently subject to change and actual results could differ from those estimates, and the differences may be material to the condensed consolidated financial statements.

Critical estimates and assumptions are periodically evaluated based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially different in the future due to changes in these estimates and assumptions.

Listed below are the accounting policies and estimates that the Company believes are most dependent on the application of judgment and assumptions.

- Expected loss to be paid (recovered);
- Fair value of certain assets and liabilities, primarily:
 - Investments (primarily Loss Mitigation Securities and alternative investments)
 - Assets and liabilities of FG VIEs
 - Credit derivatives;
- Impairments of equity method investments and financial instruments; and
- Income tax assets and liabilities, including the recoverability of all deferred tax assets (liabilities) and in particular the Bermuda deferred tax asset recorded in 2023.

See Part II, Item 8, Financial Statements and Supplementary Data, Note 1, Business and Basis of Presentation, of the Company's 2024 Annual Report on Form 10-K for the Company's significant accounting policies which includes a reference to the applicable note where further details regarding the significant estimates and assumptions are provided, as well as Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, of the Company's 2024 Annual Report on Form 10-K for further details regarding the sensitivity analyses.

Results of Operations by Segment

The Company analyzes the operating performance of each segment using each segment's adjusted operating income as described in Item 1, Financial Statements, Note 2, Segment Information.

Insurance Segment Results

| | Insurance Segment Results | | | |
|--|---------------------------|---------------|---------------|---------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Segment revenues | | | | |
| Net earned premiums and credit derivative revenues | \$ 92 | \$ 87 | \$ 226 | \$ 209 |
| Net investment income | 89 | 81 | 175 | 164 |
| Fair value gains (losses) on trading securities | 2 | 17 | 3 | 43 |
| Foreign exchange gains (losses) on remeasurement | 8 | — | 12 | — |
| Other income (loss) | 8 | 4 | 22 | 2 |
| Total segment revenues | <u>199</u> | <u>189</u> | <u>438</u> | <u>418</u> |
| Segment expenses | | | | |
| Loss expense (benefit) | 27 | — | 4 | 4 |
| Amortization of DAC | 5 | 3 | 10 | 9 |
| Employee compensation and benefit expenses | 44 | 40 | 96 | 88 |
| Other operating expenses | 29 | 27 | 59 | 54 |
| Total segment expenses | <u>105</u> | <u>70</u> | <u>169</u> | <u>155</u> |
| Equity in earnings (losses) of investees | 2 | 15 | 32 | 55 |
| Segment adjusted operating income (loss) before income taxes | 96 | 134 | 301 | 318 |
| Less: Provision (benefit) for income taxes | 20 | 18 | 57 | 53 |
| Segment adjusted operating income (loss) | <u>\$ 76</u> | <u>\$ 116</u> | <u>\$ 244</u> | <u>\$ 265</u> |

Net Earned Premiums and Credit Derivative Revenues

Premiums are earned over the contractual lives, or in the case of insured obligations backed by homogeneous pools of assets, the remaining expected lives, of financial guaranty insurance contracts. The Company periodically estimates remaining expected lives of its insured obligations backed by homogeneous pools of assets and makes prospective adjustments for such changes in expected lives. Scheduled net earned premiums decrease each year unless replaced by a higher amount of new business or books of business acquired in business combinations. See Item 1, Financial Statements, Note 5, Contracts Accounted for as Insurance, Premiums, for additional information.

Net earned premiums due to accelerations are attributable to changes in the expected lives of insured obligations driven by: (i) refundings of insured obligations; or (ii) terminations of insured obligations either through negotiated agreements or the exercise of the Company's contractual rights to make claim payments on an accelerated basis.

Refundings occur in the public finance market when municipalities and other public finance issuers pay down insured obligations prior to their originally scheduled maturities. Refundings tend to increase when issuers can refinance their debt obligations at lower rates than they are currently paying. The premiums associated with the insured obligations of municipalities and other public finance issuers are generally received upfront when the obligations are issued and insured. When issuers pay down insured obligations, the Company is no longer on risk for payment defaults and therefore accelerates the recognition of any remaining nonrefundable deferred premium revenue. The amortization of the Company's outstanding book of business along with the previously high levels of refunding activity and the higher interest rate environment has led to a lower volume of refunding opportunities over the last several years.

Terminations are generally negotiated agreements with beneficiaries resulting in the extinguishment of the Company's insurance obligation. Terminations have historically been more common in the structured finance asset class but may also occur in the public finance asset class. While each termination may have different terms, they all result in the expiration of the Company's insurance risk, the acceleration of the recognition of the associated deferred premium revenue and the reduction of any remaining premiums receivable.

Insurance Segment Net Earned Premiums and Credit Derivative Revenues

| | Second Quarter | | Six Months | |
|--|----------------|-------|------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| (in millions) | | | | |
| Net earned premiums: | | | | |
| Financial guaranty insurance: | | | | |
| Public finance | | | | |
| Scheduled net earned premiums (1) | \$ 70 | \$ 64 | \$ 138 | \$ 129 |
| Refundings and terminations | 4 | 3 | 9 | 40 |
| Total public finance | 74 | 67 | 147 | 169 |
| Structured finance | | | | |
| Scheduled net earned premiums (1) | 15 | 16 | 32 | 30 |
| Accelerations | — | — | — | 2 |
| Total structured finance | 15 | 16 | 32 | 32 |
| Specialty insurance and reinsurance | 1 | 1 | 2 | 3 |
| Total net earned premiums | 90 | 84 | 181 | 204 |
| Credit derivative revenues | 2 | 3 | 45 | 5 |
| Total net earned premiums and credit derivative revenues | \$ 92 | \$ 87 | \$ 226 | \$ 209 |

(1) Includes accretion of discount.

Net earned premiums and credit derivative revenues increased in second quarter 2025 compared with second quarter 2024 primarily due to earnings on new large transactions and supplemental premiums written in 2024. Net earned premiums and credit derivative revenues increased in six months 2025 compared with six months 2024 primarily due to credit derivative revenues related to the resolution of the LBIE litigation (see Item 1, Financial Statements, Note 6, Contracts Accounted for as

Credit Derivatives), which were partially offset by lower financial guaranty refundings and terminations. As of June 30, 2025, \$3.7 billion of net deferred premium revenue on financial guaranty insurance remained to be earned over the life of the insurance contracts.

New Business Production

| | Gross Written Premiums and New Business Production | | | |
|-------------------------------|---|----------|------------|-----------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| GWP | | | | |
| Public finance—U.S. | \$ 73 | \$ 103 | \$ 98 | \$ 147 |
| Public finance—non-U.S. | 8 | 25 | 7 | 27 |
| Structured finance—U.S. | (1) | 2 | 6 | 15 |
| Structured finance—non-U.S. | 5 | 2 | 9 | 4 |
| Total GWP | \$ 85 | \$ 132 | \$ 120 | \$ 193 |
| PVP (1): | | | | |
| Public finance—U.S. | \$ 49 | \$ 116 | \$ 74 | \$ 159 |
| Public finance—non-U.S. | 7 | 33 | 14 | 34 |
| Structured finance—U.S. | 1 | 4 | 3 | 19 |
| Structured finance—non-U.S. | 7 | 2 | 12 | 6 |
| Total PVP | \$ 64 | \$ 155 | \$ 103 | \$ 218 |
| Gross Par Written (1): | | | | |
| Public finance—U.S. | \$ 8,861 | \$ 7,043 | \$ 13,130 | \$ 9,952 |
| Public finance—non-U.S. | 275 | 1,572 | 472 | 1,572 |
| Structured finance—U.S. | 5 | 214 | 126 | 694 |
| Structured finance—non-U.S. | 1,255 | 594 | 1,670 | 948 |
| Total gross par written | \$ 10,396 | \$ 9,423 | \$ 15,398 | \$ 13,166 |

(1) PVP and Gross Par Written in the table above are based on “close date,” when the transaction settles. See “— Non-GAAP Financial Measures — PVP or Present Value of New Business Production.” PVP was discounted at 5.0% in all periods presented above.

GWP relates to insurance and reinsurance contracts for both financial guaranty and specialty business. Financial guaranty insurance and reinsurance GWP includes: (i) amounts collected upfront on new business written; (ii) the present value of future contractual or expected premiums on new financial guaranty business written (discounted at risk-free rates); and (iii) the effects of changes in the estimated premium or lives of certain transactions in the in-force book of business. Specialty business GWP is recorded as premiums are due. Credit derivatives are accounted for at fair value and therefore not included in GWP. PVP and gross par written include the present value of future gross revenues and exposure, respectively, associated with a financial guaranty written by the Company that, under GAAP, is accounted for under Accounting Standards Codification 460, *Guarantees*.

The non-GAAP financial measure, PVP, includes upfront premiums and the present value of expected future installments on new business at the time of issuance, discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, for all contracts regardless of form or accounting model. See “— Non-GAAP Financial Measures” below.

Second Quarter 2025

U.S. public finance GWP and PVP in second quarter 2025 were lower than GWP and PVP in second quarter 2024, primarily due to two large transportation revenue transactions that were closed in second quarter 2024. The Company’s primary par written represented 64% of the total U.S. municipal market insured par sold in second quarter 2025, compared with 58% in second quarter 2024, and the Company’s penetration of all municipal issuance was 6.0% in second quarter 2025 compared with 5.2% in second quarter 2024.

In the U.S. public finance secondary market, GWP and PVP both increased to \$14 million in second quarter 2025 compared with \$2 million in second quarter 2024. The Company's par written in the secondary market represented 5.7% of U.S. public finance par written in second quarter 2025, compared with 1.6% in second quarter 2024.

Non-U.S. public finance GWP and PVP in second quarter 2025 were lower than GWP and PVP in second quarter 2024, primarily due to several large U.K. regulated utility transactions that were closed in second quarter 2024. Second quarter 2025 non-U.S. public finance transactions included one primary and several secondary infrastructure transactions in the U.K., and two primary infrastructure transactions in the European Union.

Global structured finance GWP and PVP in second quarter 2025 were primarily attributable to subscription finance and pooled corporate business.

Six Months 2025

U.S. public finance GWP and PVP in six months 2025 were lower than GWP and PVP in six months 2024, primarily due to several large transportation revenue transactions that were written in six months 2024. The Company's primary par written represented 64% of the total U.S. municipal market insured par sold in six months 2025, compared with 56% in six months 2024, and the Company's penetration of all municipal issuance was 5.1% in six months 2025 compared with 4.6% in six months 2024.

In the U.S. public finance secondary market, GWP and PVP both increased to \$22 million in six months 2025 compared with \$3 million in six months 2024. The Company's par written in the secondary market represented 6.7% of U.S. public finance par written in six months 2025, compared with 1.5% in six months 2024.

Non-U.S. public finance GWP and PVP in six months 2025 were lower than GWP and PVP in six months 2024, primarily due to large secondary market guaranties of several U.K. regulated utilities in six months 2024. Six months 2025 included three primary infrastructure finance transactions throughout the U.K. and the European Union, as well as secondary market transactions for a U.K. public sector entity. Non-U.S. public finance GWP in six months 2025 also included a reduction in the present value of estimated future premiums from certain transactions in the legacy insured portfolio.

Global structured finance GWP and PVP in six months 2025 were primarily attributable to subscription finance and pooled corporate business.

Business activity in the non-U.S. public finance and structured finance markets often has long lead times and therefore may vary from period to period.

Financial Strength Ratings

Demand for the financial guaranties issued by the Company's insurance subsidiaries may be impacted by changes in the credit ratings assigned to them by the rating agencies. The financial strength ratings (or similar ratings) assigned to AGL's insurance subsidiaries, along with the date of the most recent rating action (or confirmation) by the rating agency assigning the rating, are shown in the table below.

| | S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P) | Kroll Bond Rating Agency | Moody's Ratings (Moody's) | A.M. Best Company, Inc. |
|---|---|-------------------------------------|----------------------------------|------------------------------------|
| AG | AA (stable) (6/30/25) | AA+ (stable) (8/4/25) | A1 (stable) (7/10/24) | — |
| AG Re | AA (stable) (6/30/25) | — | — | — |
| Assured Guaranty Re Overseas Ltd. (AGRO) | AA (stable) (6/30/25) | — | — | A+ (stable) (7/19/25) |
| Assured Guaranty UK Limited (AGUK) | AA (stable) (6/30/25) | AA+ (stable) (8/4/25) | A1 (stable) (7/10/24) | — |
| Assured Guaranty (Europe) SA (AGE) | AA (stable) (6/30/25) | AA+ (stable) (8/4/25) | — | — |

Ratings are subject to continuous rating agency review and revision or withdrawal at any time. In addition, the Company periodically assesses the value of each rating assigned to each of its companies, and as a result of such assessment may request that a rating agency add or drop a rating from certain of its companies. There can be no assurance that any of the

rating agencies will not take negative action on the financial strength ratings (or similar ratings) of AGL's insurance subsidiaries in the future or cease to rate one or more of AGL's insurance subsidiaries, either voluntarily or at the request of that subsidiary.

Income from Investments

Net investment income is a function of the yield that the Company earns on available-for-sale fixed-maturity securities and short-term investments and the size of such portfolio. The investment yield on fixed-maturity securities is a function of market interest rates at the time of investment as well as the type, credit quality and maturity of the securities in this portfolio.

Contingent value instruments (CVIs) issued by Puerto Rico and received as part of the resolution of defaulting Puerto Rico exposures in 2022 are classified as trading with changes in fair value reported in "fair value gains (losses) on trading securities" in the condensed consolidated statements of operations. The fair value of remaining CVIs as of June 30, 2025 and December 31, 2024 was \$117 million and \$123 million, respectively.

Equity method investments in the Insurance segment include certain alternative investments. The income (loss) on such investments is reported in "equity in earnings (losses) of investees" and typically represents the Company's share of earnings of its investees. As part of a stock redemption that occurred on August 5, 2024, certain alternative investments were distributed to AGMH, whose results are now reported in the Corporate division.

| | Insurance Segment | | | |
|---|--------------------------------|--------------|-------------------|---------------|
| | Income from Investments | | | |
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Net investment income | | | | |
| Fixed-maturity securities, available-for-sale | \$ 77 | \$ 60 | \$ 152 | \$ 123 |
| Short-term investments | 9 | 19 | 18 | 38 |
| Intercompany loans | 3 | 3 | 5 | 5 |
| Other invested assets | 1 | — | 2 | — |
| Investment income | 90 | 82 | 177 | 166 |
| Investment expenses | (1) | (1) | (2) | (2) |
| Net investment income | <u>\$ 89</u> | <u>\$ 81</u> | <u>\$ 175</u> | <u>\$ 164</u> |
| Fair value gains (losses) on trading securities | \$ 2 | \$ 17 | \$ 3 | \$ 43 |
| Equity in earnings (losses) of investees | | | | |
| Collateralized loan obligations (CLOs) | \$ (5) | \$ 6 | \$ 3 | \$ 26 |
| Private healthcare investing | 1 | (2) | 13 | 2 |
| Asset-based/specialty finance | 5 | 7 | 14 | 11 |
| Private minority stakes in alternative asset managers | — | 2 | — | 10 |
| Other | 1 | 2 | 2 | 6 |
| Equity in earnings (losses) of investees | <u>\$ 2</u> | <u>\$ 15</u> | <u>\$ 32</u> | <u>\$ 55</u> |

Net investment income for second quarter 2025 and six months 2025 increased compared to second quarter 2024 and six months 2024, primarily due to investment income on CLO equity tranches in the available-for-sale portfolio. Certain CLO equity tranche investments were reclassified to the available-for-sale fixed-maturity portfolio in the fourth quarter of 2024, with interest income now reported in net investment income, and changes in fair value reported in other comprehensive income. The Company had previously held the CLO equity tranches in a Sound Point managed fund with changes in net asset value (NAV) reported in "equity in earnings (losses) of investees." Short-term investment income declined as a result of lower short-term interest rates and lower average short-term investment balances. The Company's overall pre-tax book yield of available-for-sale fixed-maturity securities and short-term investments was 4.67% as of June 30, 2025 and 4.08% as of June 30, 2024.

Equity in earnings (losses) of investees for second quarter 2025 and six months 2025 decreased compared to second quarter 2024 and six months 2024, primarily due to the reclassification of certain CLO equity tranches to the available-for-sale

portfolio, as described above. In addition, equity in earnings (losses) of investees in second quarter 2024 and six months 2024 included \$3 million and \$12 million, respectively, related to certain alternative investments which AG transferred to AGMH as part of a stock redemption that occurred on August 5, 2024. See “Corporate Division” below. These decreases were partially offset by an increase in the NAV of a private healthcare fund in six months 2025.

Other Income (Loss)

The increase in “other income (loss)” in six months 2025 was primarily attributable to consent and usage fees associated with the workout and purchase of bonds issued by a U.K. regulated utility to which the Company has insured exposure and interest on missed financial guaranty premiums.

Economic Loss Development (Benefit)

The insured portfolio includes policies accounted for under several different accounting models depending on the characteristics of the contract and the Company’s control rights. For a discussion of methodologies and significant estimates for expected loss to be paid (recovered), see Part II, Item 8, Financial Statements and Supplementary Data, Note 4, Expected Loss to be Paid (Recovered), of the Company’s 2024 Annual Report on Form 10-K. The GAAP accounting policies for measurement and recognition for each type of contract are described in the notes listed below in Part II, Item 8, Financial Statements and Supplementary Data, of the Company’s 2024 Annual Report on Form 10-K:

- Note 5 for contracts accounted for as insurance;
- Note 6 for contracts accounted for as credit derivatives;
- Note 8 for FG VIEs; and
- Note 9 for fair value methodologies for credit derivatives and FG VIEs’ assets and liabilities.

In order to efficiently evaluate and manage the economics of the entire insured portfolio, management compiles and analyzes expected loss information for all policies on a consistent basis. The discussion of losses that follows encompasses expected losses on all contracts in the insured portfolio regardless of accounting model, unless otherwise specified. Net expected loss to be paid (recovered) is equal to the present value of expected future cash outflows for loss and LAE payments, net of: (i) inflows for expected salvage, subrogation and other recoveries; (ii) excess spread on underlying collateral, as applicable; and (iii) amounts ceded to reinsurers. Assumptions used in the determination of the net expected loss to be paid (recovered) such as delinquency, severity, discount rates and expected time frames to recovery are consistent for each sector regardless of the accounting model used.

Current risk-free rates are used to discount expected losses at the end of each reporting period. Therefore, changes in such rates from period to period affect economic loss development and loss and LAE. However, the effect of changes in discount rates is not indicative of actual credit impairment or improvement. The weighted average discount rates used to discount expected losses (recoveries) were 4.15% and 4.38% as of June 30, 2025 and December 31, 2024, respectively.

The composition of economic loss development (benefit) by accounting model and by sector is presented in the tables that follow, and the drivers of economic loss development (benefit) are discussed below.

Net Expected Loss to be Paid (Recovered) and Net Economic Loss Development (Benefit) by Accounting Model

| Accounting Model | Net Expected Loss to be Paid (Recovered) | | Net Economic Loss Development (Benefit) | | | |
|------------------------|--|-------------------|---|-------|------------|-------|
| | As of | | Second Quarter | | Six Months | |
| | June 30, 2025 | December 31, 2024 | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | | | |
| Insurance | \$ 171 | \$ 90 | \$ 38 | \$ 19 | \$ 86 | \$ 12 |
| FG VIEs | 16 | 16 | (1) | 1 | (1) | 1 |
| Credit derivatives | (1) | — | (1) | 1 | (64) | (1) |
| Total | \$ 186 | \$ 106 | \$ 36 | \$ 21 | \$ 21 | \$ 14 |
| Net exposure rated BIG | \$ 10,513 | \$ 10,187 | | | | |

(1) Includes \$63 million of recoveries related to the resolution of the LBIE litigation.

**Net Expected Loss to be Paid (Recovered)
Roll Forward by Sector**

| Sector | Second Quarter 2025 | | | |
|----------------------------|---|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of March 31, 2025 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2025 |
| (in millions) | | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 35 | \$ 24 | \$ (6) | \$ 53 |
| Non-U.S. public finance | 122 | 18 | (1) | 139 |
| Public finance | <u>157</u> | <u>42</u> | <u>(7)</u> | <u>192</u> |
| Structured finance: | | | | |
| U.S. RMBS | (37) | (6) | 8 | (35) |
| Other structured finance | 30 | — | (1) | 29 |
| Structured finance | <u>(7)</u> | <u>(6)</u> | <u>7</u> | <u>(6)</u> |
| Total | \$ 150 | \$ 36 | \$ — | \$ 186 |

| Sector | Second Quarter 2024 | | | |
|----------------------------|---|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of March 31, 2024 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2024 |
| (in millions) | | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 378 | \$ 12 | \$ (16) | \$ 374 |
| Non-U.S. public finance | 20 | 17 | — | 37 |
| Public finance | <u>398</u> | <u>29</u> | <u>(16)</u> | <u>411</u> |
| Structured finance: | | | | |
| U.S. RMBS | (2) | (10) | 12 | — |
| Other structured finance | 37 | 2 | (3) | 36 |
| Structured finance | <u>35</u> | <u>(8)</u> | <u>9</u> | <u>36</u> |
| Total | \$ 433 | \$ 21 | \$ (7) | \$ 447 |

| Sector | Six Months 2025 | | | |
|----------------------------|--|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of December 31, 2024 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2025 |
| (in millions) | | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 18 | \$ 53 | \$ (18) | \$ 53 |
| Non-U.S. public finance | 98 | 42 | (1) | 139 |
| Public finance | <u>116</u> | <u>95</u> | <u>(19)</u> | <u>192</u> |
| Structured finance: | | | | |
| U.S. RMBS | (43) | (9) | 17 | (35) |
| Other structured finance | 33 | (65) | 61 | 29 |
| Structured finance | <u>(10)</u> | <u>(74)</u> | <u>78</u> | <u>(6)</u> |
| Total | \$ 106 | \$ 21 | \$ 59 | \$ 186 |

| Sector | Six Months 2024 | | | |
|----------------------------|--|---|---------------------------------|--|
| | Net Expected Loss to be Paid (Recovered) as of December 31, 2023 | Net Economic Loss Development (Benefit) | Net (Paid) Recovered Losses (1) | Net Expected Loss to be Paid (Recovered) as of June 30, 2024 |
| | (in millions) | | | |
| Public finance: | | | | |
| U.S. public finance | \$ 398 | \$ 9 | \$ (33) | \$ 374 |
| Non-U.S. public finance | 20 | 17 | — | 37 |
| Public finance | 418 | 26 | (33) | 411 |
| Structured finance: | | | | |
| U.S. RMBS | 43 | (13) | (30) | — |
| Other structured finance | 44 | 1 | (9) | 36 |
| Structured finance | 87 | (12) | (39) | 36 |
| Total | \$ 505 | \$ 14 | \$ (72) | \$ 447 |

(1) Net of ceded paid losses, whether or not such amounts have been settled with reinsurers. Ceded paid losses are typically settled 45 days after the end of the reporting period. Such amounts are recorded as reinsurance recoverable on paid losses in “other assets.”

Effect of changes in the risk-free rates included in economic loss development (benefit) was a loss of \$1 million in second quarter 2025, a loss of \$1 million in second quarter 2024, a loss of \$6 million in six months 2025 and a benefit of \$2 million in six months 2024.

Second Quarter 2025 Net Economic Loss Development

Public Finance: The economic loss development of \$24 million for U.S. public finance exposures was primarily attributable to an \$11 million increase in expected losses for certain healthcare exposures, as well as higher expected losses on certain municipal revenue exposures. The economic loss development of \$18 million for non-U.S. public finance exposures was primarily attributable to certain U.K. regulated utility and U.K. student accommodation exposures.

U.S. RMBS: The economic development for U.S. RMBS was a benefit of \$6 million and was primarily attributable to higher recoveries for charged-off second lien loans, changes in discount rates and improved performance in certain transactions.

Second Quarter 2024 Net Economic Loss Development

Public Finance: The economic loss development on U.S. and non-U.S. public finance exposures in second quarter 2024 was \$12 million and \$17 million, respectively, and was primarily attributable to certain healthcare exposures.

U.S. RMBS: The economic benefit attributable to U.S. RMBS was \$10 million and was primarily attributable to a \$4 million benefit from improved transaction performance, \$4 million of higher recoveries for secured second lien charged-off loans and a \$2 million benefit from changes in discount rates.

Six Months 2025 Net Economic Loss Development

Public Finance: The economic loss development of \$53 million for U.S. public finance exposures was primarily attributable to PREPA and certain healthcare exposures. The economic loss development of \$42 million for non-U.S. public finance exposures was primarily attributable to certain U.K. regulated utility exposures.

U.S. RMBS: The economic benefit for U.S. RMBS was \$9 million and was primarily attributable to a \$5 million benefit related to higher recoveries for charged-off second lien loans, and improved performance in certain transactions.

Other Structured Finance: The benefit attributable to other structured finance of \$65 million was primarily attributable to recoveries related to the resolution of the LBIE litigation (see Item 1, Financial Statements, Note 6, Contracts Accounted for as Credit Derivatives).

Six Months 2024 Net Economic Loss Development

Public Finance: The economic loss development on U.S. and non-U.S. public finance exposures in six months 2024 was \$9 million and \$17 million, respectively, and was primarily attributable to certain healthcare exposures.

U.S. RMBS: The economic benefit attributable to U.S. RMBS was \$13 million and was mainly attributable to an \$8 million benefit related to higher recoveries for second lien charged-off loans, a \$4 million benefit related to improved performance in certain transactions and a \$4 million benefit related to changes in discount rates, partially offset by a \$3 million loss related to lower excess spread.

See Item 1, Financial Statements, Note 4, Expected Loss to be Paid (Recovered), for additional information.

Insurance Segment Loss Expense

The primary differences between net economic loss development and the amount reported as “loss and LAE (benefit)” in the consolidated statements of operations are that loss and LAE (benefit): (i) considers deferred premium revenue in the calculation of loss reserves for financial guaranty insurance contracts; (ii) eliminates loss and LAE related to FG VIEs; and (iii) does not include estimated losses or benefits on credit derivatives.

For financial guaranty insurance contracts, each transaction’s expected loss to be expensed is compared with the deferred premium revenue of that transaction. Expected loss to be expensed represents past or expected future net claim payments that have not yet been expensed. Such amounts will be expensed in future periods as deferred premium revenue amortizes into income on financial guaranty insurance policies. Expected loss to be expensed is the Company’s projection of incurred losses that will be recognized in future periods, excluding accretion of discount. When the expected loss to be expensed exceeds the deferred premium revenue, a loss is recognized in income for the amount of such excess. Therefore, the timing of loss recognition in income does not necessarily coincide with the timing of the actual credit impairment or improvement reported in net economic loss development. Transactions acquired in business combinations or seasoned portfolios assumed from legacy financial guaranty insurers (particularly BIG transactions) generally have large deferred premium revenue balances. To the extent that a BIG transaction has a large deferred premium revenue, the difference between economic development and loss and LAE may be significant.

While expected loss to be paid (recovered) is an important measure that provides the present value of amounts that the Company expects to pay or recover in future periods regardless of accounting model, expected loss to be expensed is important because it presents the Company’s projection of net expected losses that will be recognized in the consolidated statement of operations in future periods as deferred premium revenue amortizes into income for financial guaranty insurance policies.

The amount of Insurance segment loss expense, which includes losses on policies regardless of form, is a function of the amount of economic loss development discussed above and the deferred premium revenue amortization in a given period, on a contract-by-contract basis. The following table presents the Insurance segment loss expense (benefit).

| | Insurance Segment Loss Expense (Benefit) | | | |
|---|---|-------------|-------------|-------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| U.S. public finance | \$ 15 | \$ 3 | \$ 51 | \$ 4 |
| Non-U.S. public finance | 14 | — | 20 | — |
| Structured finance: | | | | |
| U.S. RMBS | (1) | (6) | (1) | (4) |
| Other structured finance (1) | (1) | 3 | (66) | 4 |
| Structured finance | (2) | (3) | (67) | — |
| Total Insurance segment loss expense (benefit) | \$ 27 | \$ — | \$ 4 | \$ 4 |

(1) Six months 2025 includes \$63 million of recoveries in connection with the resolution of the LBIE litigation (see Item 1, Financial Statements, Note 6, Contracts Accounted for as Credit Derivatives).

Asset Management Segment Results

| | Asset Management Segment Results | | | |
|--|----------------------------------|------|------------|------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Segment revenues | \$ 15 | \$ 7 | \$ 21 | \$ 8 |
| Less: Segment expenses | 9 | 4 | 13 | 4 |
| Equity in earnings (losses) of investees | (1) | (3) | 12 | (2) |
| Segment adjusted operating income (loss) before income taxes | 5 | — | 20 | 2 |
| Less: Provision (benefit) for income taxes | 1 | — | 4 | 1 |
| Segment adjusted operating income (loss) | \$ 4 | \$ — | \$ 16 | \$ 1 |

Results in the table above primarily represent (i) equity in earnings (losses) of Sound Point of \$(1) million in second quarter 2025, \$(3) million in second quarter 2024, \$12 million in six months 2025 and \$1 million in six months 2024 (Sound Point results are reported on a one quarter lag), net of the amortization of finite-lived intangible assets associated with the basis difference in Sound Point, (ii) an impairment loss of \$3 million in six months 2024 for a smaller financial services advisory firm, and (iii) other asset management related income.

Corporate Division Results

| | Corporate Division Results | | | |
|--|----------------------------|---------|------------|---------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Revenues | \$ 4 | \$ 4 | \$ 8 | \$ 9 |
| Expenses | | | | |
| Interest expense | 26 | 26 | 50 | 51 |
| Employee compensation and benefit expenses | 6 | 8 | 14 | 18 |
| Other operating expenses | 7 | 10 | 15 | 22 |
| Total expenses | 39 | 44 | 79 | 91 |
| Equity in earnings (losses) of investees | 3 | — | 19 | — |
| Adjusted operating income (loss) before income taxes | (32) | (40) | (52) | (82) |
| Less: Provision (benefit) for income taxes | (3) | (5) | (3) | (10) |
| Adjusted operating income (loss) | \$ (29) | \$ (35) | \$ (49) | \$ (72) |

Corporate division interest expense primarily relates to debt issued by the U.S. Holding Companies, and also includes intersegment interest expense. See “— Liquidity and Capital Resources — AGL and its U.S. Holding Companies, Intercompany Loans Payable” for additional information.

Equity in earnings of investees in second quarter 2025 and six months 2025 relates to certain alternative investments, which AG transferred to AGMH as part of a stock redemption that occurred on August 5, 2024. The carrying value of these transferred investments as of June 30, 2025 was \$128 million.

Corporate division employee compensation and benefits expenses and other operating expenses are an allocation of expenses based on time studies and represent the costs incurred and time spent on holding company activities, capital management, corporate oversight and governance including the Board’s expenses, legal fees and other direct or allocated expense. The decrease in employee compensation and benefit expenses and other operating expenses in second quarter 2025 and six months 2025 compared with second quarter 2024 and six months 2024 was primarily attributable to lower allocated expenses.

Other (Effect of Consolidating FG VIEs and CIVs)

The effect of consolidating FG VIEs and CIVs and intersegment eliminations are presented in “other.” See Item 1, Financial Statements, Note 2, Segment Information.

As described in Item 1, Financial Statements, Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles, the types of entities the Company consolidates when it is deemed to be the primary beneficiary primarily include: (i) FG VIEs; and (ii) CIVs. The Company eliminates the effects of intercompany transactions between its FG VIEs and CIVs and its insurance and asset management subsidiaries, as well as intercompany transactions between CIVs.

Consolidating FG VIEs (as opposed to accounting for the related insurance contracts in the Insurance segment) has a gross-up effect on the consolidated financial statements, and includes: (i) the establishment of the FG VIEs’ assets and liabilities and related changes in fair value on the condensed consolidated financial statements; (ii) eliminating the premiums and losses/recoveries associated with the financial guaranty insurance contracts between the insurance subsidiaries and the FG VIEs; and (iii) eliminating the investment balances associated with the insurance subsidiaries’ purchases of the debt obligations of the FG VIEs.

Consolidating investment vehicles in which the Company invests (as opposed to accounting for them as equity method investments) has a significant effect on assets, liabilities and cash flows, and includes: (i) the establishment of the assets and liabilities of the CIVs, and related changes in fair value; (ii) eliminating the equity method investments of the insurance subsidiaries, and related equity in earnings (losses) of investees; and (iii) establishing NCI for amounts not owned by the Company. The economic effect of AG’s ownership interests in CIVs is presented in the Insurance segment as “equity in earnings (losses) of investees,” while the effect of CIVs is presented as separate line items (“fair value gains (losses) on consolidated investment vehicles” and “noncontrolling interest”) on a consolidated basis.

The table below reflects the effect of consolidating FG VIEs and CIVs on the condensed consolidated statements of operations. The amounts represent: (i) the revenues and expenses of the FG VIEs and the CIVs; and (ii) the consolidation adjustments and eliminations between consolidated FG VIEs or CIVs and the operating and investment subsidiaries.

Effect of Consolidating FG VIEs and CIVs on the Condensed Consolidated Statements of Operations
Increase (Decrease)

| Effect on Financial Statement Line Item | Second Quarter | | Six Months | |
|--|----------------|---------------|-------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Fair value gains (losses) on FG VIEs (1) | \$ 2 | \$ (1) | \$ 3 | \$ (4) |
| Fair value gains (losses) on CIVs | 4 | 11 | 23 | 33 |
| Equity in earnings (losses) of investees (2) | (1) | (7) | (7) | (24) |
| Other (3) | (4) | (1) | (6) | 1 |
| Effect on income before tax | 1 | 2 | 13 | 6 |
| Less: Tax provision (benefit) | (1) | — | — | — |
| Effect on net income (loss) | 2 | 2 | 13 | 6 |
| Less: Effect on NCI (4) | 3 | 3 | 12 | 7 |
| Effect on net income (loss) attributable to AGL | \$ (1) | \$ (1) | \$ 1 | \$ (1) |
| By Type of VIE | | | | |
| FG VIEs | \$ — | \$ (1) | \$ — | \$ (2) |
| CIVs | (1) | — | 1 | 1 |
| Effect on net income (loss) attributable to AGL | \$ (1) | \$ (1) | \$ 1 | \$ (1) |

- (1) Changes in fair value of the FG VIEs’ assets and liabilities reported in the statements of operations are attributable to factors other than (i) changes in the Company’s own credit risk on the FG VIEs’ liabilities with recourse; and (ii) unrealized gains and losses on available-for-sale fixed maturity securities.
- (2) Represents the elimination of the equity in earnings (losses) of investees for those that are accounted for as CIVs.
- (3) Includes net earned premiums, net investment income, foreign exchange gains (losses) on remeasurement, other income (loss) and loss and LAE (benefit).
- (4) Represents the proportion of income of CIVs that is not attributable to the Company’s ownership interest.

Reconciliation to GAAP
**Reconciliation of Net Income (Loss) Attributable to AGL
to Adjusted Operating Income (Loss)**

| | Second Quarter 2025 | | Second Quarter 2024 | |
|---|---|-------------------|---------------------|-------------------|
| | Total | Per Diluted Share | Total | Per Diluted Share |
| | (in millions, except per share amounts) | | | |
| Net income (loss) attributable to AGL | \$ 103 | \$ 2.08 | \$ 78 | \$ 1.41 |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | (6) | (0.12) | (6) | (0.11) |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | (1) | (0.03) | 3 | 0.06 |
| Fair value gains (losses) on CCS | (1) | (0.01) | 1 | 0.02 |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 71 | 1.43 | — | — |
| Total pre-tax adjustments | 63 | 1.27 | (2) | (0.03) |
| Less tax effect on pre-tax adjustments | (10) | (0.20) | — | — |
| Adjusted operating income (loss) | <u>\$ 50</u> | <u>\$ 1.01</u> | <u>\$ 80</u> | <u>\$ 1.44</u> |

| | | | | |
|---|--------|-----------|--------|-----------|
| Gain (loss) related to FG VIE and CIV consolidation (net of tax provision (benefit) of \$(1) and \$0) included in adjusted operating income | \$ (1) | \$ (0.02) | \$ (1) | \$ (0.03) |
|---|--------|-----------|--------|-----------|

| | Six Months 2025 | | Six Months 2024 | |
|---|---|-------------------|-----------------|-------------------|
| | Total | Per Diluted Share | Total | Per Diluted Share |
| | (in millions, except per share amounts) | | | |
| Net income (loss) attributable to AGL | \$ 279 | \$ 5.54 | \$ 187 | \$ 3.31 |
| Less pre-tax adjustments: | | | | |
| Realized gains (losses) on investments | (22) | (0.43) | 2 | 0.04 |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | (3) | (0.07) | 13 | 0.23 |
| Fair value gains (losses) on CCS | 1 | 0.02 | (9) | (0.16) |
| Foreign exchange gains (losses) on remeasurement of premiums receivable and loss and LAE reserves | 104 | 2.06 | (12) | (0.21) |
| Total pre-tax adjustments | 80 | 1.58 | (6) | (0.10) |
| Less tax effect on pre-tax adjustments | (13) | (0.25) | — | — |
| Adjusted operating income (loss) | <u>\$ 212</u> | <u>\$ 4.21</u> | <u>\$ 193</u> | <u>\$ 3.41</u> |

| | | | | |
|---|------|---------|--------|-----------|
| Gain (loss) related to FG VIE and CIV consolidation (net of tax provision (benefit) of \$0 and \$0) included in adjusted operating income | \$ 1 | \$ 0.02 | \$ (1) | \$ (0.02) |
|---|------|---------|--------|-----------|

Net Realized Investment Gains (Losses)

The table below presents the components of net realized investment gains (losses).

| | Net Realized Investment Gains (Losses) | | | |
|---|--|---------------|----------------|-------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Gross realized gains on sales of available-for-sale securities | \$ 1 | \$ 1 | \$ 4 | \$ 2 |
| Gross realized losses on sales of available-for-sale securities | (1) | (4) | (9) | (7) |
| Net foreign currency gains (losses) | — | (2) | (1) | (2) |
| Change in the allowance for credit losses and intent to sell | (3) | (2) | (13) | 8 |
| Other net realized gains (losses) | (3) | 1 | (3) | 1 |
| Net realized investment gains (losses) | <u>\$ (6)</u> | <u>\$ (6)</u> | <u>\$ (22)</u> | <u>\$ 2</u> |

Non-Credit Impairment-Related Unrealized Fair Value Gains (Losses) on Credit Derivatives

Changes in the fair value of credit derivatives occur because of changes in the Company's own credit rating and credit spreads, collateral credit spreads, notional amounts, credit ratings of the referenced entities, expected terms, realized gains (losses) and other settlements, interest rates and other market factors. The components of changes in fair value of credit derivatives related to credit derivative revenues and changes in expected losses are included in Insurance segment results. Non-credit impairment-related changes in unrealized fair value gains and losses on credit derivatives are not included in the Insurance segment measure of adjusted operating income because they do not represent actual claims or losses and are expected to reverse to zero as the exposure approaches its maturity date. Changes in the fair value of the Company's credit derivatives that do not reflect actual or expected claims or credit losses have no impact on the Company's statutory claims-paying resources, rating agency capital or regulatory capital positions. Unrealized gains (losses) on credit derivatives may fluctuate significantly in future periods. Except for underlying credit impairment, which is recognized as loss expense in the Insurance segment, the fair value adjustments on credit derivatives in the insured portfolio are non-economic adjustments that reverse to zero over the remaining term of that portfolio. See Item 1, Financial Statements, Note 9, Fair Value Measurement, for additional information.

During six months 2025, non-credit impairment-related unrealized fair value losses of \$3 million were primarily attributable to generally wider asset spreads and changes in foreign exchange rates. During second quarter 2024 and six months 2024, non-credit impairment-related unrealized fair value gains of \$3 million and \$13 million, respectively, were generated primarily due to the termination of certain structured finance policies.

Fair Value Gains (Losses) on CCS

Fair value losses on CCS of \$9 million in six months 2024 were primarily due to a tightening in market credit spreads. Fair value gains (losses) on CCS are heavily affected by, and in part fluctuate with, changes in market credit spreads and interest rates, and other market factors and are not expected to result in an economic gain or loss.

Foreign Exchange Gain (Loss) on Remeasurement

Foreign exchange gains of \$71 million and \$104 million and losses of \$12 million in second quarter 2025, six months 2025 and six months 2024, respectively, were primarily related to the remeasurement of long-dated premiums receivable, for which the Company records the present value of future installment premiums. Foreign exchange gains and losses are mainly due to changes in the exchange rate of the pound sterling and, to a lesser extent, the euro relative to the U.S. dollar. Approximately 69% of gross premiums receivable, net of commissions payable, as of both June 30, 2025 and December 31, 2024, are denominated in currencies other than the U.S. dollar. Premiums on European infrastructure and structured finance transactions typically are paid, in whole or in part, on an installment basis, whereas premiums on U.S. public finance transactions are often paid upfront.

The following table presents the foreign exchange rates as of the balance sheet dates.

| | Foreign Exchange Rates | | | |
|----------------|---|--------------------------------|----------------------------|--------------------------------|
| | U.S. Dollar Per Foreign Currency | | | |
| | As of June 30, 2025 | As of December 31, 2024 | As of June 30, 2024 | As of December 31, 2023 |
| Pound sterling | \$1.373 | \$1.252 | \$1.265 | \$1.273 |
| Euro | \$1.179 | \$1.035 | \$1.071 | \$1.104 |

Non-GAAP Financial Measures

The Company discloses both: (i) financial measures determined in accordance with GAAP; and (ii) 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 entities where it is deemed to be the primary beneficiary which include FG VIEs, which the Company does not own and where its exposure is limited to its obligation under the financial guaranty insurance contract, and CIVs in which certain subsidiaries invest.

The Company discloses the effect of FG VIE and CIV 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 on the Company of each of the consolidated FG VIEs and CIVs is reflected primarily in the results of the Insurance segment.

The Company's management and AGL's Board of Directors use non-GAAP financial measures further adjusted to remove the effect of FG VIE and CIV 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 financial measures that the Company uses to help determine compensation are: (i) adjusted operating income per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core operating income per share); (ii) adjusted operating shareholders' equity per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core operating shareholders' equity per share); (iii) ABV per share, further adjusted to remove the effect of FG VIE and CIV consolidation (core ABV per share); (iv) core operating return on equity, which is calculated as core operating income divided by the average of core operating shareholders' equity at the beginning and end of the period; and (v) PVP.

The Company's management believes that many investors, analysts and financial news reporters use adjusted operating shareholders' equity and/or ABV, each further adjusted to remove the effect of FG VIE and CIV 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.

Adjusted operating income, further adjusted for the effect of FG VIE and CIV consolidation, enables investors and analysts to evaluate the Company's financial results in comparison with the consensus analyst estimates distributed publicly by financial databases.

The following paragraphs define each non-GAAP financial measure disclosed by the Company and describe why it is useful. To the extent there is a directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure and the most directly comparable GAAP financial measure is presented below.

Adjusted Operating Income

The Company's 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 that are recognized in net income (loss) attributable to AGL, 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-related unrealized fair value gains (losses) on credit derivatives that are recognized in net income (loss) attributable to AGL, which is the amount of fair value gains (losses) in excess of the present value of the expected estimated economic credit losses. 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 (loss) attributable to AGL. 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 (loss) attributable to AGL. 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) The tax effects related to the above adjustments, which are determined by applying the statutory tax rate in each of the jurisdictions that generate these adjustments.

Adjusted operating income per share is calculated by dividing adjusted operating income by the weighted average diluted shares. The method for calculating weighted average diluted shares is in accordance with GAAP. See "— Results of Operations — Reconciliation to GAAP" for a reconciliation of net income (loss) attributable to AGL to adjusted operating income (loss).

Adjusted Operating Shareholders' Equity and ABV

The Company's 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. The Company's management uses ABV, further adjusted to remove the effect of FG VIE and CIV consolidation, to measure the intrinsic value of the Company, excluding franchise value. The Company's management believes that ABV is a useful measure because it enables an evaluation of the Company's in-force premiums and revenues net of expected losses.

Adjusted operating shareholders' equity per share and ABV per share, each further adjusted for FG VIE and CIV consolidation (core operating shareholders' equity per share and core ABV per share, respectively), are two 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.

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-related unrealized fair value gains (losses) on credit derivatives that are reported on the consolidated balance sheet, which is the amount of unrealized fair value gains (losses) in excess of the present value of the expected estimated economic credit losses. 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 that are reported on the consolidated balance sheet. 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). 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 would not result in an economic gain or loss.
- 4) 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.

ABV 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.
- 4) 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.

Shares outstanding as of the end of the reporting period are used to calculate adjusted operating shareholders' equity per share and ABV per share.

The unearned premiums and revenues included in ABV will be earned in future periods, but actual earnings may differ materially from the estimated amounts used in determining current ABV due to changes in foreign exchange rates, prepayment speeds, terminations, credit defaults and other factors.

**Reconciliation of Shareholders' Equity Attributable to AGL
to Adjusted Operating Shareholders' Equity and ABV**

| | As of June 30, 2025 | | As of December 31, 2024 | |
|--|---|------------------|-------------------------|------------------|
| | Total | Per Share | Total | Per Share |
| | (dollars in millions, except share amounts) | | | |
| Shareholders' equity attributable to AGL | \$ 5,633 | \$ 117.10 | \$ 5,495 | \$ 108.80 |
| Less pre-tax adjustments: | | | | |
| Non-credit impairment-related unrealized fair value gains (losses) on credit derivatives | 45 | 0.94 | 49 | 0.96 |
| Fair value gains (losses) on CCS | 3 | 0.07 | 2 | 0.05 |
| Unrealized gain (loss) on investment portfolio | (218) | (4.54) | (397) | (7.86) |
| Less taxes | 25 | 0.52 | 46 | 0.90 |
| Adjusted operating shareholders' equity | 5,778 | 120.11 | 5,795 | 114.75 |
| Pre-tax adjustments: | | | | |
| Less: DAC | 185 | 3.85 | 176 | 3.47 |
| Plus: Net present value of estimated net future revenue | 196 | 4.07 | 202 | 3.99 |
| Plus: Net deferred premium revenue on financial guaranty contracts in excess of expected loss to be expensed | 3,409 | 70.85 | 3,473 | 68.75 |
| Plus taxes | (685) | (14.23) | (702) | (13.90) |
| ABV | \$ 8,513 | \$ 176.95 | \$ 8,592 | \$ 170.12 |
| Gain (loss) related to FG VIE and CIV consolidation included in: | | | | |
| Adjusted operating shareholders' equity (net of tax provision (benefit) of \$0 and \$0) | \$ 1 | \$ 0.03 | \$ — | \$ 0.01 |
| ABV (net of tax provision (benefit) of \$(1) and \$(2)) | (4) | (0.08) | (6) | (0.13) |

Net Present Value of Estimated Net Future Revenue:

The Company's management believes that this amount is a useful measure because it enables an evaluation of the present value of estimated net future revenue for non-financial guaranty insurance contracts. 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

The Company's management believes that PVP is a useful measure because it enables the evaluation of the value of new business production in the Insurance segment 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 premiums and fees 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), regardless of form, which management believes GAAP GWP 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 certain fixed-maturity securities such as 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.

| | Reconciliation of GWP to PVP | | | | | | | | | |
|--|-------------------------------------|--------------|--------------------|--------------|---------------|---------------------|--------------|--------------------|-------------|---------------|
| | Second Quarter 2025 | | | | | Second Quarter 2024 | | | | |
| | Public Finance | | Structured Finance | | Total | Public Finance | | Structured Finance | | Total |
| | U.S. | Non - U.S. | U.S. | Non - U.S. | | U.S. | Non - U.S. | U.S. | Non - U.S. | |
| | (in millions) | | | | | | | | | |
| GWP | \$ 73 | \$ 8 | \$ (1) | \$ 5 | \$ 85 | \$ 103 | \$ 25 | \$ 2 | \$ 2 | \$ 132 |
| Less: Installment GWP and other GAAP adjustments (1) | 30 | 8 | — | 5 | 43 | 85 | 13 | 2 | 2 | 102 |
| Upfront GWP | 43 | — | (1) | — | 42 | 18 | 12 | — | — | 30 |
| Plus: Installment premiums and other (2) | 6 | 7 | 2 | 7 | 22 | 98 | 21 | 4 | 2 | 125 |
| PVP | <u>\$ 49</u> | <u>\$ 7</u> | <u>\$ 1</u> | <u>\$ 7</u> | <u>\$ 64</u> | <u>\$ 116</u> | <u>\$ 33</u> | <u>\$ 4</u> | <u>\$ 2</u> | <u>\$ 155</u> |
| | (in millions) | | | | | | | | | |
| | Six Months 2025 | | | | | Six Months 2024 | | | | |
| | Public Finance | | Structured Finance | | Total | Public Finance | | Structured Finance | | Total |
| | U.S. | Non - U.S. | U.S. | Non - U.S. | | U.S. | Non - U.S. | U.S. | Non - U.S. | |
| GWP | \$ 98 | \$ 7 | \$ 6 | \$ 9 | \$ 120 | \$ 147 | \$ 27 | \$ 15 | \$ 4 | \$ 193 |
| Less: Installment GWP and other GAAP adjustments (1) | 32 | 7 | 6 | 9 | 54 | 97 | 15 | 14 | 4 | 130 |
| Upfront GWP | 66 | — | — | — | 66 | 50 | 12 | 1 | — | 63 |
| Plus: Installment premiums and other (2) | 8 | 14 | 3 | 12 | 37 | 109 | 22 | 18 | 6 | 155 |
| PVP | <u>\$ 74</u> | <u>\$ 14</u> | <u>\$ 3</u> | <u>\$ 12</u> | <u>\$ 103</u> | <u>\$ 159</u> | <u>\$ 34</u> | <u>\$ 19</u> | <u>\$ 6</u> | <u>\$ 218</u> |

- (1) Includes the present value of new business on installment policies discounted at the prescribed GAAP discount rates, and GWP adjustments on existing installment policies due to changes in assumptions and other GAAP adjustments.
- (2) Includes the present value of future premiums and fees on new business paid in installments discounted at the approximate average pre-tax book yield of fixed-maturity securities purchased during the prior calendar year, other than certain fixed-maturity securities such as Loss Mitigation Securities.

Insured Portfolio

Financial Guaranty Exposure

The following tables present information in respect of the financial guaranty insured portfolio to supplement the disclosures and discussion provided in Item 1, Financial Statements, Note 3, Outstanding Exposure.

The following table presents the financial guaranty portfolio by sector, net of cessions to reinsurers. It includes all financial guaranty contracts outstanding as of the dates presented, regardless of the form written (i.e., credit derivative form or traditional financial guaranty insurance form) or the applicable accounting model (i.e., insurance, derivative or FG VIE).

**Financial Guaranty Portfolio
Net Par Outstanding by Sector**

| Sector | As of June 30, 2025 | As of December 31, 2024 |
|--|-----------------------|-------------------------|
| | (dollars in millions) | |
| Public finance: | | |
| U.S. public finance: | | |
| General obligation | \$ 80,723 | \$ 78,162 |
| Tax backed | 34,702 | 33,288 |
| Municipal utilities | 31,038 | 30,036 |
| Transportation | 27,467 | 26,958 |
| Healthcare | 15,225 | 14,007 |
| Infrastructure finance | 8,561 | 8,663 |
| Higher education | 8,225 | 7,381 |
| Housing revenue | 1,372 | 1,272 |
| Renewable energy | 164 | 164 |
| Other public finance | 1,239 | 1,244 |
| Total U.S. public finance | 208,716 | 201,175 |
| Non-U.S. public finance: | | |
| Regulated utilities | 24,763 | 22,361 |
| Infrastructure finance | 15,982 | 14,961 |
| Sovereign and sub-sovereign | 9,565 | 9,181 |
| Renewable energy | 1,693 | 1,596 |
| Pooled infrastructure | 1,129 | 1,101 |
| Total non-U.S. public finance | 53,132 | 49,200 |
| Total public finance | 261,848 | 250,375 |
| Structured finance: | | |
| U.S. structured finance: | | |
| Insurance reserve financings and securitizations | 4,404 | 4,495 |
| RMBS | 1,436 | 1,507 |
| Pooled corporate obligations | 608 | 607 |
| Financial products | 424 | 492 |
| Subscription finance facilities | 169 | 185 |
| Other structured finance | 1,125 | 1,167 |
| Total U.S. structured finance | 8,166 | 8,453 |
| Non-U.S. structured finance: | | |
| Subscription finance facilities | 1,335 | 1,385 |
| Pooled corporate obligations | 525 | 468 |
| RMBS | 231 | 221 |
| Other structured finance | 673 | 650 |
| Total non-U.S. structured finance | 2,764 | 2,724 |
| Total structured finance | 10,930 | 11,177 |
| Total net par outstanding | \$ 272,778 | \$ 261,552 |

Exposure to Puerto Rico

All of the Company's insured exposure to various authorities and public corporations of the Commonwealth of Puerto Rico (Puerto Rico or the Commonwealth) is rated BIG. The Company's Puerto Rico net par and net debt service outstanding as of June 30, 2025 were \$637 million and \$742 million, respectively, compared with net par and net debt service outstanding as of December 31, 2024 of \$637 million and \$756 million, respectively.

As of June 30, 2025, the Company’s only remaining outstanding unresolved insured Puerto Rico exposure subject to a payment default was PREPA, to which the Company had net par and debt service outstanding of \$532 million and \$617 million, respectively. As of December 31, 2024, the Company’s PREPA net par and debt service outstanding were \$532 million and \$629 million, respectively. See “—Liquidity and Capital Resources—Insurance Subsidiaries, Financial Guaranty Policies” below and Item 1, Financial Statements, Note 4, Expected Loss to be Paid (Recovered), for more information.

The following table shows the scheduled amortization for PREPA. The Company guarantees payment of interest and principal when those amounts are scheduled to be paid and cannot be required to pay on an accelerated basis, although in certain circumstances it may elect to do so. When obligors default on their obligations, the Company is only required to pay the shortfall between the debt service due in any given period and the amount paid by the obligors.

**Amortization Schedule of PREPA
Net Par Outstanding and Net Debt Service Outstanding
As of June 30, 2025**

| | Scheduled Net Par Amortization | Scheduled Net Debt Service Amortization |
|--------------------------------|-----------------------------------|--|
| | (in millions) | |
| 2025 (July 1 - September 30) | \$ 68 | \$ 78 |
| 2025 (October 1 - December 31) | — | 2 |
| Subtotal 2025 | 68 | 80 |
| 2026 | 106 | 126 |
| 2027 | 106 | 122 |
| 2028 | 68 | 80 |
| 2029 | 39 | 47 |
| 2030-2034 | 141 | 158 |
| 2035-2037 | 4 | 4 |
| Total | <u>\$ 532</u> | <u>\$ 617</u> |

Liquidity and Capital Resources

AGL and its U.S. Holding Companies

AGL directly owns (i) AG Re, an insurance company domiciled in Bermuda; and (ii) AGUS, a U.S. holding company with public debt outstanding. AGUS directly owns AGMH, a U.S. holding company with public debt outstanding. AGMH owns AG, an insurance company domiciled in Maryland. AGUS and AGMH are collectively referred to as the U.S. Holding Companies.

Sources and Uses of Funds

The liquidity of AGL and its U.S. Holding Companies is largely dependent on dividends, stock redemptions and other distributions from their operating subsidiaries (see “— Insurance Subsidiaries — Distributions from Insurance Subsidiaries” below) and access to external financing. The operating liquidity requirements of AGL and the U.S. Holding Companies include:

- principal and interest on debt issued by AGUS and AGMH;
- dividends on AGL’s common shares; and
- the payment of operating expenses.

AGL and its U.S. Holding Companies may also require liquidity to:

- make capital investments in their operating subsidiaries and in alternative investments;
- fund acquisitions of new businesses or expand insurance business;
- purchase or redeem the Company’s outstanding debt; or
- repurchase AGL’s common shares pursuant to AGL’s share repurchase authorization.

In the ordinary course of business, the Company evaluates its liquidity needs and capital resources in light of holding company expenses and dividend policy, as well as rating agency considerations. The Company also subjects its cash flow projections and its assets to a stress test, maintaining a liquid asset balance of one and a half times its stressed operating

company net cash flows over the next four quarters. Management believes that AGL will have sufficient liquidity to satisfy its needs over the next twelve months. See “— Overview — Key Business Strategies, Capital Management” above for information on common share repurchases.

External Financing

From time to time, AGL and its subsidiaries have sought external debt or equity financing in order to meet their obligations. External sources of financing may or may not be available to the Company and, if available, the cost of such financing may not be acceptable to the Company.

Long-Term Debt Obligations

The Company has outstanding long-term debt issued by the U.S. Holding Companies. See Part II, Item 8, Financial Statements and Supplementary Data, Note 11, Long-Term Debt and Credit Facilities, of the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 and “— Guarantor and U.S. Holding Companies’ Summarized Financial Information” below.

U.S. Holding Companies Long-Term Debt and Intercompany Loans

| | Effective Interest Rate | Final Maturity | As of June 30, 2025 | As of December 31, 2024 |
|---|-------------------------|----------------|---------------------|----------------------------|
| | | | (in millions) | |
| | | | Principal Amount | |
| AGUS - long-term debt | | | | |
| 6.125% Senior Notes | 6.125% | 2028 | \$ 350 | \$ 350 |
| 3.15% Senior Notes | 3.15% | 2031 | 500 | 500 |
| 7% Senior Notes | 6.40% | 2034 | 200 | 200 |
| 3.6% Senior Notes | 3.60% | 2051 | 400 | 400 |
| | 3 month CME Term SOFR | | | |
| Series A Enhanced Junior Subordinated Debentures | +2.64% | 2066 | 150 | 150 |
| AGUS long-term debt | | | 1,600 | 1,600 |
| AGUS - intercompany loans from: | | | | |
| AG | 3.50% | 2029 | 250 | 250 |
| AGRO | 5.00% | 2028 | 20 | 20 |
| AGUS intercompany loans | | | 270 | 270 |
| Total AGUS long-term debt and intercompany loans | | | 1,870 | 1,870 |
| AGMH | | | | |
| Junior Subordinated Debentures (1) | 6.40% | 2066 | 300 | 300 |
| Total AGMH long-term debt | | | 300 | 300 |
| AGMH’s long-term debt purchased by AGUS (2) | | | (154) | (154) |
| U.S. Holding Company long-term debt | | | \$ 2,016 | \$ 2,016 |

(1) If the AGMH Junior Subordinated Debentures are outstanding after December 15, 2036, then the principal amount of the outstanding debentures will bear interest at One-Month Chicago Mercantile Exchange (CME) Term Secured Overnight Finance Rate (SOFR) plus 2.33%.

(2) Represents principal amount of Junior Subordinated Debentures issued by AGMH that has been purchased by AGUS.

From time to time, AGL and its subsidiaries have entered into intercompany loan facilities. For example, on October 25, 2013, AGL, as borrower, and AGUS, as lender, entered into a revolving credit facility pursuant to which AGL may, from time to time, borrow for general corporate purposes. Under the credit facility, AGUS committed to lend a principal amount not exceeding \$225 million in the aggregate. The commitment under the revolving credit facility terminates on October 25, 2033 (the loan commitment termination date). The unpaid principal amount of each loan will bear semi-annual interest at a fixed rate equal to 100% of the then applicable interest rate as determined under Internal Revenue Code Section 1274(d). Accrued interest on all loans will be paid on the last day of each June and December and at maturity. AGL must repay unpaid principal amounts

of the loans, if any, by the third anniversary of the loan commitment termination date. AGL has not drawn upon the credit facility.

For more information, see the Company's 2024 Annual Report on Form 10-K, Part II, Item 8. Financial Statements and Supplementary Data, Note 11, Long-Term Debt and Credit Facilities.

Guarantor and U.S. Holding Companies' Summarized Financial Information

AGL fully and unconditionally guarantees the payment of the principal of, and interest on, the \$1,450 million aggregate principal amount of notes issued by the U.S. Holding Companies, the \$450 million aggregate principal amount of junior subordinated debentures issued by the U.S. Holding Companies, and the intercompany loans. The following tables include summarized financial information for AGL and the U.S. Holding Companies, excluding their investments in subsidiaries.

| | As of June 30, 2025 | |
|--|---------------------|------------------------|
| | AGL | U.S. Holding Companies |
| | (in millions) | |
| Assets, excluding investments in subsidiaries | | |
| Fixed-maturity securities (1) | \$ 15 | \$ 3 |
| Ownership interest in Sound Point | — | 412 |
| Other invested assets | — | 131 |
| Short-term investments and cash | 53 | 165 |
| Receivables from affiliates (2) | 50 | — |
| Dividends receivable from U.S. Holding Companies | 110 | — |
| Dividends receivable from other subsidiaries | 50 | — |
| Other assets | 5 | 46 |
| Liabilities | | |
| Long-term debt | — | 1,701 |
| Loans payable to affiliates | — | 270 |
| Payable to affiliates (2) | 10 | 18 |
| Dividends payable to AGL | — | 110 |
| Other liabilities | 15 | 82 |

(1) As of June 30, 2025, weighted average durations of AGL's and the U.S. Holding Companies' fixed-maturity securities were 10.2 years and 3.3 years, respectively.

(2) Primarily represents receivables and payables with non-guarantor subsidiaries.

| | Six Months 2025 | |
|---|-----------------|------------------------|
| | AGL | U.S. Holding Companies |
| | (in millions) | |
| Revenues | \$ 1 | \$ 3 |
| Expenses | | |
| Interest expense | — | 50 |
| Other expenses | 23 | 6 |
| Income (loss) before provision for income taxes and equity in earnings (losses) of investees | (22) | (53) |
| Equity in earnings (losses) of investees | — | 31 |
| Net income (loss) excluding investments in subsidiaries | (22) | (21) |

The following table presents significant cash flow items for AGL and the U.S. Holding Companies (other than investment income, operating expenses and taxes) related to distributions from subsidiaries and outflows for debt service, dividends and other capital management activities.

| | Six Months 2025 | |
|--|-----------------|------------------------|
| | AGL | U.S. Holding Companies |
| | (in millions) | |
| Dividends received from U.S. Holding Companies | \$ 330 | \$ — |
| Dividends received from other subsidiaries | — | 152 |
| Distributions from equity method investees (1) | — | 27 |
| Interest paid on intercompany loans | — | (1) |
| Interest paid on long-term debt | — | (43) |
| Investments in subsidiaries | (21) | (3) |
| Dividends paid to AGL | — | (330) |
| Dividends paid to AGL shareholders | (36) | — |
| Repurchases of common shares (2) | (251) | — |

(1) Includes distributions from Sound Point of \$18 million and other alternative investments.

(2) See Item 1, Financial Statements, Note 12, Shareholders' Equity, for additional information about share repurchases and authorizations.

Generally, dividends paid by a U.S. company to a Bermuda holding company are subject to a 30% withholding tax. After AGL became tax resident in the U.K., it became subject to the tax rules applicable to companies resident in the U.K., including the benefits afforded by the U.K.'s tax treaties. The income tax treaty between the U.K. and the U.S. reduces or eliminates the U.S. withholding tax on certain U.S. sourced investment income (to 5% or 0%), including dividends from U.S. subsidiaries to U.K. resident persons entitled to the benefits of the treaty.

Insurance Subsidiaries

The Company has several insurance subsidiaries. AG is an insurance subsidiary domiciled in Maryland. As of August 1, 2024, AG owns: (i) AGUK, an insurance subsidiary domiciled in the U.K.; and (ii) AGE, an insurance company domiciled in France. Until August 1, 2024, AGM was an insurance subsidiary of the Company domiciled in New York. See "— Overview — Key Business Strategies — Merger of the U.S. Insurance Subsidiaries" above. AGUK and AGE are collectively referred to as the European Insurance Subsidiaries. AG Re is an insurance company domiciled in Bermuda that owns AGRO, an insurance company that is also domiciled in Bermuda.

Sources and Uses of Funds

Liquidity of the insurance subsidiaries is primarily used to pay for:

- operating expenses,
- claims on the insured portfolio,
- dividends or other distributions to parent,
- reinsurance premiums,
- expansion of the insurance business, and
- capital investments in their own subsidiaries and in alternative investments.

Management believes that the insurance subsidiaries' liquidity needs for the next twelve months can be met from current cash, short-term investments and operating cash flow, including premium collections and coupon payments as well as scheduled maturities and paydowns from their respective investment portfolios. The Company generally targets a balance of its most liquid assets including cash and short-term securities, U.S. Treasuries, agency RMBS and pre-refunded municipal bonds equal to 1.5 times its projected operating company cash flow needs over the next four quarters. As of June 30, 2025, the

Company intended to hold and had the ability to hold securities in an unrealized loss position until the date of anticipated recovery of amortized cost.

Beyond the next twelve months, the ability of the operating subsidiaries to declare and pay dividends may be influenced by a variety of factors, including market conditions, general economic conditions and, in the case of the Company's insurance subsidiaries, insurance regulations and rating agency capital requirements.

Financial Guaranty Policies

Insurance policies issued provide, in general, that payments of principal, interest and other amounts insured may not be accelerated by the holder of the obligation. Amounts paid by the Company therefore are typically in accordance with the obligation's original payment schedule, unless the Company accelerates such payment schedule, at its sole option. Premiums received on financial guaranty contracts are paid either upfront or in installments over the life of the insured obligations.

Payments made in settlement of the Company's obligations arising from its insured portfolio may, and often do, vary significantly from year to year, depending primarily on the frequency and severity of payment defaults and whether the Company chooses to accelerate its payment obligations in order to mitigate future losses. For example, the Company made substantial claim payments in 2022 and 2024 in connection with the resolution of certain defaulting Puerto Rico credits. The Company is continuing its efforts to resolve the one remaining unresolved Puerto Rico insured exposure that is in payment default, PREPA. The Company had \$532 million in insured net par outstanding of PREPA obligations as of June 30, 2025. For more information, see Item 1, Financial Statements, Note 4, Expected Loss to be Paid (Recovered).

The terms of the Company's credit default swap (CDS) contracts generally are modified from standard CDS contract forms approved by International Swaps and Derivatives Association, Inc. such that the circumstances giving rise to the Company's obligation to make loss payments are similar to those for its financial guaranty insurance contracts. The documentation for certain CDS was negotiated to require the Company to also pay if the obligor were to become bankrupt or if the reference obligation were restructured. Furthermore, some CDS documentation requires the Company to make a payment due to an event that is unrelated to the performance of the obligation referenced in the credit derivative. If events of default or termination events specified in the credit derivative documentation were to occur, the Company may be required to make a cash termination payment to its swap counterparty upon such termination. Any such payment would probably occur prior to the maturity of the reference obligation and be in an amount larger than the amount due for that period on a "pay-as-you-go" basis.

Ordinary Dividends From Insurance Subsidiaries to Holding Companies

The Company anticipates that, for the next twelve months, amounts paid by AGL's direct and indirect insurance subsidiaries as dividends or other distributions will be a major source of the holding companies' liquidity. The insurance subsidiaries' ability to pay dividends depends upon their financial condition, results of operations, cash requirements, other potential uses for such funds and compliance with rating agency requirements, and is also subject to restrictions contained in the insurance laws and related regulations of their states of domicile. For more information, see Part II, Item 8, Financial Statements and Supplementary Data, Note 14, Insurance Company Regulatory Requirements, of the Company's Annual Report on Form 10-K for the year ended December 31, 2024 for a discussion of the Company's dividend restrictions applicable to AG, AG Re and AGRO.

Dividend restrictions by insurance subsidiary are as follows:

- Under Maryland's insurance law, AG may, with prior notice to the Commissioner of its domiciliary regulator, the MIA, pay an ordinary dividend in an amount that, together with all dividends and distributions paid in the prior 12 months, does not exceed the lesser of 10% of its policyholders' surplus (as of the prior December 31) or 100% of its adjusted net investment income during that period. "Adjusted net investment income" means the sum of (x) AG's net investment income during the 12-month period ending December 31 of the preceding year (excluding realized capital gains and pro rata distributions of its own securities), and (y) AG's net investment income (excluding realized capital gains) from the three calendar years prior to the preceding calendar year that has not already been paid out as dividends. The maximum amount available during 2025 for AG to distribute as ordinary dividends is approximately \$287 million. Such payments would be payable in the second half of 2025 because AG's ordinary dividends were concentrated in the second half of 2024 following the August 1, 2024, merger of AGM with and into AG. However, in order to enable AG to make payments over the course of the year, AG has put in place for 2025 a quarterly process with the MIA, pursuant to which AG will confirm that the MIA does not object to AG dividending \$71.8 million (i.e., 25%) of the \$287 million amount in each calendar quarter of 2025. Pursuant to this process, AG obtained the MIA's non-objection to pay, and expects to pay, a \$71.8 million

dividend by August 22, 2025 (and previously obtained the MIA’s non-objection to pay, and paid, equivalent dividends on March 6, 2025 and May 19, 2025). See “– Overview – Key Business Strategies – Merger of the U.S. Insurance Subsidiaries.”

- The Company expects the amount of dividends available for distribution by AG Re in 2025 to be approximately \$232 million. Based on applicable law and regulations, in 2025 AG Re has the capacity to declare and pay dividends in an aggregate amount up to 25% of the prior year statutory surplus (i.e., up to \$272 million); provided that such payment cannot exceed AG Re’s unencumbered assets (\$232 million as of June 30, 2025) or its statutory surplus (\$278 million as of June 30, 2025). Additionally, in 2025 AG Re can make capital distributions in an aggregate amount up to \$129 million without the prior approval of the Bermuda Monetary Authority.

**Ordinary Dividends
From Insurance Company Subsidiaries
to Holding Companies**

| | Second Quarter | | Six Months | |
|--|----------------|------|------------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Dividends declared by AG Re to AGL (1) | \$ 50 | \$ — | \$ 50 | \$ 47 |
| Dividends declared by AG to U.S. Holding Companies (2) | 72 | 26 | 144 | 108 |

(1) In second quarter 2025, AG Re declared a dividend of \$50 million and expects to pay the dividend in the third quarter of 2025.

(2) Prior to a reorganization of the Company’s U.S. corporate structure, AG had been directly owned by AGUS. As a result of the reorganization, effective as of August 1, 2024, AG is directly owned by AGMH, a subsidiary of AGUS.

Stock Redemption by Assured Guaranty Inc.

In July 2025, the MIA approved AG’s redemption of \$250 million of its shares of common stock from AGMH. AG expects to redeem such shares in exchange for cash and alternative investments in the third quarter of 2025.

Committed Capital Securities

AG is party to an arrangement that enables it to access, at its discretion, up to \$400 million of capital, at any time, and has the right to use such capital for any purpose, including to pay claims. See Item 1, Financial Statements, Note 9, Fair Value Measurement.

Investment Portfolio

The Company’s principal objectives in managing its investment portfolio are to support the highest possible ratings for each operating company, manage investment risk within the context of the underlying portfolio of insurance risk, maintain sufficient liquidity to cover unexpected stress in the insurance portfolio, and maximize after-tax net investment income. As of June 30, 2025, the Company had \$6,498 million of available-for-sale fixed-maturity securities, of which \$5,451 million were managed by three investment managers who are required to, in accordance with the Company’s investment guidelines, maintain their portion of the Company’s investment portfolio with an overall credit quality rated at a minimum of A+/A1/A+ by S&P/Moody’s/Fitch Ratings Inc. In addition, \$238 million of available-for-sale fixed-maturity securities were CLO equity tranches managed by Sound Point.

Changes in interest rates affect the value of the Company’s fixed-maturity securities. As interest rates fall, the fair value of fixed-maturity securities generally increases and, as interest rates rise, the fair value of fixed-maturity securities generally decreases. The Company’s portfolio of fixed-maturity securities primarily consists of investment-grade, liquid instruments. Other invested assets include other alternative investments, which are generally less liquid. For more information about the investment portfolio and a detailed description of the Company’s valuation of investments, see Item 1, Financial Statements, Note 7, Investments, and Note 9, Fair Value Measurement.

**Investment Portfolio
Carrying Value**

| | As of | |
|---|-----------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| | (in millions) | |
| Fixed-maturity securities, available-for-sale | \$ 6,498 | \$ 6,369 |
| Fixed-maturity securities, trading (1) | 137 | 147 |
| Short-term investments | 939 | 1,221 |
| Other invested assets (2) | 995 | 926 |
| Total | \$ 8,569 | \$ 8,663 |

(1) Includes primarily CVIs received as part of resolutions of Puerto Rico exposures in 2022, which are not rated.

(2) Excludes investments in Sound Point funds that are consolidated. See Item 1, Financial Statements, Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles.

The Company's available-for-sale fixed-maturity securities had a duration of 4.7 years and 4.3 years as of June 30, 2025 and December 31, 2024, respectively.

Available-for-Sale Fixed-Maturity Securities By Rating

The following table summarizes the ratings distributions of the Company's available-for-sale fixed-maturity securities as of June 30, 2025 and December 31, 2024. Ratings generally reflect the lower of Moody's and S&P classifications, except for (i) Loss Mitigation Securities rated BIG, and (ii) CLO equity tranches, which are not rated. See Item 1, Financial Statements, Note 7, Investments, for additional information.

Distribution of Available-for-Sale Fixed-Maturity Securities by Rating

| Rating | As of | |
|--------------|----------------|-------------------|
| | June 30, 2025 | December 31, 2024 |
| AAA | 12.8 % | 12.5 % |
| AA | 32.5 | 35.0 |
| A | 24.5 | 23.6 |
| BBB | 16.8 | 16.3 |
| BIG | 8.4 | 8.1 |
| Not rated | 5.0 | 4.5 |
| Total | 100.0 % | 100.0 % |

Other Investments

Other invested assets, which are generally less liquid than fixed-maturity securities, primarily consist of the ownership interest in Sound Point and alternative investments across a variety of strategies. See "— Commitments" below.

| Sound Point and Alternative Investments | | | | | | |
|---|-----------------|----------------|-------------------------|-----------------|----------------|-----------------|
| As of June 30, 2025 (1) | | | As of December 31, 2024 | | | |
| | Investments | CIVs | Consolidated | Investments | CIVs | Consolidated |
| (in millions) | | | | | | |
| Fixed-maturity securities, available-for-sale | \$ 280 | \$ — | \$ 280 | \$ 319 | \$ — | \$ 319 |
| Fixed-maturity securities, trading | 20 | — | 20 | 24 | — | 24 |
| Other invested assets: | | | | | | |
| Ownership interest in Sound Point | 412 | — | 412 | 418 | — | 418 |
| CLOs | 96 | — | 96 | 100 | — | 100 |
| Private healthcare investing | 166 | — | 166 | 153 | — | 153 |
| Asset-based/specialty finance | 151 | (40) | 111 | 142 | (33) | 109 |
| Private minority stakes in alternative asset managers | 79 | — | 79 | 69 | — | 69 |
| Other | 131 | — | 131 | 77 | — | 77 |
| Total | <u>\$ 1,335</u> | <u>\$ (40)</u> | <u>\$ 1,295</u> | <u>\$ 1,302</u> | <u>\$ (33)</u> | <u>\$ 1,269</u> |

(1) The alternative investments, excluding the ownership interest in Sound Point, had an inception-to-date annualized internal rate of return of 13%.

**Effect of Ownership Interest in Sound Point and Alternative Investments
on Condensed Consolidated Statements of Operations**

| | Second Quarter 2025 | | | Second Quarter 2024 | | |
|---|---------------------|---------------|--------------|---------------------|---------------|--------------|
| | Investments | CIVs | Consolidated | Investments | CIVs | Consolidated |
| (in millions) | | | | | | |
| Net investment income (1) | \$ 11 | \$ — | \$ 11 | \$ 1 | \$ — | \$ 1 |
| Net realized investment gains (losses) | (7) | — | (7) | — | — | — |
| Fair value gains (losses) on trading securities | — | — | — | — | — | — |
| Equity in earnings (losses) of investees: | | | | | | |
| Equity in earnings of Sound Point | (1) | — | (1) | (3) | — | (3) |
| Equity in earnings (losses) of alternative investments: | | | | | | |
| CLOs | (5) | — | (5) | 6 | (3) | 3 |
| Private healthcare investing | 1 | — | 1 | (2) | — | (2) |
| Asset-based/specialty finance | 5 | (1) | 4 | 7 | (4) | 3 |
| Private minority stakes in alternative asset managers | 1 | — | 1 | 2 | — | 2 |
| Other | 3 | — | 3 | 2 | — | 2 |
| Equity in earnings (losses) of investees | <u>4</u> | <u>(1)</u> | <u>3</u> | <u>12</u> | <u>(7)</u> | <u>5</u> |
| Total | <u>\$ 8</u> | <u>\$ (1)</u> | <u>\$ 7</u> | <u>\$ 13</u> | <u>\$ (7)</u> | <u>\$ 6</u> |

(1) Second quarter 2025 includes CLO equity tranches distributed from a CLO fund in the fourth quarter of 2024.

**Effect of Ownership Interest in Sound Point and Alternative Investments
on Condensed Consolidated Statements of Operations**

| | Six Months 2025 | | | Six Months 2024 | | |
|---|-----------------|--------|--------------|-----------------|---------|--------------|
| | Investments | CIVs | Consolidated | Investments | CIVs | Consolidated |
| | (in millions) | | | | | |
| Net investment income (1) | \$ 23 | \$ — | \$ 23 | \$ 2 | \$ — | \$ 2 |
| Net realized investment gains (losses) | (7) | — | (7) | — | — | — |
| Fair value gains (losses) on trading securities | 1 | — | 1 | — | — | — |
| Equity in earnings (losses) of investees: | | | | | | |
| Equity in earnings of Sound Point | 12 | — | 12 | 1 | — | 1 |
| Equity in earnings (losses) of alternative investments: | | | | | | |
| CLOs | 3 | — | 3 | 26 | (18) | 8 |
| Private healthcare investing | 13 | — | 13 | 2 | — | 2 |
| Asset-based/specialty finance | 14 | (7) | 7 | 11 | (6) | 5 |
| Private minority stakes in alternative asset managers | 15 | — | 15 | 10 | — | 10 |
| Other | 6 | — | 6 | 3 | — | 3 |
| Equity in earnings (losses) of investees | 63 | (7) | 56 | 53 | (24) | 29 |
| Total | \$ 80 | \$ (7) | \$ 73 | \$ 55 | \$ (24) | \$ 31 |

(1) Six months 2025 includes CLO equity tranches distributed from a CLO fund in the fourth quarter of 2024.

Commitments

The Company has agreed to invest an aggregate amount of \$1.5 billion in alternative investments, including \$1 billion in Sound Point managed investments, subject to certain conditions precedent. Unfunded commitments for alternative investments as of June 30, 2025 were \$567 million. See Item 1, Financial Statements, Note 1, Business and Basis of Presentation, for a description of the alternative investments agreement with Sound Point.

Restricted Assets

Based on fair value, fixed-maturity securities, short-term investments and cash that are either held in trust for the benefit of third-party ceding insurers in accordance with statutory requirements, placed on deposit to fulfill state licensing requirements or otherwise pledged or restricted totaled \$79 million as of both June 30, 2025 and December 31, 2024. The investment portfolio also contains securities that are held in trust by certain AGL subsidiaries or are otherwise restricted for the benefit of other AGL subsidiaries in accordance with statutory and regulatory requirements with a fair value of \$1,092 million and \$1,135 million as of June 30, 2025 and December 31, 2024, respectively.

Lease Obligations

The Company has entered into several lease agreements for office space in Bermuda, New York, London, Paris, and other locations with various lease terms. See Part II, Item 8, Financial Statements and Supplementary Data, Note 16, Leases, of the Company's Annual Report on Form 10-K for the year ended December 31, 2024, for a table of minimum lease obligations and other lease commitments.

FG VIEs and CIVs

The Company manages its liquidity needs by evaluating cash flows without the effect of consolidating FG VIEs and CIVs; however, the Company's condensed consolidated financial statements include the effect of consolidating FG VIEs and CIVs. The primary sources and uses of cash at Assured Guaranty's FG VIEs and CIVs are as follows:

- *FG VIEs.* The primary sources of cash in FG VIEs are the collection of principal and interest on the collateral supporting the debt obligations, and the primary uses of cash are the payment of principal and interest due on the debt obligations. The insurance subsidiaries are not primarily liable for the debt obligations issued by the VIEs they insure

and would only be required to make payments on those insured debt obligations in the event that the issuer of such debt obligations defaults on any principal or interest due and only for the amount of the shortfall. AGL's and its insurance subsidiaries' creditors do not have any rights with regard to the collateral supporting the debt issued by the FG VIEs.

- *CIVs*. The primary sources and uses of cash in the CIVs include using capital to make investments, generating cash income from investments, paying expenses and distributing cash flow to investors. The assets and liabilities of the Company's CIVs are held within separate legal entities. The assets of the CIVs are not available to creditors of the Company, other than creditors of the applicable CIVs. In addition, creditors of the CIVs have no recourse against the assets of the Company, other than the assets of such applicable CIVs. Liquidity available at the Company's CIVs is not available for corporate liquidity needs, except to the extent of the Company's investment in the funds, subject to redemption provisions.

See Item 1, Financial Statements, Note 8, Financial Guaranty Variable Interest Entities and Consolidated Investment Vehicles, for additional information.

Condensed Consolidated Cash Flow Summary

The summarized condensed consolidated statements of cash flows in the table below present the cash flow effect for the aggregate of the Insurance and Asset Management segments and Corporate division, separately from the aggregate effect of consolidating FG VIEs and CIVs.

| | Summarized Condensed Consolidated Cash Flows | | | |
|--|--|---------------|---------------|---------------|
| | Second Quarter | | Six Months | |
| | 2025 | 2024 | 2025 | 2024 |
| | (in millions) | | | |
| Net cash flows provided by (used in) operating activities, excluding FG VIEs and CIVs operating cash flows | \$ 56 | \$ 58 | \$ 143 | \$ (4) |
| FG VIEs and CIVs operating cash flows | 22 | — | 22 | (12) |
| Net cash flows provided by (used in) operating activities | 78 | 58 | 165 | (16) |
| Net cash flows provided by (used in) investing activities, excluding FG VIEs and CIVs investing cash flows | 213 | 90 | 343 | 347 |
| FG VIEs and CIVs investing cash flows | 4 | (3) | 8 | (7) |
| Net cash flows provided by (used in) investing activities | 217 | 87 | 351 | 340 |
| Net cash flows provided by (used in) financing activities, excluding FG VIEs and CIVs financing cash flows | | | | |
| Dividends paid | (17) | (17) | (36) | (36) |
| Repurchases of common shares | (131) | (152) | (251) | (281) |
| Other | (5) | — | (32) | (28) |
| FG VIEs and CIVs financing cash flows | (4) | (4) | (8) | (155) |
| Net cash flows provided by (used in) financing activities (1) | (157) | (173) | (327) | (500) |
| Effect of exchange rate changes | 5 | — | 8 | (1) |
| Increase (decrease) in cash and cash equivalents and restricted cash | 143 | (28) | 197 | (177) |
| Cash and cash equivalents and restricted cash at beginning of period | 182 | 137 | 128 | 286 |
| Cash and cash equivalents and restricted cash at the end of the period | \$ 325 | \$ 109 | \$ 325 | \$ 109 |

- (1) Claims paid on consolidated FG VIEs are presented in the condensed consolidated statements of cash flows as a component of paydowns on FG VIEs' liabilities in financing activities as opposed to operating activities.

Cash flows from operating activities were inflows of \$165 million in six months 2025 and outflows of \$16 million in six months 2024. The six months 2025 cash flow from operations includes the receipt of \$97 million in satisfaction of the judgment the Company was awarded and its recoveries in connection with the resolution of the LBIE litigation. In addition, six months 2025 cash flows from operations were higher than in six months 2024 due to a \$68 million decrease in net claim payments.

Investing activities primarily consisted of net sales (purchases) of fixed-maturity securities and short-term investments and paydowns on, and sales of, FG VIEs' assets. The increase in investing cash inflows in six months 2025 compared with six months 2024 was mainly attributable to higher net sales of short-term investments in six months 2025, which were partially offset by lower net sales of fixed-maturity securities in six months 2025. See Item 1, Financial Statements, Condensed Consolidated Statements of Cash Flows, and Note 4, Expected Loss to be Paid (Recovered), for additional information.

Financing activities primarily consist of (i) AGL share repurchases and dividends and (ii) paydowns of FG VIEs' liabilities. Six months 2024 FG VIE financing cash flows included the par paydown of liabilities of certain trusts related to Puerto Rico exposures of \$144 million.

From July 1, 2025 through August 6, 2025, the Company repurchased an additional 538 thousand of common shares. As of August 6, 2025, the Company was authorized to purchase approximately \$356 million of its common shares. For more information about the Company's share repurchases and authorizations, see Item 1, Financial Statements, Note 12, Shareholders' Equity.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes to the market risks to which the Company is exposed since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Assured Guaranty's management, with the participation of AGL's President and Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are effective in recording, processing, summarizing and reporting, within the time periods specified in the Securities and Exchange Commission's rules and forms, information required to be disclosed by AGL in the reports that it files or submits under the Exchange Act and ensuring that such information is accumulated and communicated to management, including the President and Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Management of the Company, with the participation of its President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2025. Based on their evaluation as of June 30, 2025 covered by this Form 10-Q, the Company's President and Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting during second quarter 2025 which were identified in connection with the evaluation required pursuant to Rules 13a-15 or 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

The Company is subject to legal proceedings and claims, as described in Part I, Item 1, Financial Statements, Note 11, Contingencies – Legal Proceedings, and the “Puerto Rico Litigation” and “Recovery Litigation and Dispute Resolution” sections of Note 4, Expected Loss to be Paid (Recovered), each contained in this Form 10-Q and incorporated by reference herein. For additional information see the “Legal Proceedings” and “Litigation” sections of Part II, Item 8, Financial Statements and Supplementary Data, Note 17, Contingencies, and the “Puerto Rico Litigation” and “Recovery Litigation and Dispute Resolution” sections of Note 4, Expected Loss to be Paid (Recovered), in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 1A. RISK FACTORS

See the risk factors set forth in Part I, “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to the risk factors disclosed in such Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Issuer’s Purchases of Equity Securities**

The following table reflects purchases of AGL common shares made by the Company during second quarter 2025.

| Period | Total Number of Shares Purchased (1) | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Program (2) | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (3) |
|--------------------|--------------------------------------|------------------------------|--|--|
| April 1 - April 30 | 489,406 | \$ 83.27 | 489,330 | \$ 191,138,578 |
| May 1 - May 31 | 510,316 | \$ 87.14 | 448,596 | \$ 152,216,607 |
| June 1 - June 30 | 599,579 | \$ 85.17 | 599,579 | \$ 101,150,500 |
| Total | 1,599,301 | \$ 85.22 | 1,537,505 | |

- (1) The total number of shares purchased also includes shares purchased as a result of employees surrendering shares as payment for withholding taxes upon the vesting of share awards.
- (2) After giving effect to repurchases since the Board first authorized the repurchase program on January 18, 2013, through August 6, 2025, the Company has repurchased a total of 154 million common shares for approximately \$5.7 billion, excluding commissions, at an average price of \$36.82 per share. On August 6, 2025, the Company announced that the Board had authorized an additional \$300 million of share repurchases. As of August 6, 2025, the remaining authorization the Company was authorized to purchase was approximately \$356 million of its common shares, on a settlement basis. The repurchase program has no expiration date and the Board has previously increased the authorization periodically.
- (3) Excludes commissions and excise taxes.

ITEM 5. OTHER MATTERS**10b5-1 Trading Plans**

During second quarter 2025, none of the Company’s directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act).

ITEM 6. EXHIBITS

The following exhibits are filed with this report:

| Exhibit Number | Description of Document |
|-----------------------|--|
| 22.0 | Subsidiary Companies and Issuers of Guaranteed Securities |
| 31.1 | Certification of CEO Pursuant to Exchange Act Rules 13A-14 and 15D-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of CFO Pursuant to Exchange Act Rules 13A-14 and 15D-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of CEO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002 |
| 32.2 | Certification of CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002 |
| 101.1 | The following financial information from Assured Guaranty Ltd.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024; (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2025 and 2024; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2025 and 2024; (iv) Condensed Consolidated Statements of Shareholders' Equity for the three and six months ended June 30, 2025 and 2024; (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2025 and 2024; and (vi) Notes to Condensed Consolidated Financial Statements. |
| 104.1 | The Cover Page Interactive Data File from Assured Guaranty Ltd.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 formatted, in Inline XBRL (the cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ASSURED GUARANTY LTD.
(Registrant)

Dated August 8, 2025

By: /s/ BENJAMIN G. ROSENBLUM

Benjamin G. Rosenblum
Chief Financial Officer (Principal Financial Officer and Duly Authorized Officer)

EXHIBIT 22

Subsidiary Guarantors and Issuers of Guaranteed Securities

| | Issuer | Guarantor |
|--|--------|-----------|
| 6.125% Senior Notes due 2028 | | |
| Assured Guaranty Ltd. (on a fully and unconditional basis) | | X |
| Assured Guaranty US Holdings Inc. | X | |
| 3.150% Senior Notes due 2031 | | |
| Assured Guaranty Ltd. (on a fully and unconditional basis) | | X |
| Assured Guaranty US Holdings Inc. | X | |
| 7.00% Senior Note due 2034 | | |
| Assured Guaranty Ltd. (on a fully and unconditional basis) | | X |
| Assured Guaranty US Holdings Inc. | X | |
| 3.600% Senior Notes due 2051 | | |
| Assured Guaranty Ltd. (on a fully and unconditional basis) | | X |
| Assured Guaranty US Holdings Inc. | X | |
| Series A Junior Subordinated Debentures, Series 2006-1 due 2066 | | |
| Assured Guaranty Ltd. (on a junior subordinated basis) | | X |
| Assured Guaranty Municipal Holdings Inc. | X | |
| 6.40% Junior Subordinated Debentures due 2066 | | |
| Assured Guaranty Ltd. (on a junior subordinated basis) | | X |
| Assured Guaranty US Holdings Inc. | X | |

Assured Guaranty Ltd.
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dominic J. Frederico, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assured Guaranty Ltd.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DOMINIC J. FREDERICO
Dominic J. Frederico
President and Chief Executive Officer

Date: August 8, 2025

Assured Guaranty Ltd.
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Benjamin G. Rosenblum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assured Guaranty Ltd.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ BENJAMIN G. ROSENBLUM

Benjamin G. Rosenblum
Chief Financial Officer

Date: August 8, 2025

**CERTIFICATION OF CEO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Assured Guaranty Ltd. (the "Company") for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dominic J. Frederico, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DOMINIC J. FREDERICO

Name: Dominic J. Frederico

Title: *President and Chief Executive Officer*

Date: August 8, 2025

**CERTIFICATION OF CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Assured Guaranty Ltd. (the "Company") for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Benjamin G. Rosenblum, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BENJAMIN G. ROSENBLUM

Name: Benjamin G. Rosenblum

Title: *Chief Financial Officer*

Date: August 8, 2025